



# CITY OF CLEVELAND

TENNESSEE



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2018

CITY OF CLEVELAND, TENNESSEE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2018

Prepared by:  
Department of Finance

CITY OF CLEVELAND, TENNESSEE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED JUNE 30, 2018

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## **INTRODUCTORY SECTION**

# City of Cleveland

CLEVELAND, TENNESSEE

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December 18, 2018

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, 2018.

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 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, 2017, 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 unmodified opinion that the City of Cleveland's financial statements, for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

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

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

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

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

The annual budget serves as the foundation for the City of Cleveland's financial planning and control. All departments of the city are required to submit capital requests by December 31<sup>st</sup> and operating budget requests to the chief financial officer by March 1<sup>st</sup> each year. The chief financial officer makes revenue estimates for the upcoming fiscal year. A budget work session is held in late March or early April, at which time department heads and the city manager make presentations to the council. The chief financial officer and city manager provide projections for the current fiscal year's budget and the coming year's proposed operating budget for council review. In addition, the city manager presents the council with his recommendation for a six-year capital improvements program based upon the strategic planning session in January held by the city council, city manager, and department heads. After much review and debate among the council, the budget is revised to include any recommendations of the city council. A proposed budget is submitted to the city council by the second council meeting in May. The council is required to hold public hearings on the proposed budget and to adopt a final budget and tax rate by June 30<sup>th</sup> each year, which is the close of the city's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Departmental budget officers, with approval of the department head and 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 24-49 as part of the basic financial statements for the governmental funds. The school fund comparison is presented on pages 50-60 and the capital improvement program fund comparison is presented on pages 61-63. For nonmajor governmental funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 126.

### **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.

The Syneva Economics Metro Report for September 2017 indicates that the Cleveland Metro area posted total employment of 49,100 for the month, an increase of 1,400 jobs

from a year earlier. This represents an annual employment change of 2.9 percent compared to the 1.1 percent average rate for all US Metros. Overall, the Cleveland, TN Metro Area ranked 32<sup>nd</sup> out of 388 metros in the nation.

As reported by msn.com, GOBankingRates.com identified Cleveland as the best city in the state for a successful 2018. To determine the best city in every state, GOBankingRates.com examined which cities had the lowest unemployment rates in each state, how much the employment rate is increasing in those cities and how much the average weekly income is rising in each of those locations.

In addition, the US Bureau of Labor Statistics reported that Cleveland lead all metropolitan areas in Tennessee in construction job growth in the past 12 months with a 13 percent increase in construction jobs March 2017 – March 2018. The national average for the same period was 3.3 percent.

Cleveland's strong economy is evidenced by the following:

- United Hydrogen Cryogenics of Tennessee committed \$28.5 million to construct a hydrogen liquification plant to provide liquid hydrogen for industrial applications and the emerging hydrogen fuel market for automobiles and transportation equipment.
- Wacker announced the construction of a new Pyrogenic Silica Plant at their facility located in Bradley County. When completed in 2019, this \$150 million investment will create 50 new jobs.
- Lee University completed major renovations on the School of Business and began renovation of its baseball stadium. The 119-acre campus serves over 5,300 students from 48 states and 52 countries.
- A March 2018 *Chattanooga Times Free Press* article reported the Chattanooga and Cleveland metro areas posted population growth beating the national rate in the past year, according to US Census data. Chattanooga recorded a 0.8 percent gain compared to the US population growth rate of 0.7 percent. Cleveland fared even better at 0.9 percent. Cleveland/Bradley County had a gain of 1,153 people, up 1.1 percent.
- Legacy Healthcare opened it newest retirement facility located off I-75 on Candies Lane. Legacy Village of Cleveland offers 39 assisted living apartments and amenities. In addition, the Harbor of Cleveland has 32 state of the art memory care units and specializes in the care of dementia, Alzheimer's and other memory loss diseases.

- Various commercial developments valued at \$52.4 million have begun during FY2018. This compares to \$21.0 million in FY2017. New residential development totaled \$34.9 million compared to \$24.7 million for FY2017. Permits for building alterations/additions totaled \$9.5 million.

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

In cooperation with Bradley County, the City is funding the infrastructure development of Spring Branch Industrial Park. Located at Exit 20 on Interstate 75, this 350-acre site will accommodate approximately two million square feet of manufacturing/distribution facilities. At full occupancy, the park is expected to generate approximately 5,500 direct and indirect jobs with a payroll exceeding \$190 million.

The Mayor Tom Rowland Interchange officially opened connecting Cherokee Gateway to APD 40 and Interstate 75. Retail development is expected on approximately 370 acres along this corridor. The City anticipates 2,200 jobs will be created by this development with a payroll of \$59.6 million.

## **Financial Policies**

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

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

expenditures or operating expenses and transfers to other funds. These reserves are reviewed annually by the city manager and chief financial officer with the city council.

These policies along with Cleveland's budgetary flexibility and strong liquidity resulted in Standard and Poor's Rating Services raising 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, 2017. This was the thirtieth 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 twenty fiscal years, beginning in Fiscal Year 1999. In order to qualify for the Distinguished Budget Presentation Award, the city's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



Shawn McKay  
Assistant City Manager/Chief Financial Officer



Joe Fivas  
City Manager



Government Finance Officers Association

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

Presented to

**City of Cleveland  
Tennessee**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

CITY OF CLEVELAND, TENNESSEE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
CITY OFFICIALS  
June 30, 2018

Tom Rowland  
Mayor

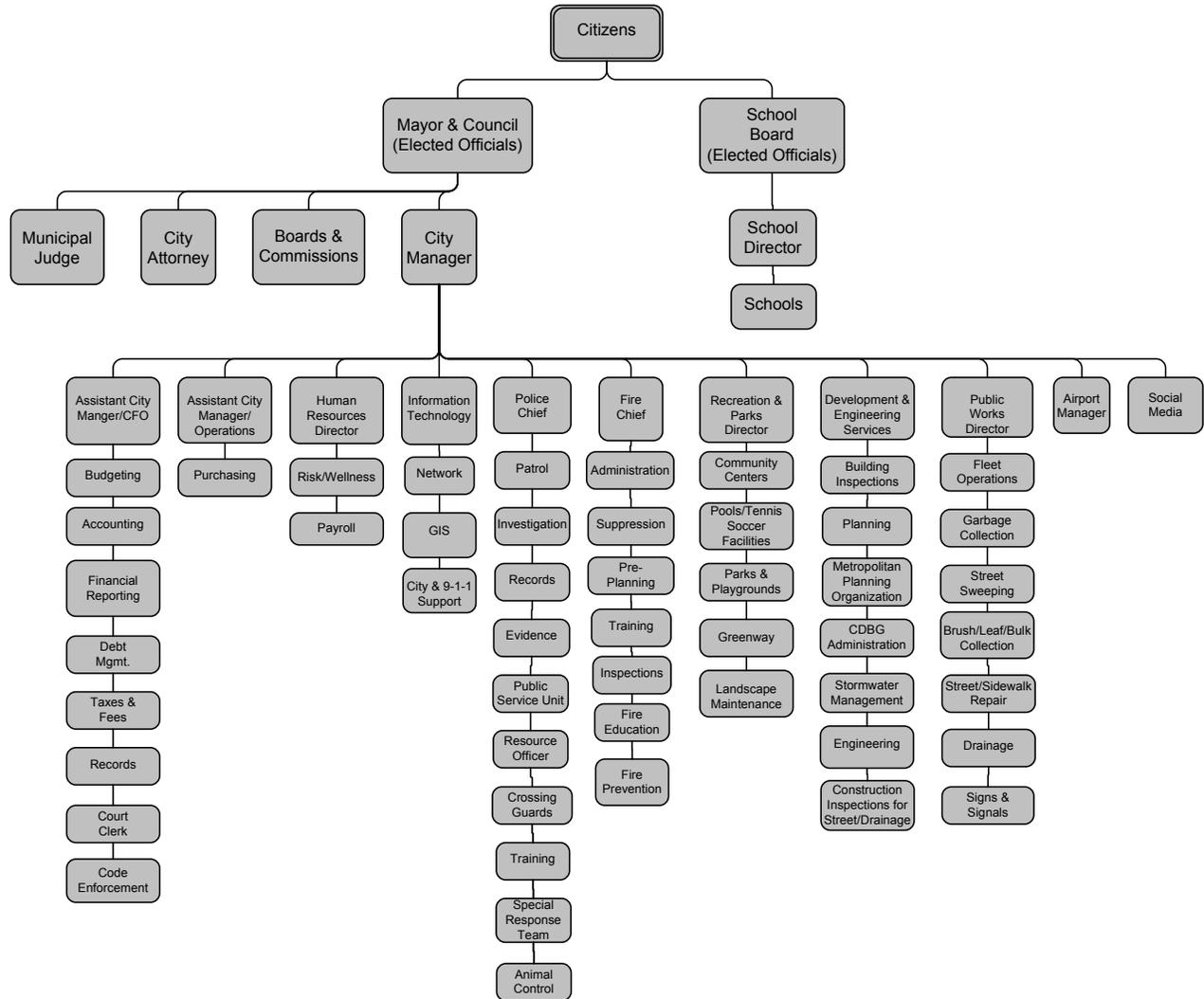
Richard Banks	Councilman
Tom Cassada	Councilman
William Estes	Councilman
Dale Hughes	Councilman
Avery Johnson, Sr.	Councilman
David May, Jr.	Councilman
Charlie McKenzie	Councilman

Joe Fivas	City Manager
Melinda Carroll	Assistant City Manager/Operations
Shawn McKay, CMFO	Assistant City Manager/Chief Financial Officer

Department Heads

Jeff Davis	Human Resources
Russell Dyer, Ed.D.	Director of Schools
Mark Fidler	Jetport Manager
Mark Gibson	Chief of Police
Ron Harrison	Fire Chief
Tim Henderson	General Manager, Cleveland Utilities
Andrew Hunt	Library Director
Jonathan Jobe	Director of Development & Engineering Services
John Kimball	City Attorney
Kris Miller	Information Technology
Tommy Myers	Public Works Director
Barrett Painter	City Judge
Patti Pettitt	Parks and Recreation Director

# City of Cleveland Organizational Chart



## **FINANCIAL SECTION**

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

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  
BRANDON H. BARNES, CPA

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MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
TENNESSEE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Tennessee, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and School Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Change in Accounting Principle***

As described in note 19 to the financial statements, the City has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, which became effective in fiscal year ended June 30, 2018. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and the required supplementary information related to post-employment benefits and pension liability as reported on pages 115 through 125 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 of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary and Other Information***

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

The combining and individual nonmajor fund financial statements and schedules, and the schedule of federal and state financial assistance activity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic 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 7, 2018, on our consideration of the City of Cleveland's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 7, 2018

## 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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in pages i–vi of this report.

### Financial Highlights

- The assets and deferred outflows of the City of Cleveland exceeded its liabilities and deferred inflows at June 30, 2018 by \$252,337,318 (net position).
- Net position (defined as the difference in revenues and expenses) increased by \$19,331,164. The City of Cleveland's changes in net position is detailed in the chart on page eight of this report. Total revenues increased \$17,020,144 which included increases in taxes and grants for education and public works. Expenses increased \$9,667,060 over last fiscal year due to increases in spending on public works and recreation projects.
- The city's property tax rate increased to \$2.060 per hundred dollars of assessment. This increases the level of services for city residents and adds public safety personnel.
- The city's residential sanitation fee remained at \$6.95 per month.
- As of the close of the current fiscal year, the City of Cleveland's governmental funds reported combined ending fund balances of \$38,078,571.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$13,995,070. Expenditures do not include transfers to other funds, which totaled \$16,860,246 in the city's general fund.
- Long-term debt increased approximately \$5,974,372.
- As detailed in Note 19 of the financial statements, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 75.

### 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.

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

The government-wide financial statements can be found on pages 17-19 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Cleveland, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Cleveland can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Cleveland maintains a number of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, school fund and capital improvement 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 126.

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

The basic governmental fund financial statements can be found on pages 20-63 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 64-67 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for the resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City of Cleveland's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City of Cleveland maintains one type of fiduciary fund. The Other Post-Employee Benefits Trust Fund – Cleveland Utilities is used to report resources held in trust for retirees.

The fiduciary fund financial statements can be found on pages 68-69 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 70-114 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Cleveland's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 115-125 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 126-153 of this report.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Cleveland, assets and deferred outflows exceeded liabilities and deferred inflows by \$252,337,318 at the close of this fiscal year.

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

### City of Cleveland's Net Position

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	FY2017	FY2018	FY2017	FY2018	FY2017	FY2018
Current assets	\$67,052,124	\$82,478,159	\$41,019,635	\$41,670,250	\$108,071,759	\$124,148,409
Receivables and other noncurrent assets	39,378	297,026	2,869,324	2,801,555	2,908,702	3,098,581
Deferred charges	0	0	0	0	0	0
Capital assets	193,576,122	208,627,180	197,678,346	204,269,968	391,254,468	412,897,148
Total assets	260,667,624	291,402,365	241,567,305	248,741,773	502,234,929	540,144,138
Total deferred outflows of Resources	14,942,980	13,141,175	7,223,932	8,693,032	22,166,912	21,834,207
Long-term liabilities Outstanding	111,099,570	139,683,866	86,967,931	90,228,272	198,067,501	229,912,138
Other liabilities	9,953,092	14,727,490	23,240,325	23,886,281	33,193,017	38,613,771
Total liabilities	121,052,662	154,411,356	110,208,256	114,114,553	231,260,518	268,525,909
Total deferred inflows of Resources	30,444,277	38,813,662	277,364	2,301,456	30,721,641	41,115,118
Net position:						
Net Investment in capital assets	119,211,701	128,504,578	132,427,918	141,210,570	251,639,619	269,715,148
Restricted	4,509,812	5,292,915	0	0	4,509,812	5,292,915
Unrestricted	392,152	(22,478,971)	5,877,699	(191,774)	6,269,851	(22,670,745)
Total net position	\$124,113,665	\$111,318,522	\$138,305,617	\$141,018,796	\$262,419,282	\$252,337,318

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

**Governmental activities.** Governmental activities increased the City of Cleveland’s net position by \$10,554,063 detailed as follows:

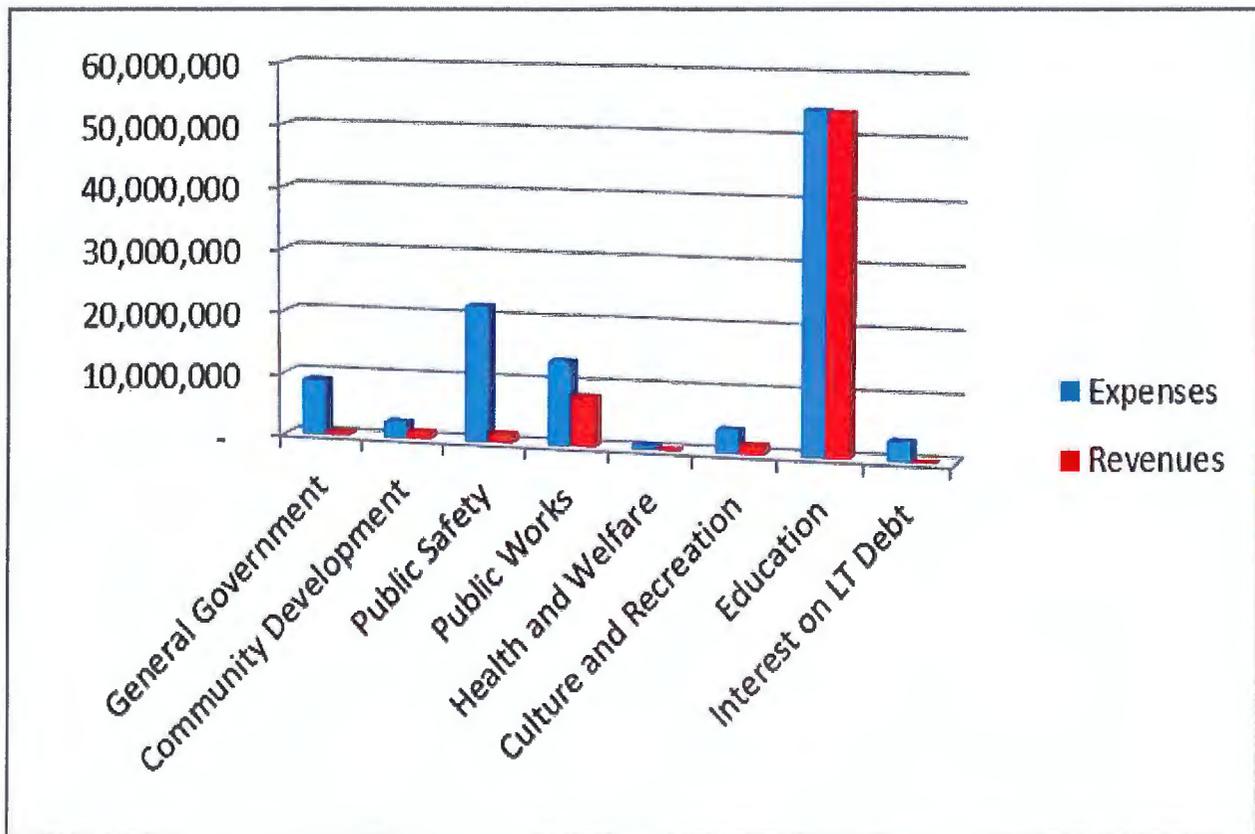
**City of Cleveland’s Changes in Net Position**

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	FY2017	FY2018	FY2017	FY2018	FY2017	FY2018
Revenues:						
Program revenues:						
Charges for services	\$5,088,039	\$5,577,962	\$131,505,813	\$131,367,822	\$136,593,852	\$136,945,784
Operating grants and Contributions	49,701,112	52,477,210	57,620	108,040	49,758,732	52,585,250
Capital grants and contributions	1,885,608	8,548,702	828,652	648,269	2,714,260	9,196,971
General revenues:						
Property taxes	20,024,551	26,342,150	0	0	20,024,551	26,342,150
Other taxes	22,763,428	23,226,269	0	0	22,763,428	23,226,269
Grants and contributions not restricted to specific programs	494,787	394,864	0	0	494,787	394,864
Other	94,752	559,594	185,698	399,322	280,450	958,916
<b>Total revenues</b>	<b>100,052,277</b>	<b>117,126,751</b>	<b>132,577,783</b>	<b>132,523,453</b>	<b>232,630,060</b>	<b>249,650,204</b>
Expenses:						
General government	4,442,261	8,987,210	0	0	4,442,261	8,987,210
Planning and inspection	2,166,719	2,621,363	0	0	2,166,719	2,621,363
Public safety	20,587,764	21,827,824	0	0	20,587,764	21,827,824
Public works	9,882,476	13,599,981	0	0	9,882,476	13,599,981
Health and welfare	659,284	710,483	0	0	659,284	710,483
Culture and recreation	5,328,380	3,814,500	0	0	5,328,380	3,814,500
Education	53,648,372	54,436,127	0	0	53,648,372	54,436,127
Interest on long-term debt	3,198,147	3,216,493	0	0	3,198,147	3,216,493
Water and sewer	0	0	24,601,946	25,034,761	24,601,946	25,034,761
Electric	0	0	95,625,776	95,471,898	95,625,776	95,471,898
Stormwater	0	0	510,855	598,400	510,855	598,400
<b>Total expenses</b>	<b>99,913,403</b>	<b>109,213,981</b>	<b>120,738,577</b>	<b>121,105,059</b>	<b>220,651,980</b>	<b>230,319,040</b>
Increase (decrease) in net position before transfers	138,874	7,912,770	11,839,206	11,418,394	11,978,080	19,331,164
Transfers	2,437,660	2,641,293	(2,437,660)	(2,641,293)	0	0
Increase (decrease) in net position	2,576,534	10,554,063	9,401,546	8,777,101	11,978,080	19,331,164
Net position – beginning	121,537,131	124,113,665	128,904,071	138,305,617	250,441,202	262,419,282
Cumulative effect of change in accounting principal	0	(23,349,206)	0	(6,063,922)	0	(29,413,128)
Net position – restated	124,113,665	100,764,454	138,305,617	132,241,695	262,419,282	233,006,154
<b>Net position - ending</b>	<b>\$124,113,665</b>	<b>\$111,318,522</b>	<b>\$138,305,617</b>	<b>\$141,018,796</b>	<b>\$262,419,282</b>	<b>\$252,337,318</b>

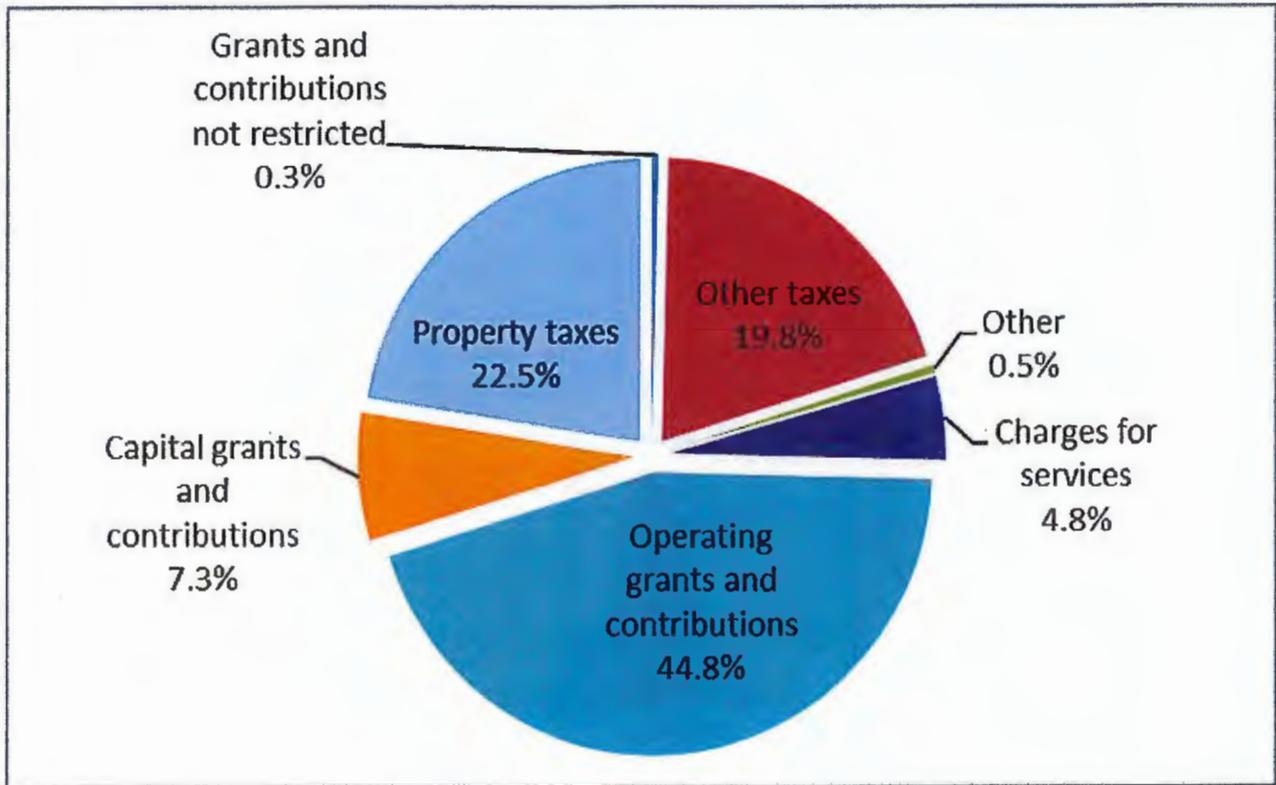
- The city’s property tax rate increased to \$2.060 per \$100 of assessed value in fiscal year 2018. Tax revenues increased \$6,780,440 from FY2017.

- Operating grants and contributions increased \$2,776,098 due to a combination of increases in federal, state and local funds received for education, public works and recreation.
- Capital grants and contributions increased \$6,663,094 primarily for public works projects and educational funding.
- Cleveland's second largest revenue source is local sales tax which decreased \$82,480. 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 \$9,300,578 primarily for public safety, education and transfers for construction projects.

**Expenses and Program Revenues – Governmental Activities**



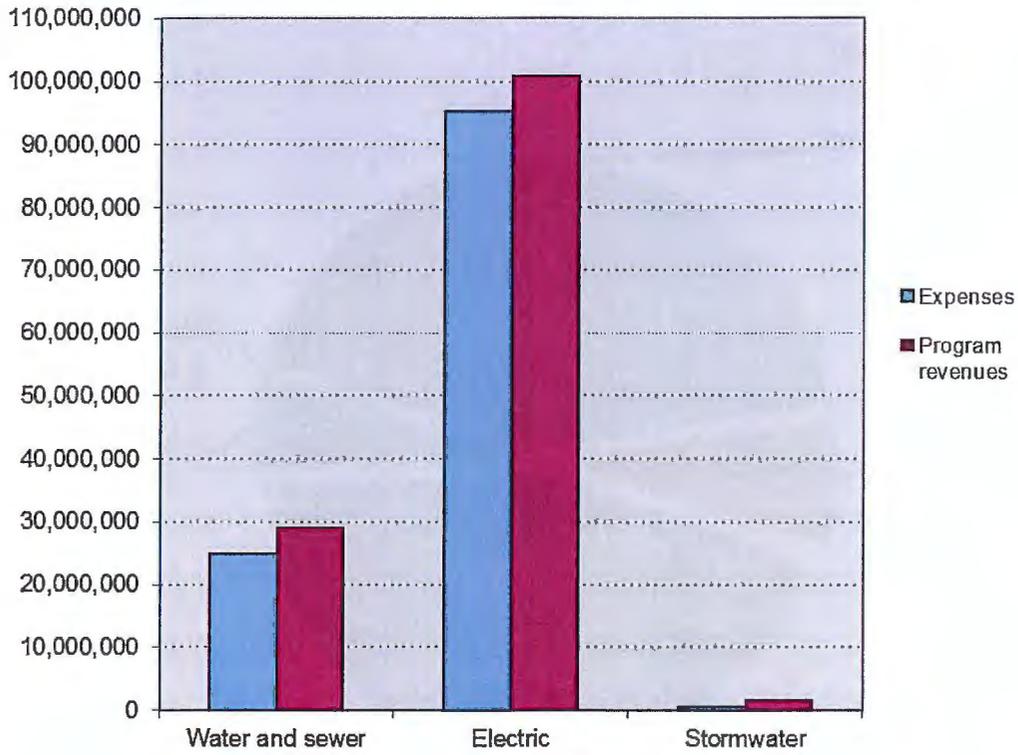
**Revenues by Source – Governmental Activities**



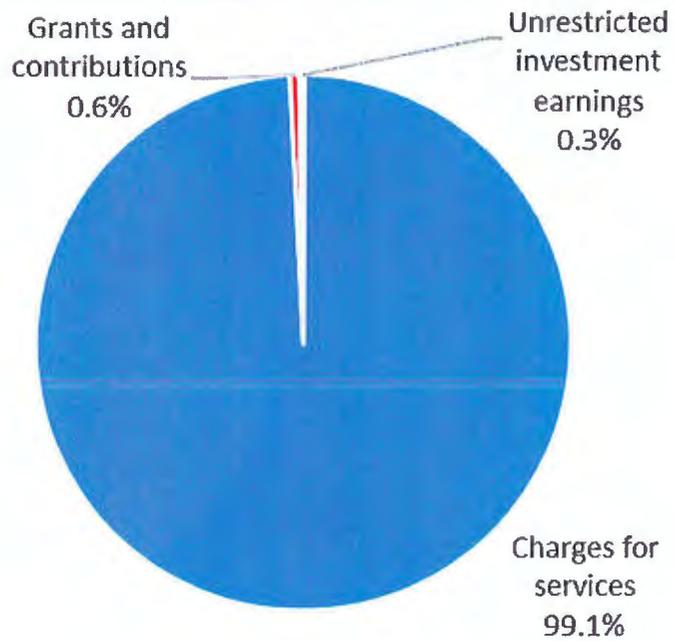
**Business-type activities.** Business-type activities increased the City of Cleveland's net position by \$8,777,101.

- Charges for services decreased \$137,991. This decrease is attributed primarily to the electric division operations of Cleveland Utilities.
- Capital grants and contributions decreased \$180,383 primarily for electric projects.
- Expenses for business-type activities increased \$366,482. The most significant changes in expenses were in the electric operation of Cleveland Utilities.

**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 \$38,078,571, an increase of \$4,742,092. The combined fund balance is broken down as follows:

- \$757,330 is non-spendable consisting of inventories and permanent fund principal
- \$5,388,512 is restricted for limited use in law enforcement, community development, street improvements, recycling, capital outlay, education and animal control
- \$913,328 is committed by the City Council for use by Solid Waste Management
- \$17,024,331 is assigned for designated use for education, the library, debt service and capital outlay
- \$13,995,070 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 \$13,995,070. Unassigned fund balance represents 43.1% of general fund expenditures. However, the unassigned fund balance only represents 28.4% when compared to general fund expenditures and transfers to other funds (e.g., debt service and schools).

The fund balance of the City of Cleveland's general fund increased \$2,449,599 during the current fiscal year. City revenues were \$865,613 higher than final budgeted amounts. City departments kept expenditures under budget by \$1,819,434. The fund balance of the School Fund increased \$3,803,330.

The debt service fund has a total fund balance of \$5,229,572. The net increase in fund balance during the current year was \$606,963.

**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 (\$4,148,271) for the Cleveland Utilities Water Division, \$2,261,213 for Cleveland Utilities Electric Division, \$1,695,284 for Stormwater Management and \$565,485 for the Health Insurance Trust Fund.

## **General Fund Budgetary Highlights**

General fund revenues were amended during the year to increase \$760,638. General fund expenditures were amended to increase \$57,789 distributed among several departments. Departmental budget officers closely monitored expenditures during the fiscal year to minimize budget amendments.

Actual revenues exceeded the final amended budget by \$865,613. This was primarily due to higher tax collections.

Differences between the final amended budget and actual expenditures were \$1,819,434. Vacancies in some 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, 2018 amounts to \$412,897,148 (net of accumulated depreciation), which is a \$21,642,680 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 \$392,424 in improvements including the public library.
- Public Safety added \$796,090 in police patrol units and equipment for the fire department.
- Public Works added \$3,120,957 primarily in road, sidewalk, and drainage infrastructure.
- Parks and Recreation added \$443,015 in recreation center improvements and the Greenway.
- Cleveland City Schools added \$570,317 in capital assets.

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

	Governmental Activities		Business-type Activities		Total	
	FY2017	FY2018	FY2017	FY2018	FY2017	FY2018
Land	\$ 37,347,873	\$ 37,347,873	\$ 1,837,881	\$ 2,155,227	\$ 39,185,754	\$ 39,503,100
Buildings and Systems	84,678,964	82,380,137	179,491,760	186,366,222	264,170,724	268,746,359
Improvements other than buildings	13,378,894	13,023,254	0	0	13,378,894	13,023,254
Furniture, fixtures, equipment & vehicles	10,574,883	10,332,792	0	0	10,574,883	10,332,792
Infrastructure	42,973,881	43,983,284	0	0	42,973,881	43,983,284
Construction in Progress	4,621,627	21,559,840	16,348,705	15,748,519	20,970,322	37,308,359
<b>Total</b>	<b>\$193,576,122</b>	<b>\$208,627,180</b>	<b>\$197,678,346</b>	<b>\$204,269,968</b>	<b>\$391,254,468</b>	<b>\$412,897,148</b>

Additional information on the City of Cleveland's capital assets can be found in Note 4 on pages 79-80 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Cleveland had total debt outstanding of \$147,655,473. Of this amount, \$48,758,000 comprises bonds backed solely by the full faith and credit of the city. The city also issues bonds secured by specified revenue sources (i.e., revenue bonds); however, in the event of default, the full faith and credit of the city are irrevocably pledged. The city had \$35,125,000 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 \$26,693,400 for city general projects and \$28,376,768 for Cleveland Utilities. The City also has a capital leases for energy upgrades, computers and lighting for the City Schools and mowing equipment for the recreation department in the amount of \$8,519,859.

## 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	
	FY2017	FY2018	FY2017	FY2018	FY2017	FY2018
General obligation bonds	51,817,480	48,758,000	0	0	51,817,480	48,758,000
Long-term notes issued through various agencies in TN	23,141,751	26,693,400	26,835,113	28,376,767	49,976,864	55,070,167
Capital leases	488,149	8,519,859	0	0	488,149	8,519,859
Revenue bonds	0	0	39,185,000	35,125,000	39,185,000	35,125,000
Less bond discount/ Premiums	116,028	96,946	97,580	85,501	213,608	182,447
Less Deferred Charges for refunding	0	0	0	0	0	0
<b>Total</b>	<b><u>75,563,408</u></b>	<b><u>84,068,205</u></b>	<b><u>66,117,693</u></b>	<b><u>63,587,268</u></b>	<b><u>141,681,101</u></b>	<b><u>147,655,473</u></b>

During 2018, the city entered into a loan agreement totaling \$3,000,000 for infrastructure inside at Spring Branch Industrial Park. Cleveland Utilities entered into loan agreements with the State of Tennessee Revolving Loan Fund totaling \$1,195,000 to finance improvements along Georgetown Road. Further details about the city's long-term debt are included in Note 6 on pages 81-84.

The City of Cleveland maintains an "AA" rating from Standard & Poor's and an "Aa3" 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, 2018 is \$46,840,297 and is calculated on page 186 of this report.

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

- The June 2018 unemployment rate for Cleveland was 4.4 percent, which remains the same percentage from a year ago. Bradley County was 4.3 percent, which is down from 4.3 percent from a year ago. Tennessee's average unemployment rate was 3.5 percent and the national average rate was 4.0 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).
- State sales tax revenue increased 4.5 percent over FY2017. This combined with strong demand for housing and increased retail development continues to strengthen the local economy.

All of these factors were considered in preparing the city's budget for the 2019 fiscal year. Management has again been conservative in estimating revenues for 2019.

## **Requests for Information**

This financial report is designed to provide a general overview of the City of Cleveland's finances for all those with an interest in the city's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the City of Cleveland, Office of the Assistant City Manager/Chief Financial Officer, Post Office Box 1519, Cleveland, Tennessee 37364-1519.

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## **BASIC FINANCIAL STATEMENTS**

CITY OF CLEVELAND, TENNESSEE  
STATEMENT OF NET POSITION  
June 30, 2018

	Primary Government		
	Governmental Activities	Business- type Activities	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 31,149,569	\$ 21,590,559	\$ 52,740,128
Cash and cash equivalents - restricted	5,596,795	3,595	5,600,390
Investments	860,761	0	860,761
Investments - restricted	455,000	0	455,000
Accounts receivable - net	908,433	18,093,283	19,001,716
Property taxes receivable - net	27,727,024	0	27,727,024
Sales tax receivable	3,310,844	0	3,310,844
Due from other government agencies	10,744,039	0	10,744,039
Internal balances	1,442,000	(1,442,000)	0
Inventories	238,730	2,301,524	2,540,254
Prepays	44,964	1,123,289	1,168,253
Total current assets	\$ 82,478,159	\$ 41,670,250	\$ 124,148,409
<b>Noncurrent assets:</b>			
Receivable from customers for conservation loans	\$ 0	\$ 1,144,268	\$ 1,144,268
Other noncurrent assets	0	1,657,287	1,657,287
Net pension asset - restricted	297,026	0	297,026
<b>Capital assets:</b>			
Land and construction in progress	58,907,713	17,903,746	76,811,459
Other capital assets, net of accumulated depreciation	149,719,467	186,366,222	336,085,689
Total noncurrent assets	\$ 208,924,206	\$ 207,071,523	\$ 415,995,729
Total Assets	\$ 291,402,365	\$ 248,741,773	\$ 540,144,138
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	\$ 202,971	\$ 536,667	\$ 739,638
Deferred outflows - pensions	12,409,768	6,895,164	19,304,932
Deferred outflows - opeb	528,436	1,261,201	1,789,637
Total Deferred Outflows of Resources	\$ 13,141,175	\$ 8,693,032	\$ 21,834,207

	Primary Government		
	Governmental Activities	Business- type Activities	Total
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accrued liabilities	\$ 4,136,651	\$ 3,800,216	\$ 7,936,867
Accounts payable	4,817,910	11,423,097	16,241,007
Customer deposits	0	3,544,461	3,544,461
Bonds, notes and capital leases - current	5,606,513	5,118,507	10,725,020
Compensated absences payable - current	166,416	0	166,416
<b>Total current liabilities</b>	<b>\$ 14,727,490</b>	<b>\$ 23,886,281</b>	<b>\$ 38,613,771</b>
<b>Long-term liabilities:</b>			
Conservation advances from TVA	\$ 0	\$ 1,175,646	\$ 1,175,646
Bonds, notes and capital leases payable	78,461,692	58,468,761	136,930,453
Compensated absences payable	1,913,786	0	1,913,786
Post-employment benefits payable	45,647,585	15,401,911	61,049,496
Net pension liability	13,660,803	15,181,954	28,842,757
<b>Total long-term liabilities</b>	<b>\$ 139,683,866</b>	<b>\$ 90,228,272</b>	<b>\$ 229,912,138</b>
<b>Total Liabilities</b>	<b>\$ 154,411,356</b>	<b>\$ 114,114,553</b>	<b>\$ 268,525,909</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	\$ 32,469,987	\$ 0	\$ 32,469,987
Deferred revenue - other	44,347	0	44,347
Deferred charge on refunding	0	12,392	12,392
Deferred inflows - pensions	4,056,718	493,004	4,549,722
Deferred inflows - opeb	2,242,610	1,796,060	4,038,670
<b>Total Deferred Inflows of Resources</b>	<b>\$ 38,813,662</b>	<b>\$ 2,301,456</b>	<b>\$ 41,115,118</b>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 128,504,578	\$ 141,210,570	\$ 269,715,148
Restricted for:			
Law enforcement	226,113	0	226,113
Community development - federal grants	73,302	0	73,302
Street improvements	1,201,879	0	1,201,879
Capital outlay	3,006,776	0	3,006,776
Recycling	5,161	0	5,161
Education	9,022	0	9,022
Net pension asset	297,026	0	297,026
Perpetual care:			
Nonexpendable	473,636	0	473,636
Unrestricted	(22,478,971)	(191,774)	(22,670,745)
<b>Total Net Position</b>	<b>\$ 111,318,522</b>	<b>\$ 141,018,796</b>	<b>\$ 252,337,318</b>

CITY OF CLEVELAND, TENNESSEE  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2018

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	Govern-mental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 8,987,210	\$ 270,892	\$ 127,786	\$ 0	\$ (8,588,532)	\$ 0	\$ (8,588,532)
Development and engineering	2,621,363	458,214	226,299	443,039	(1,493,811)	0	(1,493,811)
Public safety	21,827,824	1,252,906	126,025	0	(20,448,893)	0	(20,448,893)
Public works	13,599,981	3,131,447	1,386,955	3,555,692	(5,525,887)	0	(5,525,887)
Health and welfare	710,483	48,430	13,198	0	(648,855)	0	(648,855)
Culture and recreation	3,814,500	175,894	1,022,968	268,770	(2,346,868)	0	(2,346,868)
Education	54,436,127	240,179	49,573,979	4,281,201	(340,768)	0	(340,768)
Interest on long-term debt	3,216,493	0	0	0	(3,216,493)	0	(3,216,493)
Total governmental activities	\$ 109,213,981	\$ 5,577,962	\$ 52,477,210	\$ 8,548,702	\$ (42,610,107)	\$ 0	\$ (42,610,107)
<b>Business-type activities:</b>							
Water and sewer	\$ 25,034,761	\$ 28,950,628	\$ 0	\$ 507,605	\$ 0	\$ 4,423,472	\$ 4,423,472
Electric	95,471,898	100,914,277	108,040	140,664	0	5,691,083	5,691,083
Stormwater management	598,400	1,502,917	0	0	0	904,517	904,517
Total business-type activities	\$ 121,105,059	\$ 131,367,822	\$ 108,040	\$ 648,269	\$ 0	\$ 11,019,072	\$ 11,019,072
<b>Total primary government</b>	<b>\$ 230,319,040</b>	<b>\$ 136,945,784</b>	<b>\$ 52,585,250</b>	<b>\$ 9,196,971</b>	<b>\$ (42,610,107)</b>	<b>\$ 11,019,072</b>	<b>\$ (31,591,035)</b>
<b>General revenues:</b>							
Property taxes					\$ 26,342,150	\$ 0	\$ 26,342,150
Interest and penalty on taxes					255,801	0	255,801
In lieu of taxes					445,005	0	445,005
Local sales tax					13,610,741	0	13,610,741
Wholesale beer tax					1,469,337	0	1,469,337
Gross receipts tax					1,323,129	0	1,323,129
Franchise tax					925,773	0	925,773
State sales tax - unrestricted					3,580,003	0	3,580,003
Other state taxes - unrestricted					1,616,480	0	1,616,480
Grants and contributions not restricted to specific programs					394,864	0	394,864
Unrestricted investment earnings					539,780	399,322	939,102
Gain on disposal of capital assets					19,814	0	19,814
Transfers					2,641,293	(2,641,293)	0
Total general revenues and transfers					\$ 53,164,170	\$ (2,241,971)	\$ 50,922,199
Change in net position					\$ 10,554,063	\$ 8,777,101	\$ 19,331,164
Net position - beginning					124,113,665	138,305,617	262,419,282
Cumulative effect of change in accounting principle					(23,349,206)	(6,063,922)	(29,413,128)
Net position - restated					100,764,459	132,241,695	233,006,154
<b>Net position - ending</b>					<b>\$ 111,318,522</b>	<b>\$ 141,018,796</b>	<b>\$ 252,337,318</b>

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

CITY OF CLEVELAND, TENNESSEE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2018

	General Fund	School Fund	Capital Improvement Program Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 11,488,211	\$ 6,532,920	\$ 1,223,358	\$ 11,086,530	\$ 30,331,019
Cash and cash equivalents - restricted	0	5,591,859	0	4,936	5,596,795
Investments	0	0	621,509	239,252	860,761
Investments - restricted	0	0	0	455,000	455,000
Accounts receivable - net	688,676	0	0	219,757	908,433
Property taxes receivable - net	27,727,024	0	0	0	27,727,024
Sales tax receivable	2,322,420	988,424	0	0	3,310,844
Due from other government agencies	1,094,712	7,704,249	808,353	1,136,725	10,744,039
Due from other funds	0	0	0	1,442,000	1,442,000
Inventories	238,730	0	0	0	238,730
Prepays	3,295	0	41,669	0	44,964
<b>Total Assets</b>	<b>\$ 43,563,068</b>	<b>\$ 20,817,452</b>	<b>\$ 2,694,889</b>	<b>\$ 14,584,200</b>	<b>\$ 81,659,609</b>
<b>LIABILITIES</b>					
Accrued liabilities	\$ 855,956	\$ 2,859,391	\$ 0	\$ 292,250	\$ 4,007,597
Accounts payable	329,612	2,305,950	1,786,961	142,322	4,564,845
Unearned revenue	33,000	0	0	11,347	44,347
<b>Total Liabilities</b>	<b>\$ 1,218,568</b>	<b>\$ 5,165,341</b>	<b>\$ 1,786,961</b>	<b>\$ 445,919</b>	<b>\$ 8,616,789</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - current property taxes	\$ 25,791,578	\$ 6,678,408	\$ 0	\$ 0	\$ 32,469,986
Unavailable revenue - delinquent property taxes	1,899,428	140,301	0	0	2,039,729
Unavailable revenue - other	416,399	38,135	0	0	454,534
<b>Total Deferred Inflows of Resources</b>	<b>\$ 28,107,405</b>	<b>\$ 6,856,844</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 34,964,249</b>
<b>FUND BALANCES</b>					
<b>Nonspendable:</b>					
Inventory	\$ 238,730	\$ 0	\$ 0	\$ 0	\$ 238,730
Prepaid items	3,295	0	41,669	0	44,964
Permanent fund principal	0	0	0	473,636	473,636
<b>Restricted for:</b>					
Law enforcement	0	0	0	226,113	226,113
Community development - federal grants	0	0	0	73,302	73,302
Street improvements	0	0	0	1,201,879	1,201,879
Recycling	0	0	0	5,161	5,161
Capital outlay	0	0	0	3,006,776	3,006,776
Education	0	9,022	0	0	9,022
Animal Control	0	0	0	0	0
<b>Committed to:</b>					
Solid Waste	0	0	0	913,328	913,328
<b>Assigned to:</b>					
Education	0	8,786,245	0	878,084	9,664,329
Library	0	0	0	505,700	505,700
Debt service	0	0	0	5,229,572	5,229,572
Capital outlay	0	0	866,259	1,624,730	2,490,989
Unassigned	13,995,070	0	0	0	13,995,070
<b>Total Fund Balances</b>	<b>\$ 14,237,095</b>	<b>\$ 8,795,267</b>	<b>\$ 907,928</b>	<b>\$ 14,138,281</b>	<b>\$ 38,078,571</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 43,563,068</b>	<b>\$ 20,817,452</b>	<b>\$ 2,694,889</b>	<b>\$ 14,584,200</b>	<b>\$ 81,659,609</b>

CITY OF CLEVELAND, TENNESSEE  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2018

Total fund balances per governmental funds balance sheet	\$	38,078,571
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		208,627,178
Long-term liabilities, including bonds, notes payable, compensated absences, post-employment benefits, pension liability and interest payable are not due and payable in the current period and therefore are not reported in the funds.		(145,288,823)
Internal service funds are used by management to charge the costs of health insurance through the health insurance trust to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		565,485
The net difference on debt refunding is deferred and expensed over the life of the refunding debt issue.		202,971
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as a component of pension expense in future years.		6,638,879
Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		2,494,261
Net position of governmental activities	<u>\$</u>	<u>111,318,522</u>

CITY OF CLEVELAND, TENNESSEE  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2018

	General Fund	School Fund	Capital Improvement Program Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 40,287,509	\$ 0	\$ 0	\$ 3,882,151	\$ 44,169,660
Licenses and permits	712,300	0	0	0	712,300
Intergovernmental	5,371,161	42,462,896	8,172,360	9,574,206	65,580,623
Fines and forfeitures	523,469	0	0	113,429	636,898
Charges for services	1,399,470	142,272	0	2,687,020	4,228,762
Interest	161,426	78,718	62,125	237,512	539,781
Miscellaneous	188,316	168,517	57,465	382,779	797,077
Total revenues	<u>\$ 48,643,651</u>	<u>\$ 42,852,403</u>	<u>\$ 8,291,950</u>	<u>\$ 16,877,097</u>	<u>\$ 116,665,101</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	\$ 3,323,386	\$ 0	\$ 0	\$ 107,946	\$ 3,431,332
Development and engineering	1,445,251	0	0	219,631	1,664,882
Public safety	18,591,880	0	0	14,286	18,606,166
Public works	4,256,146	0	0	4,054,372	8,310,518
Health and welfare	542,897	0	0	0	542,897
Culture and recreation	2,953,206	0	0	1,389,214	4,342,420
Education	0	46,888,037	0	6,652,888	53,540,925
Appropriations	1,304,181	0	0	0	1,304,181
Capital outlay	0	4,676,227	17,640,456	7,020,081	29,336,764
<b>Debt service:</b>					
Principal retirement	36,163	392,375	0	4,678,457	5,106,995
Interest and fiscal charges	1,212	33,409	0	2,212,272	2,246,893
Total expenditures	<u>\$ 32,454,322</u>	<u>\$ 51,990,048</u>	<u>\$ 17,640,456</u>	<u>\$ 26,349,147</u>	<u>\$ 128,433,973</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 16,189,329</u>	<u>\$ (9,137,645)</u>	<u>\$ (9,348,506)</u>	<u>\$ (9,472,050)</u>	<u>\$ (11,768,872)</u>
<b>Other financing sources (uses):</b>					
Transfers in	\$ 3,120,516	\$ 5,273,600	\$ 4,126,721	\$ 8,651,902	\$ 21,172,739
Transfers out	(16,860,246)	(554,919)	(529,223)	(587,058)	(18,531,446)
Notes issued	0	0	2,408,580	3,000,000	5,408,580
Capital leases issued	0	8,222,294	0	0	8,222,294
Total other financing sources (uses)	<u>\$ (13,739,730)</u>	<u>\$ 12,940,975</u>	<u>\$ 6,006,078</u>	<u>\$ 11,064,844</u>	<u>\$ 16,272,167</u>
Net change in fund balances	\$ 2,449,599	\$ 3,803,330	\$ (3,342,428)	\$ 1,592,794	\$ 4,503,295
Fund balance at beginning of year	11,787,496	4,991,937	4,250,356	12,545,487	33,575,276
Fund balance at end of year	<u>\$ 14,237,095</u>	<u>\$ 8,795,267</u>	<u>\$ 907,928</u>	<u>\$ 14,138,281</u>	<u>\$ 38,078,571</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, 2018

Net change in fund balances for total governmental funds \$ 4,503,295

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. 15,062,863

Governmental funds report only the proceeds from the sale of assets and do not take into effect the cost of capital assets sold. (11,805)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 236,641

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. 5,106,995

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. (13,630,874)

Internal service funds are used by management to charge the costs of health insurance premiums to individual funds. The net activity of the internal service fund is reported with governmental activities. (50,136)

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

Net change in accrued interest	\$	7,334	
Amortization of deferred outflows		(996,016)	
Amortization of bond premiums		19,082	
Change in compensated absences		36,318	
Change in net pension asset		257,648	
Change in net pension liability		3,927,978	
Change in opeb liability		(1,212,832)	
Change in deferred outflows related to pensions		(1,304,915)	
Change in deferred outflows related to opeb		528,436	
Change in deferred inflows related to pensions		316,661	
Change in deferred inflows related to opeb		(2,242,610)	
Total additional expenditures		(662,916)	(662,916)

Change in net position of governmental activities \$ 10,554,063

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, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
<b>Taxes:</b>				
Property taxes - real estate	\$ 23,690,000	\$ 24,200,000	\$ 25,711,549	\$ 1,511,549
Property taxes - utility	405,000	427,500	428,325	825
Interest and penalty on taxes	220,000	220,000	255,801	35,801
In lieu of taxes	300,000	440,000	445,005	5,005
Local sales tax	10,100,000	10,100,000	9,728,590	(371,410)
Wholesale beer tax	1,600,000	1,600,000	1,469,337	(130,663)
Gross receipts tax	1,265,000	1,265,000	1,323,129	58,129
Franchise taxes - gas	475,000	475,000	420,787	(54,213)
Franchise taxes - charter	525,000	525,000	504,986	(20,014)
Total taxes	<u>\$ 38,580,000</u>	<u>\$ 39,252,500</u>	<u>\$ 40,287,509</u>	<u>\$ 1,035,009</u>
<b>Licenses and permits:</b>				
Beer licenses	\$ 4,000	\$ 4,000	\$ 4,050	\$ 50
Beer renewal fee	15,500	15,500	15,092	(408)
Liquor renewal license	27,500	27,500	25,735	(1,765)
Wine inspection fee	100,000	100,000	103,715	3,715
Building permits	235,000	235,000	309,921	74,921
Electrical permits	8,000	8,000	8,555	555
Electricians' licenses	18,000	18,000	17,224	(776)
Mechanical permits	17,500	17,500	22,518	5,018
Mechanical licenses	8,200	8,200	8,091	(109)
Plumbing permits	45,000	45,000	40,076	(4,924)
Plumbing licenses	10,500	10,500	9,101	(1,399)
Natural gas permits	3,000	3,000	4,865	1,865
Street cut permits	81,000	81,000	79,268	(1,732)
Land disturbance permit	8,500	8,500	18,671	10,171
Rezoning fee	2,000	2,000	0	(2,000)
Pud rezoning fee	2,000	2,000	3,710	1,710
Zoning appeal fee	2,000	2,000	1,350	(650)
Zoning letter fee	1,200	1,200	745	(455)
Minor encroachment fee	500	500	400	(100)
Certificate of appropriateness	800	800	620	(180)
Recreation permits and maintenance fee	8,000	8,000	7,556	(444)
Plat review fee	3,500	3,500	3,390	(110)
Plans review fee	20,000	20,000	17,037	(2,963)
Certificate of occupancy	8,000	8,000	8,020	20
Alley or street abandonment fee	500	500	675	175
Wrecker permit fees	500	500	1,400	900
Taxicab driver fees	0	0	515	515
Total licenses and permits	<u>\$ 630,700</u>	<u>\$ 630,700</u>	<u>\$ 712,300</u>	<u>\$ 81,600</u>
<b>Intergovernmental revenues:</b>				
Federal grant - protective vest	\$ 0	\$ 0	\$ 4,017	\$ 4,017
State grant - stepping it up	0	5,300	5,300	0
State grant - tourism enhancement	0	35,000	35,000	0
Police training supplement	55,200	54,600	54,000	(600)
Fire training supplement	52,800	52,800	52,800	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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Intergovernmental revenues - (Continued):				
State Highway Safety grant	\$ 0	\$ 5,000	\$ 5,000	\$ 0
State Child Safety grant	0	9,273	9,273	0
State Dangerous Drug Task Force	0	0	934	934
State sales tax	3,572,000	3,572,000	3,580,002	8,002
State income tax	880,000	630,000	589,503	(40,497)
State beer tax	22,500	22,500	19,260	(3,240)
State mixed drink tax	135,000	135,000	145,307	10,307
State gas inspection tax	91,300	91,300	83,066	(8,234)
State highway maintenance tax	200,000	171,777	171,777	0
TVA - In lieu of taxes	503,000	503,000	468,913	(34,087)
Excise tax	185,000	185,000	147,009	(37,991)
Total intergovernmental revenues	<u>\$ 5,696,800</u>	<u>\$ 5,472,550</u>	<u>\$ 5,371,161</u>	<u>\$ (101,389)</u>
Fines and forfeitures:				
Traffic tickets	\$ 525,000	\$ 400,000	\$ 331,107	\$ (68,893)
Parking tickets	30,000	25,000	13,271	(11,729)
Animal Control tickets	600	600	1,100	500
Code enforcement fines	3,000	8,200	8,400	200
Garnishments	0	0	91	91
Court clerk fees	0	3,500	4,575	1,075
Drug fines	15,000	15,000	19,076	4,076
Sessions court	46,500	46,500	37,035	(9,465)
Circuit court	15,000	15,000	12,175	(2,825)
Officers - sessions court	80,000	80,000	76,759	(3,241)
Officers - circuit court	7,000	14,000	7,660	(6,340)
State refunds	1,000	2,770	2,770	0
Sex offender registry	10,000	10,000	9,450	(550)
Total fines and forfeitures	<u>\$ 733,100</u>	<u>\$ 620,570</u>	<u>\$ 523,469</u>	<u>\$ (97,101)</u>
Charges for services:				
Police protection	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0
Fire inspection fees	1,800	1,800	300	(1,500)
Police accidents report	5,000	5,000	8,328	3,328
Police department contracted services	0	190,000	223,018	33,018
Contracted services E911	120,000	120,000	122,300	2,300
Airport maintenance	0	14,300	14,300	0
Fleet Management - City Services	191,000	191,000	61,216	(129,784)
Fleet Management - Outside Services	110,000	110,000	71,667	(38,333)
GIS services stormwater	30,000	30,000	30,000	0
GIS services 911 center	6,000	6,000	6,000	0
Stormwater fees	101,300	101,300	101,300	0
Animal Control - boarding fees	35,000	45,000	48,430	3,430
Waterville lease	36,000	36,000	36,000	0
Tinsley pool gate	21,000	21,000	14,949	(6,051)
Tinsley pool concessions	7,000	7,000	1,302	(5,698)
Tinsley pool rental	2,000	2,000	2,340	340
Tinsley Park concessions	27,500	27,500	13,498	(14,002)

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Charges for services - (Continued):				
Tinsley Park rental	\$ 3,800	\$ 3,800	\$ 1,275	\$ (2,525)
Cleveland Community Center	12,500	12,500	17,680	5,180
Northeast Recreation	12,500	12,500	13,343	843
NE Panther account	3,600	3,600	95	(3,505)
NE program fee	6,500	6,500	3,294	(3,206)
Park and recreation miscellaneous	2,500	5,125	5,160	35
Jetport-ground/land lease	78,300	78,300	103,697	25,397
Jetport T/hangar rent	30,000	30,000	35,528	5,528
Jetport terminal bldg rental	5,000	5,000	1,909	(3,091)
Jetport community hangars	18,000	18,000	20,750	2,750
Jetport terminal building	17,500	0	0	0
Jetport video adv	10,000	10,000	5,000	(5,000)
Jetport special events	5,000	5,000	0	(5,000)
Fuel flowage fee (.12 cents)	30,000	30,000	31,639	1,639
Variable rent-CFM (.10 cents)	25,000	25,000	26,790	1,790
SRO-schools	323,000	323,000	328,362	5,362
Total charges for services	<u>\$ 1,326,800</u>	<u>\$ 1,526,225</u>	<u>\$ 1,399,470</u>	<u>\$ (126,755)</u>
Interest:				
Interest - checking	\$ 17,500	\$ 110,000	\$ 158,169	\$ 48,169
Interest - payroll	0	0	3,257	3,257
Total interest	<u>\$ 17,500</u>	<u>\$ 110,000</u>	<u>\$ 161,426</u>	<u>\$ 51,426</u>
Miscellaneous revenues:				
Auction sale of equipment	\$ 0	\$ 8,836	\$ 8,836	\$ 0
Sale of vehicles	0	6,995	10,882	3,887
Sale of scrap metal	0	368	2,030	1,662
Donations - Memorial tree fund	0	10,775	11,725	950
Old timers banquet	2,500	2,500	2,345	(155)
Sign and decal reimbursement	1,500	1,500	4,790	3,290
Donations - Cleveland fire department	0	2,092	2,092	0
Donations - Police department	0	526	3,167	2,641
TML safety grant matching	0	2,000	2,000	0
TML package bonus	5,000	5,000	5,000	0
TML driver safety grant	0	5,000	3,758	(1,242)
TML property conservation grant	0	2,500	3,995	1,495
Miscellaneous insurance refund	0	4,192	5,917	1,725
Animal shelter donations	0	5,070	5,080	10
Animal shelter - pet adoptions	0	7,535	8,118	583
Donations - City's Photo Contest	0	700	615	(85)
TML reimbursement police vehicles	0	27,425	30,765	3,340
Fire misc/reports	0	0	20	20
TML reimbursement for property damage	0	31,479	35,676	4,197
TML work comp salary reimbursement	0	0	6,989	6,989
Donations-Terminal bldg	0	17,500	2,500	(15,000)
Employee jury duty reimbursement	0	0	22	22
Sundry income	7,500	7,500	14,347	6,847

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Miscellaneous revenues - (Continued):				
Sundry income - clerk and master	\$ 16,000	\$ 16,000	\$ 16,150	\$ 150
Miscellaneous seized funds	0	0	1,497	1,497
Total miscellaneous revenues	\$ 32,500	\$ 165,493	\$ 188,316	\$ 22,823
Total revenues	\$ 47,017,400	\$ 47,778,038	\$ 48,643,651	\$ 865,613
Expenditures:				
Current :				
General government:				
Legislative and judicial:				
Salaries - administrative	\$ 85,343	\$ 85,343	\$ 85,355	\$ (12)
Salaries - city council	74,400	74,400	74,411	(11)
Salaries - judicial	38,526	38,526	36,024	2,502
Part time wages	1,642	0	0	0
Service awards	700	499	100	399
Longevity	3,800	3,675	3,675	0
Sold vacations	3,300	3,300	3,282	18
Christmas bonus	445	445	325	120
Sick pay incentive	300	250	250	0
Dental insurance	7,276	7,276	5,255	2,021
Social security	15,703	15,703	14,340	1,363
Health insurance	80,933	80,933	91,885	(10,952)
Retirement	34,206	34,206	32,242	1,964
Life and disability insurance	5,510	5,510	1,664	3,846
Vision insurance	1,431	1,431	1,091	340
Postage	500	500	126	374
Printing	1,500	1,500	1,080	420
Subscriptions and memberships	5,200	5,200	1,180	4,020
Airmed care membership	132,000	132,000	132,000	0
Advertising	3,000	3,000	1,353	1,647
Telephone and pager	21,000	21,000	17,476	3,524
Contracted services-reporters	12,000	15,000	15,000	0
Equipment repair and replacement	1,600	1,600	724	876
Contract maintenance services	5,200	5,200	3,918	1,282
Emergency repairs - city buildings	10,000	3,180	2,589	591
Travel and training	8,000	8,000	5,287	2,713
Council work sessions	4,500	4,500	1,003	3,497
Complimentary meals	2,500	2,500	1,656	844
Office expenditures and paper	4,000	4,000	3,057	943
Janitorial	500	0	0	0
Insurance - general liability	1,400	1,400	2,673	(1,273)
Insurance - worker's compensation	500	500	833	(333)

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
General government - (Continued):				
Legislative and judicial - (Continued):				
Service pins - all departments	\$ 900	\$ 900	\$ 636	\$ 264
Employee Christmas dinner	500	0	0	0
Employee picnic	13,700	13,700	13,372	328
Miscellaneous	500	500	254	246
Back Alley Galleries	0	2,621	520	2,101
Council room equipment and supplies	1,500	1,500	1,354	146
Total legislative and judicial	<u>\$ 584,015</u>	<u>\$ 579,798</u>	<u>\$ 555,990</u>	<u>\$ 23,808</u>
Administration:				
Salaries	\$ 501,600	\$ 501,600	\$ 471,125	\$ 30,475
Overtime wages	10,500	10,500	1,052	9,448
Part time wages	6,500	6,500	12,376	(5,876)
Service awards	250	250	250	0
Longevity	7,275	9,150	9,150	0
Sold vacations	10,000	11,154	11,154	0
Christmas bonus	650	650	650	0
College pay	1,060	1,060	1,060	0
Sick pay incentive	1,800	1,525	1,525	0
Dental insurance	3,800	4,196	4,725	(529)
Social security	42,000	42,000	35,562	6,438
Health insurance	91,200	91,200	80,162	11,038
Retirement	87,500	87,500	81,649	5,851
Life and disability insurance	4,600	4,600	4,821	(221)
Vision insurance	600	907	964	(57)
Employee assistance program	9,500	9,500	8,136	1,364
Education reimbursement	1,500	0	0	0
Flex spending program	12,000	12,000	8,043	3,957
Laundry and dry cleaning	3,600	3,058	1,420	1,638
Pre-employment expense	1,500	1,300	107	1,193
Postage	3,500	3,986	4,126	(140)
GPS service	300	300	152	148
Printing	2,500	2,500	113	2,387
Citizens Newsletter	6,500	6,500	2,295	4,205
Subscriptions and memberships	4,000	7,104	6,391	713
Class comp study	1,500	0	0	0
Advertising	0	5,000	5,674	(674)
Utilities	15,000	15,000	9,642	5,358
Telephone	15,500	15,500	13,883	1,617
Legal expense liquor by the drink	15,000	15,000	12,674	2,326
Contracted services - computer systems	3,000	0	0	0
Vehicle maintenance	1,000	1,000	36	964
Copier maintenance	1,500	1,500	1,463	37

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
General government - (Continued):				
Administration - (Continued):				
Bldg/ground maintenance	\$ 10,000	\$ 10,000	\$ 3,716	\$ 6,284
Car allowance	12,600	12,600	11,550	1,050
Training/travel	10,000	10,000	7,917	2,083
Department work sessions	1,000	2,000	1,682	318
Pest control-annex	600	600	262	338
Office supplies	12,000	10,000	8,139	1,861
Janitorial supplies	500	500	161	339
Gasoline	1,000	2,000	2,004	(4)
Insurance - buildings and contents	3,500	2,700	2,700	0
Insurance - vehicles	300	132	129	3
Insurance - general liability	4,000	4,516	4,516	0
Insurance - worker's compensation	1,200	1,270	1,296	(26)
Insurance - professional liability	31,000	32,074	32,074	0
Insurance-employee bonds	700	0	0	0
Contracted services - security	2,000	500	480	20
City's photo prize winning	0	1,200	1,199	1
Employee appreciation day	10,000	14,703	14,702	1
Miscellaneous	500	500	330	170
Equipment	19,000	10,000	0	10,000
Total administration	<u>\$ 986,635</u>	<u>\$ 987,335</u>	<u>\$ 883,237</u>	<u>\$ 104,098</u>
Finance:				
Salaries	\$ 348,200	\$ 336,200	\$ 332,626	\$ 3,574
Overtime wages	9,100	8,350	7,907	443
Part time wages	10,000	23,859	22,515	1,344
Service awards	75	100	100	0
Longevity	4,425	5,363	5,363	0
Sold vacations	5,000	5,000	2,009	2,991
Christmas bonus	870	870	866	4
Sick pay incentive	2,400	1,925	1,925	0
Dental insurance	3,000	3,075	3,323	(248)
Social security	29,100	29,100	30,883	(1,783)
Health insurance	72,000	72,000	63,051	8,949
Retirement	62,000	64,000	67,772	(3,772)
Life and disability insurance	0	4,600	4,128	472
Vision insurance	0	1,000	981	19
Education reimbursement	0	2,388	2,388	0
Laundry and dry cleaning	1,200	1,200	463	737
Postage	9,000	8,550	13,223	(4,673)
Postage machine lease	700	1,750	1,385	365
Printing	6,000	1,500	1,391	109
Printing - property taxes	8,500	8,350	8,301	49
Subscriptions and memberships	3,000	1,000	1,102	(102)
Advertising	10,500	6,000	3,968	2,032

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
General government - (Continued):				
Finance - (Continued):				
Utilities	\$ 15,000	\$ 14,500	\$ 13,861	\$ 639
Telephone	7,000	7,000	4,962	2,038
Legal fees	87,500	85,000	83,937	1,063
Audit fees	49,000	49,000	49,000	0
Reappraisal fee	50,000	50,000	53,591	(3,591)
Appraisal fees	1,500	0	0	0
Actuarial services	9,000	5,900	5,900	0
Vehicle	1,000	1,000	188	812
Small equipment rep/replacement	1,500	0	0	0
Copier maintenance	3,750	3,750	2,604	1,146
Bldg/ground maintenance	12,000	7,055	6,044	1,011
Car allowance	4,200	4,200	4,200	0
Training/travel	7,500	5,500	4,527	973
Department work sessions	1,000	900	984	(84)
Credit card fees	20,000	51,150	53,264	(2,114)
Pest control-annex	600	600	703	(103)
Office supplies	20,000	16,450	15,528	922
Janitorial supplies	1,500	1,300	1,141	159
Gasoline and oil	1,000	1,200	1,273	(73)
Insurance - buildings and contents	3,500	2,970	2,968	2
Insurance - vehicles	200	129	129	0
Insurance - general liability	2,500	4,375	4,375	0
Insurance - worker's compensation	1,600	2,143	2,158	(15)
Insurance - professional liability	31,000	32,074	32,074	0
Insurance - employee bonds	700	0	0	0
Miscellaneous	500	500	1,330	(830)
Bad debt	30,000	30,000	18,921	11,079
Postage machine-city wide	7,500	4,600	4,594	6
Total finance	<u>\$ 955,620</u>	<u>\$ 967,476</u>	<u>\$ 943,926</u>	<u>\$ 23,550</u>
Safety program:				
Salaries	\$ 69,081	\$ 69,081	\$ 69,210	\$ (129)
Part time employees	8,320	8,320	10,126	(1,806)
Service awards	250	250	200	50
Longevity	2,200	2,200	2,175	25
Sold vacation	2,657	2,657	1,328	1,329
Christmas bonus	108	108	108	0
College pay	280	280	280	0
Sick pay incentive	300	300	75	225
Dental insurance	354	354	313	41
Social security	6,400	6,400	6,308	92
Health insurance	7,505	7,505	7,549	(44)
Retirement	12,500	12,500	12,567	(67)
Life and disability insurance	640	640	820	(180)

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
General government - (Continued):				
Safety program - (Continued):				
Vision insurance	\$ 100	\$ 100	\$ 96	\$ 4
Laundry and dry cleaning	0	100	55	45
Clothing allowance	350	357	357	0
Hazard Comm-MSDS	200	200	189	11
Telephone	2,400	1,594	1,594	0
Drug and alcohol testing	6,000	7,010	7,009	1
Vehicle maintenance	0	50	18	32
Equipment maintenance	10,000	9,532	9,035	497
Building maintenance	2,400	4,551	4,551	0
Training and travel	3,000	3,238	3,163	75
Office supplies	250	463	463	0
Wellness center operations	3,500	2,960	2,937	23
Safety supplies	100	100	22	78
Gasoline and oil	500	220	107	113
TML driver safety grant	10,000	10,000	6,365	3,635
TML safety grant	4,000	4,000	4,000	0
Property conservation grant	5,000	5,000	5,000	0
Insurance - vehicles	340	340	259	81
Insurance - general liability	430	731	731	0
Miscellaneous	500	510	510	0
Total safety program	<u>\$ 159,665</u>	<u>\$ 161,651</u>	<u>\$ 157,520</u>	<u>\$ 4,131</u>
Codes Enforcement Division:				
Salaries	\$ 159,700	\$ 159,700	\$ 158,797	903
Overtime wages	1,000	1,000	444	556
Longevity pay	3,700	3,700	3,675	25
Vacation pay	1,600	1,600	918	682
Christmas bonus	450	450	433	17
Sick pay incentive	1,000	1,000	450	550
Dental insurance	2,000	2,000	1,825	175
Social security tax	13,100	13,100	11,953	1,147
Health insurance	42,600	42,600	43,510	(910)
Retirement	28,500	28,500	27,987	513
Life and disability insurance	2,000	2,000	1,898	102
Vision insurance	600	600	550	50
Worker's comp claims	5,200	5,200	0	5,200
Laundry and dry cleaning	2,400	2,400	424	1,976
Postage	1,500	1,500	783	717
GPS services	1,500	1,500	1,198	302
Printing	1,200	1,200	701	499
Advertising	2,000	2,000	0	2,000
Telephone	6,000	6,000	4,407	1,593
Vehicle maintenance	5,000	5,000	686	4,314

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
General government - (Continued):				
Codes Enforcement Division: - (Continued):				
Small equipment repairs/replacement	\$ 2,000	\$ 2,000	\$ 337	\$ 1,663
Travel and training	1,500	1,500	1,189	311
Office supplies	2,500	2,500	1,803	697
Uniforms	1,500	1,500	1,516	(16)
Educational supplies	1,000	1,000	0	1,000
Gasoline	4,000	4,000	2,181	1,819
Insurance - vehicles	1,600	1,600	710	890
Worker's compensation	0	0	279	(279)
Miscellaneous	600	600	109	491
Total codes enforcement division	<u>\$ 295,750</u>	<u>\$ 295,750</u>	<u>\$ 268,763</u>	<u>\$ 26,987</u>
Information Technology:				
Salaries	\$ 298,500	\$ 298,500	\$ 315,887	\$ (17,387)
Overtime wages	20,250	13,000	15,121	(2,121)
Service awards	0	50	50	0
Longevity wages	3,300	3,525	3,525	0
Sold vacation pay	0	4,124	4,123	1
Christmas bonus	545	545	541	4
Sick pay incentive	1,500	1,500	1,200	300
Dental insurance	1,600	2,850	2,425	425
Social security taxes	328,400	23,500	23,786	(286)
Health insurance	58,500	58,500	58,800	(300)
Retirement	54,200	54,200	56,335	(2,135)
Laundry and dry cleaning	1,200	0	0	0
Life/disability insurance	0	3,100	3,527	(427)
Vision insurance	0	600	707	(107)
GPS service	300	300	299	1
Subscriptions and memberships	1,000	0	0	0
Telephone	9,000	10,000	6,943	3,057
Vehicle maintenance	1,000	500	17	483
Car allowance	4,200	4,200	4,200	0
Training and travel	4,500	7,650	8,620	(970)
Office supplies	2,500	1,830	1,750	80
Gasoline	1,500	450	172	278
Insurance - vehicles	200	259	259	0
Insurance - general liability	2,500	3,642	3,642	0
Insurance - workers compensation	1,000	1,070	1,069	1
Computer software support	0	0	488	(488)
Miscellaneous	0	0	464	(464)
Total information technology	<u>\$ 795,695</u>	<u>\$ 493,895</u>	<u>\$ 513,950</u>	<u>\$ (20,055)</u>
Total general government	<u>\$ 3,777,380</u>	<u>\$ 3,485,905</u>	<u>\$ 3,323,386</u>	<u>\$ 162,519</u>

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Development and engineering:				
Salaries	\$ 809,000	\$ 809,000	\$ 807,723	\$ 1,277
Overtime wages	2,100	2,100	0	2,100
Part time wages	700	700	654	46
Service awards	500	500	244	256
Longevity	11,700	12,100	11,175	925
Sold vacations	16,700	16,700	11,067	5,633
Christmas bonus	1,700	1,750	1,532	218
College pay	700	700	625	75
Sick pay incentive	4,200	3,750	2,867	883
Dental insurance	11,400	11,400	9,900	1,500
Social security	68,900	68,900	60,375	8,525
Health insurance	177,200	177,200	170,739	6,461
Retirement	150,500	150,500	143,401	7,099
Life and disability insurance	11,300	11,300	9,473	1,827
Vision insurance	2,400	2,400	2,219	181
Education reimbursement	14,400	14,400	0	14,400
Worker's compensation claims	1,000	1,000	0	1,000
Laundry and dry cleaning	2,800	2,800	1,309	1,491
Postage	2,500	2,500	668	1,832
Scanner/copier lease	4,700	4,700	0	4,700
GPS services	2,500	2,500	2,121	379
Printing and artwork	1,000	0	475	(475)
Public education programs	2,000	1,000	0	1,000
Subscriptions and memberships	6,000	5,000	5,009	(9)
Advertising	1,700	200	141	59
Utilities	19,100	14,100	13,276	824
Telephone	26,000	24,500	24,007	493
GSW mobile/local share	0	7,209	3,321	3,888
Engineering services	20,000	12,791	8,150	4,641
Easement fee	300	300	30	270
Survey	10,000	7,000	2,263	4,737
Vehicle maintenance	7,000	7,000	7,845	(845)
Office equipment maintenance	8,000	8,000	7,267	733
Building maintenance	5,000	5,000	3,861	1,139
Car allowance	4,200	4,200	4,200	0
Travel and training	16,500	23,000	22,469	531
Travel - Step it up grant	0	8,472	6,587	1,885
Complimentary meals	0	1,200	1,039	161
Departmental work session	1,200	0	0	0
Credit card fees	6,500	8,000	8,389	(389)
Code violations	20,000	23,000	23,629	(629)

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Development and engineering - (Continued):				
Contracted services - pest control	\$ 800	\$ 800	\$ 396	\$ 404
Janitorial contract	9,000	9,000	8,230	770
Office supplies	13,000	16,000	18,944	(2,944)
Operating	2,000	2,000	750	1,250
OSHA first aid kits	300	300	10	290
Janitorial supplies	1,200	1,200	0	1,200
Uniforms	6,500	6,500	4,609	1,891
Gasoline and oil	8,000	6,000	4,504	1,496
Insurance - buildings and contents	4,100	3,100	1,635	1,465
Insurance - vehicles and equipment	2,800	2,000	1,840	160
Insurance - general liability	5,300	7,100	7,017	83
Insurance - worker's compensation	12,900	11,900	11,524	376
Insurance - employee bonds	100	100	50	50
Planning commission	3,500	3,500	3,323	177
Board of zoning appeals	1,000	1,000	222	778
Historic zoning commission	1,000	1,000	419	581
Miscellaneous	500	500	796	(296)
Computer software and maintenance	3,500	3,500	0	3,500
Small equipment	0	2,000	0	2,000
Office equipment	6,000	7,000	2,932	4,068
<b>Total development and engineering</b>	<b>\$ 1,532,900</b>	<b>\$ 1,541,372</b>	<b>\$ 1,445,251</b>	<b>\$ 96,121</b>
Public safety:				
Police department:				
Salaries	\$ 4,995,173	\$ 4,885,173	\$ 4,802,315	\$ 82,858
Overtime wages	321,375	321,375	269,040	52,335
Part time wages	15,727	14,227	12,031	2,196
Salaries - school patrol	88,450	78,450	73,689	4,761
Supplemental pay	2,400	2,400	2,400	0
State grant - in service training	54,600	54,600	54,000	600
Overtime - contracted services	0	190,000	182,733	7,267
Service awards	3,475	3,475	2,875	600
Longevity	77,100	77,100	76,913	187
Sold vacations	60,000	80,500	78,601	1,899
Christmas bonus	12,669	12,669	12,452	217
College pay	3,430	3,430	2,995	435
Sick pay incentive	29,575	26,575	24,550	2,025
Dental insurance	64,589	64,589	60,639	3,950
Social security	434,442	434,442	407,436	27,006
Health insurance	1,202,616	1,202,616	1,091,757	110,859
Retirement	1,082,305	1,082,305	1,078,048	4,257
Life and disability insurance	63,641	63,641	56,535	7,106
Vision insurance	16,075	16,075	14,389	1,686

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Public safety - (Continued):				
Police department - (Continued):				
Unemployment compensation	\$ 500	\$ 500	\$ 3	\$ 497
Education reimbursement	14,328	14,328	11,940	2,388
Worker's compensation claims	10,000	10,000	6,272	3,728
Laundry and dry cleaning	22,500	18,500	15,351	3,149
Employee physicals	15,000	15,000	12,733	2,267
Pre-employment tests	4,000	4,000	1,149	2,851
Uniforms - school patrol	5,000	5,000	3,195	1,805
Postage	2,000	2,000	1,997	3
GPS service	34,800	36,400	36,060	340
800 MHZ radio	21,500	28,425	28,423	2
Lease - radio tower	5,000	3,400	2,400	1,000
Contracted services - vehicles	5,600	5,600	4,604	996
Communications - replacement	5,300	5,300	4,209	1,091
Printing	4,500	2,225	1,757	468
Subscriptions and memberships	3,500	2,350	1,389	961
Accreditation	13,000	13,000	9,183	3,817
Advertising	500	1,000	727	273
Utilities	89,335	78,503	64,000	14,503
Telephone	147,000	147,000	140,497	6,503
NCIC computer line	2,300	2,300	2,240	60
Vehicle maintenance	195,000	272,521	188,445	84,076
Small equipment repair	3,000	2,000	350	1,650
Copier maintenance	3,500	3,300	2,052	1,248
Body camera maintenance	14,950	17,100	17,084	16
Building maintenance	35,500	35,500	26,832	8,668
Travel and training	60,000	60,000	56,132	3,868
Recruiting	8,500	9,020	8,469	551
Mutual aid meals	2,900	2,900	2,596	304
Janitorial contract	30,000	30,000	29,940	60
Police supplies	6,000	6,106	5,856	250
Batteries	2,000	2,000	1,396	604
Tapes - video and audio	1,000	780	345	435
Crime scene unit supplies	7,000	7,000	6,425	575
SRT supplies	12,000	12,000	9,828	2,172
Office expenditures and paper	28,000	28,000	24,761	3,239
Protective vests	12,000	12,000	9,041	2,959
OSHA safety supplies	1,000	1,700	1,729	(29)
Janitorial supplies	3,000	3,650	3,603	47
Child restraint systems	0	9,273	2,455	6,818
Uniforms	60,000	60,000	47,036	12,964
Ammunition	40,000	37,622	37,272	350

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Public safety - (Continued):				
Police department - (Continued):				
Firing range	\$ 4,000	\$ 4,000	\$ 3,851	\$ 149
Gasoline and oil	165,000	171,900	171,780	120
Canine fees	10,000	7,850	5,566	2,284
Insurance - buildings and contents	12,910	12,880	12,879	1
Insurance - vehicles and equipment	84,265	77,628	77,624	4
Insurance - general liability	73,325	68,991	68,991	0
Insurance - worker's compensation	227,263	248,317	248,316	1
Insurance - employee bonds	500	500	350	150
Technology updates	1,000	0	0	0
Miscellaneous	500	500	844	(344)
Volunteer services	3,500	3,500	2,418	1,082
Investigative funds	1,500	1,500	0	1,500
Mainstreet Cleveland Block Party	2,500	2,500	2,500	0
Sex offender registry	0	8,981	4,017	4,964
National night out	500	500	487	13
Guns/taser replacements	31,000	28,999	11,663	17,336
Small equipment	2,500	2,500	1,719	781
Highway safety grant equipment	0	5,000	0	5,000
Office equipment	1,500	1,500	1,420	80
Computer equipment	2,500	0	0	0
<b>Total police department</b>	<b>\$ 10,082,918</b>	<b>\$ 10,268,491</b>	<b>\$ 9,747,599</b>	<b>\$ 520,892</b>
Fire department:				
Salaries	\$ 4,756,600	\$ 4,734,600	\$ 4,657,628	\$ 76,972
Overtime wages	244,000	245,600	235,655	9,945
Fire runs	4,000	12,400	10,208	2,192
Supplemental pay	71,400	72,400	72,512	(112)
State grant - in service training	52,800	52,800	52,800	0
Service awards	1,400	1,400	1,300	100
Longevity	77,700	82,700	83,316	(616)
Sold vacations	68,400	74,400	71,798	2,602
Christmas bonus	10,000	10,000	9,853	147
College pay	125	125	125	0
Sick pay incentive	27,000	27,000	21,679	5,321
Dental insurance	69,200	69,200	63,899	5,301
Social security	406,500	406,500	374,051	32,449
Health insurance	1,155,200	1,155,200	1,146,191	9,009
Retirement	1,073,900	1,073,900	1,033,854	40,046
Life and disability insurance	60,600	60,600	57,180	3,420
Vision insurance	18,100	18,100	14,841	3,259
Education reimbursement	26,000	26,000	12,322	13,678

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Public safety - (Continued):				
Fire department - (Continued):				
Worker's compensation claims	\$ 6,500	\$ 6,500	\$ 4,399	\$ 2,101
Laundry and dry cleaning	19,600	19,600	18,566	1,034
Immunization and physicals	48,500	48,500	48,245	255
Recruit testing	25,000	25,000	25,000	0
Postage	500	500	331	169
800 MHZ radio maintenance fee	5,000	4,700	4,699	1
Radio and repeater maintenance	4,200	4,000	3,900	100
Communications replacement	3,000	0	0	0
Printing	2,400	1,100	1,046	54
Subscriptions and memberships	4,200	4,200	3,683	517
License/certification renewal	2,500	3,250	3,207	43
Advertising	1,000	1,050	1,031	19
Utilities	109,800	107,800	106,024	1,776
Telephone	63,500	46,800	46,207	593
Apparatus equipment testing	3,900	3,900	3,828	72
Vehicle maintenance	95,000	68,054	67,509	545
Small equipment repair	3,000	1,000	980	20
Copier maintenance	2,500	1,500	1,122	378
Extrication repair/test	4,000	2,000	1,974	26
Building maintenance	50,000	43,000	39,369	3,631
Travel and training	19,300	18,300	16,751	1,549
Training/education material	7,750	7,750	7,709	41
Mutual aid meals	2,250	2,250	2,213	37
Towels and cloths	800	800	537	263
Batteries	1,000	1,000	837	163
Office supplies	6,500	6,500	5,858	642
Arson supplies	1,500	100	12	88
Safety	4,500	2,700	2,698	2
Medical supplies/equipment	6,000	13,500	13,434	66
Janitorial supplies	17,000	17,000	16,786	214
Bedding	2,000	2,000	1,932	68
Uniforms	28,000	15,000	14,790	210
Operating costs	6,500	7,500	7,274	226
Gasoline	45,000	38,500	38,176	324
Appliance repair	5,500	2,500	2,499	1
PPE equipment gear	17,000	31,500	31,374	126
Extinguisher refills	2,000	1,000	940	60
Hazmat supplies	5,000	25,000	24,693	307
Insurance - building and contents	10,300	10,150	10,003	147
Insurance - vehicles and equipment	37,700	40,200	40,156	44
Insurance - general liability	55,500	55,650	55,649	1
Insurance - worker's compensation	158,000	155,500	175,815	(20,315)
Miscellaneous	500	500	0	500

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Public safety - (Continued):				
Fire department - (Continued):				
Public information	\$ 1,000	\$ 0	\$ 0	\$ 0
City funded - Honor Guard	2,000	500	494	6
Fire prevention program	3,700	3,200	3,160	40
Donation expenditures	0	5,937	(50)	5,987
Roof at APD 40	0	6,946	6,946	0
Truck equipment	10,000	14,300	14,298	2
ISO firefighting equipment	26,100	27,300	27,132	168
Office equipment	500	7,010	3,254	3,756
Breathing apparatus equipment	10,000	10,200	10,155	45
Furniture	1,000	500	425	75
Small equipment	4,100	8,000	7,999	1
Radio equipment	14,000	0	0	0
Total fire department	<u>\$ 9,089,025</u>	<u>\$ 9,054,172</u>	<u>\$ 8,844,281</u>	<u>\$ 209,891</u>
Total public safety	<u>\$ 19,171,943</u>	<u>\$ 19,322,663</u>	<u>\$ 18,591,880</u>	<u>\$ 730,783</u>
Public works:				
Operations division:				
Salaries	\$ 969,200	\$ 859,312	\$ 777,743	\$ 81,569
Overtime wages	13,600	13,600	22,763	(9,163)
Seasonal leaf employees	15,000	22,200	22,185	15
Part time wages	8,900	10,500	10,549	(49)
Supplemental pay	700	700	600	100
Service awards	500	500	450	50
Longevity	21,500	21,500	20,700	800
Sold vacations	11,000	11,000	10,143	857
Christmas bonus	2,800	2,800	2,057	743
College pay	200	200	125	75
Sick pay incentive	6,000	6,000	3,100	2,900
Dental insurance	15,500	15,500	10,836	4,664
Social security	81,000	81,000	62,512	18,488
Health insurance	300,300	272,426	155,747	116,679
Retirement	176,000	176,000	135,430	40,570
Life and disability insurance	13,200	13,200	10,607	2,593
Vision insurance	4,100	4,100	2,513	1,587
Education reimbursement	0	2,388	2,388	0
Worker's compensation claims	2,000	2,000	2,230	(230)
Laundry and dry cleaning	600	600	7	593
Pre-employment drug testing	1,600	1,600	1,702	(102)
Safety shoes	3,500	3,500	2,520	980
Postage	200	200	92	108
800 MHZ radio	3,000	3,000	3,000	0
GPS services	5,700	5,700	5,464	236

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Public works - (Continued):				
Operations division - (Continued):				
Printing	\$ 200	\$ 200	\$ 85	\$ 115
Subscriptions and memberships	300	500	545	(45)
Advertising	300	300	177	123
Utilities	34,600	37,600	36,040	1,560
Telephone	29,500	26,500	21,889	4,611
Surveys	3,000	3,000	700	2,300
Building maintenance	15,000	15,000	12,252	2,748
Travel and training	2,000	2,000	1,047	953
Departmental work sessions	200	200	134	66
Pest control	1,000	1,000	966	34
Office expenditures and paper	5,800	5,600	4,044	1,556
Operating supplies	7,000	7,000	6,971	29
Safety supplies	4,000	4,000	3,926	74
Janitorial supplies	2,100	2,100	2,379	(279)
Uniforms	11,500	11,500	9,002	2,498
Gasoline and oil	73,000	73,000	76,540	(3,540)
Repairs and parts	160,000	185,565	144,796	40,769
Sign shop supplies	4,500	4,500	4,891	(391)
Sign parts and supplies	50,000	50,000	27,432	22,568
Major safety markings	80,000	80,000	34,484	45,516
Thermoplastic contract	30,000	30,000	21,374	8,626
Paving and materials	300,000	282,004	214,983	67,021
Insurance - building and contents	5,300	5,900	5,889	11
Insurance - vehicle and equipment	13,500	12,200	12,108	92
Insurance - general liability	15,000	19,000	18,998	2
Insurance - worker's compensation	38,500	49,524	49,523	1
Miscellaneous	500	500	174	326
Incentive program	4,000	4,000	2,738	1,262
Shed	0	24,246	24,248	(2)
Small equipment	3,000	9,100	8,822	278
Small equipment - signs	1,800	1,800	0	1,800
Equipment sign paint machine	0	22,650	22,649	1
Total operations division	<u>\$ 2,551,700</u>	<u>\$ 2,500,015</u>	<u>\$ 2,035,269</u>	<u>\$ 464,746</u>
Street lighting and signals:				
Street lighting	\$ 820,000	\$ 820,000	\$ 759,738	\$ 60,262
Traffic light utility service	25,000	25,000	15,617	9,383
Pole attachments	5,300	5,300	4,884	416
ITS maintenance services	44,000	44,000	31,050	12,950
Traffic light repair maintenance	610,000	603,505	471,887	131,618
Traffic signal supplies	3,500	3,500	3,500	0
Small equipment	0	6,495	6,426	69
Total street lighting and signals	<u>\$ 1,507,800</u>	<u>\$ 1,507,800</u>	<u>\$ 1,293,102</u>	<u>\$ 214,698</u>

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Public works - (Continued):				
Cleveland Regional Jetport Operations:				
Salaries	\$ 78,600	\$ 78,600	\$ 78,768	\$ (168)
Overtime	0	0	66	(66)
Part time salaries	5,500	5,500	4,861	639
Service awards	100	100	25	75
Longevity pay	400	400	375	25
Sold vacations	1,500	1,500	0	1,500
Christmas bonus	200	200	108	92
Sick pay incentive	300	300	300	0
Dental insurance	700	700	600	100
Social security tax	7,000	7,000	6,508	492
Health insurance	14,500	14,500	14,436	64
Retirement	14,400	14,900	14,330	570
Life and disability insurance	1,000	1,000	931	69
Vision insurance	200	200	172	28
Worker's compensation claims	500	500	0	500
Laundry and dry cleaning	600	100	26	74
Clothing allowance	400	400	350	50
Postage	300	300	89	211
Printing	400	0	0	0
Advertising	3,500	3,300	2,441	859
Subscriptions and memberships	1,250	1,350	1,191	159
Utilities	46,800	45,645	40,990	4,655
Telephone	10,700	10,600	10,181	419
Contracted services - security	500	0	0	0
Building maintenance	10,000	18,020	15,841	2,179
Ground maintenance	9,500	9,500	4,206	5,294
Car allowance	4,200	4,200	4,200	0
Travel and training	2,500	4,000	1,059	2,941
Department work session meals	500	500	670	(170)
Credit card fees	500	500	256	244
Office supplies	1,200	700	218	482
Operations	500	500	534	(34)
Gasoline	1,800	1,300	619	681
Repairs and parts	8,000	20,459	21,022	(563)
Insurance - building and contents	11,200	10,493	10,492	1
Insurance - vehicles and equipment	500	259	259	0
Insurance - general liability	1,400	1,472	1,472	0
Worker's compensation	0	2,431	2,430	1
Miscellaneous	500	500	20	480
Small equipment	1,400	500	0	500
Total Cleveland regional jetport	\$ 243,050	\$ 262,429	\$ 240,046	\$ 22,383

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Public works - (Continued):				
Fleet management:				
Salaries	\$ 317,800	\$ 317,800	\$ 320,678	\$ (2,878)
Overtime wages	6,500	6,500	6,868	(368)
Longevity wages	6,000	6,000	5,925	75
Sold vacation pay	8,400	8,400	6,054	2,346
Christmas bonus	700	700	650	50
Sick pay incentive	1,500	725	725	0
Dental insurance	3,200	3,100	3,024	76
Social security taxes	26,200	25,700	23,524	2,176
Health insurance	57,500	58,500	60,216	(1,716)
Retirement	57,300	57,300	55,469	1,831
Life/disability insurance	3,500	3,600	3,593	7
Vision insurance	800	800	746	54
Worker's compensation claims	500	500	0	500
Postage	300	300	323	(23)
Printing	200	100	0	100
Advertising	200	100	25	75
Subscriptions and memberships	5,000	5,000	4,220	780
Utilities	20,000	20,000	19,473	527
Telephone	14,500	11,752	11,328	424
Vehicle maintenance	5,000	656	656	0
Cont svcs-vehicle maintenance	82,700	120,000	104,385	15,615
Building maintenance	7,000	5,800	2,561	3,239
Ctrl fuel maintenance and supplies	8,000	7,100	3,867	3,233
Travel and training	1,000	1,000	0	1,000
Pest control	300	300	18	282
Office supplies	3,500	3,500	3,093	407
Waste disposal supplies	1,500	1,500	1,961	(461)
Janitorial supplies	4,000	4,000	3,861	139
Uniform	3,000	3,000	2,086	914
Gasoline	3,000	2,700	2,141	559
Repairs and parts	0	5,084	4,886	198
Insurance - building and contents	2,700	2,591	2,591	0
Insurance - vehicles and equipment	1,300	943	943	0
Insurance - general liability	2,200	3,114	3,114	0
Insurance - worker's compensation	12,200	13,835	13,835	0
Computer software maintenance	9,700	13,000	13,831	(831)
Miscellaneous	500	500	0	500
Equipment and tools	2,000	2,000	1,059	941
Computer equipment	500	0	0	0
Total fleet management	<u>\$ 680,200</u>	<u>\$ 717,500</u>	<u>\$ 687,729</u>	<u>\$ 29,771</u>
Total public works	<u>\$ 4,982,750</u>	<u>\$ 4,987,744</u>	<u>\$ 4,256,146</u>	<u>\$ 731,598</u>

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Health and welfare:				
Animal Control:				
Salaries	\$ 233,011	\$ 233,011	\$ 230,929	\$ 2,082
Overtime wages	15,760	16,960	17,055	(95)
Part time wages	1,000	200	0	200
Service awards	350	350	300	50
Longevity	4,575	4,575	4,575	0
Sold vacations	1,500	500	421	79
Christmas bonus	650	650	650	0
Sick pay incentive	1,725	1,725	1,325	400
Dental insurance	2,761	2,886	2,885	1
Social security	19,154	19,354	19,337	17
Health insurance	60,986	60,986	46,501	14,485
Retirement	42,830	43,230	43,171	59
Life and disability insurance	2,876	2,876	2,727	149
Vision insurance	848	848	685	163
Worker's compensation claims	1,500	1,500	758	742
Laundry and dry cleaning	2,000	2,000	1,021	979
Employee physicals	375	375	86	289
Protective immunizations	300	675	0	675
Postage	200	170	143	27
GPS services	2,100	2,100	1,896	204
Contracted services - vehicles	500	500	347	153
Communications replacement	500	500	0	500
Printing	1,500	984	348	636
Subscriptions and memberships	1,100	600	295	305
Advertising	300	300	0	300
Utilities and pager	10,890	10,890	8,519	2,371
Telephone	14,000	14,000	11,576	2,424
Donated spay and neuter	0	13,459	7,560	5,899
Spay and neuter	17,500	33,570	30,674	2,896
Adoption and veterinary fees	0	45,000	36,860	8,140
Sick/veterinary	16,000	16,000	9,081	6,919
Vehicle maintenance	8,000	14,305	11,230	3,075
Copier maintenance	600	600	369	231
Building maintenance	11,000	10,300	3,821	6,479
Training and travel	4,000	4,100	4,072	28
Credit card fees	1,000	1,400	1,153	247
Landfill	800	800	409	391
Janitorial contract	6,500	6,500	6,035	465
Office supplies and printing	2,500	2,500	2,309	191
OSHA safety supplies	500	500	62	438
Janitorial supplies	7,500	6,512	4,522	1,990
Uniforms and safety shoes	4,000	4,000	3,132	868

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Health and welfare - (Continued):				
Animal Control - (Continued):				
Ammunition	\$ 250	\$ 250	\$ 0	\$ 250
Gasoline and oil	6,000	6,700	6,690	10
Euthanasia and supplies	500	500	407	93
Pet food	5,675	5,675	5,259	416
Insurance - building and contents	540	512	512	0
Insurance - vehicles and equipment	1,740	1,615	1,615	0
Insurance - general liability	1,515	2,421	2,421	0
Insurance - worker's compensation	6,686	7,437	7,436	1
Miscellaneous	500	500	0	500
Equipment	1,700	1,730	1,718	12
Total animal control	<u>\$ 528,297</u>	<u>\$ 609,631</u>	<u>\$ 542,897</u>	<u>\$ 66,734</u>
Total health and welfare	<u>\$ 528,297</u>	<u>\$ 609,631</u>	<u>\$ 542,897</u>	<u>\$ 66,734</u>
Culture and recreation:				
College Hill Recreation Center:				
Salaries	\$ 136,300	\$ 136,300	\$ 136,299	\$ 1
Overtime wages	6,000	6,000	5,571	429
Part time wages	35,000	35,391	39,777	(4,386)
Service awards	0	200	200	0
Longevity	2,800	2,775	2,775	0
Sold vacations	3,000	3,000	1,666	1,334
Christmas bonus	500	434	433	1
Sick pay incentive	1,200	900	900	0
Dental insurance	1,800	1,800	1,539	261
Social security	14,200	14,200	14,272	(72)
Health insurance	28,800	28,800	29,235	(435)
Retirement	25,100	25,100	25,168	(68)
Life and disability insurance	1,600	1,600	1,617	(17)
Vision insurance	800	800	384	416
Unemployment compensation	500	500	0	500
Worker's compensation claims	200	200	0	200
Utilities	60,000	53,000	49,658	3,342
Telephone	11,500	10,500	8,351	2,149
Equipment repairs	1,000	1,000	445	555
Building maintenance	42,000	49,300	48,696	604
Training and travel	2,500	1,200	1,229	(29)
Team competition and trips	2,600	2,600	882	1,718
Office expenditures and paper	1,800	1,800	1,257	543
Janitorial supplies	3,500	3,620	3,620	0
Gate and concession supplies	3,500	3,500	638	2,862
Gasoline	400	400	606	(206)
Pool	9,000	12,000	16,496	(4,496)
Athletic supplies	2,000	2,000	2,000	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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Culture and recreation - (Continued):				
College Hill Recreation - (Continued):				
Program development	\$ 8,000	\$ 7,000	\$ 1,493	\$ 5,507
Insurance - building and contents	6,000	5,757	5,757	0
Insurance - general liability	5,100	5,047	5,047	0
Insurance - worker's compensation	6,000	6,176	6,175	1
Program	6,300	6,300	5,001	1,299
Miscellaneous	500	500	105	395
BCCSA activities	15,000	15,000	15,000	0
Youth achievement program	5,300	5,300	2,223	3,077
Total College Hill Recreation Center	\$ 449,800	\$ 450,000	\$ 434,515	\$ 15,485
Parks and recreation:				
Salaries	\$ 460,000	\$ 460,000	\$ 472,761	\$ (12,761)
Overtime wages	4,700	5,358	4,711	647
Part time wages	10,000	10,000	175	9,825
Service awards	400	350	350	0
Longevity	8,900	8,850	8,850	0
Sold vacation	6,000	6,000	5,828	172
Christmas bonus	1,100	1,192	1,191	1
College pay	125	125	125	0
Sick pay incentive	3,000	2,350	2,350	0
Dental insurance	5,900	5,900	5,345	555
Social security	37,800	37,800	36,040	1,760
Health insurance	117,400	117,400	131,624	(14,224)
Retirement	80,900	80,900	85,517	(4,617)
Life and disability insurance	6,500	6,500	5,879	621
Vision insurance	1,500	1,500	1,402	98
Worker's compensation claims	1,000	1,000	2,241	(1,241)
Laundry and dry cleaning	800	800	658	142
Pre-employment testing	200	200	143	57
Postage	200	200	87	113
GPS services	9,300	9,300	8,558	742
Membership	1,500	1,500	720	780
Advertising	300	0	0	0
Utilities	13,000	12,000	8,335	3,665
Telephone	11,000	10,500	10,173	327
Vehicle maintenance	30,000	53,206	37,355	15,851
Equipment and repairs	3,500	3,500	1,454	2,046
Grounds maintenance	24,000	25,950	23,706	2,244
Playground mulch	17,000	17,000	11,808	5,192
Fletcher building	27,500	27,500	27,308	192
Greenway utilities	36,000	36,000	38,409	(2,409)

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Culture and recreation - (Continued):				
Parks and recreation - (Continued):				
Greenway maintenance	\$ 15,000	\$ 15,000	\$ 12,834	\$ 2,166
Car allowance	4,200	4,200	4,200	0
Training and travel	7,500	7,500	7,399	101
Credit card fees	750	750	607	143
Office expenditures	1,500	1,500	1,557	(57)
Uniforms	4,000	4,000	3,982	18
Gasoline and oil	20,000	20,000	24,564	(4,564)
Insurance - building and contents	7,600	7,847	7,846	1
Insurance - vehicles and equipment	2,300	2,749	2,749	0
Insurance - general liability	12,200	11,354	11,354	0
Workers compensation	11,800	11,800	15,278	(3,478)
Miscellaneous	500	500	15	485
Old timers banquet	2,900	2,900	462	2,438
Small equipment	2,500	2,581	2,493	88
Lighting/sound system at Greenway	0	44,793	44,944	(151)
Total parks and recreation	<u>\$ 1,012,275</u>	<u>\$ 1,080,355</u>	<u>\$ 1,073,387</u>	<u>\$ 6,968</u>
Landscaping maintenance:				
Salaries	\$ 315,000	\$ 312,128	\$ 308,065	\$ 4,063
Overtime wages	3,000	4,525	5,153	(628)
Part time	0	15,000	17,115	(2,115)
Service awards	600	575	575	0
Longevity	3,600	5,175	5,175	0
Sold vacations	3,000	3,000	2,446	554
Christmas bonus	1,100	975	975	0
Sick pay incentive	3,000	1,725	1,725	0
Dental insurance	4,600	4,815	4,635	180
Social security	25,200	26,256	25,221	1,035
Health Insurance	81,000	81,000	74,644	6,356
Retirement	55,000	57,300	54,505	2,795
Life and disability insurance	3,000	3,175	3,613	(438)
Vision insurance	1,200	1,257	1,317	(60)
Worker's compensation claims	1,000	1,000	2,895	(1,895)
Pre-employment testing	200	200	200	0
Postage	100	100	17	83
Printing	400	200	0	200
Subscriptions and memberships	1,000	1,000	1,066	(66)
Advertising	200	200	30	170
Utilities	5,300	3,200	1,470	1,730
Telephone	5,500	5,500	7,271	(1,771)

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Culture and recreation - (Continued):				
Landscaping maintenance - (Continued):				
Vehicle maintenance	\$ 30,000	\$ 31,095	\$ 28,182	\$ 2,913
Equipment repairs	1,800	1,800	1,488	312
Travel and training	4,500	4,500	4,628	(128)
Work sessions	1,700	1,700	1,470	230
Other contracted services	1,200	3,300	3,300	0
Office expenditures	500	500	419	81
Botanical supplies	15,000	15,000	13,026	1,974
Uniforms	5,000	4,678	4,699	(21)
Trees	7,500	7,500	9,276	(1,776)
Donations - memorial tree fund	0	14,686	9,679	5,007
Gasoline and oil	15,000	15,000	14,182	818
Insurance - vehicle and equipment	6,500	11,131	11,131	0
Insurance - general liability	7,600	6,982	6,982	0
Workers compensation	11,700	8,209	8,209	0
Miscellaneous	500	500	0	500
Small equipment	1,000	1,000	784	216
	<u>\$ 622,500</u>	<u>\$ 655,887</u>	<u>\$ 635,568</u>	<u>\$ 20,319</u>
Cleveland Community Center:				
Salaries	\$ 136,600	\$ 136,600	\$ 139,828	\$ (3,228)
Part time wages	38,000	38,000	56,652	(18,652)
Overtime wages	6,000	6,000	4,104	1,896
Longevity	3,300	3,300	3,300	0
Sold vacations	3,300	3,300	2,414	886
Christmas bonus	500	434	433	1
Sick pay incentive	1,200	700	700	0
Dental insurance	3,200	3,200	2,164	1,036
Social security	14,200	14,200	14,964	(764)
Health insurance	43,360	43,360	43,610	(250)
Retirement	25,100	25,100	23,529	1,571
Life and disability insurance	2,100	2,100	1,612	488
Vision insurance	600	600	469	131
Worker's compensation claims	400	400	0	400
Advertising	250	0	0	0
Utilities	42,700	41,700	36,097	5,603
Telephone	8,000	7,500	6,069	1,431
Vehicle maintenance	500	500	0	500
Equipment repairs	500	500	152	348
Building maintenance	34,500	34,500	33,649	851

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Culture and recreation - (Continued):				
Cleveland Community Center - (Continued):				
Travel and training	\$ 2,600	\$ 2,950	\$ 3,322	\$ (372)
Team trips and competition	2,500	2,500	1,330	1,170
Office expenditures and paper	1,500	1,500	1,200	300
Janitorial contract	3,500	3,500	3,213	287
Gasoline	500	500	165	335
Pool	8,000	9,509	8,889	620
Athletic supplies	2,000	2,000	705	1,295
Ceramic supplies	8,000	8,000	4,671	3,329
Insurance - building and contents	4,300	3,893	3,892	1
Insurance - general liability	4,500	4,856	4,856	0
Workers compensation	5,200	5,766	6,867	(1,101)
Contracted services - floor maintenance	2,000	2,000	1,957	43
Contracted services - security	1,300	1,242	1,242	0
Miscellaneous	500	500	66	434
Swim team	2,000	2,000	2,000	0
Junior pro basketball	4,500	4,500	4,500	0
Cardinal account	3,700	3,700	2,470	1,230
Weight equipment	12,000	12,000	11,049	951
Total Cleveland Community Center	<u>\$ 432,910</u>	<u>\$ 432,910</u>	<u>\$ 432,140</u>	<u>\$ 770</u>
Tinsley Park:				
Salaries	\$ 165,800	\$ 165,800	\$ 199,651	\$ (33,851)
Overtime	10,000	10,000	2,157	7,843
Social security	13,500	13,500	16,118	(2,618)
Utilities	66,000	66,980	72,978	(5,998)
Telephone	1,100	1,100	649	451
Maintenance and repairs	32,500	34,972	30,366	4,606
Lifeguard training	3,000	5,625	5,079	546
Janitorial supplies	6,000	6,000	5,771	229
Tournament	5,000	2,000	2,247	(247)
Pool	17,000	20,000	21,261	(1,261)
Concession supplies	19,000	19,000	7,765	11,235
Insurance - building and contents	3,700	3,700	3,702	(2)
Insurance - general liability	3,900	3,900	3,932	(32)
Workers compensation	4,100	4,100	5,920	(1,820)
Total Tinsley Park	<u>\$ 350,600</u>	<u>\$ 356,677</u>	<u>\$ 377,596</u>	<u>\$ (20,919)</u>
Total culture and recreation	<u>\$ 2,868,085</u>	<u>\$ 2,975,829</u>	<u>\$ 2,953,206</u>	<u>\$ 22,623</u>

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Appropriations:				
Jointly funded	\$ 9,300	\$ 0	\$ 0	\$ 0
Regional Museum	42,300	42,300	42,300	0
MTAS benchmarking	4,000	0	0	0
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
Cemetery Association	10,000	10,000	10,000	0
Court's Community Services	59,400	68,443	61,066	7,377
Keep America Beautiful	28,200	28,200	35,260	(7,060)
Juvenile Court match	1,100	1,100	1,100	0
United Way supporters	1,000	1,000	1,000	0
Sethra-Transit	135,000	135,000	135,000	0
Communications Center	650,000	641,290	638,904	2,386
Emergency Management	87,300	93,575	93,575	0
Mainstreet projects	4,000	4,000	4,000	0
SETDD legal fees	1,000	1,000	0	1,000
Veterans Affairs Office	22,600	27,741	27,741	0
Behavioral Research	2,000	2,000	0	2,000
HVAC at Museum Center	12,000	12,000	12,000	0
Life Bridges (20%)	6,200	6,200	6,200	0
Community Services Agency	94,400	94,400	94,400	0
Cleveland youth football	8,000	8,000	8,000	0
Aqua Tigers equipment	2,000	2,000	2,000	0
Boys and Girls Club	14,000	14,000	10,746	3,254
Cleveland Youth Softball	4,000	0	0	0
Soccer Association	5,000	5,000	5,000	0
Soccer Association - land	5,000	5,000	5,000	0
Vocational School	22,236	23,530	23,530	0
Total appropriations	<u>\$ 1,317,236</u>	<u>\$ 1,313,236</u>	<u>\$ 1,304,181</u>	<u>\$ 9,055</u>
Debt Service:				
Principal retirement	\$ 36,164	\$ 28,056	\$ 36,163	\$ (8,107)
Interest and fiscal charges	1,212	9,320	1,212	8,108
Total debt service	<u>\$ 37,376</u>	<u>\$ 37,376</u>	<u>\$ 37,375</u>	<u>\$ 1</u>
Total expenditures	<u>\$ 34,215,967</u>	<u>\$ 34,273,756</u>	<u>\$ 32,454,322</u>	<u>\$ 1,819,434</u>
Excess of revenues over expenditures	<u>\$ 12,801,433</u>	<u>\$ 13,504,282</u>	<u>\$ 16,189,329</u>	<u>\$ 2,685,047</u>

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2018

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures - (Continued):				
Current - (Continued):				
Other financing sources (uses):				
Transfers in	\$ 2,343,623	\$ 3,358,342	\$ 3,120,516	\$ (237,826)
Transfers out	<u>(12,402,300)</u>	<u>(16,860,246)</u>	<u>(16,860,246)</u>	<u>0</u>
Total other financing sources(uses)	<u>\$ (10,058,677)</u>	<u>\$ (13,501,904)</u>	<u>\$ (13,739,730)</u>	<u>\$ (237,826)</u>
Net change in fund balances	\$ 2,742,756	\$ 2,378	\$ 2,449,599	\$ 2,447,221
Fund balance at beginning of year	<u>11,787,496</u>	<u>11,787,496</u>	<u>11,787,496</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 14,530,252</u></u>	<u><u>\$ 11,789,874</u></u>	<u><u>\$ 14,237,095</u></u>	<u><u>\$ 2,447,221</u></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, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government:				
Education of the handicapped	\$ 22,570	\$ 10,896	\$ 10,896	\$ 0
Total federal government	\$ 22,570	\$ 10,896	\$ 10,896	\$ 0
State of Tennessee:				
Basic education program	\$ 27,248,000	\$ 27,778,000	\$ 27,815,788	\$ 37,788
School food service	31,880	32,663	32,664	1
Driver education	8,000	0	0	0
Other state education funds	305,000	313,226	333,742	20,516
Career ladder program	124,648	124,648	79,603	(45,045)
Other state grants	1,013,604	1,013,604	921,460	(92,144)
State mixed drink tax	108,990	108,990	117,378	8,388
State income tax	79,177	79,177	77,247	(1,930)
On-behalf contributions for opeb	0	0	182,435	182,435
Total State of Tennessee	\$ 28,919,299	\$ 29,450,308	\$ 29,560,317	\$ 110,009
Bradley County:				
Property taxes - current	\$ 6,171,094	\$ 6,171,094	\$ 6,254,490	\$ 83,396
Property taxes - prior	182,061	182,061	141,957	(40,104)
Clerk and master	116,000	116,000	88,590	(27,410)
Interest and penalty	31,369	31,369	27,620	(3,749)
In lieu of taxes - Local Utilities	3,805	3,805	2,831	(974)
In lieu of taxes - Other Utilities	202,717	531,234	614,225	82,991
Marriage license	2,825	2,825	3,109	284
Bank excise tax	33,201	28,376	25,767	(2,609)
Interstate telecommunications tax	2,126	2,126	24,610	22,484
Local sales tax	5,409,781	5,718,461	5,708,484	(9,977)
Total Bradley County	\$ 12,154,979	\$ 12,787,351	\$ 12,891,683	\$ 104,332
Total Intergovernmental	\$ 41,096,848	\$ 42,248,555	\$ 42,462,896	\$ 214,341
Charges for services:				
Tuition	\$ 101,935	\$ 101,935	\$ 123,501	\$ 21,566
Community service fees	128,480	16,844	16,845	1
Criminal background fee	4,800	4,800	1,926	(2,874)
Total charges for services	\$ 235,215	\$ 123,579	\$ 142,272	\$ 18,693

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues - (Continued)				
Interest	\$ 13,250	\$ 48,250	\$ 78,718	\$ 30,468
Miscellaneous:				
Miscellaneous refunds	\$ 98,841	\$ 98,841	\$ 56,995	\$ (41,846)
Retirees Insurance Payments	0	0	489	489
Sale of equipment	6,900	6,900	1,158	(5,742)
Damages recovered	1,800	1,800	336	(1,464)
Contributions	57,866	74,825	104,039	29,214
Other	7,461	7,461	5,500	(1,961)
Total miscellaneous	\$ 172,868	\$ 189,827	\$ 168,517	\$ (21,310)
Total revenues	\$ 41,518,181	\$ 42,610,211	\$ 42,852,403	\$ 242,192
Expenditures:				
Current:				
Education:				
Regular instruction:				
Teachers	\$ 16,695,054	\$ 17,016,073	\$ 17,026,439	\$ (10,366)
Career ladder program	69,500	69,500	48,500	21,000
Homebound teachers	63,876	63,876	66,102	(2,226)
Assistants	1,178,626	1,184,625	1,182,634	1,991
Other salaries and wages	197,389	197,389	193,761	3,628
Certified substitute teachers	147,375	147,375	195,642	(48,267)
Non-certified substitute teachers	101,905	101,905	97,147	4,758
Social security	1,129,875	1,129,875	1,076,417	53,458
State retirement	1,724,970	1,724,970	1,725,188	(218)
Life insurance	15,607	15,607	32,237	(16,630)
Medical insurance	2,457,928	2,640,157	2,647,714	(7,557)
Unemployment compensation	8,000	8,000	3,530	4,470
Employer medicare liability	264,245	264,245	253,096	11,149
Other fringe benefits	144,000	171,426	165,568	5,858
Maintenance and repair	15,650	15,650	13,560	2,090
Other contracted services	149,835	149,835	154,146	(4,311)
Instructional supplies	242,031	274,728	215,320	59,408
Textbooks	154,996	532,846	575,964	(43,118)
Other supplies and materials	94,412	94,412	14,605	79,807
Other charges	5,100	5,100	8,734	(3,634)
Regular instruction equipment	73,375	73,375	69,290	4,085
Total regular instruction	\$ 24,933,749	\$ 25,880,969	\$ 25,765,594	\$ 115,375
Special education:				
Teachers	\$ 1,884,990	\$ 1,884,990	\$ 1,857,228	\$ 27,762
Career ladder program	12,000	12,000	11,000	1,000
Homebound teachers	1,000	1,000	2,586	(1,586)
Assistants	380,071	380,071	378,907	1,164
Speech pathologist	298,048	298,048	302,839	(4,791)
Other salaries and wages	0	40,689	40,587	102
Certified substitute teachers	9,000	9,000	11,780	(2,780)

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Special education - (Continued):				
Non-certified substitute teachers	\$ 8,000	\$ 8,000	\$ 8,854	\$ (854)
Social security	159,340	159,340	150,093	9,247
State retirement	262,910	262,910	256,047	6,863
Life insurance	1,956	1,956	1,956	0
Medical insurance	397,869	386,702	384,428	2,274
Employer medicare liability	37,265	37,265	35,114	2,151
Contracts with private agencies	22,102	22,102	25,405	(3,303)
Maintenance and other repair services	1,700	1,700	140	1,560
Instructional supplies	25,650	25,650	24,607	1,043
Other supplies and materials	7,550	7,550	6,111	1,439
Special education equipment	5,600	5,600	1,777	3,823
Total special education	<u>\$ 3,515,051</u>	<u>\$ 3,544,573</u>	<u>\$ 3,499,459</u>	<u>\$ 45,114</u>
Vocational education:				
Teachers	\$ 1,043,841	\$ 961,426	\$ 933,156	\$ 28,270
Certified substitute teachers	4,000	4,000	5,654	(1,654)
Non-certified substitute teachers	2,500	2,500	1,762	738
Social security	64,721	64,721	53,565	11,156
State retirement	94,781	94,781	84,395	10,386
Life insurance	639	639	639	0
Medical insurance	165,864	158,729	143,084	15,645
Employer medicare liability	15,136	15,136	12,539	2,597
Maintenance and repair services	8,500	8,500	35,153	(26,653)
Tuition	375	375	0	375
Other contracted services	4,500	4,500	3,671	829
Instructional supplies	33,200	33,200	37,035	(3,835)
Other supplies and materials	2,300	2,300	35,050	(32,750)
Vocational instruction equipment	66,667	300,941	239,555	61,386
Total vocational education	<u>\$ 1,507,024</u>	<u>\$ 1,651,748</u>	<u>\$ 1,585,258</u>	<u>\$ 66,490</u>
Students:				
Attendance:				
Supervisor	\$ 48,009	\$ 48,009	\$ 48,009	\$ 0
Other salaries & wages	47,539	47,539	47,539	0
Social security	5,924	5,924	5,769	155
State retirement	12,303	12,303	12,469	(166)
Life insurance	120	120	120	0
Medical insurance	7,119	7,376	7,375	1
Employer medicare liability	1,385	1,385	1,349	36
Other contracted services	9,000	9,000	9,000	0
Total attendance	<u>\$ 131,399</u>	<u>\$ 131,656</u>	<u>\$ 131,630</u>	<u>\$ 26</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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Students - (Continued):				
Health services:				
Supervisor/Director	\$ 0	\$ 72,326	\$ 72,325	\$ 1
Medical personnel	239,180	239,180	238,201	979
Other salaries and wages	107,078	26,105	22,471	3,634
Social security	21,468	19,155	18,104	1,051
State retirement	52,013	47,679	42,629	5,050
Life insurance	94	94	94	0
Medical insurance	30,977	34,274	28,133	6,141
Employer medicare liability	5,021	4,853	4,586	267
Travel	2,400	2,400	0	2,400
Drugs and medical supplies	2,000	2,000	2,017	(17)
Other supplies and materials	4,194	16,359	15,072	1,287
Total health services	<u>\$ 464,425</u>	<u>\$ 464,425</u>	<u>\$ 443,632</u>	<u>\$ 20,793</u>
Other student support:				
Career ladder program	\$ 7,000	\$ 7,000	\$ 7,000	\$ 0
Guidance personnel	781,133	785,514	785,513	1
Psychological personnel	84,003	84,003	84,003	0
Social workers	56,718	56,718	56,718	0
Attendants	137,795	137,795	162,755	(24,960)
Other salaries and wages	132,837	132,837	132,837	0
Social security	74,071	74,071	72,022	2,049
State retirement	106,537	106,537	109,558	(3,021)
Life insurance	867	867	867	0
Medical insurance	93,126	103,953	105,762	(1,809)
Employer medicare liability	17,393	17,393	16,844	549
Evaluation and testing	90,870	114,820	161,159	(46,339)
Maintenance and repair services	100	100	44	56
Postal charges	500	500	0	500
Other contracted services	349,344	354,344	369,600	(15,256)
Other supplies and materials	7,700	11,140	8,509	2,631
Total other student support	<u>\$ 1,939,994</u>	<u>\$ 1,987,592</u>	<u>\$ 2,073,191</u>	<u>\$ (85,599)</u>
Total students	<u>\$ 2,535,818</u>	<u>\$ 2,583,673</u>	<u>\$ 2,648,453</u>	<u>\$ (64,780)</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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Instructional staff:				
Regular instruction program:				
Supervisor	\$ 449,577	\$ 340,453	\$ 340,453	\$ 0
Career ladder program	6,500	6,500	4,250	2,250
Librarians	531,934	531,934	531,934	0
Materials supervisor	45,053	45,053	45,052	1
Secretaries	158,494	118,991	112,394	6,597
Other salaries and wages	48,821	48,821	61,657	(12,836)
Social security	76,060	76,060	64,403	11,657
State retirement	122,525	122,525	110,872	11,653
Life insurance	1,111	1,111	1,111	0
Medical insurance	146,852	133,816	132,644	1,172
Employer medicare liability	17,789	17,789	14,960	2,829
Dues and subscriptions	4,000	4,000	1,786	2,214
Travel	32,000	32,000	9,618	22,382
Other contracted services	8,500	8,500	7,681	819
Library books	34,700	34,700	33,367	1,333
Other supplies and materials	21,600	21,600	16,695	4,905
In-service staff development	76,000	76,000	61,701	14,299
Other equipment	3,500	3,500	2,377	1,123
Total regular instruction program	<u>\$ 1,785,016</u>	<u>\$ 1,623,353</u>	<u>\$ 1,552,955</u>	<u>\$ 70,398</u>
Special education:				
Supervisor	\$ 101,909	\$ 101,909	\$ 102,317	\$ (408)
Career ladder program	1,000	1,000	1,000	0
Social security	6,380	6,380	6,335	45
State retirement	9,344	9,344	9,381	(37)
Life insurance	29	29	29	0
Medical insurance	6,167	6,389	6,388	1
Employer medicare liability	1,482	1,482	1,482	0
Consultants	500	500	0	500
Travel	1,500	1,500	2,651	(1,151)
Total special education	<u>\$ 128,311</u>	<u>\$ 128,533</u>	<u>\$ 129,583</u>	<u>\$ (1,050)</u>
Vocational education:				
Supervisor	\$ 88,584	\$ 88,584	\$ 88,584	\$ 0
Secretaries	29,751	29,751	29,751	0
Social security	7,337	7,337	7,124	213
State retirement	13,015	13,015	13,119	(104)

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Instructional staff - (Continued):				
Vocational education - (Continued):				
Life insurance	\$ 72	\$ 72	\$ 72	\$ 0
Medical insurance	12,134	12,668	12,677	(9)
Employer medicare liability	1,716	1,716	1,666	50
Travel	2,500	2,500	1,023	1,477
Total vocational education	<u>\$ 155,109</u>	<u>\$ 155,643</u>	<u>\$ 154,016</u>	<u>\$ 1,627</u>
Total instructional staff	<u>\$ 2,068,436</u>	<u>\$ 1,907,529</u>	<u>\$ 1,836,554</u>	<u>\$ 70,975</u>
General administration:				
Technology:				
Supervisor	\$ 80,563	\$ 80,563	\$ 80,563	\$ 0
Other salaries and wages	172,577	174,937	179,686	(4,749)
Social security	15,695	15,695	14,776	919
Retirement	42,072	42,072	40,591	1,481
Life insurance	72	72	72	0
Health insurance	50,688	52,071	52,603	(532)
Employer medicare	3,670	3,670	3,470	200
Internet connectivity	25,406	25,406	43,165	(17,759)
Travel	4,000	4,000	2,562	1,438
Other contracted services	123,149	123,149	197,962	(74,813)
Cabling	3,563	3,563	41,635	(38,072)
Software	127,282	127,282	8,500	118,782
Other supplies and materials	2,000	2,000	1,573	427
Other charges	5,000	5,000	0	5,000
Regular instruction equipment	314,761	484,761	383,830	100,931
Total technology	<u>\$ 970,498</u>	<u>\$ 1,144,241</u>	<u>\$ 1,050,988</u>	<u>\$ 93,253</u>
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	766	766	766	0
Other fringe benefits	740	740	757	(17)
Audit services	13,500	13,900	13,900	0
Dues and membership	15,342	15,342	14,857	485
Legal services	10,000	50,000	41,786	8,214
Liability insurance	61,313	61,486	61,486	0
Premiums on corporate surety bonds	14,863	14,905	14,905	0
Trustee's commission	118,520	118,520	136,484	(17,964)
Worker's compensation insurance	222,389	231,314	213,465	17,849
Criminal investigation	8,000	8,000	5,990	2,010
Refund for criminal investigation	2,000	2,000	1,245	755
Other charges	32,000	32,000	43,083	(11,083)
Total board of education	<u>\$ 555,507</u>	<u>\$ 605,047</u>	<u>\$ 604,798</u>	<u>\$ 249</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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
General administration - (Continued):				
Office of the superintendent:				
Administrative officer	\$ 146,443	\$ 146,443	\$ 149,976	\$ (3,533)
Assistants	103,321	103,321	107,144	(3,823)
Career ladder program	0	1,000	1,000	0
Secretaries	71,398	69,280	69,280	0
Other salaries and wages	7,200	7,200	7,200	0
Social security	20,172	20,172	18,262	1,910
State retirement	35,263	35,263	35,972	(709)
Life insurance	195	195	195	0
Medical insurance	12,695	17,035	16,369	666
Employer medicare liability	4,718	4,718	4,718	0
Other fringe benefits	4,116	4,116	0	4,116
Communication	80,000	107,000	115,482	(8,482)
Dues and memberships	6,483	6,483	8,599	(2,116)
Postal charges	6,500	6,500	3,389	3,111
Travel	13,000	13,000	12,540	460
Other contracted services	22,600	29,075	23,064	6,011
Office supplies	16,500	16,500	15,574	926
Other charges	16,900	16,900	20,298	(3,398)
Administrative equipment	5,000	11,000	12,179	(1,179)
Total office of superintendent	<u>\$ 572,504</u>	<u>\$ 615,201</u>	<u>\$ 621,241</u>	<u>\$ (6,040)</u>
Total general administration	<u>\$ 2,098,509</u>	<u>\$ 2,364,489</u>	<u>\$ 2,277,027</u>	<u>\$ 87,462</u>
Office of the Principal:				
Principals	\$ 863,229	\$ 863,229	\$ 863,229	\$ 0
Career ladder program	7,000	7,000	3,500	3,500
Assistant principals	756,108	761,231	761,230	1
Secretaries	373,503	365,108	352,648	12,460
Clerical personnel	31,187	31,187	16,336	14,851
Social security	124,682	124,682	116,956	7,726
State retirement	215,295	215,295	207,293	8,002
Life insurance	1,386	1,386	1,386	0
Medical insurance	207,365	237,000	230,707	6,293
Employer medicare liability	29,160	29,160	27,363	1,797
Dues and memberships	1,500	1,500	1,088	412
Maintenance and repair services	4,175	4,175	2,288	1,887
Postal charges	5,200	5,200	3,663	1,537
Travel	5,100	5,100	719	4,381
Other contracted services	15,475	15,475	14,260	1,215
Office supplies	10,150	10,150	6,706	3,444
Other charges	1,000	1,000	895	105
Administrative equipment	8,250	8,250	7,625	625
Total office of the principal	<u>\$ 2,659,765</u>	<u>\$ 2,686,128</u>	<u>\$ 2,617,892</u>	<u>\$ 68,236</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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Business administration:				
Bookkeepers	\$ 231,064	\$ 239,372	\$ 239,483	\$ (111)
Social security	12,318	12,318	12,908	(590)
State retirement	33,228	33,228	38,905	(5,677)
Life insurance	163	163	163	0
Medical insurance	23,135	30,358	31,909	(1,551)
Employer medicare liability	3,350	3,350	3,143	207
Data processing services	23,061	29,501	29,500	1
Travel	1,000	2,000	1,571	429
Total business administration	<u>\$ 327,319</u>	<u>\$ 350,290</u>	<u>\$ 357,582</u>	<u>\$ (7,292)</u>
Operation and maintenance of plant:				
Operation of plant:				
Custodial personnel	\$ 26,295	\$ 26,295	\$ 26,370	\$ (75)
Other salaries and wages	45,441	45,441	45,441	0
Social security	4,448	4,448	1,581	2,867
State retirement	8,520	8,520	4,499	4,021
Life insurance	84	84	84	0
Medical insurance	5,967	6,090	6,090	0
Employer medicare liability	1,040	1,040	996	44
Janitorial services	809,116	809,116	821,066	(11,950)
Operating lease payments	52,951	52,951	0	52,951
Rentals	13,200	13,200	12,000	1,200
Other contracted services	85,797	85,797	106,815	(21,018)
Electricity	1,151,621	1,151,621	1,180,947	(29,326)
Natural gas	115,395	115,395	79,045	36,350
Water and sewer	198,695	198,695	169,354	29,341
Other supplies and materials	25,000	25,000	6,857	18,143
Boiler insurance	11,891	11,925	11,925	0
Building and contents insurance	216,640	217,248	217,247	1
Total operation of plant	<u>\$ 2,772,101</u>	<u>\$ 2,772,866</u>	<u>\$ 2,690,317</u>	<u>\$ 82,549</u>
Maintenance of plant:				
Supervisor	\$ 85,663	\$ 85,663	\$ 85,663	\$ 0
Maintenance personnel	403,282	411,178	409,309	1,869
Other salaries and wages	35,000	35,000	314	34,686
Social security	32,182	32,182	27,849	4,333
State retirement	81,703	81,703	84,471	(2,768)
Life insurance	592	592	592	0
Medical insurance	98,860	103,039	101,881	1,158
Employer medicare liability	7,597	7,597	6,513	1,084
Maintenance and repair services - building	90,140	90,140	22,107	68,033
Maintenance and repair services - equipment	2,000	2,000	0	2,000
Other contracted services	101,000	101,000	253,614	(152,614)
Equipment and machinery parts	5,200	5,200	9,064	(3,864)

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

CITY OF CLEVELAND, TENNESSEE  
SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Operation and maintenance of plant - (Continued):				
Other supplies and materials	\$ 190,000	\$ 190,000	\$ 139,007	\$ 50,993
Other charges	5,000	5,000	2,331	2,669
Administration Equipment	0	19,387	22,116	(2,729)
Maintenance equipment	2,500	2,500	9,314	(6,814)
Total maintenance of plant	<u>\$ 1,140,719</u>	<u>\$ 1,172,181</u>	<u>\$ 1,174,145</u>	<u>\$ 1,964</u>
Total operation and maintenance	<u>\$ 3,912,820</u>	<u>\$ 3,945,047</u>	<u>\$ 3,864,462</u>	<u>\$ 80,585</u>
Transportation:				
Supervisor	\$ 40,767	\$ 40,767	\$ 42,463	\$ (1,696)
Mechanics	109,807	109,807	115,393	(5,586)
Bus drivers	558,560	558,560	578,225	(19,665)
Social security	43,966	43,966	46,836	(2,870)
State retirement	25,161	25,161	25,199	(38)
Life insurance	94	94	94	0
Medical insurance	27,571	27,571	25,767	1,804
Employer medicare	10,282	10,282	10,954	(672)
Contracts with parents	1,000	1,000	42	958
Medical and dental services	3,500	3,500	2,719	781
Travel	1,100	1,100	0	1,100
Other contracted services	22,500	22,500	53,522	(31,022)
Diesel fuel	181,788	181,788	120,115	61,673
Gasoline	20,000	20,000	15,326	4,674
Lubricants	2,000	2,000	3,949	(1,949)
Tires and tubes	17,290	17,290	1,866	15,424
Vehicle parts	79,440	79,440	46,219	33,221
Other supplies and materials	2,000	2,000	17,538	(15,538)
Vehicle and equipment insurance	66,887	67,075	67,075	0
Other charges	15,550	15,550	11,819	3,731
Total transportation	<u>\$ 1,229,263</u>	<u>\$ 1,229,451</u>	<u>\$ 1,185,121</u>	<u>\$ 44,330</u>
Food service:				
Other salaries and wages	\$ 70,895	\$ 70,895	\$ 70,895	\$ 0
Social security	4,395	4,395	3,947	448
State retirement	6,437	6,437	6,437	0
Life insurance	47	47	47	0
Medical insurance	8,682	8,994	8,993	1
Employer medicare liability	1,028	1,028	923	105
Total food service	<u>\$ 91,484</u>	<u>\$ 91,796</u>	<u>\$ 91,242</u>	<u>\$ 554</u>
Community services:				
Supervisor	\$ 68,634	\$ 2,902	\$ 2,902	\$ 0
Other salaries and wages	162,228	22,395	22,395	0

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Community services - (Continued):				
Social security	\$ 14,313	\$ 1,558	\$ 1,558	\$ 0
State retirement	6,232	264	264	0
Life insurance	34	0	0	0
Medical insurance	8,627	1,702	1,702	0
Employer medicare liability	3,348	364	364	0
Travel	4,141	0	0	0
Other contracted services	30,000	25,000	25,000	0
Food supplies	24,604	0	0	0
Other supplies and materials	19,509	0	0	0
Refunds	350	53	53	0
Other charges	2,000	1,260	1,260	0
Total community services	<u>\$ 344,020</u>	<u>\$ 55,498</u>	<u>\$ 55,498</u>	<u>\$ 0</u>
Early Childhood Education:				
Contracts with other public agencies	\$ 1,013,604	\$ 1,013,604	\$ 921,460	\$ 92,144
Total early childhood education	<u>\$ 1,013,604</u>	<u>\$ 1,013,604</u>	<u>\$ 921,460</u>	<u>\$ 92,144</u>
Other Programs				
On-behalf payments of opeb	\$ 0	\$ 0	\$ 182,435	\$ (182,435)
Total other programs	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 182,435</u>	<u>\$ (182,435)</u>
Total education	<u>\$ 46,236,862</u>	<u>\$ 47,304,795</u>	<u>\$ 46,888,037</u>	<u>\$ 416,758</u>
Capital Outlay				
Architects	\$ 0	\$ 14,332	\$ 14,832	\$ (500)
Building improvements	0	424,762	4,640,868	(4,216,106)
Other capital outlay	0	20,528	20,527	1
Total capital outlay	<u>\$ 0</u>	<u>\$ 459,622</u>	<u>\$ 4,676,227</u>	<u>\$ (4,216,605)</u>
Debt Service				
Principal on bonds	\$ 235,000	\$ 235,000	\$ 392,375	\$ (157,375)
Interest on bonds	125,219	125,219	33,409	91,810
Other debt service	194,700	194,700	0	194,700
Total debt service	<u>\$ 554,919</u>	<u>\$ 554,919</u>	<u>\$ 425,784</u>	<u>\$ 129,135</u>
Total expenditures	<u>\$ 46,791,781</u>	<u>\$ 48,319,336</u>	<u>\$ 51,990,048</u>	<u>\$ (3,670,712)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (5,273,600)</u>	<u>\$ (5,709,125)</u>	<u>\$ (9,137,645)</u>	<u>\$ (3,428,520)</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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Other Financing Sources (Uses)				
Transfers in	\$ 5,273,600	\$ 5,273,600	\$ 5,273,600	\$ 0
Transfers out	0	0	(554,919)	(554,919)
Capital leases issued	0	0	8,222,294	8,222,294
Total other financing sources(uses)	<u>\$ 5,273,600</u>	<u>\$ 5,273,600</u>	<u>\$ 12,940,975</u>	<u>\$ 7,667,375</u>
Net change in fund balances	\$ 0	\$ (435,525)	\$ 3,803,330	\$ 4,238,855
Fund balance at beginning of year	<u>4,991,937</u>	<u>4,991,937</u>	<u>4,991,937</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 4,991,937</u></u>	<u><u>\$ 4,556,412</u></u>	<u><u>\$ 8,795,267</u></u>	<u><u>\$ 4,238,855</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, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
Federal grant - Flood Mitigation	\$ 0	\$ 158,769	\$ 10,954	\$ (147,815)
Federal grant - Flood Mitigation	0	90,558	0	(90,558)
Federal grant - Flood Mitigation	0	328,020	311,237	(16,783)
Federal grant - 25th St/Georgetown	0	771,734	255,351	(516,383)
Federal grant - 20th St/Tasso	0	216,160	0	(216,160)
Federal grant - Central Avenue	0	905,295	18,287	(887,008)
Federal grant - 17th and 20th	0	1,616,569	0	(1,616,569)
Federal grant - Ocoee Greenway	0	861,904	779,254	(82,650)
Federal grant - Adkisson Drive	0	1,086,144	0	(1,086,144)
Federal grant - Roadscapes phase III	0	117,850	0	(117,850)
State grant - Modal Access	0	885,165	0	(885,165)
State grant - Barney Lane Bridge	0	625,000	0	(625,000)
State grant - MPO Gaut Improv	0	128,960	43,324	(85,636)
State grant - MPO/GSW Mobile	0	66,408	42,564	(23,844)
State grant - Jetport runway extension	0	2,004,137	1,957,887	(46,250)
State grant - Jetport Southside Corporate	0	38,175	0	(38,175)
State grant - Jetport taxilane addition	0	138,708	0	(138,708)
State grant - Jetport environmental	0	25,285	6,797	(18,488)
State grant - Jetport ALP & Exhibit A	0	95,000	0	(95,000)
State grant - Jetport land easement	0	10,950	0	(10,950)
State grant - N Property Development	0	68,400	21,112	(47,288)
State grant - LIC	0	997,965	0	(997,965)
TDOT Reimb-Casteel/Ocoee Con	0	495,978	194,813	(301,165)
State grant - Tinsley Park tennis courts	0	500,000	249,579	(250,421)
Bradley County - LIC	0	458,353	0	(458,353)
Bradley County - Candys CK Elem	0	5,477,099	4,281,201	(1,195,898)
Interest	0	50,000	62,125	12,125
<b>Miscellaneous:</b>				
Sale of Hardwick Field Airport	0	0	6,750	6,750
Sale of police equipment	0	0	8,574	8,574
Sale of animal ctrl equipment	0	0	2,225	2,225
TML storm damages	0	8,843	8,843	0
TML - Reim Equipment	0	0	16,649	16,649
Sundry income	0	0	14,424	14,424
<b>Total revenues</b>	<b>\$ 0</b>	<b>\$ 18,227,429</b>	<b>\$ 8,291,950</b>	<b>\$ (9,935,479)</b>
<b>Expenditures:</b>				
<b>Capital outlay:</b>				
<b>Legislative and judicial:</b>				
Whirlpool Initiative - Restrict	\$ 600,000	\$ 600,000	\$ 152,400	\$ 447,600
Downtown Parking lot	0	75,000	0	75,000
Downtown development	0	100,000	100,000	0
Veterans Home	0	1,641,836	1,641,836	0
<b>Administration and finance:</b>				
City-wide computer system	0	705,731	0	705,731
Miscellaneous equipment	0	2,530	0	2,530

CITY OF CLEVELAND, TENNESSEE  
 CAPITAL IMPROVEMENT PROGRAM FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Planning and inspection:				
MPO: GSW Mobile Lidar	\$ 0	\$ 66,408	\$ 63,087	\$ 3,321
Flood mitigation	0	159,337	10,482	148,855
Flood mitigation	0	90,558	0	90,558
Flood mitigation	0	328,020	294,752	33,268
Crosswalk Keith and 20th Street	0	30,000	0	30,000
City-wide computer information systems:				
Software maintenance	215,000	235,094	243,799	(8,705)
Email/GIS System	5,000	4,906	4,905	1
Police department:				
Patrol vehicles	0	140,863	29,136	111,727
Command post vehicle	0	270,378	270,378	0
Fire department:				
Station 6 Equipment	0	2,414,315	2,156,270	258,045
Fire Training Center	200,000	200,000	0	200,000
Firehall #5 Roof Repair	0	41,881	41,868	13
#6 Equipment and Furnishings	0	44,500	19,032	25,468
Public works - street department:				
Street paving	300,000	300,000	0	300,000
Sidewalk projects	65,000	65,000	0	65,000
Roof repair @ upstairs/garage	0	80,000	0	80,000
Public Works equipment	0	23,500	23,500	0
Mousecreek intersection widening	250,000	250,000	0	250,000
Paul Huff/Peerless Intersection	300,000	300,000	0	300,000
LIC North on APD 40	0	1,988,193	2,625	1,985,568
Roadscapes grant match II	0	0	12,636	(12,636)
Roadscapes grant match III	0	147,300	0	147,300
LIC South Stone Lake Road	0	971	971	0
25th Street and Georgetown	0	861,336	253,776	607,560
20th Street and Tasso Road	0	251,360	0	251,360
Multi Modal Access	0	932,665	0	932,665
Central Avenue project	0	1,024,564	19,358	1,005,206
17th and 20t Street project	0	1,876,795	7,934	1,868,861
Ocoee Greenway connector	0	1,563,121	1,178,462	384,659
Adkisson Road project	0	1,152,346	0	1,152,346
20th St and Barney Ln/ Culvert	0	625,000	26,740	598,260
MPO: Gaut Improv	0	161,200	54,154	107,046
Public works - State Street Aid:				
25th Street & Peerless	250,000	348,776	0	348,776
Cleveland Regional Jetport:				
Land easement	0	6,000	0	6,000
Jetport runway extension study	0	64	64	0
Southside Corporate area	0	40,312	16,209	24,103
Environmental monitoring	0	26,616	7,155	19,461
ALP & Exhibit A	0	100,000	0	100,000

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Capital outlay - (Continued)				
Cleveland Regional Jetport - (Continued)				
Phase II Construction	\$ 0	\$ 25,708	\$ 25,708	\$ 0
Jetport/taxilane addition	0	120,236	755	119,481
T-hangers 2 construction	0	6,480	6,480	0
Runway extension construction	0	2,228,319	2,175,430	52,889
North Property Development	0	72,000	22,223	49,777
Parks and recreation:				
Vehicle Replacement	0	25,854	25,854	0
Deer Park Renovation	200,000	326,000	14,503	311,497
Blythe Bower School Park	100,000	100,000	9,255	90,745
Tennis courts at Tinsley Park	0	1,161,173	524,869	636,304
Tinsley Park paving	0	148,912	0	148,912
Recreation equipment	0	47	47	0
Equipment - donations	0	346	0	346
Equipment replacement	0	1,893	0	1,893
CDBG:				
Blythe old field equipment	0	30,000	29,061	939
Education:				
Cleveland High gym	0	50,050	0	50,050
New elementary	8,487,621	14,348,874	8,174,742	6,174,132
Debt service:				
Interest and fiscal charges	54,000	60,000	0	60,000
Total expenditures	<u>\$ 11,026,621</u>	<u>\$ 37,982,368</u>	<u>\$ 17,640,456</u>	<u>\$ 20,341,912</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (11,026,621)</u>	<u>\$ (19,754,939)</u>	<u>\$ (9,348,506)</u>	<u>\$ 10,406,433</u>
Other financing sources (uses):				
Transfers in	\$ 2,485,000	\$ 4,126,721	\$ 4,126,721	\$ 0
Transfers out	(471,763)	(529,223)	(529,223)	0
Notes issued	9,054,000	14,348,096	2,408,580	(11,939,516)
Total other financing sources (uses)	<u>\$ 11,067,237</u>	<u>\$ 17,945,594</u>	<u>\$ 6,006,078</u>	<u>\$ (11,939,516)</u>
Net change in fund balance	\$ 40,616	\$ (1,809,345)	\$ (3,342,428)	\$ (1,533,083)
Fund balance at beginning of year	<u>4,250,356</u>	<u>4,250,356</u>	<u>4,250,356</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 4,290,972</u></u>	<u><u>\$ 2,441,011</u></u>	<u><u>\$ 907,928</u></u>	<u><u>\$ (1,533,083)</u></u>

CITY OF CLEVELAND, TENNESSEE  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2018

	Enterprise Funds				Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Stormwater Management Fund	Total	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 8,324,146	\$ 11,248,148	\$ 2,018,265	\$ 21,590,559	\$ 818,550
Cash and cash equivalents - restricted	3,153	442	0	3,595	0
Accounts receivable - net	3,366,056	14,597,649	129,578	18,093,283	0
Inventories	315,011	1,986,513	0	2,301,524	0
Prepays	650,365	472,924	0	1,123,289	0
Total current assets	<u>\$ 12,658,731</u>	<u>\$ 28,305,676</u>	<u>\$ 2,147,843</u>	<u>\$ 43,112,250</u>	<u>\$ 818,550</u>
Noncurrent assets:					
Receivable - conservation loans	\$ 0	\$ 1,144,268	\$ 0	\$ 1,144,268	\$ 0
Other assets	0	1,657,287	0	1,657,287	0
Capital assets:					
Land and construction in progress	15,104,780	2,556,988	241,978	17,903,746	0
Other capital assets, net of depreciation	115,221,187	70,966,434	178,601	186,366,222	0
Total noncurrent assets	<u>\$ 130,325,967</u>	<u>\$ 76,324,977</u>	<u>\$ 420,579</u>	<u>\$ 207,071,523</u>	<u>\$ 0</u>
Total assets	<u>\$ 142,984,698</u>	<u>\$ 104,630,653</u>	<u>\$ 2,568,422</u>	<u>\$ 250,183,773</u>	<u>\$ 818,550</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	\$ 522,947	\$ 13,720	\$ 0	\$ 536,667	\$ 0
Deferred outflows - pensions	3,086,885	3,760,499	47,780	6,895,164	0
Deferred outflows - opeb	731,497	529,704	0	1,261,201	0
Total deferred outflows of resources	<u>\$ 4,341,329</u>	<u>\$ 4,303,923</u>	<u>\$ 47,780</u>	<u>\$ 8,693,032</u>	<u>\$ 0</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$ 1,487,401	\$ 9,906,980	\$ 28,716	\$ 11,423,097	\$ 253,065
Customer deposits	0	3,544,461	0	3,544,461	0
Due to other funds	0	121,667	0	121,667	0
Current maturities of long-term debt	3,999,504	1,119,003	0	5,118,507	0
Other current liabilities	1,916,393	1,874,607	9,216	3,800,216	0
Total current liabilities	<u>\$ 7,403,298</u>	<u>\$ 16,566,718</u>	<u>\$ 37,932</u>	<u>\$ 24,007,948</u>	<u>\$ 253,065</u>
Noncurrent liabilities:					
Post-employment benefits payable	\$ 8,734,728	\$ 6,325,149	\$ 342,034	\$ 15,401,911	\$ 0
Pension benefits payable	7,253,965	7,825,562	102,427	15,181,954	0
Conservation advances from TVA	0	1,175,646	0	1,175,646	0
Due to other funds	0	1,320,333	0	1,320,333	0
Notes payable	21,794,510	4,968,750	0	26,763,260	0
Revenue bonds payable net of discount	24,279,473	7,426,028	0	31,705,501	0
Total noncurrent liabilities	<u>\$ 62,062,676</u>	<u>\$ 29,041,468</u>	<u>\$ 444,461</u>	<u>\$ 91,548,605</u>	<u>\$ 0</u>
Total liabilities	<u>\$ 69,465,974</u>	<u>\$ 45,608,186</u>	<u>\$ 482,393</u>	<u>\$ 115,556,553</u>	<u>\$ 253,065</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred charge on refunding	\$ 11,773	\$ 619	\$ 0	\$ 12,392	\$ 0
Deferred inflows - pensions	198,070	294,300	634	493,004	0
Deferred inflows - opeb	1,031,674	747,074	17,312	1,796,060	0
Total deferred inflows of resources	<u>\$ 1,241,517</u>	<u>\$ 1,041,993</u>	<u>\$ 17,946</u>	<u>\$ 2,301,456</u>	<u>\$ 0</u>
<b>NET POSITION</b>					
Net investment in capital assets	\$ 80,766,807	\$ 60,023,184	\$ 420,579	\$ 141,210,570	\$ 0
Unrestricted	(4,148,271)	2,261,213	1,695,284	(191,774)	565,485
Total net position	<u>\$ 76,618,536</u>	<u>\$ 62,284,397</u>	<u>\$ 2,115,863</u>	<u>\$ 141,018,796</u>	<u>\$ 565,485</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, 2018

	Enterprise Funds				Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Stormwater Management Fund	Total	
<b>Operating Revenues:</b>					
Charges for services	\$ 26,636,586	\$ 99,306,704	\$ 1,502,917	\$ 127,446,207	\$ 4,165,472
Other operating revenues	2,314,042	1,607,573	0	3,921,615	0
<b>Total operating revenues</b>	<b>\$ 28,950,628</b>	<b>\$ 100,914,277</b>	<b>\$ 1,502,917</b>	<b>\$ 131,367,822</b>	<b>\$ 4,165,472</b>
<b>Operating Expenses:</b>					
Power purchased	\$ 0	\$ 79,078,347	\$ 0	\$ 79,078,347	\$ 0
Operation expenses	14,889,403	7,255,680	571,555	22,716,638	4,224,114
Maintenance expense	2,866,190	3,776,769	0	6,642,959	0
Depreciation and amortization	5,840,662	4,736,830	26,845	10,604,337	0
<b>Total operating expenses</b>	<b>\$ 23,596,255</b>	<b>\$ 94,847,626</b>	<b>\$ 598,400</b>	<b>\$ 119,042,281</b>	<b>\$ 4,224,114</b>
<b>Operating income (loss)</b>	<b>\$ 5,354,373</b>	<b>\$ 6,066,651</b>	<b>\$ 904,517</b>	<b>\$ 12,325,541</b>	<b>\$ (58,642)</b>
<b>Non Operating Revenues (Expenses):</b>					
Interest income	\$ 156,724	\$ 217,722	\$ 24,876	\$ 399,322	\$ 8,506
Interest expense	(1,429,870)	(483,608)	0	(1,913,478)	0
Plant cost recovered through contributions	0	(140,664)	0	(140,664)	0
Other income (expense)	(8,636)	108,040	0	99,404	0
<b>Total nonoperating revenues (expenses)</b>	<b>\$ (1,281,782)</b>	<b>\$ (298,510)</b>	<b>\$ 24,876</b>	<b>\$ (1,555,416)</b>	<b>\$ 8,506</b>
<b>Income before contributions and transfers</b>	<b>\$ 4,072,591</b>	<b>\$ 5,768,141</b>	<b>\$ 929,393</b>	<b>\$ 10,770,125</b>	<b>\$ (50,136)</b>
Capital contributions	507,605	140,664	0	648,269	0
Transfers out	(444,080)	(2,147,213)	(50,000)	(2,641,293)	0
<b>Change in net position</b>	<b>\$ 4,136,116</b>	<b>\$ 3,761,592</b>	<b>\$ 879,393</b>	<b>\$ 8,777,101</b>	<b>\$ (50,136)</b>
<b>Total net position - (previously reported)</b>	<b>\$ 75,833,181</b>	<b>\$ 60,949,218</b>	<b>\$ 1,523,218</b>	<b>\$ 138,305,617</b>	<b>\$ 615,621</b>
<b>Cumulative effect of change in Accounting Principle</b>	<b>(3,350,761)</b>	<b>(2,426,413)</b>	<b>(286,748)</b>	<b>(6,063,922)</b>	<b>0</b>
<b>Total net position - beginning (restated)</b>	<b>\$ 72,482,420</b>	<b>\$ 58,522,805</b>	<b>\$ 1,236,470</b>	<b>\$ 132,241,695</b>	<b>\$ 615,621</b>
<b>Total net position - ending</b>	<b>\$ 76,618,536</b>	<b>\$ 62,284,397</b>	<b>\$ 2,115,863</b>	<b>\$ 141,018,796</b>	<b>\$ 565,485</b>

CITY OF CLEVELAND, TENNESSEE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2018

	Enterprise Funds				Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Stormwater Management Fund	Total	
<b>Cash flows from operating activities:</b>					
Receipts from customers	\$ 28,740,863	\$ 100,135,989	\$ 1,500,592	\$ 130,377,444	\$ 0
Receipts from interfund charges	0	0	0	0	4,165,472
Payments to suppliers	(11,750,027)	(80,753,407)	(395,316)	(92,898,750)	(4,091,188)
Payments to employees for services	(5,567,400)	(8,641,815)	(115,960)	(14,325,175)	0
Net cash provided by (used in) operating activities	<u>\$ 11,423,436</u>	<u>\$ 10,740,767</u>	<u>\$ 989,316</u>	<u>\$ 23,153,519</u>	<u>\$ 74,284</u>
<b>Cash flows from noncapital financing activities:</b>					
Transfers out	\$ (444,080)	\$ (2,147,213)	\$ (50,000)	\$ (2,641,293)	\$ 0
Net cash provided by (used in) financing activities	<u>\$ (444,080)</u>	<u>\$ (2,147,213)</u>	<u>\$ (50,000)</u>	<u>\$ (2,641,293)</u>	<u>\$ 0</u>
<b>Cash flows from capital and related financing activities:</b>					
Additions to plants	\$ (11,269,089)	\$ (6,224,511)	\$ (221,761)	\$ (17,715,361)	\$ 0
Proceeds received for contributions in aid of construction	507,605	140,664	0	648,269	0
Removal cost	0	(296,758)	0	(296,758)	0
Salvage	53,429	147,015	0	200,444	0
Proceeds from issuance of debt	2,704,299	0	0	2,704,299	0
Payment of principal on long-term debt	(4,095,825)	(1,126,820)	0	(5,222,645)	0
Payment of interest on long-term debt	(1,407,090)	(485,892)	0	(1,892,982)	0
Net cash provided by (used in) capital and related financing activities	<u>\$ (13,506,671)</u>	<u>\$ (7,846,302)</u>	<u>\$ (221,761)</u>	<u>\$ (21,574,734)</u>	<u>\$ 0</u>
<b>Cash flows from investing activities:</b>					
Interest received	\$ 156,724	\$ 217,722	\$ 24,876	\$ 399,322	\$ 8,506
Other non-operating revenue (expense)	(8,637)	108,040	0	99,403	0
Net cash provided by investing activities	<u>\$ 148,087</u>	<u>\$ 325,762</u>	<u>\$ 24,876</u>	<u>\$ 498,725</u>	<u>\$ 8,506</u>
Net increase (decrease) in cash and cash equivalents	\$ (2,379,228)	\$ 1,073,014	\$ 742,431	\$ (563,783)	\$ 82,790
Cash and cash equivalents, beginning of year	<u>10,706,527</u>	<u>10,175,576</u>	<u>1,275,834</u>	<u>22,157,937</u>	<u>735,760</u>
Cash and cash equivalents, end of year	<u><u>\$ 8,327,299</u></u>	<u><u>\$ 11,248,590</u></u>	<u><u>\$ 2,018,265</u></u>	<u><u>\$ 21,594,154</u></u>	<u><u>\$ 818,550</u></u>

CITY OF CLEVELAND, TENNESSEE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2018

(Continued)

Enterprise Funds				
Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Stormwater Management Fund	Total	Internal Service Funds

Reconciliation of operating income to net cash provided by operating activities:

Operating income (loss)	\$ 5,354,373	\$ 6,066,651	\$ 904,517	\$ 12,325,541	\$ (58,642)
revenues to net cash provided by operating activities:					
Depreciation	6,116,957	4,935,587	26,845	11,079,389	0
Changes in operating assets and liabilities					
Accounts receivable	(209,765)	(758,947)	(2,375)	(971,087)	0
Allowance for doubtful accounts	0	8,579	0	8,579	0
Inventories	(299)	4,027	0	3,728	0
Receivable from customers for conservation loans	0	3,833	0	3,833	0
Prepays	(61,340)	(94,196)	0	(155,536)	0
Other assets	0	80,853	0	80,853	0
Accounts payable	232,451	9,030	27,702	269,183	132,926
Customer deposits	0	(23,175)	0	(23,175)	0
Other current liabilities	180,829	675,068	2,950	858,847	0
Pension benefits payable	(348,669)	(9,560)	5,568	(352,661)	0
Post-employment benefits payable	158,899	(589,591)	24,109	(406,583)	0
Conservation loans	0	432,608	0	432,608	0
Net cash provided by operating activities	\$ 11,423,436	\$ 10,740,767	\$ 989,316	\$ 23,153,519	\$ 74,284

CITY OF CLEVELAND, TENNESSEE  
STATEMENT OF NET POSITION - FIDUCIARY FUND  
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND - CLEVELAND UTILITIES  
June 30, 2018

ASSETS

Current assets:

Cash and cash equivalents	\$ 6,073
Investments, at fair value	<u>382,574</u>
Total current assets	<u>\$ 388,647</u>
 Total assets	 <u><u>\$ 388,647</u></u>

NET POSITION

Net position held in trust for other post-employment benefits	<u><u>\$ 388,647</u></u>
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CITY OF CLEVELAND, TENNESSEE  
STATEMENT CHANGES IN NET POSITION - FIDUCIARY FUND  
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND - CLEVELAND UTILITIES  
For the Fiscal Year Ended June 30, 2018

ADDITIONS

Employer contributions	\$	637,980
Net investment income:		
Interest and dividend income		13,239
Net appreciation in the fair value of assets		<u>16,597</u>
Total Additions	\$	<u>667,816</u>

DEDUCTIONS

Benefits paid	\$	<u>637,980</u>
Total Deductions	\$	<u>637,980</u>
Change in Net Position Held in Trust for Other Post-Employment Benefits	\$	29,836
Net position, held in trust beginning of year		<u>358,811</u>
Net position, held in trust, end of year	\$	<u><u>388,647</u></u>

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## **NOTES**

CITY OF CLEVELAND, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The following is a summary of significant policies:

A. Reporting Entity

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

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

Cleveland Board of Education

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

Cleveland Board of Public Utilities

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

Cleveland Public Library Board

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

B. Government-wide and Fund Financial Statements

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

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

Additionally, the government reports the following fund types:

**Fiduciary Funds.** The City has one fiduciary fund. The Other Post-Employment Benefits Trust Fund holds assets that have been set aside to fund the OPEB liability of Cleveland Utilities. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and employs accounting principles similar to proprietary funds. The City's fiduciary fund is presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to finance activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**Internal Service Funds.** The City has one internal service funds. The Health Insurance Trust Fund was established to pay employee medical benefits under a partially self-insured plan.

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

C. Measurement focus, Basis of Accounting

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

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

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

D. Cash and Cash Equivalents

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

E. Investments

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

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

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

The 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 are 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 acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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 2018 rates for the Electric Division and Water Divisions were 3.6% 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 \$198,756, and \$276,296 for Cleveland Utilities Electric Division and Water Division respectively. The following schedule reconciles this allocation of depreciation expense:

	Reconciliation
Depreciation and amortization per statement of revenues, expenses and changes in net position	\$ 10,604,337
Depreciation charged to clearing account	475,052
Depreciation and amortization per statement of cash flows	<u>\$ 11,079,389</u>

J. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three

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

items that qualifies for reporting in this category. The first one is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding (loss) results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item relates to pension contributions made after the measurement date of the pension liability. These amounts will be recognized as a reduction (increase) in the following measurement period. The third item relates to pension plans and other post employment benefits and results from differences between actual and expected experience and earnings on both plans. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. Unavailable revenue is reported in the governmental funds balance sheet and also the government-wide statement of net position as deferred revenue. This is comprised of current property taxes (2018 levy) at the government-wide level. The governmental funds report unavailable revenue from property taxes, sales tax and other state taxes and are recognized as an inflow of resources in the period that they become available. The second item is the deferred charge on refunding (gain) resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The third item relates to pension and opeb liability and differences between actual and expected experience and earnings on both plans.

K. Compensated Absences

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

L. Long-term obligations

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

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

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

M. Net Position and Fund Equity

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

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

Net investment in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of June 30, 2018, outstanding debt proceeds totaled \$3,746,227.

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

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

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

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

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

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

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

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

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

N. Budgets and Budgetary Accounting

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

1. The City holds budget hearings in mid March of each year with all department heads submitting requests. The operating budget includes proposed expenditures and the means of financing them. Also, a six-year capital budget is presented in conjunction with the operating budget.

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

N. Budgets and Budgetary Accounting - (Cont.)

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 Finance Director is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures may not exceed appropriations at the fund level.
5. Formal legally adopted budgets are employed as a management control device during the year for all funds except for Cleveland Utilities - Electric and Water Divisions. Budgeted amounts reflected in the accompanying final budget and actual comparison are as originally adopted and amended by the City Council.
6. All appropriations which are not expended lapse at year end.
7. During the year, supplementary appropriations were necessary. The effect of the amendments were to increase budgeted revenues by \$21,757,982, and increase budgeted expenditures by \$35,118,630. 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, 2018, and December 7, 2018 which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Note 2 - DEPOSITS AND INVESTMENTS

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

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

The certificates of deposit are reported at cost. The investment in the State Treasurer's Investment Pool are reported at amortized cost.

	Cost	Investment Maturities	
		Less than One Year	One to Five Years
Certificates of Deposit	<u>\$ 694,252</u>	<u>\$ 180,519</u>	<u>\$ 513,733</u>
State Treasurer's investment pool	<u>\$ 621,509</u>	<u>Weighted Average Maturity (days)</u> 4 to 117	

Note 2 - DEPOSITS AND INVESTMENTS - (Cont.)

Interest rate risk - In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the amount invested in long-term investments and bidding the amount of interest earned on checking accounts with area banks. Presently, the City earns 1.68% percent interest rate on deposits.

Credit risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. The City has no investment policy that would further limit its investment choices. As of June 30, 2018, the City's investment in the State Treasurer's Investment Pool was unrated.

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

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

INVESTMENTS - FIDUCIARY FUND

Investments of the OPEB trust fund are reported at fair value and classified according to the following hierarchy:

Level 1 - Investments reflect prices quoted in active markets.

Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 - Investments reflect prices based upon unobservable sources.

At June 30, 2018, all investments held in the Other Post-employment Benefit Trust have been classified as Level 1 in the fair value hierarchy as they are valued directly from a predetermined primary external pricing vendor utilizing quoted market prices in active markets.

The investment strategy is to reduce risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following investments represent more than 5% of the fiduciary net position and are not issued or explicitly guaranteed by the U.S. government at June 30, 2018.

American Beacon Small Cap Value Fund	\$	20,576
DFA Real Estate Securities I		21,283
Dreyfus Global Real Return Fund		19,720
Federated Total Return Bond Fund		18,921
Lord Abbett Short Duration Income Fund		38,010
MFS International Value I		25,164
Oppenheimer International Growth Y		23,958
The Hartford Small Cap Growth I		20,623
Thornburg Limited Term Income Fund		38,142
Vanguard Growth Index Fund		39,296
Vanguard High Yield Index Fund		37,430
Victory Sycamore Established Value I		23,285

For the year ended June 30, 2018, the annual money-weighted rate of return on OPEB plan investment expense was 8.0 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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	\$ 9,173	\$ 31,626,115	\$ 0	\$ 688,676	\$ (491,132)	\$ 31,832,832
School	7,791,874	988,424	0	0	(87,625)	8,692,673
Capital						
Improvement	808,353	0	0	0	0	808,353
Water	0	0	3,366,056	0	0	3,366,056
Electric	0	0	14,756,356	0	(158,707)	14,597,649
Stormwater	0	0	129,578	0	0	129,578
Nonmajor	1,136,725	0	0	219,757	0	1,356,482
<b>Totals</b>	<b>\$ 9,746,125</b>	<b>\$ 32,614,539</b>	<b>\$ 18,251,990</b>	<b>\$ 908,433</b>	<b>\$ (737,464)</b>	<b>\$ 60,783,623</b>

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, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 37,347,873	\$ 0	\$ 0	\$ 37,347,873
Construction in progress	4,621,627	16,938,213	0	21,559,840
Total capital assets not being depreciated	\$ 41,969,500	\$ 16,938,213	\$ 0	\$ 58,907,713
Capital assets, being depreciated:				
Buildings	\$ 123,684,310	\$ 18,500	\$ 0	\$ 123,702,810
Improvements other than buildings	19,891,678	319,209	0	20,210,887
Infrastructure	66,865,311	2,557,511	0	69,422,822
Furniture, fixtures, equipment and vehicles	37,426,307	2,398,265	(815,562)	39,009,010
Total capital assets being depreciated	\$ 247,867,606	\$ 5,293,485	\$ (815,562)	\$ 252,345,529
Less accumulated depreciation for				
Buildings	\$ (39,005,346)	\$ (2,317,327)	\$ 0	\$ (41,322,673)
Improvements other than buildings	(6,512,784)	(674,849)	0	(7,187,633)
Infrastructure	(23,891,430)	(1,548,108)	0	(25,439,538)
Furniture, fixtures, equipment and vehicles	(26,851,424)	(2,628,553)	803,759	(28,676,218)
Total accumulated depreciation	\$ (96,260,984)	\$ (7,168,837)	\$ 803,759	\$ (102,626,062)
Total capital assets being depreciated, net	\$ 151,606,622	\$ (1,875,352)	\$ (11,803)	\$ 149,719,467
Governmental activities capital assets, net	\$ 193,576,122	\$ 15,062,861	\$ (11,803)	\$ 208,627,180

Note 4 - CAPITAL ASSETS - (Cont.)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land and land rights, easements	\$ 1,837,881	\$ 317,346	\$ 0	\$ 2,155,227
Construction work-in-progress	16,348,795	(600,276)	0	15,748,519
Total capital assets not being depreciated	<u>\$ 18,186,676</u>	<u>\$ (282,930)</u>	<u>\$ 0</u>	<u>\$ 17,903,746</u>
Capital assets being depreciated:				
Plant in service	\$ 348,597,192	\$ 17,820,427	\$ (1,838,854)	\$ 364,578,765
Equipment	247,609	9,215	0	256,824
Total capital assets being depreciated	<u>\$ 348,844,801</u>	<u>\$ 17,829,642</u>	<u>\$ (1,838,854)</u>	<u>\$ 364,835,589</u>
Less accumulated depreciation for				
Plant in service	\$ (169,301,753)	\$ (10,928,245)	\$ 1,838,854	\$ (178,391,144)
Equipment	(51,378)	(26,845)	0	(78,223)
Total accumulated depreciation	<u>\$ (169,353,131)</u>	<u>\$ (10,955,090)</u>	<u>\$ 1,838,854</u>	<u>\$ (178,469,367)</u>
Total capital assets being depreciated, net	<u>\$ 179,491,670</u>	<u>\$ 6,874,552</u>	<u>\$ 0</u>	<u>\$ 186,366,222</u>
Business-type activities capital assets	<u>\$ 197,678,346</u>	<u>\$ 6,591,622</u>	<u>\$ 0</u>	<u>\$ 204,269,968</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 171,920
Development and engineering	72,118
Public safety	1,023,728
Public works	2,492,078
Health and welfare	11,802
Culture and recreation	805,740
Education	2,591,451
Total depreciation expense - governmental activities	<u>\$ 7,168,837</u>

Note 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2018, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Spring Branch Industrial Park Fund	Cleveland Utilities - Electric	<u>\$ 1,442,000</u>
		<u>\$ 1,442,000</u>

Of the total interfund receivable/payable balances, \$121,667, is expected to be repaid within one year. Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

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

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

Transfers out:	Transfers in:				Totals
	General Fund	School Fund	Capital Improvement Program	Nonmajor Governmental	
General fund	\$ 0	\$ 5,273,600	\$ 4,076,721	\$ 7,509,925	\$ 16,860,246
School fund	0	0	0	554,919	554,919
Capital Improvement Program	529,223	0	0	0	529,223
Cleveland Utilities - Electric	2,147,213	0	0	0	2,147,213
Cleveland Utilities - Water	444,080	0	0	0	444,080
Stormwater Management	0	0	50,000	0	50,000
Nonmajor Governmental	0	0	0	587,058	587,058
	<u>\$ 3,120,516</u>	<u>\$ 5,273,600</u>	<u>\$ 4,126,721</u>	<u>\$ 8,651,902</u>	<u>\$ 21,172,739</u>

Note 6 - LONG-TERM DEBT

Capital Leases

On February 28, 2018 the City entered into a twenty-year lease purchase agreement to fund construction improvements to Cleveland City Schools. The terms of the agreement require total lease payments of \$8,222,294 plus interest of \$2,989,028. lease payments are being made through the School Fund. As of June 30, 2018, improvements totaling \$4,472,162 have been accumulated in construction in progress.

On April 6, 2017, the City entered into a three-year lease-purchase agreement for apple computers. The terms of the agreement require total lease payments of \$442,891 plus interest of \$18,445. The lease payments are being made through the School fund.

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

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

The assets acquired through the capital leases are as follows:

Equipment	\$ 978,523
Less: Accumulated depreciation	(624,143)
Total book value	<u>\$ 354,380</u>

Future payments on capital leases are as follows:

Fiscal Year	Principal	Interest	Requirements
Ending June 30,			
2019	\$ 460,665	\$ 268,185	\$ 728,850
2020	448,871	253,505	702,376
2021	320,537	240,574	561,111
2022	330,646	229,920	560,566
2023	341,075	219,491	560,566
2024-2028	1,873,685	929,145	2,802,830
2029-2033	2,188,402	614,430	2,802,832
2034-2038	2,555,978	246,852	2,802,830
	<u>\$ 8,519,859</u>	<u>\$ 3,002,102</u>	<u>\$ 11,521,961</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 a 20-year serial bonds with increasing amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities - refunding	2.51- 4.50%	<u>\$ 48,758,000</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2019	\$ 3,149,000	\$ 1,548,651	\$ 4,697,651
2020	3,299,000	1,455,739	4,754,739
2021	3,433,000	1,355,569	4,788,569
2022	3,504,000	1,248,543	4,752,543
2023	3,627,000	1,139,649	4,766,649
2024-2028	21,795,000	3,805,782	25,600,782
2029-2033	9,656,000	832,426	10,488,426
2034-2038	295,000	18,683	313,683
	<u>\$ 48,758,000</u>	<u>\$ 11,405,042</u>	<u>\$ 60,163,042</u>

Revenue Bonds

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

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Cleveland Utilities - Water Division	1.00-5.75%	\$ 30,136,879
Cleveland Utilities - Electric Division	1.00-5.75%	9,048,121

Debt service requirements to maturity for revenue bonds of Cleveland Utilities for the fiscal year ended June 30, 2018, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2019	\$ 3,505,000	\$ 1,244,726	\$ 4,749,726
2020	3,545,000	1,133,887	4,678,887
2021	3,645,000	1,009,544	4,654,544
2022	3,640,000	875,423	4,515,423
2023	3,345,000	740,996	4,085,996
2024-2028	12,350,000	2,104,711	14,454,711
2029-2033	3,805,000	504,269	4,309,269
2034-2038	1,290,000	81,640	1,371,640
	<u>\$ 35,125,000</u>	<u>\$ 7,695,196</u>	<u>\$ 42,820,196</u>

Notes Payable

Principal requirements to maturity for notes payable accounted for in the governmental activities for the fiscal year ended June 30, 2018, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2019	\$ 1,996,848	\$ 911,435	\$ 2,908,283
2020	1,818,578	854,378	2,672,956
2021	1,865,577	801,842	2,667,419
2022	1,913,577	747,605	2,661,182
2023	1,963,577	691,596	2,655,173
2024-2028	9,934,758	2,324,170	12,258,928
2029-2033	5,752,000	1,051,456	6,803,456
2034-2038	3,328,000	112,368	3,440,368
	<u>\$ 28,572,915</u>	<u>\$ 7,494,850</u>	<u>\$ 36,067,765</u>

Principal requirements to maturity for notes payable accounted for in the business-type activities for the fiscal year ended June 30, 2018, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2019	\$ 1,613,507	\$ 634,319	\$ 2,247,826
2020	1,623,955	596,971	2,220,926
2021	1,637,853	560,127	2,197,980
2022	1,652,891	523,072	2,175,963
2023	1,666,077	485,784	2,151,861
2024-2028	8,556,567	1,862,035	10,418,602
2029-2033	8,635,192	899,162	9,534,354
2034-2038	5,107,765	147,311	5,255,076
	<u>\$ 30,493,807</u>	<u>\$ 5,708,781</u>	<u>\$ 36,202,588</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 51,817,480	\$ 0	\$ (3,059,480)	\$ 48,758,000	\$ 3,149,000
Notes payable	23,141,751	5,408,580	(1,856,931)	26,693,400	1,996,848
Capital leases	488,149	8,222,294	(190,584)	8,519,859	460,665
Compensated absences	2,116,520	1,486,217	(1,522,535)	2,080,202	166,416
Less bond discount/premium	116,027	0	(19,081)	96,946	0
<b>Total</b>	<u>\$ 77,679,927</u>	<u>\$ 15,117,091</u>	<u>\$ (6,648,611)</u>	<u>\$ 86,148,407</u>	<u>\$ 5,772,929</u>

As of June 30, 2018, a balance of \$1,879,515, is available in loan proceeds to be drawn down on notes as follows:

Public Building Authority of Clarksville Series 2012	\$ 100,865
Public Building Authority of Clarksville Series 2015	428,920
Public Building Authority of Clarksville Series 2017	1,349,730
	<u>\$ 1,879,515</u>

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities:</b>					
Revenue bonds	\$ 39,185,000	\$ 0	\$ (4,060,000)	\$ 35,125,000	\$ 3,505,000
Notes payable	13,464,250	0	(769,250)	12,695,000	772,250
State revolving loan fund	13,370,863	2,704,299	(393,394)	15,681,768	841,257
Conservation advances	1,433,602	0	0	1,433,602	265,312
Postemployment benefits	9,257,234	0	0	9,257,234	0
Less bond discount/premiums	97,580	0	(12,079)	85,501	0
	<u>\$ 76,808,529</u>	<u>\$ 2,704,299</u>	<u>\$ (5,234,723)</u>	<u>\$ 74,278,105</u>	<u>\$ 5,383,819</u>

As of June 30, 2018, a balance of \$2,117,040, is available in loan proceeds to be drawn down on notes as follows:

State revolving loan fund SRF 2013-320	\$ 1,452,726
State revolving loan fund SRF 2017-192	662,514
State revolving loan fund SRF 2017-193	1,800
	<u>\$ 2,117,040</u>

On July 24, 2017, the City of Cleveland on behalf of the Water Division of Cleveland Utilities entered into two revolving loan agreements with the State of Tennessee Revolving Loan Fund, "SRF DW6 2017-192" and "SRF DWF 2017-193" to finance improvements along Georgetown Road. The SRF DW6 2017-192 loan agreement is for \$1,000,000, in the form of a loan of \$800,000, and principal forgiveness of \$200,000. The loan is to be paid back over a 20-year period with a fixed interest rate of 1.60 percent. As of June 30, 2018, the Division has drawn down \$137,486 of the loan proceeds. The SRF DWF 2017-193 loan agreement is for \$195,000, and is to be paid back over a 20-year period with a fixed rate of 1.60 percent. As of June 30, 2018, the Division has drawn down \$193,200.

On August 2, 2017, the City of Cleveland entered into an agreement with the Public Building Authority of the City of Clarksville, TN for a loan in the amount of \$3,000,000, for the purpose of making improvements to the Spring Branch Industrial Park. The loan is to be paid back over a 20-year period with a fixed interest rate of 3.89 percent. As of June 30, 2018, all of the loan proceeds have been drawn down.

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

Note 7 - RESTRICTED ASSETS

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

Note 8 - JOINT VENTURES

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

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

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

The governmental fund balance includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds, notes payable, compensated absences, post-employment benefits, pension liability and interest payable are not due and payable in the current period and therefore are not reported in the funds." The details of this \$145,288,823, are as follows:

Bonds payable	\$ 48,758,000
Notes payable	26,693,400
Capital leases	8,519,859
Compensated absences	2,080,202
Postemployment benefits	45,647,585
Net Pension Asset	(297,026)
Net Pension Liability	13,660,803
Interest payable	129,054
Premium on bonds payable	<u>96,946</u>
Net adjustment	<u>\$ 145,288,823</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 \$15,062,863, difference are as follows:

Capital outlay	\$ 22,231,700
Depreciation expense	<u>(7,168,837)</u>
Net adjustment	<u>\$ 15,062,863</u>

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

Another element of that reconciliation states that "Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position." The details of this \$5,106,995, difference are as follows:

Principal repayments:		
General Obligation Bonds	\$	3,059,480
Notes Payable		1,856,931
Capital leases payable		<u>190,584</u>
Net adjustment	\$	<u><u>5,106,995</u></u>

Note 10 - COMMITMENTS AND CONTINGENCIES

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

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

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

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

Note 11 - LITIGATION

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

Note 12 - TENNESSEE VALLEY AUTHORITY (TVA) CONSERVATION PROGRAMS

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

Note 13 - RISK MANAGEMENT

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

Beginning August 1, 2015, liabilities for employee medical benefits are partially self-insured for Cleveland Utilities and various departments of the City, other than the Board of Education which is continuing coverage through commercial policies. Plan costs include medical claims, prescription drug claims, stop loss insurance coverage, and fixed medical cost premiums. The total estimated liability as of June 30, 2018 is \$355,654. The liability has been calculated based upon subsequent claim payments. Changes in claims liability for the current year are summarized below.

	Cleveland Utilities	Health Insurance Trust	Total
Claims liability at 6/30/17	\$ 69,785	\$ 120,139	\$ 189,924
Current year claims and estimate changes	3,072,981	3,543,304	6,616,285
Claims paid	<u>(3,040,178)</u>	<u>(3,410,378)</u>	<u>(6,450,556)</u>
Claims liability at 6/30/18	<u>\$ 102,588</u>	<u>\$ 253,065</u>	<u>\$ 355,653</u>

Note 14 - DEFERRED COMPENSATION PLAN

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

Note 15 - ESTIMATES

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

Note 16 - TAX ABATEMENTS

In recent years the City has entered into PILOT Programs with various industries as a way to stimulate the local economy, promote industrial expansion and create jobs. The Payment in Lieu of Taxes (PILOT) is designed as an incentive program which allows an industry to pay less than what is owed in property taxes for a period of time. This frees up funds which the business or industry agrees to invest in the local community. This PILOT Program is authorized under Tennessee Code Annotated 7-53-305. For each year the PILOT Program is in effect, businesses are billed based upon an agreed upon percentage of the total tax they would have paid. For the current fiscal year, three businesses paid taxes totaling \$438,767 based on a total potential tax of \$1,521,051.

Note 17 - RETIREMENT COMMITMENTS

THE TCRS PENSION PLAN

*Plan Description.* Certain employees of the City of Cleveland are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits provided.* Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits are early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

*Employees covered by benefit terms.* At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	443
Inactive employees entitled to but not yet receiving benefits	366
Active employees	694
	<u>1,503</u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The City of Cleveland makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2018, employer contributions were 6,173,128, based on a rate of 20.56 percent of covered payroll for public safety employees and 17.06 percent of covered payroll for all other employees under the plan. By law, employer contributions are required to be paid. The TCRS may intercept Cleveland City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

THE TCRS PENSION PLAN - (Cont.)

Net Pension Liability

Cleveland City's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

*Actuarial assumptions.* The total pension liability as of the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.75 to 3.45 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvements.

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

*Changes of assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

THE TCRS PENSION PLAN - (Cont.)

*Discount rate.* The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Cleveland City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 6/30/16	\$ 134,343,785	\$ 113,525,552	\$ 20,818,233
Changes for the year:			
Service cost	\$ 2,442,734	\$ 0	\$ 2,442,734
Interest	10,043,766	0	10,043,766
Difference between expected and actual experience	2,524,249	0	2,524,249
Changes in assumptions	3,636,385	0	3,636,385
Contributions - employer	0	5,744,012	(5,744,012)
Net Investment income	0	12,875,142	(12,875,142)
Benefit payments	(5,739,270)	(5,739,270)	0
Administrative expenses	0	(57,272)	57,272
Net changes	<u>\$ 12,907,864</u>	<u>\$ 12,822,612</u>	<u>\$ 85,252</u>
Balance at 6/30/17	<u>\$ 147,251,649</u>	<u>\$ 126,348,164</u>	<u>\$ 20,903,485</u>

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of Cleveland City calculated using the discount rate of 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Cleveland City's net pension liability	\$ 40,873,812	\$ 20,903,485	\$ 4,270,467

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

*Pension expense.* For the year ended June 30, 2018, Cleveland City recognized pension expense of \$4,827,280.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2018, the City of Cleveland reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

THE TCRS PENSION PLAN - (Cont.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 3,261,304	\$ 84,980
Net difference between projected and actual earnings on pension plan investments	0	44,394
Change in assumptions	3,030,321	0
Contributions subsequent to the measurement date of June 30, 2017	<u>6,173,128</u>	<u>0</u>
 Total	 <u>\$ 12,464,753</u>	 <u>\$ 129,374</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2017," will be recognized as a reduction to net pension liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 795,955
2020	2,442,440
2021	1,543,127
2022	353,951
2023	1,026,772
Thereafter	0

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

Payable to Pension Plan

At June 30, 2018, the City of Cleveland did not have a payable balance of contribution to the plan.

CLEVELAND UTILITIES - CSA PENSION PLAN

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

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

CLEVELAND UTILITIES - CSA PENSION PLAN - (Cont.)

*Benefits provided.* Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using a member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. No disability benefits are payable under the plan. There is no provision for Cost-of-Living Adjustments (COLAs).

*Employees covered by benefit term.* At the measurement date of October 1, 2017, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	74
Inactive employees entitled to but not yet receiving benefits	6
Active employees	17
	<u>97</u>

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

Net Pension Liability

Cleveland Utilities net pension liability was measured as of October 1, 2017, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

*Actuarial assumptions.* The total pension liability as of October 1, 2017, actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Discount rate	7.00%
Salary scale	3.00%
Overtime	It is assumed that overtime will continue to be earned at 40% of the prior year's level.
Cost method	Individual Entry Age Normal
Mortality	RP-2000 Generational with Scale AA
Incident of Disability	None
Assumed retirement age	50% at the earlier of 30 years of service, or age 60 with 5 years of service, and 50% at age 65
Marriage	It is assumed that 80% of participants are married and that a male is 3 years older than his female spouse.
Termination	Males: Termination Table T-5 from the Actuary's Handbook Females: Termination Table T-5 from the Actuary's Handbook with a five year setback
Cost-of-living increases	N/A
Date of participation freeze	10/14/1993

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

CLEVELAND UTILITIES - CSA PENSION PLAN - (Cont.)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 10/01/16	\$ 33,548,770	\$ 24,257,188	\$ 9,291,582
Changes for the year:			
Service cost	\$ 88,263	\$ 0	\$ 88,263
Interest	2,270,713	0	2,270,713
Difference between expected and actual experience	460,253	0	460,253
Contributions - employer	0	1,764,776	(1,764,776)
Net Investment income	0	2,454,931	(2,454,931)
Benefit payments	(2,396,553)	(2,396,553)	0
Administrative expenses	48,168	0	48,168
Net changes	<u>\$ 470,844</u>	<u>\$ 1,823,154</u>	<u>\$ (1,352,310)</u>
Balance at 10/01/17	<u>\$ 34,019,614</u>	<u>\$ 26,080,342</u>	<u>\$ 7,939,272</u>

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
CSA plan net pension liability	\$ 11,072,478	\$ 7,939,272	\$ 5,069,983

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

*Pension expense.* For the year ended June 30, 2018, Cleveland Utilities recognized pension expense of \$1,034,412.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2018 Cleveland Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,171,300	\$ 177,721
Changes of assumption	54,769	0
Net difference between projected and actual earnings on pension plan investments	0	270,456
Contributions subsequent to the measurement date of October 1, 2017	<u>1,403,095</u>	<u>0</u>
Total	<u>\$ 2,629,164</u>	<u>\$ 448,177</u>

The amount shown above for "Contributions subsequent to the measurement date of October 1, 2017," will be recognized as a reduction to net pension liability in the following measurement period.

CLEVELAND UTILITIES - CSA PENSION PLAN - (Cont.)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 351,327
2020	362,146
2021	81,853
2022	(17,427)
2023	0
Thereafter	0

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

Payable to Pension Plan

At June 30, 2018, no contributions were payable to the plan.

TEACHERS LEGACY PENSION PLAN OF TCRS

*Plan description.* Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Cleveland City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits provided.* Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls for the adjustment of benefit terms and conditions on an automatic basis.

TEACHERS LEGACY PENSION PLAN OF TCRS - (Cont.)

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agency (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Cleveland City Schools for the year ended June 30, 2018 to the Teacher Legacy Pension Plan were \$1,954,073, which is 9.08 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension asset.* At June 30, 2018, The Cleveland City Schools reported an asset of \$193,086, for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial value as of that date. Cleveland City Schools' proportion of the net pension liability was based on Cleveland City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, Cleveland City Schools' proportion was 0.590148 percent. The proportion measured as of June 30, 2016 was 0.569952 percent.

*Pension expense.* For the year ended June 30, 2018, Cleveland City Schools recognized pension expense of \$108,326.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2018, Cleveland City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 116,406	\$ 3,986,331
Change in assumptions	1,635,331	0
Net difference between projected and actual earnings on pension plan investments	29,310	0
Changes in proportion of Net Pension Liability (Asset)	347,257	0
Contributions subsequent to the measurement date of June 30, 2017	1,954,073	0
Total	<u>\$ 4,082,377</u>	<u>\$ 3,986,331</u>

Cleveland City Schools employer contributions of \$1,954,073, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (1,275,540)
2020	699,772
2021	(391,517)
2022	(890,741)
2023	0
Thereafter	0

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

TEACHERS LEGACY PENSION PLAN OF TCRS - (Cont.)

*Actuarial assumptions.* The total pension liability as of the June 30, 2017 the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.75 to 3.45 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

*Changes of assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a build-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates by the target asset allocation percentage and by adding expected inflation of 2.50 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TEACHERS LEGACY PENSION PLAN OF TCRS - (Cont.)

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents Cleveland City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what Cleveland City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Cleveland City Schools' proportionate share of the net pension liability (asset)	\$ 17,325,371	\$ (193,086)	\$ (14,673,246)

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

Payable to the Pension Plan

At June 30, 2018, no payments were payable to the plan.

TEACHERS RETIREMENT PLAN OF TCRS

*Plan description.* Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Cleveland City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014 are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits provided.* Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members are entitled to receive unreduced retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than

TEACHERS RETIREMENT PLAN OF TCRS - (Cont.)

4 percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required contributions are not remitted. Employer contributions for the year ended June 30, 2018 to the Teacher Retirement Plan were \$144,400, which is 4 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension asset.* At June 30, 2018, The Cleveland City Schools reported an asset of \$103,940, for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial value as of that date. Cleveland City Schools' proportion of the net pension liability was based on Cleveland City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, Cleveland City Schools' proportion was 0.393963 percent. The proportion measured as of June 30, 2016 was 0.378257 percent.

*Pension expense.* For the year ended June 30, 2018, Cleveland City Schools recognized pension expense of \$47,033.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2017, Cleveland City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,643	\$ 7,817
Net difference between projected and actual earnings on pension plan investments	0	5,593
Change in assumptions	9,132	0
Changes in proportion of Net Pension Liability (Asset)	771	1,739
Contributions subsequent to the measurement date of June 30, 2017	<u>144,400</u>	<u>0</u>
Total	<u>\$ 157,946</u>	<u>\$ 15,149</u>

Cleveland City Schools employer contributions of \$144,400, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (609)
2020	(609)
2021	(930)
2022	(2,368)
2023	269
Thereafter	2,643

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

TEACHERS RETIREMENT PLAN OF TCRS - (Cont.)

*Actuarial assumptions.* The total pension liability as of the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.75 to 3.45 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

*Changes of assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a build-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates by the target asset allocation percentage and by adding expected inflation of 2.50 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TEACHERS RETIREMENT PLAN OF TCRS - (Cont.)

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents Cleveland City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what Cleveland City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Cleveland City Schools' proportionate share of the net pension liability (asset)	\$ 20,738	\$ (103,940)	\$ (195,395)

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

Payable to the Pension Plan

At June 30, 2018, no payments were payable to the plan.

AGGREGATION OF ALL PENSION PLANS

Deferred Outflows of Resources and Deferred Inflows of Resources Related to all Pension Plans

The following is an aggregation of deferred outflows of resources and deferred inflows of resources related to the City's various pension plans:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,552,653	\$ 4,256,849
Net difference between projected and actual earnings on pension plan investments	0	291,133
Change in assumptions	4,729,553	0
Changes in proportion of Net Pension Liability	348,030	1,736
Contributions subsequent to the measurement date	9,674,696	0
Total	<u>\$ 19,304,932</u>	<u>\$ 4,549,718</u>

Deferred outflows of resources related to 2018 contributions to pension plans subsequent to the measurement date (June 30, 2017 and October 1, 2017) will be recognized as a reduction of the net pension liability for the year ended June 30, 2019.

Amounts reported as deferred outflows of resources and deferred inflows of resources from all pension plan will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (128,867)
2020	3,503,749
2021	1,232,533
2022	(556,585)
2023	1,027,041
Thereafter	2,643

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

Note 17 - RETIREMENT COMMITMENTS - (Cont.)

AGGREGATION OF ALL PENSION PLANS - (Cont.)

The retirement plans resulted in the following net pension asset and net pension liability:

	Net Pension Asset	Net Pension Liability
Teachers Legacy Pension Plan	\$ 193,086	\$ 0
Teachers Retirement Plan of TCRS	103,940	0
TCRS Pension Plan	0	20,903,485
CSA Pension Plan	0	7,939,272
	<u>\$ 297,026</u>	<u>\$ 28,842,757</u>

Pension expense related to all plans were as follows:

Teachers Legacy Pension Plan	\$ 108,326
Teachers Retirement Plan of TCRS	47,033
TCRS Pension Plan	4,827,280
CSA Pension Plan	1,034,412
	<u>\$ 6,017,051</u>

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

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

*Plan Membership.* At July 1, 2017, plan membership consisted of the following:

Inactive employees currently receiving benefit payments	95
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	323
	<u>418</u>

*Actuarial assumptions.* The total OPEB liability in the June 30, 2017 actuarial valuation (updated for 2018) was determined using the actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Salary Increases	4.00%
Payroll Growth	2.50%
Inflation	2.50%
Discount rate	3.87%
Healthcare Cost Trend Rates	9.00% initially, decreasing to an ultimate rate of 5.0% in 2021.
Mortality	RP2000 Fully Generational with Scale BB

*Discount rate.* The discount rate used to measure the OPEB liability was 3.87 percent. This rate reflects the Bond Buyer's 20 bond Index.

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at 06/30/17	\$ 36,641,373
Changes for the year:	
Service cost	\$ 1,418,428
Interest	1,349,197
Changes in Benefit Terms	0
Differences between expected and actual experience	0
Changes in assumptions and other inputs	(2,040,010)
Benefit payments	(752,042)
Net changes	<u>\$ (24,427)</u>
Balance at 06/30/18	<u>\$ 36,616,946</u>

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following represents the total opeb liability calculated using the stated health care cost trend assumption, as well as what the opeb liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the assumed trend rate:

1% Decrease (8.00% decreasing to 4.00%)	Current (9.00% decreasing to 5.00)	1% Increase (10.00% decreasing to 6.00%)
\$ 29,584,573	\$ 36,616,946	\$ 46,187,918

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

*Sensitivity of Total OPEB Liability to Changes in the Discount Rate.* The following represents the total opeb liability calculated using the stated discount rate, as well as what the total opeb liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

1% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
\$ 44,313,423	\$ 36,616,946	\$ 30,587,592

*Changes in assumptions.* The discount rate was changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018. The healthcare cost trend rate was reset at 9% for 2017, grading down 1.0% per annum to an ultimate trend rate of 5.0% for years 2021 and later.

OPEB expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

*Opeb expense.* For the fiscal year ended June 30, 2018 the plan had opeb expense of \$2,581,017.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2018, the plan reported deferred outflows of resources and deferred inflows of resources related to opeb from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 0
Net difference between projected and actual earnings on opeb plan investments	0	0
Change in assumptions	<u>0</u>	<u>1,853,402</u>
Total	<u>\$ 0</u>	<u>\$ 1,853,402</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to opeb will be recognized in expense as follows:

Year ended June 30:	
2019	\$ (186,608)
2020	(186,608)
2021	(186,608)
2022	(186,608)
2023	(186,608)
Thereafter	(920,362)

*Payable to the Opeb Plan.* At June 30, 2018, there was no outstanding payable to the plan.

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%

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

Monthly premiums effective August 1, 2017, are as follows:

	Medical	Dental
Pre-65 Retiree	\$ 476.44	\$ 24.66
Pre-65 Retiree and Spouse	1,256.61	63.82
Post-65 Retiree	301.00	24.66
Post-65 Retiree and Spouse	602.00	63.82

Plan description of the life insurance plan:

Plan types:	Term life insurance
Eligibility:	Age 60 with 30 years of service or Age 55 with 15 years of service
Benefit/cost sharing:	Flat dollar \$10,000 benefit for retiree and \$2,000 benefit for spouse
Retiree cost sharing:	Non contributory

*Plan Membership.* At July 1, 2017, plan membership consisted of the following:

Inactive plan members	95
Active plan members	188
	283

CLEVELAND UTILITIES - POSTEMPLOYMENT BENEFIT PLAN - (Cont.)

*Contributions.* Although the Board has no contractual requirement to fund the plan, other than direct benefit payments, their intent is to make budgeted annual contributions over the next ten years with a 20 year funding strategy. This policy will be reviewed on an annual basis.

*Investment policy.* See Investment-fiduciary fund footnote that details the investments related to the OPEB trust.

*Net OPEB Liability.* Cleveland Utilities Net Opeb Liability was measured as of June 30, 2018, and the total opeb liability used to calculate net opeb liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total Opeb liability was determined by an actuarial valuation as of July 1, 2017 and updated for June 30, 2018. The total Opeb liability in the June 30, 2018 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of Payroll
Salary Increases	4.00%
Payroll Growth	2.50%
Inflation	2.50%
Investment Rate of Return	7.50%
Healthcare Cost Trend Rates	9.00% initially, decreasing to an ultimate rate of 5.0%
Mortality	RP2000 Fully Generational with Scale BB

*Discount rate.* The discount rate used to measure the total OPEB liability was 7.50%. The Board has not adopted a formal written funding policy. No contribution was made during the fiscal year ended June 30, 2018; however, future contributions at the Actuarial Determined Contribution (including direct benefit payments), generate a level funding that cash flow projections indicate will meet the funding requirements. This assumption will be reviewed as of the next measurement date and modified as appropriate.

Changes in the Net OPEB Liability:

	Actuarial Accrued Liability (a)	Plan Assets (b)	Unfunded Actuarial Accrued Liability (a) - (b)
Balance at 06/30/17	\$ 15,344,728	\$ 358,810	\$ 14,985,918
Changes for the year:			
Normal	\$ 229,164	\$ 0	\$ 229,164
Interest	1,144,551	0	1,144,551
Difference between expected and actual experience	(2,102,456)	2,926	(2,105,382)
Contributions - employer	0	637,980	(637,980)
Net Investment income	0	26,911	(26,911)
Changes in assumptions	1,470,517	0	1,470,517
Benefit payments	(637,980)	(637,980)	0
Administrative expenses	0	0	0
Net changes	\$ 103,796	\$ 29,837	\$ 73,959
Balance at 06/30/18	\$ 15,448,524	\$ 388,647	\$ 15,059,877

CLEVELAND UTILITIES - POSTEMPLOYMENT BENEFIT PLAN - (Cont.)

*Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following represents the net opeb liability calculated using the stated health care cost trend assumption, as well as what the opeb liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the assumed trend rate:

1% Decrease (8.00% decreasing to 4.00%)	Current (9.00% decreasing to 5.00)	1% Increase (10.00% decreasing to 6.00%)
\$ 12,849,263	\$ 15,059,877	\$ 17,873,079

*Sensitivity of Net OPEB Liability to Changes in the Discount Rate.* The following represents the net opeb liability calculated using the stated discount rate, as well as what the net opeb liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
\$ 17,526,595	\$ 15,059,877	\$ 13,070,618

*Opeb expense.* For the year ended June 30, 2018, Cleveland Utilities recognized opeb expense of \$1,229,486.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2018, Cleveland Utilities reported deferred outflows of resources and deferred inflows of resources related to opeb from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 1,776,246
Net difference between projected and actual earnings on opeb plan investments	0	2,502
Change in assumptions	1,261,201	0
<b>Total</b>	<b>\$ 1,261,201</b>	<b>\$ 1,778,748</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to opeb will be recognized in expense as follows:

Year ended June 30:	
2019	\$ (117,318)
2020	(117,318)
2021	(117,318)
2022	(117,318)
2023	(62,434)
Thereafter	14,159

*Payable to the Opeb Plan.* At June 30, 2018, there was no outstanding payable to the plan.

CLEVELAND CITY SCHOOLS SYSTEM - Closed Tennessee Plan (TGOP)

*Plan description.* Employees of the City of Cleveland School System, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Teacher Group OPEB plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pension (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible post-65 retired teachers, support staff and disability participants of local education agencies who choose coverage, participate in the TGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

*Benefits provided.* The City offers the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the partnership promise preferred provider organization (PPO), no partnership promise PPO, limited PPO or the wellness healthsavings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the TGOP, receives the same benefits as active employees, at a blended rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy rated to direct subsidies provided for the retiree premiums. The state, as a governmental nonemployer contributing entity, provides a direct subsidy for eligible retirees premiums, based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the healthsavings CDHP. The TGOP is funded as a pay-as-you-go basis and there are no assets accumulating in a trust that meet the criteria of paragraph 4 of GASB Statement No. 75.

*Employees covered by benefit terms.* At July 1, 2017, the following employees of the City of Cleveland School System were covered by the benefit terms of the TGOP:

Inactive employees currently receiving benefit payments	47
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	573
	<u>620</u>

An insurance committee, created in accordance with the TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premiums rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the City of Cleveland School System paid \$528,436 to the TGOP for OPEB benefits as they came due.

Total OPEB Liability

*Actuarial assumptions.* The collective total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent.
Healthcare cost trend rates	7.5% for 2018, decreasing annually to an ultimate rate of 3.71% for 2050 and later years.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans.

CLEVELAND CITY SCHOOLS SYSTEM - Closed Tennessee Plan (TGOP) - (Cont.)

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by the TCRS based on results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount rate. The discount rate used to measure the total OPEB liability was 3.56 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

Changes in the Collective Total OPEB Liability

	Total OPEB Liability (a)
Balances at June 30, 2016	\$ 11,774,947
Changes for the year:	
Service cost	\$ 828,906
Interest	359,948
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions	(567,167)
Benefit payments	(553,733)
Net changes	<u>\$ 67,954</u>
Balances at June 30, 2017	<u>\$ 11,842,901</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 2,470,228
Employer's proportionate share of the collective total OPEB liability	\$ 9,372,673
Employer's proportionate share of the collective total OPEB liability	79.14%

The Cleveland City School System has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. The School's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion did not change from the prior measurement date. The Cleveland City School System recognized \$236,814 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for School retirees.

*Changes in assumptions.* The discount rate was changed from 2.92% as of the beginning of the measurement period to 3.56% as of June 30, 2017. This change in assumption decreased the total OPEB liability.

CLEVELAND CITY SCHOOLS SYSTEM - Closed Tennessee Plan (TGOP) - (Cont.)

*Sensitivity of proportionate share of the collective total OPEB liability to changes in the discount rate.* The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.56%) or 1 percentage point higher (4.56% than the current discount rate.

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Proportionate share of collective OPEB liability	\$ 1,080,385	\$ 9,372,673	\$ 8,701,681

*Sensitivity to proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rate.* The following presents the proportionate share of collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower (6.50% decreasing to 2.71%) or 1 percentage-point higher (8.50% decreasing to 4.71%) than the current healthcare cost trend rate.

	1% Decrease (6.50% decreasing to 2.71%)	Current (7.50% decreasing to 3.71%)	1% Increase (8.50% decreasing to 4.71%)
Proportionate share of collective total OPEB liability	\$ 8,262,917	\$ 9,372,673	\$ 10,698,782

OPEB expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

*Opeb expense.* For the fiscal year ended June 30, 2018, the Cleveland City School System recognized OPEB expense of \$1,135,348.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2018, Cleveland City Schools reported deferred outflows of resources and deferred inflows of resources related to opeb from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 0	\$ 0
Changes in assumptions	0	406,520
Changes in proportion and differences between amounts paid as benefits came due and proportionate share certain amounts paid by the employer and nonemployer contributors as the benefits came due	0	0
Employer payments subsequent to the measurement date	528,436	0
Total	<u>\$ 528,436</u>	<u>\$ 406,520</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to opeb will be recognized in expense as follows:

Year ended June 30:	
2019	\$ (42,346)
2020	(42,346)
2021	(42,346)
2022	(42,346)
2023	(42,346)
Thereafter	(194,792)

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

CLEVELAND CITY SCHOOLS SYSTEM - Closed Tennessee Plan (TNP)

*Plan description.* Employees of the City of Cleveland School System, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pension (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

*Benefits provided.* The City offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TNP plan does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The state, as a governmental nonemployer contributing entity contributes to the premiums of eligible retirees of local education agencies based on years of service. Therefore, retirees with 30 years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meet the criteria of paragraph 4 of GASB Statement No. 75.

*Employees covered by benefit terms.* At July 1, 2017, the following employees of the City of Cleveland School System were covered by the benefit terms of the TNP:

Inactive employees currently receiving benefit payments	112
Inactive employees entitled to but not yet receiving benefit payments	45
Active employees	409
	<u>566</u>

In accordance with TCA 8-27-209, the state insurance committees established by TCAs 8-27-201, 8-27-301 and 8-327-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute toward employee costs based on their own developed policies. During the current period, the City of Cleveland School System did not make any payments to the TNP for OPEB benefits as they came due.

Total OPEB Liability

*Actuarial assumptions.* The collective total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent.
Healthcare cost trend rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.

CLEVELAND CITY SCHOOLS SYSTEM - Closed Tennessee Plan (TNP) - (Cont.)

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by the TCRS based on results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount rate. The discount rate used to measure the total OPEB liability was 3.56 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

Changes in the Collective Total OPEB Liability

	Total OPEB Liability (a)
Balances at June 30, 2016	\$ 1,502,266
Changes for the year:	
Service cost	\$ 30,748
Interest	43,879
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions	(121,774)
Benefit payments	<u>(60,600)</u>
Net changes	<u>\$ (107,747)</u>
Balances at June 30, 2017	<u>\$ 1,394,519</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 1,394,519
Employer's proportionate share of the collective total OPEB liability	\$ 0
Employer's proportionate share of the collective total OPEB liability	0.00%

The Cleveland City School System has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. The School's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion of 0% did not change from the prior measurement date. The Cleveland City Schools recognized \$61,809 in revenue for support provided by nonemployer contributing entities for benefits paid to the TNP for retired employees.

*Changes in assumptions.* The discount rate was changed from 2.92% as of the beginning of the measurement period to 3.56% as of June 30, 2017. This change in assumption decreased the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

*Opeb Expense.* For the fiscal year ended June 30, 2018, the Cleveland City School System recognized OPEB expense of \$61,809.

AGGREGATION OF ALL POSTEMPLOYMENT PLANS

Deferred Outflows of Resources and Deferred Inflows of Resources Related to all OPEB Plans:

The following is an aggregation of deferred outflows of resources and deferred inflows of resources related to the City's various opeb plans:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 1,776,246
Net difference between projected and actual earnings on opeb plan investments	0	2,502
Change in assumptions	1,261,201	2,259,922
Changes in proportion of Net OPEB Liability	0	0
Contributions subsequent to the measurement date	528,436	0
	<u>1,789,637</u>	<u>4,038,670</u>
Total	<u>\$ 1,789,637</u>	<u>\$ 4,038,670</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources from all opeb plans will be recognized as expense as follows:

Year ended June 30:

2019	\$ (346,272)
2020	(346,272)
2021	(346,272)
2022	(346,272)
2023	(291,388)
Thereafter	(1,100,995)

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

The opeb plans resulted in the following net opeb liability:

	Net Opeb Liability
City Plan	\$ 36,616,946
Cleveland Utilities Plan	15,059,877
City Schools TGOP Plan	9,372,673
	<u>\$ 61,049,496</u>

OPEB expense related to all plans were as follows:

City Plan	\$ 2,581,017
Cleveland Utilities Plan	1,229,486
City Schools TGOP Plan	1,138,348
City Schools TNP Plan	61,809
	<u>\$ 5,010,660</u>

In addition the City Schools TGOP plan and TNP plan recognized revenue in the amount of \$236,814 and \$61,809 respectively.

Note 19 - ACCOUNTING CHANGES

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for financial statements for the periods beginning after June 15, 2017. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*, for OPEB. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosures and required supplementary information requirements about defined benefit OPEB are also addressed.

GASB Statement No. 75 resulted in the following balances reported in the financial statements involving OPEB liability and the recognition of deferred outflows and inflows related to OPEB items:

	Governmental Activities	Business-type Activities	Total
Deferred Outflows - OPEB	\$ 528,436	\$ 1,261,201	\$ 1,789,637
Post-employment Benefits Payable	45,647,585	15,401,911	61,049,496
Deferred Inflows - OPEB	(2,242,610)	(1,796,060)	(4,038,670)

The cumulative effect of the change in accounting method for the Governmental and Business-type activities was (23,349,206) and (6,063,922), respectively. This change is reflected in the Statement of Activities reported on page 19.

Note 20 - SUBSEQUENT EVENTS

On January 25, 2018, the City of Cleveland on behalf of the Water Division of Cleveland Utilities entered into a revolving loan agreement with the Tennessee State Revolving Loan Fund, "SRF DWF 2018-205" to finance the construction of the Georgetown Road Water System Improvements. The SRF DWF 2018-205 loan agreement was for \$430,000, in the form of a loan of \$430,000. The loan is to be paid back over a 20-year period with a fixed interest rate of 1.31 percent. As of June 30, 2018, the Division has drawn no proceeds.

On March 13, 2018, the City of Cleveland on behalf of the Wastewater Division of Cleveland Utilities entered into a revolving loan agreement with the Tennessee State Revolving Loan Fund, "SRF CW6 2018-417" to finance the wastewater rehabilitation plan of 2018. The SRF CW6 2018-417 loan agreement was for \$10,000,000, in the form of a loan of \$10,000,000. The loan is to be paid back over a 20-year period with a fixed interest rate of 1.58 percent. As of June 30, 2018, the Division has drawn no proceeds.

On June 19, 2018, the City of Cleveland on behalf of the Wastewater Division of Cleveland Utilities entered into a revolving loan agreement with the Tennessee State Revolving Loan Fund, "SRF CW6 2018-415" to finance the construction of wastewater collection plant for the annexed properties of Durkee Road. The SRF CW6 2018-415 loan agreement was for \$1,000,000, in the form of a loan of \$900,000, and principal forgiveness of \$100,000. The loan is to be paid back over a 20-year period with a fixed interest rate of 1.56 percent. As of June 30, 2018, the Division has drawn no proceeds.

On June 19, 2018, the City of Cleveland on behalf of the Wastewater Division of Cleveland Utilities entered into a revolving loan agreement with the Tennessee State Revolving Loan Fund, "SRF CW6 2018-416" to finance the construction of wastewater collection plant for the annexed properties of Durkee Road. The SRF CW6 2018-416 loan agreement was for \$350,000, in the form of a loan of \$350,000. The loan is to be paid back over a 20-year period with a fixed interest rate of 1.56 percent. As of June 30, 2018, the Division has drawn no proceeds.

DWF 2018-205	\$ 430,000	1.31%	Storage Tank on Georgetown Rd
CW6 2018-417	10,000,000	1.58%	Improvement to wastewater lines
CW6 2018-415	1,000,000	1.56%	Installation of wastewater lines
CW6 2018-416	350,000	1.56%	Installation of wastewater lines

Since none of these funds were received as of June 30, 2018, they have not been included in the debt service schedules.

Note 20 - SUBSEQUENT EVENTS - (Cont.)

On July 24, 2018, the City of Cleveland issued bonds with a par value of \$9,885,000. They were issued for the purpose of building a new elementary school. The bonds were issued at a premium resulting in a total source of funds of \$10,431,279. They will mature over a twenty year period with fixed rates between 3.00% to 5.00%.

On December 7, 2018, the City of Cleveland, on behalf of Cleveland Utilities, issued bonds with a par value of \$5,720,000. They were issued for the purpose of making improvements to the water and electric divisions. The bonds were issued at a premium resulting in a total source of funds of \$6,140,331. They will mature over a twenty year period with fixed rates between 3.00% to 5.00%.

CITY OF CLEVELAND, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Total Pension Liability</b>				
Service cost	\$ 2,222,760	\$ 2,274,025	\$ 2,363,997	\$ 2,442,734
Interest	8,465,079	8,925,860	9,467,115	10,043,766
Changes in benefit terms	0	0	0	0
Differences between actual and expected experience	(254,944)	717,782	1,198,307	2,524,249
Change of assumptions	0	0	0	3,636,385
Benefit payments	<u>(4,198,654)</u>	<u>(4,482,162)</u>	<u>(5,099,666)</u>	<u>(5,739,270)</u>
Net change in total pension liability	\$ 6,234,241	\$ 7,435,505	\$ 7,929,753	\$ 12,907,864
Total pension liability - beginning	112,744,286	118,978,527	126,414,032	134,343,785
Total pension liability - ending (a)	<u>\$ 118,978,527</u>	<u>\$ 126,414,032</u>	<u>\$ 134,343,785</u>	<u>\$ 147,251,649</u>
 <b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 5,089,188	\$ 5,321,904	\$ 5,426,173	\$ 5,744,012
Contributions - employee	165	186	1,998	0
Net investment income	15,038,653	3,287,610	2,936,077	12,875,142
Benefit payable	(4,198,654)	(4,482,162)	(5,099,666)	(5,739,270)
Administrative expense	<u>(29,562)</u>	<u>(34,427)</u>	<u>(51,102)</u>	<u>(57,272)</u>
Net change in plan fiduciary net position	\$ 15,899,790	\$ 4,093,111	\$ 3,213,480	\$ 12,822,612
Plan fiduciary net position - beginning	90,319,171	106,218,961	110,312,072	113,525,552
Plan fiduciary net position - ending (b)	<u>\$ 106,218,961</u>	<u>\$ 110,312,072</u>	<u>\$ 113,525,552</u>	<u>\$ 126,348,164</u>
 Net Pension Liability - ending (a) - (b)	<u>\$ 12,759,566</u>	<u>\$ 16,101,960</u>	<u>\$ 20,818,233</u>	<u>\$ 20,903,485</u>
 Plan fiduciary net position as a percentage of total pension liability	89.28%	87.26%	84.50%	85.80%
 Covered payroll	\$ 28,771,684	\$ 30,014,667	\$ 30,709,795	\$ 32,410,047
 Net pension liability as a percentage of covered payroll	44.35%	53.65%	67.79%	64.50%

Note - This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CITY OF CLEVELAND, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION

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

	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 5,089,188	\$ 5,207,352	\$ 5,424,330	\$ 5,744,012	\$ 6,173,128
Contributions in relation to the actuarially determined contribution	<u>5,089,188</u>	<u>5,207,352</u>	<u>5,424,330</u>	<u>5,744,012</u>	<u>6,173,128</u>
Contribution deficiency (excess)	<u>\$ 0</u>				
Covered payroll	\$ 28,771,684	\$ 29,910,084	\$ 30,620,707	\$ 32,410,047	\$ 34,062,028
Contribution as a percentage of covered payroll	17.69%	17.41%	17.71%	17.72%	18.12%

Note - This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Notes to Schedule

*Valuation date:* Actuarially determined contribution rates for 2018 were calculated based on the June 30, 2017 actuarial valuation.

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method	Entry age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset Valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5 percent

CITY OF CLEVELAND, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Pension Liability				
Service cost	\$ 92,532	\$ 95,366	\$ 98,869	\$ 88,263
Interest	2,165,875	2,159,798	2,210,999	2,270,713
Changes in benefit terms	0	0	0	0
Differences between actual and expected experience	(355,441)	567,883	797,655	460,253
Change of assumptions	0	0	27,058	48,168
Benefit payments	<u>(1,940,294)</u>	<u>(2,044,920)</u>	<u>(2,145,295)</u>	<u>(2,396,553)</u>
Net change in total pension liability	\$ (37,328)	\$ 778,127	\$ 989,286	\$ 470,844
Total pension liability - beginning	31,818,685	31,781,357	32,559,484	33,548,770
Total pension liability - ending (a)	<u>\$ 31,781,357</u>	<u>\$ 32,559,484</u>	<u>\$ 33,548,770</u>	<u>\$ 34,019,614</u>
 Plan Fiduciary Net Position				
Contributions - employer	\$ 1,507,800	\$ 1,698,192	\$ 1,703,144	\$ 1,764,776
Contributions - employee	0	0	0	0
Net investment income	1,565,864	192,571	1,908,220	2,454,931
Benefit payable	(1,940,294)	(2,044,920)	(2,145,295)	(2,396,553)
Administrative expense	<u>(1,829)</u>	<u>(99)</u>	<u>0</u>	<u>0</u>
Net change in plan fiduciary net position	\$ 1,131,541	\$ (154,256)	\$ 1,466,069	\$ 1,823,154
Plan fiduciary net position - beginning	21,813,834	22,945,375	22,791,119	24,257,188
Plan fiduciary net position - ending (b)	<u>\$ 22,945,375</u>	<u>\$ 22,791,119</u>	<u>\$ 24,257,188</u>	<u>\$ 26,080,342</u>
 Net Pension Liability - ending (a) - (b)	<u>\$ 8,835,982</u>	<u>\$ 9,768,365</u>	<u>\$ 9,291,582</u>	<u>\$ 7,939,272</u>
 Plan fiduciary net position as a percentage of total pension liability	72.20%	70.00%	72.30%	76.66%
 Covered payroll	\$ 2,004,844	\$ 2,104,682	\$ 1,940,346	\$ 1,699,467
 Net pension liability as a percentage of covered payroll	440.73%	464.13%	478.86%	467.16%

Note - This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CITY OF CLEVELAND, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CLEVELAND CITY'S CONTRIBUTIONS  
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF CSA  
LAST FISCAL YEAR ENDING JUNE 30, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	\$ 1,558,833	\$ 1,567,533	\$ 1,663,122	\$ 1,712,348
Contributions in relation to the actuarially determined contribution	<u>1,698,192</u>	<u>1,699,430</u>	<u>1,725,980</u>	<u>1,870,153</u>
Contribution deficiency (excess)	<u>\$ (139,359)</u>	<u>\$ (131,897)</u>	<u>\$ (62,858)</u>	<u>\$ (157,805)</u>
Covered payroll	\$ 2,093,809	\$ 1,981,430	\$ 1,759,687	\$ 1,585,955
Contribution as a percentage covered payroll	81.11%	85.77%	98.08%	117.92%

Note - This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

*Methods and assumptions used to determine contribution rates:*

Measurement date	October 1, 2017
Discount rate	7.00%
Cost Method	Individual Entry Age Normal
Mortality	RP-2000 Fully Generational with Scale AA
Incident of Disability	None
Termination	Males: Termination Table T-5 from the Actuary's Handbook Females: Termination Table T-5 from the Actuary's Handbook with a five year setback.
Salary scale	3.00%
Cost of living increases	N/A
Date of participation freeze	10/14/1993
Overtime	It is assumed that overtime will continue to be earned at 60% of the prior year.
Assumed retirement age	50% at the earlier of 30 years of service, or age 60 with 5 years of service, and 50% at age 65

CITY OF CLEVELAND, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Cleveland City Schools' proportion of the net pension liability (asset)	0.536236%	0.537318%	0.569952%	0.590148%
Cleveland City Schools' proportionate share of the net pension liability (asset)	\$ (87,136)	\$ 220,104	\$ 3,561,884	\$ (193,086)
Cleveland City Schools' covered-employee payroll	\$ 21,047,222	\$ 20,114,516	\$ 20,574,118	\$ 20,803,880
Cleveland City Schools' proportionate share of the net pension asset as a percentage of its covered payroll	-0.41%	1.09%	17.31%	-0.93%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	99.81%	97.14%	100.14%

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

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially Determined Contribution (ADC)	\$ 1,868,991	\$ 1,816,962	\$ 1,859,723	\$ 1,885,875	\$ 1,954,073
Contributions in relation to the actuarially determined contribution	<u>1,868,991</u>	<u>1,816,962</u>	<u>1,859,723</u>	<u>1,885,875</u>	<u>1,954,073</u>
Contribution deficiency (excess)	<u>\$ 0</u>				
Cleveland City Schools' covered payroll	\$ 21,047,222	\$ 20,099,139	\$ 20,503,281	\$ 20,803,880	\$ 21,465,266
Contribution as a percentage covered payroll	8.88%	9.04%	9.07%	9.07%	9.10%

Note - This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CITY OF CLEVELAND, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>
Cleveland City Schools' proportion of the net pension liability (asset)	0.416856%	0.378257%	0.393963%
Cleveland City Schools' proportionate share of the net pension liability (asset)	\$ (16,770)	\$ (39,378)	\$ (103,940)
Cleveland City Schools' covered-employee payroll	\$ 866,121	\$ 1,664,349	\$ 2,643,292
Cleveland City Schools' proportionate share of of the net pension liability (asset) as a percentage of its covered payroll	-1.94%	-2.37%	-3.93%
Plan fiduciary net position as a percentage of the total pension liability	127.46%	121.88%	126.81%

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

Note - This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially Determined Contribution (ADC)	\$ 21,653	\$ 41,662	\$ 103,429	\$ 144,400
Contributions in relation to the actuarially determined contribution	<u>34,645</u>	<u>66,574</u>	<u>103,429</u>	<u>144,400</u>
Contribution deficiency (excess)	<u>\$ (12,992)</u>	<u>\$ (24,912)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Cleveland City Schools' covered payroll	\$ 866,121	\$ 1,664,349	\$ 2,643,292	\$ 3,609,968
Contribution as a percentage covered payroll	4.00%	4.00%	3.91%	4.00%

Note - This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CITY OF CLEVELAND, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
AND RELATED RATIOS - CLEVELAND CITY PLAN  
FISCAL YEAR ENDING JUNE 30,

	2018
Total OPEB Liability	
Service cost	\$ 1,418,428
Interest	1,349,197
Changes in benefit terms	0
Differences between actual & expected experience	0
Change of assumptions	(2,040,010)
Benefit payments	(752,042)
Net change in total opeb liability	\$ (24,427)
Total opeb liability - beginning	36,641,373
Total opeb liability - ending	\$ 36,616,946
Covered-employee payroll	\$ 16,988,863
Employer's proportionate share of collective total OPEB liability as a percentage of covered payroll	215.54%

Notes to Schedule

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

CITY OF CLEVELAND, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED  
RATIOS - CLEVELAND UTILITIES  
FISCAL YEAR ENDING JUNE 30,

	<u>2017</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 295,896	\$ 229,164
Interest	1,020,431	1,144,551
Changes in benefit terms	0	0
Differences between actual & expected experience	(3,991)	(2,102,456)
Change of assumptions	0	1,470,517
Benefit payments	<u>(626,601)</u>	<u>(637,980)</u>
Net change in total opeb liability	\$ 685,735	\$ 103,796
Total opeb liability - beginning	13,619,452	15,344,728
Changes from implementation of GASB 74	1,039,541	0
Total opeb liability - ending (a)	<u>\$ 15,344,728</u>	<u>\$ 15,448,524</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 959,681	\$ 637,980
Net investment income	25,731	26,910
Benefit payable	(626,601)	(637,980)
Differences between expected and actual experience	0	2,926
Administrative expense	<u>0</u>	<u>0</u>
Net change in plan fiduciary net position	\$ 358,811	\$ 29,836
Plan fiduciary net position - beginning	0	358,811
Plan fiduciary net position - ending (b)	<u>\$ 358,811</u>	<u>\$ 388,647</u>
Net Pension Liability - ending (a) - (b)	<u>\$ 14,985,917</u>	<u>\$ 15,059,877</u>
Plan fiduciary net position as a percentage of total opeb liability	2.34%	2.52%
Covered payroll	\$ 11,561,465	\$ 12,496,462
Net opeb liability as a percentage of covered payroll	129.62%	120.51%

Note - This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CITY OF CLEVELAND, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS BASED ON  
PARTICIPATION IN THE OPEB PLAN - CLEVELAND UTILITIES  
LAST FISCAL YEAR ENDING JUNE 30,

	2017	2018
Actuarially determined contribution	\$ 959,681	\$ 1,160,104
Contributions in relation to the actuarially determined contribution	959,681	637,980
Contribution deficiency (excess)	\$ 0	\$ 522,124
Covered-employee payroll	\$ 11,561,465	\$ 12,496,462
Contribution as a percentage of covered-employee payroll	8.30%	5.11%

Note - This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll
Remaining amortization period	29 years
Asset Valuation	Market Value
Inflation	2.5 percent
Healthcare trend rates	8% initial, decreasing 1% per year to an ultimate rate of 5%.
Salary increases	3.50%
Investment Rate of Return	7.50%
Average assumed retirement age	63
Mortality	RP 2000 fully generational with scale AA

SCHEDULE OF INVESTMENT RETURNS  
FISCAL YEAR ENDING JUNE 30,

	2017	2018
Annual money-weighted rate of return, net of investment expense	10.1%	8.0%

Note - This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CITY OF CLEVELAND, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN PROPORTIONATE SHARE OF COLLECTIVE OPEB LIABILITY  
AND RELATED RATIOS - CLEVELAND CITY SCHOOLS TGOP PLAN  
FISCAL YEAR ENDING JUNE 30,

	2018
Total OPEB Liability	
Service cost	\$ 828,906
Interest	359,948
Changes in benefit terms	0
Differences between actual & expected experience	0
Change of assumptions	(567,167)
Benefit payments	(553,733)
Net change in total opeb liability	\$ 67,954
Total opeb liability - beginning	11,774,947
Total opeb liability - ending (a)	\$ 11,842,901
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 2,470,228
Employer's proportionate share of the collective total OPEB liability	\$ 9,372,673
Covered payroll	\$ 23,866,594
Employer's proportionate share of collective total OPEB liability as a percentage of covered payroll	39.27%

Notes to Schedule

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year.

CITY OF CLEVELAND, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN PROPORTIONATE SHARE OF COLLECTIVE OPEB LIABILITY  
AND RELATED RATIOS - CLEVELAND CITY SCHOOLS TNP PLAN  
FISCAL YEAR ENDING JUNE 30,

	2018
Total OPEB Liability	
Service cost	\$ 30,748
Interest	43,879
Changes in benefit terms	0
Differences between actual & expected experience	0
Change of assumptions	(121,774)
Benefit payments	(60,600)
Net change in total opeb liability	\$ (107,747)
Total opeb liability - beginning	1,502,266
Total opeb liability - ending (a)	\$ 1,394,519
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 1,394,519
Employer's proportionate share of the collective total OPEB liability	\$ 0

Notes to Schedule

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year.

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## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

### Debt Service

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

## **Capital Projects**

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

**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, 2018

Special Revenue

	State Street Aid Fund	Solid Waste Management Fund	School Federal Projects Fund	School Food Services Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 980,211	\$ 736,396	\$ 93,345	\$ 889,363
Cash and cash equivalents - restricted	0	0	0	0
Investments	0	0	0	0
Investments - restricted	0	0	0	0
Accounts receivable	0	212,581	0	0
Due from other government agencies	243,168	0	139,809	5,335
Due from other funds	0	0	0	0
<b>Total Assets</b>	<b>\$ 1,223,379</b>	<b>\$ 948,977</b>	<b>\$ 233,154</b>	<b>\$ 894,698</b>
<b>LIABILITIES</b>				
Accrued liabilities	\$ 21,500	\$ 35,499	\$ 233,154	\$ 0
Accounts payable	0	150	0	5,267
Unearned revenue	0	0	0	11,347
<b>Total Liabilities</b>	<b>\$ 21,500</b>	<b>\$ 35,649</b>	<b>\$ 233,154</b>	<b>\$ 16,614</b>
<b>FUND BALANCES</b>				
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	1,201,879	0	0	0
Recycling	0	0	0	0
Capital outlay	0	0	0	0
Committed to:				
Solid Waste	0	913,328	0	0
Assigned to:				
Education	0	0	0	878,084
Library	0	0	0	0
Debt service	0	0	0	0
Capital outlay	0	0	0	0
<b>Total Fund Balances</b>	<b>\$ 1,201,879</b>	<b>\$ 913,328</b>	<b>\$ 0</b>	<b>\$ 878,084</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,223,379</b>	<b>\$ 948,977</b>	<b>\$ 233,154</b>	<b>\$ 894,698</b>

Special Revenue

Library Fund	Drug Enforcement Fund	Metropolitan Transportation Planning Organization Fund	Community Development Block Grant Fund	E-Ticketing Grant Fund
\$ 282,310	\$ 185,842	\$ 111,624	\$ 62,776	\$ 40,916
0	0	0	0	0
239,252	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	1,019	52,509	10,526	0
0	0	0	0	0
<u>\$ 521,562</u>	<u>\$ 186,861</u>	<u>\$ 164,133</u>	<u>\$ 73,302</u>	<u>\$ 40,916</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2,162	825	96	0	839
0	0	0	0	0
<u>\$ 2,162</u>	<u>\$ 825</u>	<u>\$ 96</u>	<u>\$ 0</u>	<u>\$ 839</u>
\$ 13,700	\$ 0	\$ 0	\$ 0	\$ 0
0	186,036	0	0	40,077
0	0	0	73,302	0
0	0	0	0	0
0	0	0	0	0
0	0	164,037	0	0
0	0	0	0	0
0	0	0	0	0
505,700	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>\$ 519,400</u>	<u>\$ 186,036</u>	<u>\$ 164,037</u>	<u>\$ 73,302</u>	<u>\$ 40,077</u>
<u>\$ 521,562</u>	<u>\$ 186,861</u>	<u>\$ 164,133</u>	<u>\$ 73,302</u>	<u>\$ 40,916</u>

CITY OF CLEVELAND, TENNESSEE  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (Continued)  
 June 30, 2018

	Special Revenue	Debt Service	Capital Projects
	Recycling Grant Fund	Debt Service Fund	Greenway Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,225	\$ 5,231,669	\$ 12,735
Cash and cash equivalents - restricted	0	0	0
Investments	0	0	0
Investments - restricted	0	0	0
Accounts receivable	0	0	0
Due from other government agencies	0	0	0
Due from other funds	0	0	0
	<u>\$ 5,225</u>	<u>\$ 5,231,669</u>	<u>\$ 12,735</u>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 0	\$ 2,097	\$ 0
Accounts payable	64	0	0
Unearned revenue	0	0	0
	<u>\$ 64</u>	<u>\$ 2,097</u>	<u>\$ 0</u>
<b>FUND BALANCES:</b>			
Nonspendable:			
Permanent fund principal	\$ 0	\$ 0	\$ 0
Restricted for:			
Law enforcement	0	0	0
Community development - federal grants	0	0	0
Street improvements	0	0	0
Recycling	5,161	0	0
Capital outlay	0	0	12,735
Committed to:			
Solid Waste	0	0	0
Assigned to:			
Education	0	0	0
Library	0	0	0
Debt service	0	5,229,572	0
Capital outlay	0	0	0
	<u>\$ 5,161</u>	<u>\$ 5,229,572</u>	<u>\$ 12,735</u>
<b>Total Fund Balances</b>	<u>\$ 5,161</u>	<u>\$ 5,229,572</u>	<u>\$ 12,735</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 5,225</u>	<u>\$ 5,231,669</u>	<u>\$ 12,735</u>

THDA Cleveland Home Grant	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	\$ 2,167,557	\$ 274,499	\$ 12,062	\$ 11,086,530
0	0	0	4,936	4,936
0	0	0	0	239,252
0	0	0	455,000	455,000
0	0	2,755	4,421	219,757
18,000	666,359	0	0	1,136,725
0	0	1,442,000	0	1,442,000
<u>\$ 18,000</u>	<u>\$ 2,833,916</u>	<u>\$ 1,719,254</u>	<u>\$ 476,419</u>	<u>\$ 14,584,200</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 292,250
18,000	3,912	111,007	0	142,322
0	0	0	0	11,347
<u>\$ 18,000</u>	<u>\$ 3,912</u>	<u>\$ 111,007</u>	<u>\$ 0</u>	<u>\$ 445,919</u>
\$ 0	\$ 0	\$ 0	\$ 459,936	\$ 473,636
0	0	0	0	226,113
0	0	0	0	73,302
0	0	0	0	1,201,879
0	0	0	0	5,161
0	2,830,004	0	0	3,006,776
0	0	0	0	913,328
0	0	0	0	878,084
0	0	0	0	505,700
0	0	0	0	5,229,572
0	0	1,608,247	16,483	1,624,730
<u>\$ 0</u>	<u>\$ 2,830,004</u>	<u>\$ 1,608,247</u>	<u>\$ 476,419</u>	<u>\$ 14,138,281</u>
<u>\$ 18,000</u>	<u>\$ 2,833,916</u>	<u>\$ 1,719,254</u>	<u>\$ 476,419</u>	<u>\$ 14,584,200</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, 2018

	Special Revenue			
	State Street Aid Fund	Solid Waste Management Fund	School Federal Projects Fund	School Food Services Fund
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	1,384,455	0	3,385,978	3,341,533
Fines and forfeitures	0	0	0	0
Charges for services	0	2,529,711	0	97,907
Interest	13,523	11,458	0	382
Miscellaneous	0	10,325	0	0
<b>Total revenues</b>	<b>\$ 1,397,978</b>	<b>\$ 2,551,494</b>	<b>\$ 3,385,978</b>	<b>\$ 3,439,822</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	\$ 0	\$ 0	\$ 0	\$ 0
Community development	0	0	0	0
Public safety	0	0	0	0
Public works	614,628	3,425,638	0	0
Culture and recreation	0	0	0	0
Education	0	0	3,385,978	3,266,910
Capital Outlay	0	0	0	0
Debt Service	0	0	0	0
<b>Total expenditures</b>	<b>\$ 614,628</b>	<b>\$ 3,425,638</b>	<b>\$ 3,385,978</b>	<b>\$ 3,266,910</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ 783,350</b>	<b>\$ (874,144)</b>	<b>\$ 0</b>	<b>\$ 172,912</b>
<b>Other financing sources (uses):</b>				
Transfers in	\$ 0	\$ 1,056,494	\$ 0	\$ 0
Transfers out	(426,353)	(10,000)	0	0
Notes issued	0	0	0	0
<b>Total other financing sources sources (uses)</b>	<b>\$ (426,353)</b>	<b>\$ 1,046,494</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Net change in fund balances</b>	<b>\$ 356,997</b>	<b>\$ 172,350</b>	<b>\$ 0</b>	<b>\$ 172,912</b>
<b>Fund balances at beginning of year</b>	<b>844,882</b>	<b>740,978</b>	<b>0</b>	<b>705,172</b>
<b>Fund balances at end of year</b>	<b>\$ 1,201,879</b>	<b>\$ 913,328</b>	<b>\$ 0</b>	<b>\$ 878,084</b>

Special Revenue

Library Fund	Drug Enforcement Fund	Metropolitan Transportation Planning Organization Fund	Community Development Block Grant Fund	E-Ticketing Grant Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
681,900	0	87,486	547,425	0
0	98,839	0	0	14,590
59,402	0	0	0	0
532	1,565	0	0	0
360,259	0	0	0	0
<u>\$ 1,102,093</u>	<u>\$ 100,404</u>	<u>\$ 87,486</u>	<u>\$ 547,425</u>	<u>\$ 14,590</u>
\$ 0	\$ 0	\$ 107,946	\$ 0	\$ 0
0	0	0	219,631	0
0	10,998	0	0	3,288
0	0	0	0	0
1,389,214	0	0	0	0
0	0	0	0	0
422,868	0	0	357,151	0
0	0	0	0	0
<u>\$ 1,812,082</u>	<u>\$ 10,998</u>	<u>\$ 107,946</u>	<u>\$ 576,782</u>	<u>\$ 3,288</u>
<u>\$ (709,989)</u>	<u>\$ 89,406</u>	<u>\$ (20,460)</u>	<u>\$ (29,357)</u>	<u>\$ 11,302</u>
\$ 645,800	\$ 0	\$ 57,000	\$ 36,000	\$ 0
0	0	0	0	0
0	0	0	0	0
<u>\$ 645,800</u>	<u>\$ 0</u>	<u>\$ 57,000</u>	<u>\$ 36,000</u>	<u>\$ 0</u>
\$ (64,189)	\$ 89,406	\$ 36,540	\$ 6,643	\$ 11,302
583,589	96,630	127,497	66,659	28,775
<u>\$ 519,400</u>	<u>\$ 186,036</u>	<u>\$ 164,037</u>	<u>\$ 73,302</u>	<u>\$ 40,077</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, 2018

	Special Revenue	Debt Service	Capital Projects
	Recycling Grant Fund	Debt Service Fund	Greenway Fund
Revenues:			
Taxes	\$ 0	\$ 0	\$ 0
Intergovernmental	0	109,404	0
Fines and forfeitures	0	0	0
Charges for services	0	0	0
Interest	0	90,958	217
Miscellaneous	0	0	12,195
Total revenues	<u>\$ 0</u>	<u>\$ 200,362</u>	<u>\$ 12,412</u>
Expenditures:			
Current:			
General government	\$ 0	\$ 0	\$ 0
Community development	0	0	0
Public safety	0	0	0
Public works	14,106	0	0
Culture and recreation	0	0	0
Education	0	0	0
Capital Outlay	0	0	8,630
Debt Service	0	6,440,007	0
Total expenditures	<u>\$ 14,106</u>	<u>\$ 6,440,007</u>	<u>\$ 8,630</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (14,106)</u>	<u>\$ (6,239,645)</u>	<u>\$ 3,782</u>
Other financing sources (uses):			
Transfers in	\$ 10,000	\$ 6,846,608	\$ 0
Transfers out	0	0	0
Notes issued	0	0	0
Total other financing sources (uses)	<u>\$ 10,000</u>	<u>\$ 6,846,608</u>	<u>\$ 0</u>
Net change in fund balances	\$ (4,106)	\$ 606,963	\$ 3,782
Fund balances at beginning of year	<u>9,267</u>	<u>4,622,609</u>	<u>8,953</u>
Fund balances at end of year	<u><u>\$ 5,161</u></u>	<u><u>\$ 5,229,572</u></u>	<u><u>\$ 12,735</u></u>

Capital Projects			Permanent Fund	
THDA Cleveland Home Grant	Sales Tax Capital Projects Fund	Spring Branch Industrial Park Fund	Meiler Estate Animal Shelter Trust Fund	Total Nonmajor Governmental Funds
\$ 0	\$ 3,882,151	\$ 0	\$ 0	\$ 3,882,151
36,025	0	0	0	9,574,206
0	0	0	0	113,429
0	0	0	0	2,687,020
0	73,720	39,171	5,986	237,512
0	0	0	0	382,779
<u>\$ 36,025</u>	<u>\$ 3,955,871</u>	<u>\$ 39,171</u>	<u>\$ 5,986</u>	<u>\$ 16,877,097</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 107,946
0	0	0	0	219,631
0	0	0	0	14,286
0	0	0	0	4,054,372
0	0	0	0	1,389,214
0	0	0	0	6,652,888
36,025	3,439,742	2,755,665	0	7,020,081
0	432,722	18,000	0	6,890,729
<u>\$ 36,025</u>	<u>\$ 3,872,464</u>	<u>\$ 2,773,665</u>	<u>\$ 0</u>	<u>\$ 26,349,147</u>
<u>\$ 0</u>	<u>\$ 83,407</u>	<u>\$ (2,734,494)</u>	<u>\$ 5,986</u>	<u>\$ (9,472,050)</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,651,902
0	0	(150,705)	0	(587,058)
0	0	3,000,000	0	3,000,000
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,849,295</u>	<u>\$ 0</u>	<u>\$ 11,064,844</u>
\$ 0	\$ 83,407	\$ 114,801	\$ 5,986	\$ 1,592,794
0	2,746,597	1,493,446	470,433	12,545,487
<u>\$ 0</u>	<u>\$ 2,830,004</u>	<u>\$ 1,608,247</u>	<u>\$ 476,419</u>	<u>\$ 14,138,281</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, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental:				
State gas tax	\$ 1,150,000	\$ 1,300,000	\$ 1,384,455	\$ 84,455
Interest	1,000	9,712	13,523	3,811
Total revenues	<u>\$ 1,151,000</u>	<u>\$ 1,309,712</u>	<u>\$ 1,397,978</u>	<u>\$ 88,266</u>
<b>Expenditures:</b>				
Current:				
Public works:				
Salaries	\$ 421,800	\$ 408,757	\$ 363,777	\$ 44,980
Overtime wages	7,300	7,300	6,549	751
Longevity	10,200	10,200	10,125	75
Sold vacations	4,400	4,400	3,806	594
Christmas bonus	1,200	1,200	1,083	117
Sick pay incentive	2,700	2,700	1,200	1,500
Dental insurance	5,700	5,700	3,990	1,710
Social security	34,400	34,400	28,646	5,754
Health insurance	114,500	104,500	80,885	23,615
Retirement	75,500	75,500	64,337	11,163
Life and disability insurance	4,500	4,500	4,188	312
Vision insurance	1,600	1,600	1,023	577
Worker's compensation insurance	19,400	42,443	42,443	0
Worker's compensation claims	1,000	1,000	1,117	(117)
Pre-employment testing	500	500	86	414
Safety shoes	1,700	1,700	1,373	327
Total expenditures	<u>\$ 706,400</u>	<u>\$ 706,400</u>	<u>\$ 614,628</u>	<u>\$ 91,772</u>
Excess of revenues over expenditures	<u>\$ 444,600</u>	<u>\$ 603,312</u>	<u>\$ 783,350</u>	<u>\$ 180,038</u>
<b>Other financing sources (uses):</b>				
Transfers out	\$ (426,353)	\$ (426,353)	\$ (426,353)	\$ 0
Total other financing sources (uses)	<u>\$ (426,353)</u>	<u>\$ (426,353)</u>	<u>\$ (426,353)</u>	<u>\$ 0</u>
Net change in fund balance	\$ 18,247	\$ 176,959	\$ 356,997	\$ 180,038
Fund balance at beginning of year	<u>844,882</u>	<u>844,882</u>	<u>844,882</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 863,129</u></u>	<u><u>\$ 1,021,841</u></u>	<u><u>\$ 1,201,879</u></u>	<u><u>\$ 180,038</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, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Charges for services:				
Commercial garbage	\$ 1,060,800	\$ 1,060,800	\$ 1,058,186	\$ (2,614)
Residential garbage	1,458,000	1,458,000	1,471,525	13,525
Interest	3,000	9,000	11,458	2,458
Miscellaneous	0	10,111	10,325	214
<b>Total revenues</b>	<b>\$ 2,521,800</b>	<b>\$ 2,537,911</b>	<b>\$ 2,551,494</b>	<b>\$ 13,583</b>
<b>Expenditures:</b>				
Current:				
Public works:				
Salaries	\$ 573,100	\$ 544,895	\$ 528,984	\$ 15,911
Overtime wages	17,400	17,400	17,600	(200)
Service awards	300	300	300	0
Supplement pay	700	700	600	100
Longevity	18,000	16,425	16,350	75
Sold vacation	6,200	7,000	6,925	75
Christmas bonus	1,600	1,300	1,299	1
Sick pay incentive	3,400	2,100	2,050	50
Dental insurance	7,600	7,385	5,729	1,656
Social security	47,800	46,744	42,029	4,715
Health insurance	122,000	117,600	115,200	2,400
Retirement	104,000	101,700	95,294	6,406
Life and disability insurance	5,400	5,525	5,243	282
Vision insurance	2,200	2,143	1,752	391
Worker's compensation claims	2,000	2,000	2,326	(326)
Pre-employment testing	500	800	859	(59)
Safety shoes	2,000	2,000	1,759	241
Postage	100	100	90	10
GPS services	3,600	3,600	3,593	7
Printing	200	200	0	200
Subscriptions and memberships	100	100	75	25
Advertising	200	200	81	119
Training and travel	400	400	117	283
Tire disposal	1,000	1,000	272	728
Landfill	336,000	336,000	336,756	(756)
Residential account	985,700	993,400	993,417	(17)
Commercial account	972,800	972,800	965,860	6,940
Commercial recycling	80,200	80,200	76,251	3,949
Office expenditures	2,300	2,300	1,761	539
Operating supplies	4,000	4,000	1,422	2,578
Safety supplies	800	800	800	0
Janitorial supplies	600	600	242	358
Uniforms	4,500	4,500	3,760	740
Gasoline and oil	45,000	45,000	47,300	(2,300)
Repairs and parts	140,000	140,000	79,602	60,398

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Public works - (Continued):				
Insurance - property	\$ 500	\$ 368	\$ 367	\$ 1
Insurance - vehicle	10,800	10,271	10,271	0
Insurance - general liability	10,500	16,296	16,296	0
Insurance - workers compensation	25,200	32,942	32,941	1
Miscellaneous	500	500	65	435
Bradley County recycling	10,000	10,000	10,000	0
Office furniture and equipment	800	800	0	800
Knuckleboom replacement	0	140,000	0	140,000
Total expenditures	<u>\$ 3,550,000</u>	<u>\$ 3,672,394</u>	<u>\$ 3,425,638</u>	<u>\$ 246,756</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,028,200)</u>	<u>\$ (1,134,483)</u>	<u>\$ (874,144)</u>	<u>\$ 260,339</u>
Other financing sources:				
Transfers in	\$ 1,074,100	\$ 1,056,494	\$ 1,056,494	\$ 0
Transfers out	(10,000)	(10,000)	(10,000)	0
Total other financing sources	<u>\$ 1,064,100</u>	<u>\$ 1,046,494</u>	<u>\$ 1,046,494</u>	<u>\$ 0</u>
Net change in fund balance	\$ 35,900	\$ (87,989)	\$ 172,350	\$ 260,339
Fund balance at beginning of year	<u>740,978</u>	<u>740,978</u>	<u>740,978</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 776,878</u></u>	<u><u>\$ 652,989</u></u>	<u><u>\$ 913,328</u></u>	<u><u>\$ 260,339</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, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government	\$ 4,163,769	\$ 4,171,355	\$ 3,385,978	\$ (785,377)
Total revenues	<u>\$ 4,163,769</u>	<u>\$ 4,171,355</u>	<u>\$ 3,385,978</u>	<u>\$ (785,377)</u>
Expenditures:				
Current:				
Education:				
Regular instruction	\$ 1,668,729	\$ 1,666,316	\$ 1,390,795	\$ 275,521
Special education	905,296	912,530	850,418	62,112
Vocational education	82,276	79,857	79,857	0
Support services	<u>1,507,468</u>	<u>1,512,652</u>	<u>1,064,908</u>	<u>447,744</u>
Total expenditures	<u>\$ 4,163,769</u>	<u>\$ 4,171,355</u>	<u>\$ 3,385,978</u>	<u>\$ 785,377</u>
Excess of revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE  
SCHOOL FOOD SERVICES FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental:				
USDA reimbursements	\$ 3,506,418	\$ 3,437,568	\$ 3,341,533	\$ (96,035)
Charges for services	140,000	111,750	97,907	(13,843)
Interest	200	200	382	182
Total revenues	<u>\$ 3,646,618</u>	<u>\$ 3,549,518</u>	<u>\$ 3,439,822</u>	<u>\$ (109,696)</u>
<b>Expenditures:</b>				
Current:				
Education:				
Clerical personnel	\$ 71,000	\$ 71,000	\$ 68,870	\$ 2,130
Cafeteria personnel	1,200,000	1,150,000	1,110,730	39,270
In-service training	2,000	2,000	2,070	(70)
Social security	79,000	79,000	68,099	10,901
State retirement	149,000	149,000	133,612	15,388
Life insurance	3,500	3,500	3,222	278
Medical insurance	234,000	237,750	228,744	9,006
Unemployment compensation	500	500	212	288
Employer medicare liability	18,500	18,500	15,927	2,573
Other fringe benefits	38,000	40,750	40,734	16
Communication	1,300	1,300	1,020	280
Dues and membership	1,200	1,200	1,014	186
Maintenance and repair services	40,000	40,000	43,250	(3,250)
Transportation	3,000	3,000	1,899	1,101
Travel	3,500	3,500	2,908	592
Other contracted services	15,000	17,500	17,426	74
Food supplies	1,350,000	1,275,000	1,113,266	161,734
Office supplies	4,000	4,000	3,954	46
Uniforms	750	750	820	(70)
In-service staff development	1,000	1,000	793	207
Food commodities	270,368	270,368	249,767	20,601
Other supplies and materials	140,000	157,900	137,189	20,711
Applicant investigation	1,000	1,000	425	575
Food service equipment	20,000	21,000	20,959	41
Total expenditures	<u>\$ 3,646,618</u>	<u>\$ 3,549,518</u>	<u>\$ 3,266,910</u>	<u>\$ 282,608</u>
Excess of revenues over expenditures	\$ 0	\$ 0	\$ 172,912	\$ 172,912
Fund balance at beginning of year	<u>705,172</u>	<u>705,172</u>	<u>705,172</u>	<u>0</u>
Fund balance at end of year	<u>\$ 705,172</u>	<u>\$ 705,172</u>	<u>\$ 878,084</u>	<u>\$ 172,912</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, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental:				
State technology grant	\$ 0	\$ 18,500	\$ 16,909	\$ (1,591)
Archive grant	0	500	0	(500)
State grant - building restoration	0	19,200	19,191	(9)
Bradley County	645,800	645,800	645,800	0
Charges for services	64,000	64,000	59,402	(4,598)
Interest	0	600	532	(68)
Miscellaneous:				
Gifts	70,000	478,000	360,259	(117,741)
Total revenues	<u>\$ 779,800</u>	<u>\$ 1,226,600</u>	<u>\$ 1,102,093</u>	<u>\$ (124,507)</u>
<b>Expenditures:</b>				
Current:				
Culture and recreation:				
Salaries	\$ 755,100	\$ 751,500	\$ 739,546	\$ 11,954
Employee benefits	266,800	264,200	254,145	10,055
Supplies	60,800	60,800	71,250	(10,450)
Books	132,800	133,900	133,546	354
Utilities	83,800	83,800	77,807	5,993
Equipment repair/replacement	15,300	15,300	14,835	465
Building maintenance	17,100	17,100	10,914	6,186
Insurance	22,400	24,700	24,326	374
Gift and memorial expenditures	70,000	70,000	49,508	20,492
Grant expenditures	0	19,000	13,337	5,663
Capital Outlay:				
Building addition	0	375,000	370,394	4,606
Building additions - grant	0	19,200	19,191	9
Building landscaping	0	58,000	24,901	33,099
Equipment	0	0	2,472	(2,472)
Furniture	1,500	4,300	5,910	(1,610)
Total expenditures	<u>\$ 1,425,600</u>	<u>\$ 1,896,800</u>	<u>\$ 1,812,082</u>	<u>\$ 84,718</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (645,800)</u>	<u>\$ (670,200)</u>	<u>\$ (709,989)</u>	<u>\$ (39,789)</u>
<b>Other financing sources:</b>				
Transfers in	<u>\$ 645,800</u>	<u>\$ 645,800</u>	<u>\$ 645,800</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 645,800</u>	<u>\$ 645,800</u>	<u>\$ 645,800</u>	<u>\$ 0</u>
Net change in fund balance	\$ 0	\$ (24,400)	\$ (64,189)	\$ (39,789)
Fund balance at beginning of year	<u>583,589</u>	<u>583,589</u>	<u>583,589</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 583,589</u></u>	<u><u>\$ 559,189</u></u>	<u><u>\$ 519,400</u></u>	<u><u>\$ (39,789)</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, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Fines and forfeitures	\$ 10,000	\$ 18,826	\$ 98,839	\$ 80,013
Interest	100	1,300	1,565	265
<b>Total revenues</b>	<b>\$ 10,100</b>	<b>\$ 20,126</b>	<b>\$ 100,404</b>	<b>\$ 80,278</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Public safety:</b>				
Seized vehicles	\$ 7,500	\$ 7,500	\$ 8,464	\$ (964)
Investigative funds	10,000	10,000	0	10,000
Equipment	1,100	1,100	1,064	36
Canine purchase	0	7,344	1,470	5,874
<b>Total expenditures</b>	<b>\$ 18,600</b>	<b>\$ 25,944</b>	<b>\$ 10,998</b>	<b>\$ 14,946</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (8,500)</b>	<b>\$ (5,818)</b>	<b>\$ 89,406</b>	<b>\$ 95,224</b>
<b>Fund balance at beginning of year</b>	<b>96,630</b>	<b>96,630</b>	<b>96,630</b>	<b>0</b>
<b>Fund balance at end of year</b>	<b>\$ 88,130</b>	<b>\$ 90,812</b>	<b>\$ 186,036</b>	<b>\$ 95,224</b>

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, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 200,000	\$ 200,000	\$ 87,486	\$ (112,514)
Total revenues	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 87,486</u>	<u>\$ (112,514)</u>
Expenditures:				
Current:				
General government:				
Salaries	\$ 58,600	\$ 58,600	\$ 52,478	\$ 6,122
Consultant services	150,000	145,000	27,500	117,500
Benefits	20,800	20,800	17,531	3,269
Postage and shipping	1,000	1,000	77	923
Printing and publications	5,000	5,000	2,719	2,281
Telephone	1,800	1,800	408	1,392
Travel and meeting	5,000	10,000	7,055	2,945
Supplies	10,300	10,300	178	10,122
Capital purchase	4,500	4,500	0	4,500
Total expenditures	<u>\$ 257,000</u>	<u>\$ 257,000</u>	<u>\$ 107,946</u>	<u>\$ 149,054</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (57,000)</u>	<u>\$ (57,000)</u>	<u>\$ (20,460)</u>	<u>\$ 36,540</u>
Other financing sources:				
Transfers in	<u>\$ 57,000</u>	<u>\$ 57,000</u>	<u>\$ 57,000</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 57,000</u>	<u>\$ 57,000</u>	<u>\$ 57,000</u>	<u>\$ 0</u>
Net change in fund balance	\$ 0	\$ 0	\$ 36,540	\$ 36,540
Fund balance at beginning of year	<u>127,497</u>	<u>127,497</u>	<u>127,497</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 127,497</u></u>	<u><u>\$ 127,497</u></u>	<u><u>\$ 164,037</u></u>	<u><u>\$ 36,540</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, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
Community Development Block Grant-2014	\$ 0	\$ 197,254	\$ 167,253	\$ (30,001)
Community Development Block Grant-2015	0	46,436	28,800	(17,636)
Community Development Block Grant-2016	0	239,184	183,498	(55,686)
Community Development Block Grant-2017	350,000	345,830	111,974	(233,856)
THDA Emergency Shelter Grant 2016	0	10,526	10,526	0
THDA Emergency Shelter Grant 2017	0	45,374	45,374	0
<b>Total revenues</b>	<b>\$ 350,000</b>	<b>\$ 884,604</b>	<b>\$ 547,425</b>	<b>\$ (337,179)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Community development:</b>				
<b>Administration:</b>				
Salaries	\$ 62,000	\$ 62,000	\$ 67,319	\$ (5,319)
Service awards	0	250	231	19
Longevity	900	900	1,875	(975)
Christmas bonus	100	100	100	0
Sick pay incentive	150	150	283	(133)
Dental insurance	750	750	541	209
Social security	4,850	4,850	5,038	(188)
Health insurance	16,900	16,900	13,069	3,831
Retirement	10,550	10,550	11,032	(482)
Life insurance and disability	800	800	734	66
Vision insurance	225	225	142	83
Printing	600	600	295	305
Advertising	600	600	341	259
Telephone	1,500	1,500	1,026	474
Travel and training	1,500	1,500	52	1,448
Office supplies	1,200	1,200	100	1,100
Gasoline	1,000	1,000	482	518
Miscellaneous	1,375	1,125	30	1,095
<b>Codes Enforcement:</b>				
Salaries	37,200	37,200	37,149	51
Christmas bonus	100	100	100	0
Sick pay incentive	150	150	50	100
Dental insurance	330	600	590	10
Social security tax	2,900	2,900	2,542	358
Health insurance	7,400	14,500	14,746	(246)
Retirement	6,300	6,300	6,365	(65)
Life insurance	475	475	439	36
Vision insurance	100	200	153	47
Printing	500	500	261	239
Advertising	200	200	0	200
Telephone	1,400	1,400	1,119	281
Legal services	300	300	0	300
Vehicle maintenance	500	1,000	300	700

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Community development - (Continued):				
Codes Enforcement - (Continued):				
Travel and training	\$ 500	\$ 500	\$ 111	\$ 389
Office supplies	300	300	39	261
Clothing allowance	400	400	127	273
Gasoline	500	1,200	1,137	63
Insurance - vehicles	500	500	259	241
Miscellaneous	400	400	0	400
Emergency shelter:				
Shelter operations	0	52,000	51,354	646
Administrative costs	0	3,900	100	3,800
Capital outlay:				
Projects to be determined	217,545	37,711	0	37,711
Blythe Ave Neighborhood Park	0	167,254	167,253	1
Down payment assistance	0	30,000	6,000	24,000
Blythe Oldfield Park	0	187,528	183,898	3,630
Blythe Bower Fields	0	268,086	0	268,086
Total Expenditures	<u>\$ 383,000</u>	<u>\$ 920,604</u>	<u>\$ 576,782</u>	<u>\$ 343,822</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (33,000)</u>	<u>\$ (36,000)</u>	<u>\$ (29,357)</u>	<u>\$ 6,643</u>
Other financing sources:				
Transfers in	<u>\$ 35,000</u>	<u>\$ 36,000</u>	<u>\$ 36,000</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 35,000</u>	<u>\$ 36,000</u>	<u>\$ 36,000</u>	<u>\$ 0</u>
Net change in fund balance	\$ 2,000	\$ 0	\$ 6,643	\$ 6,643
Fund balance at beginning of year	<u>66,659</u>	<u>66,659</u>	<u>66,659</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 68,659</u></u>	<u><u>\$ 66,659</u></u>	<u><u>\$ 73,302</u></u>	<u><u>\$ 6,643</u></u>

CITY OF CLEVELAND, TENNESSEE  
E-TICKETING GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures:				
Citation fee	\$ 0	\$ 13,385	\$ 14,590	\$ 1,205
Total revenues	\$ 0	\$ 13,385	\$ 14,590	\$ 1,205
Expenditures:				
Current:				
Public safety:				
Technical fees and materials	\$ 0	\$ 31,620	\$ 3,288	\$ 28,332
Technical supplies - Court Clerk	0	10,540	0	10,540
Total expenditures	\$ 0	\$ 42,160	\$ 3,288	\$ 38,872
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (28,775)	\$ 11,302	\$ 40,077
Fund balance at beginning of year	28,775	28,775	28,775	0
Fund balance at end of year	\$ 28,775	\$ 0	\$ 40,077	\$ 40,077

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, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Public works:				
Litter grant expenditures	\$ 10,000	\$ 19,267	\$ 14,106	\$ 5,161
Total expenditures	\$ 10,000	\$ 19,267	\$ 14,106	\$ 5,161
Excess (deficiency) of revenues over expenditures	\$ (10,000)	\$ (19,267)	\$ (14,106)	\$ 5,161
Other financing sources:				
Transfers in	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Total other financing sources	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Net change in fund balance	\$ 0	\$ (9,267)	\$ (4,106)	\$ 5,161
Fund balance at beginning of year	9,267	9,267	9,267	0
Fund balance at end of year	\$ 9,267	\$ 0	\$ 5,161	\$ 5,161

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, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Bradley County	\$ 146,900	\$ 146,900	\$ 109,404	\$ (37,496)
Interest	5,000	75,000	90,958	15,958
Total revenues	<u>\$ 151,900</u>	<u>\$ 221,900</u>	<u>\$ 200,362</u>	<u>\$ (21,538)</u>
Expenditures:				
Debt service:				
Principal retirement	\$ 4,439,480	\$ 4,341,880	\$ 4,341,880	\$ 0
Interest and fiscal charges	2,587,550	2,587,978	2,098,127	489,851
Total expenditures	<u>\$ 7,027,030</u>	<u>\$ 6,929,858</u>	<u>\$ 6,440,007</u>	<u>\$ 489,851</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (6,875,130)</u>	<u>\$ (6,707,958)</u>	<u>\$ (6,239,645)</u>	<u>\$ 468,313</u>
Other financing sources (uses):				
Transfers in	\$ 6,875,930	\$ 6,875,930	\$ 6,846,608	\$ (29,322)
Total other financing sources	<u>\$ 6,875,930</u>	<u>\$ 6,875,930</u>	<u>\$ 6,846,608</u>	<u>\$ (29,322)</u>
Net change in fund balance	\$ 800	\$ 167,972	\$ 606,963	\$ 438,991
Fund balance at beginning of year	<u>4,622,609</u>	<u>4,622,609</u>	<u>4,622,609</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 4,623,409</u></u>	<u><u>\$ 4,790,581</u></u>	<u><u>\$ 5,229,572</u></u>	<u><u>\$ 438,991</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, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 150	\$ 217	\$ 67
Miscellaneous	0	10,345	12,195	1,850
Total revenues	<u>\$ 0</u>	<u>\$ 10,495</u>	<u>\$ 12,412</u>	<u>\$ 1,917</u>
Expenditures:				
Capital outlay:				
Greenway benches and banners	\$ 0	\$ 12,209	\$ 8,630	\$ 3,579
Total expenditures	<u>\$ 0</u>	<u>\$ 12,209</u>	<u>\$ 8,630</u>	<u>\$ 3,579</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (1,714)	\$ 3,782	\$ 5,496
Fund balance at beginning of year	<u>8,953</u>	<u>8,953</u>	<u>8,953</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 8,953</u></u>	<u><u>\$ 7,239</u></u>	<u><u>\$ 12,735</u></u>	<u><u>\$ 5,496</u></u>

CITY OF CLEVELAND, TENNESSEE  
 THDA CLEVELAND HOME GRANT  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Federal grant	\$ 0	\$ 375,000	\$ 36,025	\$ (338,975)
Total revenues	<u>\$ 0</u>	<u>\$ 375,000</u>	<u>\$ 36,025</u>	<u>\$ (338,975)</u>
Expenditures:				
Capital outlay:				
Housing Rehabilitation	\$ 0	\$ 352,500	\$ 36,025	\$ 316,475
Administrative Fees	0	22,500	0	22,500
Total expenditures	<u>\$ 0</u>	<u>\$ 375,000</u>	<u>\$ 36,025</u>	<u>\$ 338,975</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  
 SALES TAX CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
Local 1/2 cent sales tax	\$ 2,925,000	\$ 2,925,000	\$ 2,860,908	\$ (64,092)
School 1/2 cent sales tax	950,000	950,000	1,021,243	71,243
Interest	19,000	55,000	73,720	18,720
<b>Total revenues</b>	<b>\$ 3,894,000</b>	<b>\$ 3,930,000</b>	<b>\$ 3,955,871</b>	<b>\$ 25,871</b>
<b>Expenditures:</b>				
<b>Capital outlay:</b>				
Inspector vehicles	\$ 24,000	\$ 24,000	\$ 24,000	\$ 0
Trafficware program	8,000	8,000	7,379	621
Inman Street road survey	24,000	24,000	0	24,000
Municipal Building improvements	50,000	0	0	0
Inman Street building	50,000	50,000	50,000	0
Downtown redevelopment	250,000	250,000	32,416	217,584
EDC planning documents	0	12,030	0	12,030
Chieftan @ Museum	0	20,000	6,722	13,278
Electronic document management	0	5,000	0	5,000
Information technology	322,000	65,906	63,099	2,807
Computer systems - Legislative and Judicial	0	1,500	1,315	185
Computer systems - Finance	0	15,000	9,405	5,595
Computer systems - Develop & Eng	0	15,000	10,618	4,382
Computer systems - Police	0	25,000	19,973	5,027
Computer systems - Fire	0	15,000	4,585	10,415
Computer systems - Public Works	0	3,000	2,801	199
Computer systems - Animal Control	0	1,000	21	979
Computer systems - Parks and Recreation	0	3,000	1,054	1,946
Computer systems - Stock	0	10,000	7,795	2,205
Computer systems - Codes Enforcement	0	1,500	0	1,500
Computer systems - Administration	0	3,000	127	2,873
GIS program	0	61,000	47,557	13,443
License fees	0	95,000	91,464	3,536
GIS flyover	0	22,393	0	22,393
GIS Rover	0	5,000	0	5,000
Police vehicles	285,000	285,000	278,727	6,273
Inspector vehicles	30,000	35,797	35,796	1
Fire training center	0	100,000	1,170	98,830
Fire apparatus replacement	400,000	952,110	642,861	309,249
Street paving	1,000,000	1,136,269	1,136,255	14
Drainage projects	0	37,140	38,123	(983)
Sidewalk projects	65,000	111,756	36,502	75,254
MPO - 20th and Tasso	0	16,210	0	16,210
MPO - Central Ave 3R Project	0	127,614	4,974	122,640
MPO - 20th St sidewalk project	0	97,000	0	97,000
MPO - 17th Street 3R project	0	136,468	2,250	134,218
MPO - Greenway Ocoee Connector	0	26,578	39,171	(12,593)
MPO - Adkisson	30,832	191,735	0	191,735
MPO - Georgetown Rd @ 25th Street	4,000	102,380	63,444	38,936

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, 2018

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Capital outlay - (Continued):				
MPO - Planning and overrun	\$ 0	\$ 25,930	\$ 0	\$ 25,930
Public works equipment replacement	150,000	201,643	190,252	11,391
Multi-Modal Access Grant	0	1,291	0	1,291
Smart Community	0	13,335	3,479	9,856
LIC North - City's share	0	177,576	875	176,701
Roadscapes Phase III	0	29,600	69	29,531
Kile Lane @ Veterans Home	0	150,000	0	150,000
MPO-Paul Huff extension - match	0	12,000	0	12,000
LIC North acquisition	0	55,000	145	54,855
Tinsley master plan	0	764	0	764
Greenway-Willow/Inman survey	0	19,649	0	19,649
Willow Street south extension	0	30,460	19,574	10,886
City-wide master plan	0	29,698	29,675	23
Greenway parking lot @ Keith St.	60,000	60,000	60,000	0
Playground equipment	25,000	23,796	3,250	20,546
Maintenance for buildings	20,000	20,000	6,162	13,838
School capital projects	514,240	527,691	408,647	119,044
Jetport GIS	14,500	14,500	0	14,500
Jetport erosion control	8,750	8,750	0	8,750
Stream and Wetland monitoring	8,500	8,500	0	8,500
Road sign	30,450	32,306	32,306	0
Mowing equipment	30,000	28,144	25,704	2,440
Debt service:				
QSCB principal	260,000	260,000	259,577	423
QSCB interest	63,100	63,100	63,024	76
QSCB fiscal charges	4,160	4,160	4,160	0
Arnold School Renovation - principal	77,000	77,000	77,000	0
Arnold School Renovation - interest	31,500	31,500	28,961	2,539
Total expenditures	<u>\$ 3,840,032</u>	<u>\$ 5,997,779</u>	<u>\$ 3,872,464</u>	<u>\$ 2,125,315</u>
Excess (deficiency) of revenues over expenditures	\$ 53,968	\$ (2,067,779)	\$ 83,407	\$ 2,151,186
Fund balance at beginning of year	<u>2,746,597</u>	<u>2,746,597</u>	<u>2,746,597</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 2,800,565</u></u>	<u><u>\$ 678,818</u></u>	<u><u>\$ 2,830,004</u></u>	<u><u>\$ 2,151,186</u></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, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 5,000	\$ 39,171	\$ 34,171
Total revenues	\$ 0	\$ 5,000	\$ 39,171	\$ 34,171
Expenditures:				
Capital outlay:				
Development costs	\$ 0	\$ 2,982,000	\$ 2,755,665	\$ 226,335
Debt service:				
Interest and fiscal charges	0	18,000	18,000	0
Total expenditures	\$ 0	\$ 3,000,000	\$ 2,773,665	\$ 226,335
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (2,995,000)	\$ (2,734,494)	\$ 260,506
Other financing sources (uses):				
Transfers out	\$ (180,027)	\$ (180,027)	\$ (150,705)	\$ 29,322
Notes issued	0	3,000,000	3,000,000	0
Total other financing sources (uses)	\$ (180,027)	\$ 2,819,973	\$ 2,849,295	\$ 29,322
Net change in fund balance	\$ (180,027)	\$ (175,027)	\$ 114,801	\$ 289,828
Fund balance at beginning of year	1,493,446	1,493,446	1,493,446	0
Fund balance at end of year	\$ 1,313,419	\$ 1,318,419	\$ 1,608,247	\$ 289,828

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, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 1,500	\$ 3,300	\$ 5,986	\$ 2,686
Total revenues	<u>\$ 1,500</u>	<u>\$ 3,300</u>	<u>\$ 5,986</u>	<u>\$ 2,686</u>
Excess of revenues over expenditures	\$ 1,500	\$ 3,300	\$ 5,986	\$ 2,686
Fund balance at beginning of year	<u>470,433</u>	<u>470,433</u>	<u>470,433</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 471,933</u></u>	<u><u>\$ 473,733</u></u>	<u><u>\$ 476,419</u></u>	<u><u>\$ 2,686</u></u>

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## **INTERNAL SERVICE FUND**

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

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

CITY OF CLEVELAND, TENNESSEE  
HEALTH INSURANCE TRUST FUND  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for services	\$ 3,714,359	\$ 3,778,125	\$ 4,165,472	\$ 387,347
Total operating revenues	<u>\$ 3,714,359</u>	<u>\$ 3,778,125</u>	<u>\$ 4,165,472</u>	<u>\$ 387,347</u>
Operating Expenses:				
General and administrative:				
Health insurance claims	\$ 2,966,285	\$ 3,660,899	\$ 3,543,304	\$ 117,595
Administrative services	648,004	648,004	680,810	(32,806)
Total operating expenses	<u>\$ 3,614,289</u>	<u>\$ 4,308,903</u>	<u>\$ 4,224,114</u>	<u>\$ 84,789</u>
Operating income	<u>\$ 100,070</u>	<u>\$ (530,778)</u>	<u>\$ (58,642)</u>	<u>\$ 472,136</u>
Non Operating Revenues (Expenses):				
Interest income	\$ 0	\$ 7,500	\$ 8,506	\$ 1,006
Total non operating revenues (expenses)	<u>\$ 0</u>	<u>\$ 7,500</u>	<u>\$ 8,506</u>	<u>\$ 1,006</u>
Change in net position	\$ 100,070	\$ (523,278)	\$ (50,136)	\$ 473,142
Total net position - beginning	<u>615,621</u>	<u>615,621</u>	<u>615,621</u>	<u>0</u>
Total net position - ending	<u><u>\$ 715,691</u></u>	<u><u>\$ 92,343</u></u>	<u><u>\$ 565,485</u></u>	<u><u>\$ 473,142</u></u>

## **CAPITAL ASSETS**

CITY OF CLEVELAND, TENNESSEE  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 COMPARATIVE SCHEDULE BY SOURCE(1)  
 June 30, 2018 and 2017

	2018	2017
Governmental funds capital assets:		
Land	\$ 37,347,873	\$ 37,347,873
Buildings	123,702,810	123,684,309
Public improvements other than buildings	20,210,887	19,891,678
Infrastructure	69,422,822	66,865,311
Furniture, fixtures, equipment and vehicles	39,009,010	37,426,305
Total governmental funds capital assets	\$ 289,693,402	\$ 285,215,476
Investment in governmental funds capital assets:		
Total governmental funds capital assets	\$ 289,693,402	\$ 285,215,476

(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, 2018

Function and Activity	Total Capital Assets	Land	Buildings	Other Improve- ments	Infrastructure	Equipment
<b>General Government:</b>						
Administration and finance	\$ 1,760,525	\$ 1,800	\$ 401,565	\$ 263,343	\$ 0	\$ 1,093,817
General government	798,212	180,600	185,251	370,027	0	62,334
Community development	949,668	101,746	417,665	52,566	0	377,691
Library	9,680,422	324,286	5,477,659	77,676	0	3,800,801
<b>Total General Government</b>	<b>\$ 13,188,827</b>	<b>\$ 608,432</b>	<b>\$ 6,482,140</b>	<b>\$ 763,612</b>	<b>\$ 0</b>	<b>\$ 5,334,643</b>
<b>Public Safety:</b>						
Police	\$ 11,984,138	\$ 290,097	\$ 5,179,696	\$ 61,655	\$ 0	\$ 6,452,690
Fire	10,851,445	461,500	3,082,447	233,072	0	7,074,426
911 Center	867,618	0	867,618	0	0	0
<b>Total Public Safety</b>	<b>\$ 23,703,201</b>	<b>\$ 751,597</b>	<b>\$ 9,129,761</b>	<b>\$ 294,727</b>	<b>\$ 0</b>	<b>\$ 13,527,116</b>
<b>Public Works:</b>						
Street Department	\$ 5,362,682	\$ 249,715	\$ 318,738	\$ 90,681	\$ 0	\$ 4,703,548
Engineering	264,461	0	0	35,130	0	229,331
Fleet	1,578,061	108,291	1,207,137	74,216	0	188,417
Old City Landfill	92,500	63,500	25,000	4,000	0	0
Jetport	43,063,852	26,899,869	4,940,117	10,470,230	0	753,636
Primary Roads	10,672,362	67,965	0	0	10,604,397	0
Secondary Roads	47,724,988	378,887	0	0	47,346,101	0
Drainage	5,395,513	12,147	0	0	5,383,366	0
Detention Ponds	3,613,911	770,558	0	0	2,843,353	0
Sidewalks	3,048,613	0	0	0	3,048,613	0
Bridges	196,992	0	0	0	196,992	0
<b>Total Public Works</b>	<b>\$ 121,013,935</b>	<b>\$ 28,550,932</b>	<b>\$ 6,490,992</b>	<b>\$ 10,674,257</b>	<b>\$ 69,422,822</b>	<b>\$ 5,874,932</b>
<b>Parks and Recreation:</b>						
Recreation Office	\$ 2,059,161	\$ 0	\$ 0	\$ 199,687	\$ 0	\$ 1,859,474
Tinsley Park	2,184,391	211,980	165,860	1,585,033	0	221,518
Waterville Golf Course	2,284,931	256,816	521,641	1,268,122	0	238,352
College Hill Center	1,306,834	76,890	231,658	847,773	0	150,513
Cleveland Community Center	854,227	47,000	421,769	248,964	0	136,494
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	2,963,224	0	319,839	2,446,101	0	197,284
Fletcher Park	663,076	64,373	118,973	479,730	0	0
1st Street Square Park	535,363	174,595	0	360,768	0	0
Soccer Complex	394,492	50,000	3,930	340,562	0	0
<b>Total Parks and Recreation</b>	<b>\$ 14,150,132</b>	<b>\$ 1,166,528</b>	<b>\$ 1,802,047</b>	<b>\$ 8,377,922</b>	<b>\$ 0</b>	<b>\$ 2,803,635</b>

CITY OF CLEVELAND, TENNESSEE  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY FUNCTION AND ACTIVITY(1)  
 June 30, 2018

(Continued)

Function and Activity	Total Capital Assets	Land	Buildings	Other Improve- ments	Infrastructure	Equipment
<b>Miscellaneous Properties:</b>						
Central and Church parking lot	\$ 101,000	\$ 101,000	\$ 0	\$ 0	\$ 0	\$ 0
Fourth Street parking lot	45,500	45,500	0	0	0	0
Worth and Central parking lot	45,000	45,000	0	0	0	0
Inman Street parking lot	32,500	32,500	0	0	0	0
Second - Central parking lot	53,000	53,000	0	0	0	0
Blythe Day Care	35,136	15,000	11,336	8,800	0	0
Animal Control	351,111	0	95,301	73,147	0	182,663
Kaufman - Second Street parking lot	33,000	27,500	0	5,500	0	0
Hargis - First Street parking lot	33,000	27,500	0	5,500	0	0
Urban renewal lots	87,330	87,330	0	0	0	0
Hill Street building	1,074	0	1,074	0	0	0
Seventh and Church Street parking lot	21,202	13,780	0	7,422	0	0
<b>Total Miscellaneous Properties</b>	<b>\$ 838,853</b>	<b>\$ 448,110</b>	<b>\$ 107,711</b>	<b>\$ 100,369</b>	<b>\$ 0</b>	<b>\$ 182,663</b>
<b>Cleveland City Schools:</b>						
School Property	\$ 115,502,826	\$ 5,822,274	\$ 99,690,159	\$ 0	\$ 0	\$ 9,990,393
Food Service	1,295,628	0	0	0	0	1,295,628
<b>Total City Schools</b>	<b>\$ 116,798,454</b>	<b>\$ 5,822,274</b>	<b>\$ 99,690,159</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 11,286,021</b>
<b>Total Capital Assets</b>	<b>\$ 289,693,402</b>	<b>\$ 37,347,873</b>	<b>\$ 123,702,810</b>	<b>\$ 20,210,887</b>	<b>\$ 69,422,822</b>	<b>\$ 39,009,010</b>

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

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

For the Fiscal Year Ended June 30, 2018

<u>Function and Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>General Government:</b>				
Administration and finance	\$ 1,624,287	\$ 141,253	\$ 5,015	\$ 1,760,525
General government	797,852	2,078	1,718	798,212
Community development	926,236	43,782	20,350	949,668
Library	9,568,006	205,311	92,895	9,680,422
Total General Government	<u>\$ 12,916,381</u>	<u>\$ 392,424</u>	<u>\$ 119,978</u>	<u>\$ 13,188,827</u>
<b>Public Safety:</b>				
Police	\$ 11,690,273	\$ 616,384	\$ 322,519	\$ 11,984,138
Fire	10,671,739	179,706	0	10,851,445
911 Center	867,618	0	0	867,618
Total Public Safety	<u>\$ 23,229,630</u>	<u>\$ 796,090</u>	<u>\$ 322,519</u>	<u>\$ 23,703,201</u>
<b>Public Works:</b>				
Street Department	\$ 5,079,089	\$ 283,593	\$ 0	\$ 5,362,682
Engineering	264,461	0	0	264,461
Fleet	1,578,061	0	0	1,578,061
Old City Landfill	92,500	0	0	92,500
Jetport	42,783,999	279,853	0	43,063,852
Primary Roads	10,401,811	270,551	0	10,672,362
Secondary Roads	46,859,283	865,705	0	47,724,988
Drainage	5,229,329	166,184	0	5,395,513
Detention Ponds	3,613,911	0	0	3,613,911
Sidewalks	1,793,542	1,255,071	0	3,048,613
Bridges	196,992	0	0	196,992
Total Public Works	<u>\$ 117,892,978</u>	<u>\$ 3,120,957</u>	<u>\$ 0</u>	<u>\$ 121,013,935</u>
<b>Parks and Recreation:</b>				
Recreation Office	\$ 1,841,580	\$ 348,545	\$ 130,964	\$ 2,059,161
Tinsley Park	2,184,391	0	0	2,184,391
Waterville Golf Course	2,284,931	0	0	2,284,931
College Hill Center	1,305,849	985	0	1,306,834
Cleveland Community Center	838,243	15,984	0	854,227
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	2,885,723	77,501	0	2,963,224
Fletcher Park	663,076	0	0	663,076
1st Street Square Park	535,363	0	0	535,363
Soccer Complex	394,492	0	0	394,492
Total Parks and Recreation	<u>\$ 13,838,081</u>	<u>\$ 443,015</u>	<u>\$ 130,964</u>	<u>\$ 14,150,132</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, 2018

<u>Function and Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Miscellaneous Properties:</b>				
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	348,502	2,609	0	351,111
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
<b>Total Miscellaneous Properties</b>	<u>\$ 836,244</u>	<u>\$ 2,609</u>	<u>\$ 0</u>	<u>\$ 838,853</u>
<b>Cleveland City Schools:</b>				
School Property	\$ 115,231,915	\$ 543,949	\$ 273,038	\$ 115,502,826
Food Service	1,270,247	26,273	892	1,295,628
<b>Total City Schools</b>	<u>\$ 116,502,162</u>	<u>\$ 570,222</u>	<u>\$ 273,930</u>	<u>\$ 116,798,454</u>
<b>Total Capital Assets</b>	<u>\$ 285,215,476</u>	<u>\$ 5,325,317</u>	<u>\$ 847,391</u>	<u>\$ 289,693,402</u>

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

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## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	159
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax and the local sales tax.	169
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	181
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	188
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	192

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 59,721,184	\$ 57,893,731	\$ 66,391,099	\$ 66,979,125
Restricted	459,740	473,440	2,926,017	6,449,583
Unrestricted	<u>15,821,883</u>	<u>17,372,612</u>	<u>12,436,686</u>	<u>14,134,054</u>
<b>Total governmental activities net assets</b>	<u>\$ 76,002,807</u>	<u>\$ 75,739,783</u>	<u>\$ 81,753,802</u>	<u>\$ 87,562,762</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 112,581,181	\$ 120,603,787	\$ 132,342,820	\$ 143,097,174
Unrestricted	<u>15,355,800</u>	<u>12,830,051</u>	<u>13,179,002</u>	<u>10,789,348</u>
<b>Total business-type activities</b>	<u>\$ 127,936,981</u>	<u>\$ 133,433,838</u>	<u>\$ 145,521,822</u>	<u>\$ 153,886,522</u>
<b>Primary government</b>				
Net investment in capital assets	\$ 172,302,365	\$ 178,497,518	\$ 198,733,919	\$ 210,076,299
Restricted	459,740	473,440	2,926,017	6,449,583
Unrestricted	<u>31,177,683</u>	<u>30,202,663</u>	<u>25,615,688</u>	<u>24,923,402</u>
<b>Total primary government net assets</b>	<u>\$ 203,939,788</u>	<u>\$ 209,173,621</u>	<u>\$ 227,275,624</u>	<u>\$ 241,449,284</u>

Source: Official record of Office of City Clerk.

2013	2014	2015	2016	2017	2018
\$ 68,705,499	\$ 108,313,394	\$ 115,117,684	\$ 118,815,347	\$ 119,211,701	\$ 128,504,578
4,903,327	3,627,607	4,230,289	3,960,956	4,509,812	5,292,915
13,058,791	9,398,036	(6,550,745)	(1,239,172)	392,152	(22,478,971)
<u>\$ 86,667,617</u>	<u>\$ 121,339,037</u>	<u>\$ 112,797,228</u>	<u>\$ 121,537,131</u>	<u>\$ 124,113,665</u>	<u>\$ 111,318,522</u>
\$ 161,335,056	\$ 124,523,849	\$ 124,243,205	\$ 126,677,290	\$ 132,437,432	\$ 141,210,570
3,654,232	8,413,181	(1,508,685)	2,226,781	5,868,185	(191,774)
<u>\$ 164,989,288</u>	<u>\$ 132,937,030</u>	<u>\$ 122,734,520</u>	<u>\$ 128,904,071</u>	<u>\$ 138,305,617</u>	<u>\$ 141,018,796</u>
\$ 230,040,555	\$ 232,837,243	\$ 239,360,889	\$ 245,492,637	\$ 251,649,133	\$ 269,715,148
4,903,327	3,627,607	4,230,289	3,960,956	4,509,812	5,292,915
16,713,023	17,811,217	(8,059,430)	987,609	6,260,337	(22,670,745)
<u>\$ 251,656,905</u>	<u>\$ 254,276,067</u>	<u>\$ 235,531,748</u>	<u>\$ 250,441,202</u>	<u>\$ 262,419,282</u>	<u>\$ 252,337,318</u>

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

	2009	2010	2011
<b>EXPENSES</b>			
Governmental activities:			
General government	\$ 3,125,773	\$ 4,294,917	\$ 3,396,302
Development and Engineering	1,052,676	867,709	1,373,602
Public safety	19,173,722	18,190,814	18,488,592
Public works	9,442,505	9,913,297	9,725,715
Health and welfare	665,951	680,086	699,095
Culture and recreation	3,807,169	4,014,995	3,864,303
Education	41,239,156	42,725,119	46,137,209
Interest on long-term debt	2,923,763	2,298,214	2,814,385
Total governmental activities	<u>\$ 81,430,715</u>	<u>\$ 82,985,151</u>	<u>\$ 86,499,203</u>
Business-type activities:			
Water and sewer	\$ 20,856,642	\$ 20,890,587	\$ 21,254,266
Electric	91,699,799	83,803,232	92,666,017
Stormwater management	0	0	0
Brush Chipping	144,655	159,000	0
Airport	52,591	263,379	62,617
Total business-type activities expenses	<u>\$ 112,753,687</u>	<u>\$ 105,116,198</u>	<u>\$ 113,982,900</u>
Total primary government expenses	<u>\$ 194,184,402</u>	<u>\$ 188,101,349</u>	<u>\$ 200,482,103</u>
<b>PROGRAM REVENUES</b>			
Governmental activities:			
Charges for services	\$ 7,644,180	\$ 7,331,254	\$ 7,618,007
Operating grants and contributions	35,612,093	37,462,812	42,206,859
Capital grants and contributions	1,914,789	2,302,461	5,806,175
Total governmental activities program revenues	<u>\$ 45,171,062</u>	<u>\$ 47,096,527</u>	<u>\$ 55,631,041</u>
Business-type activities:			
Charges for services:			
Water and sewer	\$ 20,724,856	\$ 20,356,004	\$ 21,846,514
Electric	94,209,090	86,785,472	96,353,160
Stormwater management	0	0	0
Brush Chipping	130,710	0	0
Airport	17,484	16,775	11,645
Operating grants and contributions	270,000	3,549	5,569
Capital grants and contributions	3,685,707	4,882,848	9,401,737
Total business-type activities program revenues	<u>\$ 119,037,847</u>	<u>\$ 112,044,648</u>	<u>\$ 127,618,625</u>
Total primary government program revenues	<u>\$ 164,208,909</u>	<u>\$ 159,141,175</u>	<u>\$ 183,249,666</u>
Net (Expense) Revenue			
Governmental activities	\$ (36,259,653)	\$ (35,888,624)	\$ (30,868,162)
Business-type activities	6,284,160	6,928,450	13,635,725
Total primary government net expense	<u>\$ (29,975,493)</u>	<u>\$ (28,960,174)</u>	<u>\$ (17,232,437)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>			
Governmental activities:			
Property taxes	\$ 15,848,544	\$ 16,465,931	\$ 16,629,270
Interest and penalty on taxes	131,485	194,301	275,607
In lieu of taxes	22,112	90,822	77,898
Local sales tax	8,389,829	9,840,465	10,173,414
Wholesale beer tax	1,239,216	1,245,869	1,303,212
Gross receipts tax	939,795	913,170	962,609
Franchise tax	929,622	953,496	843,753
State sales tax	2,454,675	2,397,165	2,505,215
Other state taxes	2,513,984	1,298,234	1,685,668
Grants and contributions not restricted	455,312	536,334	605,104
Unrestricted investment earnings	80,157	27,007	50,070
Gain on sale of capital assets	1,893,766	(59,455)	(22,362)
Transfers	1,619,179	1,722,261	1,792,723
Total governmental activities	<u>\$ 36,517,676</u>	<u>\$ 35,625,600</u>	<u>\$ 36,882,181</u>
Business-type activities:			
Unrestricted investment earnings	\$ 410,789	\$ 290,668	\$ 244,982
Transfers	(1,619,179)	(1,722,261)	(1,792,723)
Total business-type activities	<u>\$ (1,208,390)</u>	<u>\$ (1,431,593)</u>	<u>\$ (1,547,741)</u>
Total primary government	<u>\$ 35,309,286</u>	<u>\$ 34,194,007</u>	<u>\$ 35,334,440</u>
<b>CHANGE IN NET POSITION</b>			
Governmental activities	\$ 258,023	\$ (263,024)	\$ 6,014,019
Business-type activities	5,075,770	5,496,857	12,087,984
Total primary government	<u>\$ 5,333,793</u>	<u>\$ 5,233,833</u>	<u>\$ 18,102,003</u>

Source: Official record of Office of City Clerk.

	2012	2013	2014	2015	2016	2017	2018
\$	3,463,066	\$ 6,338,456	\$ 3,285,177	\$ 3,356,106	\$ 3,765,394	\$ 4,442,261	\$ 8,987,210
	1,481,745	1,140,908	1,498,726	1,473,844	1,940,024	2,166,719	2,621,363
	18,523,073	18,702,183	19,610,293	18,688,453	19,057,323	20,587,764	21,827,824
	10,047,079	9,539,339	10,767,515	11,340,866	11,240,255	9,882,476	13,599,981
	725,353	829,343	740,903	638,456	671,684	659,284	710,483
	4,638,754	4,734,464	5,150,586	4,397,406	4,371,397	5,328,380	3,814,500
	46,792,601	46,972,946	49,017,773	46,678,450	49,400,437	53,648,372	54,436,127
	2,822,451	2,878,690	2,999,643	3,356,042	3,296,175	3,198,147	3,216,493
\$	<u>88,494,122</u>	<u>\$ 91,136,329</u>	<u>\$ 93,070,616</u>	<u>\$ 89,929,623</u>	<u>\$ 93,742,689</u>	<u>\$ 99,913,403</u>	<u>\$ 109,213,981</u>
\$	21,547,173	\$ 22,183,642	\$ 22,606,739	\$ 22,015,051	\$ 23,781,528	\$ 24,601,946	\$ 25,034,761
	91,125,591	93,526,162	95,535,206	96,987,194	94,002,316	95,625,776	95,471,898
	0	0	0	0	422,576	510,855	598,400
	0	0	0	0	0	0	0
	51,203	573,288	0	0	0	0	0
\$	<u>112,723,967</u>	<u>\$ 116,283,092</u>	<u>\$ 118,141,945</u>	<u>\$ 119,002,245</u>	<u>\$ 118,206,420</u>	<u>\$ 120,738,577</u>	<u>\$ 121,105,059</u>
\$	<u>201,218,089</u>	<u>\$ 207,419,421</u>	<u>\$ 211,212,561</u>	<u>\$ 208,931,868</u>	<u>\$ 211,949,109</u>	<u>\$ 220,651,980</u>	<u>\$ 230,319,040</u>
\$	7,308,364	\$ 6,394,007	\$ 5,719,960	\$ 5,792,117	\$ 5,546,286	\$ 5,088,039	\$ 5,577,962
	42,136,892	42,650,493	42,755,489	45,485,420	47,705,172	49,701,112	52,477,210
	2,823,302	1,622,538	2,805,953	1,459,698	4,452,957	1,885,608	8,548,702
\$	<u>52,268,558</u>	<u>\$ 50,667,038</u>	<u>\$ 51,281,402</u>	<u>\$ 52,737,235</u>	<u>\$ 57,704,415</u>	<u>\$ 56,674,759</u>	<u>\$ 66,603,874</u>
\$	23,391,403	\$ 23,006,832	\$ 24,232,749	\$ 25,710,183	\$ 27,147,284	\$ 28,942,827	\$ 28,950,628
	94,456,322	96,146,039	98,249,509	99,094,672	97,005,448	101,077,357	100,914,277
	0	0	0	0	865,814	1,485,629	1,502,917
	0	0	0	0	0	0	0
	15,719	123,841	0	0	0	0	0
	174,663	45,097	48,977	47,532	55,537	57,620	108,040
	4,800,720	9,622,580	961,210	515,643	1,494,135	828,652	648,269
\$	<u>122,838,827</u>	<u>\$ 128,944,389</u>	<u>\$ 123,492,445</u>	<u>\$ 125,368,030</u>	<u>\$ 126,568,218</u>	<u>\$ 132,392,085</u>	<u>\$ 132,124,131</u>
\$	<u>175,107,385</u>	<u>\$ 179,611,427</u>	<u>\$ 174,773,847</u>	<u>\$ 178,105,265</u>	<u>\$ 184,272,633</u>	<u>\$ 189,066,844</u>	<u>\$ 198,728,005</u>
\$	(36,225,564)	\$ (40,469,291)	\$ (41,789,214)	\$ (37,192,388)	\$ (36,038,274)	\$ (43,238,644)	\$ (42,610,107)
	10,114,860	12,661,297	5,350,500	6,365,785	8,361,798	11,653,508	11,019,072
\$	<u>(26,110,704)</u>	<u>\$ (27,807,994)</u>	<u>\$ (36,438,714)</u>	<u>\$ (30,826,603)</u>	<u>\$ (27,676,476)</u>	<u>\$ (31,585,136)</u>	<u>\$ (31,591,035)</u>
\$	16,497,090	\$ 16,598,001	\$ 19,016,017	\$ 19,653,207	\$ 19,607,993	\$ 20,024,551	\$ 26,342,150
	270,429	232,829	215,627	217,448	194,097	218,748	255,801
	281,289	247,400	501,661	239,618	285,008	336,281	445,005
	11,726,645	11,842,883	11,976,829	12,516,655	13,138,559	13,693,221	13,610,741
	1,490,010	1,514,062	1,555,503	1,588,040	1,584,441	1,509,444	1,469,337
	1,103,755	1,139,178	956,672	1,176,363	1,244,796	1,315,875	1,323,129
	790,234	874,574	933,173	989,949	904,420	879,433	925,773
	2,803,138	2,857,391	2,953,870	3,130,831	3,342,791	3,424,704	3,580,003
	2,046,650	1,955,994	1,742,735	4,095,349	1,638,355	1,385,722	1,616,480
	708,181	566,435	407,799	775,098	394,752	494,787	394,864
	58,173	79,556	79,985	96,088	131,389	208,210	539,780
	4,085	49,317	42,835	650,321	14,600	(113,458)	19,814
	1,893,518	1,616,526	2,198,373	2,247,105	2,322,340	2,437,660	2,641,293
\$	<u>39,673,197</u>	<u>\$ 39,574,146</u>	<u>\$ 42,581,079</u>	<u>\$ 47,376,072</u>	<u>\$ 44,803,541</u>	<u>\$ 45,815,178</u>	<u>\$ 53,164,170</u>
\$	143,358	\$ 55,945	\$ 65,171	\$ 82,174	\$ 104,729	\$ 185,698	\$ 399,322
	(1,893,518)	(1,616,526)	(2,198,373)	(2,247,105)	(2,322,340)	(2,437,660)	(2,641,293)
\$	<u>(1,750,160)</u>	<u>\$ (1,560,581)</u>	<u>\$ (2,133,202)</u>	<u>\$ (2,164,931)</u>	<u>\$ (2,217,611)</u>	<u>\$ (2,251,962)</u>	<u>\$ (2,241,971)</u>
\$	<u>37,923,037</u>	<u>\$ 38,013,565</u>	<u>\$ 40,447,877</u>	<u>\$ 45,211,141</u>	<u>\$ 42,585,930</u>	<u>\$ 43,563,216</u>	<u>\$ 50,922,199</u>
\$	3,447,633	\$ (895,145)	\$ 791,865	\$ 10,183,684	\$ 8,765,267	\$ 2,576,534	\$ 10,554,063
	8,364,700	11,100,716	3,217,298	4,200,854	6,144,187	9,401,546	8,777,101
\$	<u>11,812,333</u>	<u>\$ 10,205,571</u>	<u>\$ 4,009,163</u>	<u>\$ 14,384,538</u>	<u>\$ 14,909,454</u>	<u>\$ 11,978,080</u>	<u>\$ 19,331,164</u>

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

Function/Program	2009	2010	2011	2012
<b>Governmental activities:</b>				
General government	\$ 92,145	\$ 379,084	\$ 234,666	\$ 116,736
Development and Engineering	554,623	656,137	1,472,042	1,548,127
Public safety	3,500,312	3,780,466	3,488,411	3,516,915
Public works	4,609,105	3,556,569	5,889,898	5,431,881
Health and welfare	358,574	376,131	356,526	353,828
Culture and recreation	1,533,839	1,349,080	948,610	1,041,708
Education	34,522,464	36,999,060	43,240,888	40,259,363
<b>Subtotal governmental activities</b>	<b>\$ 45,171,062</b>	<b>\$ 47,096,527</b>	<b>\$ 55,631,041</b>	<b>\$ 52,268,558</b>
<b>Business-type activities:</b>				
Water and sewer	\$ 23,133,452	\$ 21,801,228	\$ 22,650,899	\$ 24,677,843
Electric	94,209,090	86,785,871	96,353,979	94,477,235
Stormwater management	0	0	0	0
Brush Chipping	130,710	0	0	0
Airport	1,564,595	3,457,549	8,613,747	3,683,749
<b>Subtotal business-type activities</b>	<b>\$ 119,037,847</b>	<b>\$ 112,044,648</b>	<b>\$ 127,618,625</b>	<b>\$ 122,838,827</b>
<b>Total primary government</b>	<b>\$ 164,208,909</b>	<b>\$ 159,141,175</b>	<b>\$ 183,249,666</b>	<b>\$ 175,107,385</b>

Source: Official record of Office of City Clerk.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 134,104	\$ 122,688	\$ 167,161	\$ 368,176	\$ 454,229	\$ 398,678
1,509,789	993,896	624,031	743,144	619,475	1,127,552
2,526,039	1,094,936	1,212,259	1,183,264	1,579,472	1,378,931
4,909,092	6,529,526	6,087,104	8,832,654	5,494,157	8,074,094
428,573	226,117	47,810	36,540	47,057	61,628
933,323	1,139,580	1,178,229	1,158,832	1,052,964	1,467,632
<u>40,226,118</u>	<u>41,174,659</u>	<u>43,450,641</u>	<u>45,381,805</u>	<u>47,427,405</u>	<u>54,095,359</u>
<u>\$ 50,667,038</u>	<u>\$ 51,281,402</u>	<u>\$ 52,767,235</u>	<u>\$ 57,704,415</u>	<u>\$ 56,674,759</u>	<u>\$ 66,603,874</u>
\$ 23,149,324	\$ 25,045,728	\$ 26,043,419	\$ 28,337,385	\$ 29,435,064	\$ 29,458,233
96,521,141	98,446,717	99,324,611	97,364,119	101,465,440	101,162,981
0	0	0	866,714	1,491,581	1,502,917
0	0	0	0	0	0
<u>9,273,924</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 128,944,389</u>	<u>\$ 123,492,445</u>	<u>\$ 125,368,030</u>	<u>\$ 126,568,218</u>	<u>\$ 132,392,085</u>	<u>\$ 132,124,131</u>
<u>\$ 179,611,427</u>	<u>\$ 174,773,847</u>	<u>\$ 178,135,265</u>	<u>\$ 184,272,633</u>	<u>\$ 189,066,844</u>	<u>\$ 198,728,005</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>General Fund</b>				
Nonspendable	\$ 0	\$ 0	\$ 4,067	\$ 4,193
Restricted	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	10,152,078	11,955,804
Unreserved	<u>8,771,673</u>	<u>9,115,200</u>	<u>0</u>	<u>0</u>
<b>Total general fund</b>	<u>\$ 8,771,673</u>	<u>\$ 9,115,200</u>	<u>\$ 10,156,145</u>	<u>\$ 11,959,997</u>
<b>All Other Governmental Funds:</b>				
Nonspendable	\$ 0	\$ 0	\$ 473,636	\$ 473,636
Restricted	0	0	2,452,381	3,068,100
Committed	0	0	812,939	869,249
Assigned	0	0	7,165,754	9,287,308
Reserved	1,651,821	2,322,595	0	0
Unreserved, reported in:				
Special revenue funds	2,868,027	3,542,121	0	0
Debt service funds	2,849,584	3,246,244	0	0
Capital projects funds	1,957,547	3,133,624	0	0
Permanent funds	<u>6,647</u>	<u>521</u>	<u>0</u>	<u>0</u>
<b>Total all other governmental funds</b>	<u>\$ 9,333,626</u>	<u>\$ 12,245,105</u>	<u>\$ 10,904,710</u>	<u>\$ 13,698,293</u>

Source: Official record of Office of City Clerk.

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

2013	2014	2015	2016	2017	2018
\$ 4,079	\$ 47,629	\$ 53,174	\$ 41,762	\$ 0	\$ 242,025
0	0	26,897	5,148	0	0
0	10,666,100	5,878,509	0	0	0
12,388,007	2,098,326	3,766,227	10,800,152	11,548,699	13,995,070
0	0	0	0	0	0
<u>\$ 12,392,086</u>	<u>\$ 12,812,055</u>	<u>\$ 9,724,807</u>	<u>\$ 10,847,062</u>	<u>\$ 11,548,699</u>	<u>\$ 14,237,095</u>
\$ 473,636	\$ 473,636	\$ 473,636	\$ 673,509	\$ 760,148	\$ 515,305
3,101,853	3,153,971	3,710,430	3,482,172	4,036,176	4,522,253
728,768	494,210	614,333	699,329	740,978	913,328
10,357,450	8,854,163	12,795,459	15,153,991	16,250,478	17,890,590
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 14,661,707</u>	<u>\$ 12,975,980</u>	<u>\$ 17,593,858</u>	<u>\$ 20,009,001</u>	<u>\$ 21,787,780</u>	<u>\$ 23,841,476</u>

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

	2009	2010	2011	2012
<b>REVENUES</b>				
Taxes	\$ 27,162,225	\$ 29,323,204	\$ 30,419,645	\$ 31,817,105
Licenses and permits	341,384	377,132	584,538	427,088
Intergovernmental	41,359,146	43,498,396	51,877,725	49,795,300
Fines and forfeitures	884,237	958,249	872,680	716,361
Charges for services	6,317,883	6,010,112	6,160,788	6,164,915
Interest	80,159	27,007	50,905	58,173
Miscellaneous	3,134,650	1,236,941	833,158	689,868
<b>Total Revenues</b>	<b>\$ 79,279,684</b>	<b>\$ 81,431,041</b>	<b>\$ 90,799,439</b>	<b>\$ 89,668,810</b>
<b>EXPENDITURES</b>				
General government	\$ 2,386,824	\$ 2,429,060	\$ 2,376,498	\$ 2,243,393
Development and Engineering	876,634	783,855	760,472	828,940
Public safety	17,004,076	15,793,335	16,638,957	16,334,062
Public works	8,107,529	8,075,972	8,412,481	8,242,610
Health and welfare	493,166	506,882	533,470	548,043
Culture and recreation	3,052,883	3,188,748	3,254,143	3,352,727
Education	38,826,465	40,237,280	43,728,161	43,685,843
Appropriations	1,083,718	1,072,554	1,070,897	1,070,066
Capital outlay	7,979,274	7,708,385	11,792,319	8,380,283
Debt service:				
Interest	2,015,129	1,939,428	2,282,667	2,477,857
Principal	3,191,643	2,896,597	2,748,022	2,771,273
<b>Total Expenditures</b>	<b>\$ 85,017,341</b>	<b>\$ 84,632,096</b>	<b>\$ 93,598,087</b>	<b>\$ 89,935,097</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (5,737,657)</b>	<b>\$ (3,201,055)</b>	<b>\$ (2,798,648)</b>	<b>\$ (266,287)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 13,963,115	\$ 13,766,312	\$ 14,513,077	\$ 14,792,877
Transfers out	(12,343,936)	(12,044,051)	(12,720,354)	(12,899,360)
Notes issued	3,761,400	4,160,000	312,203	2,615,335
Bonds issued	0	0	0	0
Capital leases issued	0	0	394,272	354,870
Refunding bonds issued	25,525,000	24,960,000	0	0
Premium on bonds issued	19,831	265,800	0	0
Payment to refunding bond escrow agent	(25,337,924)	(24,652,000)	0	0
<b>Total other financing sources (uses)</b>	<b>\$ 5,587,486</b>	<b>\$ 6,456,061</b>	<b>\$ 2,499,198</b>	<b>\$ 4,863,722</b>
<b>Net change in fund balances</b>	<b>\$ (150,171)</b>	<b>\$ 3,255,006</b>	<b>\$ (299,450)</b>	<b>\$ 4,597,435</b>
Debt service as a percent of noncapital expenditures	6.76%	6.29%	6.18%	6.28%

Source: Official record of Office of City Clerk.

	2013	2014	2015	2016	2017	2018
\$	34,059,819	\$ 35,733,289	\$ 36,910,848	\$ 37,144,740	\$ 37,905,053	\$ 44,169,660
	432,178	353,841	492,000	490,234	628,772	712,300
	49,121,532	50,130,677	53,062,532	57,391,236	56,284,038	65,580,623
	548,657	537,317	665,896	565,843	527,112	636,898
	5,412,247	4,832,380	4,617,463	4,442,072	3,949,204	4,228,762
	79,614	82,638	96,088	137,225	208,210	539,781
	748,627	698,215	2,202,082	862,571	903,685	797,077
\$	<u>90,402,674</u>	<u>\$ 92,368,357</u>	<u>\$ 98,046,909</u>	<u>\$ 101,033,921</u>	<u>\$ 100,406,074</u>	<u>\$ 116,665,101</u>
\$	2,286,876	\$ 2,436,907	\$ 2,602,422	\$ 3,084,380	\$ 3,179,666	\$ 3,431,332
	926,915	1,346,723	1,421,401	1,847,168	1,839,944	1,664,882
	16,364,461	16,616,921	16,976,679	17,587,413	17,973,900	18,606,166
	7,917,343	8,689,791	8,676,635	8,460,640	7,633,818	8,310,518
	654,628	566,625	483,389	501,236	521,479	542,897
	3,864,417	4,077,475	4,164,402	4,028,549	4,269,135	4,342,420
	44,673,856	46,062,827	46,715,950	48,423,074	51,046,808	53,540,925
	1,074,137	1,185,501	1,091,983	1,098,651	1,192,403	1,304,181
	12,573,516	8,762,567	10,348,141	14,401,524	9,035,158	29,336,764
	2,691,153	2,699,740	4,040,333	4,164,233	4,514,324	5,106,995
	2,856,470	3,337,925	2,384,230	2,340,075	2,228,124	2,246,893
\$	<u>95,883,772</u>	<u>\$ 95,783,002</u>	<u>\$ 98,905,565</u>	<u>\$ 105,936,943</u>	<u>\$ 103,434,759</u>	<u>\$ 128,433,973</u>
\$	<u>(5,481,098)</u>	<u>\$ (3,414,645)</u>	<u>\$ (858,656)</u>	<u>\$ (4,903,022)</u>	<u>\$ (3,028,685)</u>	<u>\$ (11,768,872)</u>
\$	14,716,372	\$ 15,329,355	\$ 21,688,975	\$ 15,751,495	\$ 16,450,779	\$ 21,172,739
	(13,099,846)	(13,130,982)	(19,441,870)	(13,429,155)	(14,013,119)	(18,531,446)
	5,260,075	4,600,000	0	6,040,200	2,628,550	5,408,580
	0	0	0	0	0	0
	0	127,220	142,181	0	442,891	8,222,294
	0	25,306,480	0	13,057,880	0	0
	0	0	0	0	0	0
	0	(25,173,537)	0	(12,980,000)	0	0
\$	<u>6,876,601</u>	<u>\$ 7,058,536</u>	<u>\$ 2,389,286</u>	<u>\$ 8,440,420</u>	<u>\$ 5,509,101</u>	<u>\$ 16,272,167</u>
\$	<u>1,395,503</u>	<u>\$ 3,643,891</u>	<u>\$ 1,530,630</u>	<u>\$ 3,537,398</u>	<u>\$ 2,480,416</u>	<u>\$ 4,503,295</u>
	6.43%	6.88%	7.27%	7.02%	7.07%	6.92%

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

Fiscal Year	Property	Interest & Penalty	In lieu	Local Sales	Wholesale Beer	Gross Receipts	Franchise	Total
2009	\$ 15,510,166	\$ 131,485	\$ 22,112	\$ 8,389,829	\$ 1,239,216	\$ 939,795	\$ 929,622	\$ 27,162,225
2010	16,099,996	194,301	90,822	9,840,465	1,245,869	898,254	953,497	29,323,204
2011	16,783,152	275,607	77,898	10,173,414	1,303,212	962,609	843,753	30,419,645
2012	16,701,263	270,429	281,289	11,180,125	1,490,010	1,103,755	790,234	31,817,105
2013	16,628,885	232,828	247,400	13,422,892	1,514,062	1,139,178	874,574	34,059,819
2014	19,024,749	215,627	501,661	12,545,904	1,555,503	956,672	933,173	35,733,289
2015	19,613,707	217,448	239,618	13,085,724	1,588,040	1,176,363	989,948	36,910,848
2016	19,609,561	194,097	285,008	13,322,417	1,584,441	1,244,796	904,420	37,144,740
2017	19,952,051	218,748	336,281	13,693,221	1,509,444	1,315,875	879,433	37,905,053
2018	26,139,874	255,801	445,005	13,610,741	1,469,337	1,323,129	925,773	44,169,660
Change								
2009-2018	68.5%	94.5%	1912.5%	62.2%	18.6%	40.8%	-0.4%	62.6%

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
2009	\$ 356,217,401	\$ 435,670,644	\$ 146,945,263
2010	407,963,297	504,682,708	168,029,054
2011	408,183,737	512,067,105	170,815,182
2012	413,982,981	509,365,475	162,580,268
2013	410,787,511	522,433,859	168,476,998
2014	400,535,764	488,849,475	164,659,894
2015	404,345,830	510,647,222	171,538,179
2016	412,602,974	507,098,128	166,516,773
2017	419,022,912	518,576,938	173,731,683
2018	460,865,137	602,825,863	192,128,839

Source: Bradley County Assessor of Property.

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

<u>Public Utilities</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
\$ 22,742,171	\$ 961,575,479	\$ 1.65	\$ 3,059,197,507	31.4 %
24,313,598	1,104,988,657	1.4904	3,512,813,977	31.5
23,460,241	1,114,526,265	1.4904	3,539,367,529	31.5
22,703,062	1,108,631,786	1.4904	3,526,518,432	31.4
23,526,358	1,125,224,726	1.4904	3,568,066,432	31.5
22,049,469	1,076,094,602	1.7655	3,426,781,400	31.4
22,909,126	1,109,440,357	1.7655	3,521,535,271	31.5
22,751,495	1,108,969,370	1.7655	3,528,569,562	31.4
21,491,799	1,132,823,332	1.7655	3,603,931,085	31.4
20,792,525	1,276,612,364	2.0600	4,041,544,754	31.6

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
2009	\$ 1.65	\$ 0.4570	\$ 0.0277	\$ 0.1263	\$ 0.5740	\$ 0.2695
2010	1.4904	0.4570	0.0277	0.1263	0.5740	0.2695
2011	1.4904	0.4570	0.0277	0.1263	0.5740	0.2695
2012	1.4904	0.4570	0.0277	0.1263	0.5740	0.2695
2013	1.4904	0.5269	0.0282	0.1287	0.5734	0.2859
2014	1.7655	0.5404	0.0289	0.1320	0.5878	0.2935
2015	1.7655	0.5349	0.0277	0.1276	0.5624	0.2985
2016	1.7655	0.5349	0.0277	0.1276	0.5624	0.2985
2017	1.7655	0.5339	0.0250	0.1244	0.5533	0.2941
2018	2.0600	0.4298	0.0228	0.1135	0.4964	0.2774

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		
\$ 0.2355	\$ -	\$ 0.0017	\$ 0.1003	\$ 1.7920	\$ 3.4420	
0.2355	-	0.0017	0.1003	1.7920	3.2824	
0.2355	-	0.0017	0.1003	1.7920	3.2824	
0.2355	-	0.0017	0.1003	1.7920	3.2824	
0.2297	-	0.0017	0.0509	1.8254	3.3158	
0.2356	-	0.0017	0.0522	1.8721	3.6376	
0.2674	-	0.0016	0.0520	1.8721	3.6376	
0.2674	-	0.0016	0.0520	1.8721	3.6376	
0.2414	0.0414	-	0.0580	1.8715	3.6370	
0.3449	0.0236	-	-	1.7084	3.7684	

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

Schedule 9

<u>Taxpayer</u>	<u>2017</u>			<u>2008</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Cleveland Tennessee Hospital	\$ 37,307,830	1	2.97%	\$ 23,478,892	3	2.50%
Mars Snackfoods	30,619,170	2	2.44	26,318,491	1	2.80
Life Care Centers of America	23,941,505	3	1.91	20,318,115	4	2.16
Duracall Company	23,569,750	4	1.88	16,968,177	5	1.81
Bayer Health Care	22,261,710	5	1.77	11,585,532	7	1.23
Whirlpool	13,968,330	6	1.11	25,045,494	2	2.67
Walmart	10,030,120	7	0.80	8,309,144	10	0.89
Jones Properties	9,890,505	8	0.79	-	-	-
Peyton's Southeastern	9,683,050	9	0.77	11,912,353	6	1.27
Alvin Calhoun	8,446,420	10	0.67	-	-	-
Southeastern Container	-	-	-	8,509,452	9	0.91
Bellsouth	-	-	-	8,846,254	8	0.94
Totals	<u>\$ 189,718,390</u>		<u>15.11%</u>	<u>\$ 161,291,904</u>		<u>17.18%</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
2009	\$ 15,869,700	\$ 14,659,032	92.4 %	1,170,602	\$ 15,829,634	99.7 %
2010	16,491,558	14,982,438	90.8	1,467,051	16,449,489	99.7
2011	16,608,494	15,383,696	92.6	1,193,609	16,577,305	99.8
2012	16,294,716	15,299,096	93.9	971,067	16,270,163	99.8
2013	16,699,031	15,612,473	93.5	1,037,758	16,650,231	99.7
2014	18,859,181	17,898,630	94.9	897,993	18,796,623	99.7
2015	19,550,308	18,561,193	95.3	889,797	19,450,990	99.5
2016	19,557,553	18,745,766	95.8	682,835	19,428,601	99.3
2017	20,008,944	18,941,986	94.7	799,695	19,741,681	98.7
2018	26,305,375	25,026,206	95.1	0	25,026,206	95.1

Source: Official records of Office of City Clerk.

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Apparel Stores	\$ 23,889,508	\$ 23,196,641	\$ 22,968,582	\$ 23,696,309
General Merchandise Stores	217,069,065	211,669,093	212,408,304	218,850,296
Food Stores	85,451,136	83,313,624	81,734,875	89,648,300
Eating and Drinking Places	114,031,347	113,360,467	115,354,893	125,492,706
Furniture Stores	29,137,587	20,378,691	18,206,730	24,584,741
Building Materials	77,945,342	64,311,183	64,449,914	72,925,808
MV Dealers and Service Stations	57,305,039	58,349,439	63,719,429	69,025,064
Other Retail	53,159,542	54,525,312	56,470,758	59,093,623
All Other Outlets	<u>128,726,025</u>	<u>114,423,011</u>	<u>114,343,520</u>	<u>126,459,065</u>
Total	<u>\$ 786,714,591</u>	<u>\$ 743,527,461</u>	<u>\$ 749,657,005</u>	<u>\$ 809,775,912</u>
City direct sales tax rate	2.25%	2.25%/2.75%	2.75%	2.75%

Source: Tennessee Department of Revenue, Research Division.

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

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

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 24,874,164	\$ 25,648,895	\$ 26,695,892	\$ 28,868,016	\$ 28,132,195	\$ 27,918,226
220,486,064	220,277,745	222,347,406	233,711,647	234,275,628	236,973,640
93,245,397	95,135,145	106,471,779	112,096,356	113,083,863	118,198,143
136,648,212	138,642,092	147,161,813	158,677,432	160,746,625	166,516,682
17,588,750	17,814,109	17,743,880	16,312,162	16,227,883	19,756,667
78,397,949	76,136,640	72,538,049	60,732,654	84,841,122	97,258,126
71,337,280	74,355,981	83,823,948	96,437,981	101,579,505	96,921,414
61,405,593	63,159,468	65,775,334	69,919,188	70,057,002	67,335,168
<u>139,311,618</u>	<u>141,967,597</u>	<u>152,692,339</u>	<u>164,536,138</u>	<u>158,214,097</u>	<u>173,013,473</u>
<u>\$ 843,295,027</u>	<u>\$ 853,137,672</u>	<u>\$ 895,250,440</u>	<u>\$ 941,291,574</u>	<u>\$ 967,157,920</u>	<u>\$ 1,003,891,539</u>
2.75%	2.75%	2.75%	2.75%	2.75%	2.75%

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

Schedule 12

<u>Fiscal Year</u>	<u>City of Cleveland and Bradley County Rate</u>
2009	2.25/2.75 %
2010	2.75
2011	2.75
2012	2.75
2013	2.75
2014	2.75
2015	2.75
2016	2.75
2017	2.75
2018	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 2009 AND 2018

	Fiscal Year 2009			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1 Retail Trade	863	56.29 %	\$ 14,303,185	83.14 %
2 Services	368	24.01	1,199,396	6.97
3 Manufacturing	94	6.13	540,999	3.14
4 Wholesale Trade	92	6.00	599,779	3.49
5 Construction	14	0.91	30,405	0.18
6 Finance Insurance Real Estate	17	1.11	18,147	0.11
7 Transportation and Utilities	9	0.59	114,169	0.66
8 Agriculture	8	0.52	32,580	0.19
9 Other, Non Classified	68	4.44	364,233	2.12
<b>Total</b>	<u>1,533</u>	<u>100.00 %</u>	<u>\$ 17,202,893</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 2018			
Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
632	47.99 %	\$ 23,029,924	83.21 %
241	18.30	1,937,777	7.00
82	6.23	287,505	1.04
79	6.00	1,030,161	3.72
13	0.99	23,106	0.08
22	1.67	53,261	0.19
13	0.99	225,487	0.81
7	0.53	11,625	0.04
228	17.31	1,078,570	3.90
<u>1,317</u>	<u>100.00 %</u>	<u>\$ 27,677,416</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
2009	\$ 5,885,000	\$ 13,313,207	\$ 48,095,182	\$ 0
2010	5,735,000	36,888,110	27,456,503	0
2011	5,580,000	35,194,326	27,361,943	375,238
2012	5,420,000	33,505,542	29,393,873	692,527
2013	5,250,000	31,737,203	33,953,841	653,351
2014	5,075,000	55,369,755	17,975,620	587,468
2015	4,825,000	52,879,673	16,897,282	488,654
2016	0	54,915,950	21,867,578	241,845
2017	0	51,933,508	23,141,751	488,149
2018	0	48,854,946	26,693,400	8,519,859

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
\$ 27,018,821	\$ 32,030,000	\$ 126,342,210	2.65 %	\$ 3,139
56,064,782	606,994	126,751,389	2.74	3,071
61,674,516	792,000	130,978,023	2.82	3,140
57,968,972	877,265	127,858,179	3.15	3,017
54,251,865	4,903,981	130,750,241	3.15	3,057
51,254,670	5,384,687	135,647,200	3.39	3,141
47,297,712	14,925,753	137,314,074	3.35	3,180
43,399,301	23,383,573	143,808,247	3.05	3,273
39,282,580	26,835,112	141,681,100	3.18	3,147
35,210,501	28,376,767	147,655,473	3.15	3,175

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
2009	\$ 19,198,207	\$ 3,059,197,507	39,753	0.6 %	\$ 483
2010	42,623,110	3,512,813,977	40,261	1.2	1,059
2011	40,774,326	3,539,367,529	41,285	1.2	988
2012	38,925,542	3,526,518,432	41,723	1.1	933
2013	36,987,203	3,568,066,432	42,386	1.0	873
2014	60,444,755	3,426,781,400	42,774	1.8	1,413
2015	57,704,673	3,521,535,271	43,182	1.6	1,336
2016	54,915,950	3,528,569,562	43,898	1.6	1,251
2017	51,933,508	3,603,931,085	44,337	1.4	1,171
2018	48,854,946	4,041,544,754	44,780	1.2	1,091

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, 2018

	<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	\$ 84,068,205	100.00%	\$ 84,068,205
Bradley County, Tennessee	<u>59,508,983</u>	52.62%	<u>31,314,835</u>
Total direct and overlapping debt	<u>\$ 143,577,188</u>		<u>\$ 115,383,040</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 98,074,388	\$ 110,539,912	\$ 111,465,762	\$ 109,359,910
Total net debt applicable to limit	<u>64,921,560</u>	<u>67,053,472</u>	<u>65,804,739</u>	<u>66,667,364</u>
Legal debt margin	<u>\$ 33,152,828</u>	<u>\$ 43,486,440</u>	<u>\$ 45,661,023</u>	<u>\$ 42,692,546</u>
Total net debt applicable to limit as a percentage of debt limit	66.20%	60.66%	59.04%	60.96%

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 112,073,394	\$ 107,609,460	\$ 108,653,123	\$ 108,621,788	\$ 113,282,233	\$ 125,581,984
<u>69,103,328</u>	<u>75,438,027</u>	<u>71,174,432</u>	<u>72,563,860</u>	<u>70,824,771</u>	<u>78,741,687</u>
<u>\$ 42,970,066</u>	<u>\$ 32,171,433</u>	<u>\$ 37,478,691</u>	<u>\$ 36,057,928</u>	<u>\$ 42,457,462</u>	<u>\$ 46,840,297</u>
61.66%	70.10%	65.51%	66.80%	62.52%	62.70%

**Legal Debt Margin Calculation for Fiscal Year 2018**

Total assessed value		<u>\$ 1,255,819,839</u>
Legal debt margin:		
Debt limitation - 10% of total assessed value as adopted by resolution		\$ 125,581,984
Debt applicable to limit:		
Total bonded debt	\$ 147,473,026	
Less: Revenue bonds	63,501,767	
Amount available for repayment of general obligation bonds	<u>5,229,572</u>	
Total debt applicable to limit		<u>78,741,687</u>
Legal debt margin		<u>\$ 46,840,297</u>

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

Schedule 18

Fiscal Year	Gross (1) Revenue	Direct Operating (2) Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	(3) Interest	Total	
2009	\$ 20,994,856	\$ 14,279,638	\$ 6,715,218	\$ 3,275,000	\$ 1,930,027	\$ 5,205,027	1.29
2010	20,359,154	14,338,730	6,020,424	3,535,000	1,939,915	5,474,915	1.10
2011	21,846,514	14,496,608	7,349,906	2,605,000	1,942,720	4,547,720	1.62
2012	23,545,153	14,742,103	8,803,050	2,928,418	1,888,023	4,816,441	1.83
2013	23,149,324	15,292,780	7,856,544	3,121,629	1,681,401	4,803,030	1.64
2014	25,045,728	15,695,140	9,350,588	3,182,356	1,700,224	4,882,580	1.92
2015	26,043,419	15,044,789	10,998,630	3,345,599	1,534,811	4,880,410	2.25
2016	28,337,385	16,622,259	11,715,126	3,555,604	1,554,694	5,110,298	2.29
2017	29,435,064	17,383,154	12,051,910	3,921,451	1,433,130	5,354,581	2.25
2018	29,458,233	17,764,229	11,694,004	4,095,825	1,407,090	5,502,915	2.13

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
2008	39,753	\$ 3,382,926	\$ 29,595	37
2009	40,261	3,353,827	29,141	37
2010	41,285	3,473,120	29,949	37
2011	41,723	3,688,881	31,620	38
2012	42,386	4,031,075	34,246	38
2013	42,774	4,123,064	34,783	38
2014	43,182	4,601,591	38,441	34
2015	43,898	4,392,733	36,344	35
2016	44,337	4,502,889	37,134	34
2017	44,780	4,650,000	38,016	34

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 (%)
76 %	22 %	4,849	6.4 %
76	22	4,869	9.9
82	25	4,965	9.3
83	24	5,009	9.0
83	24	5,423	7.7
84	24	5,440	7.5
85	23	5,575	6.5
85	23	5,302	4.8
83	24	5,638	2.8
83	24	5,747	3.8

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

Employer	2018		
	Employees	Rank	Percentage of Total Labor Force Bradley County
Whirlpool/Maytag	1,435	1	2.45 %
Bradley County Schools	1,200	2	2.05
Tennova	1,120	3	1.98
Peyton's Southeastern	1,100	4	1.88
City Government	1,013	5	1.73
Jackson Furniture Industries	852	6	1.45
Wal-Mart	640	7	1.09
Bradley County Government	620	8	1.06
Lee University	593	9	1.01
Mars Chocolate	575	10	0.98
Schering-Plough Inc.	N/A	N/A	N/A
Total	<u>9,148</u>		<u>15.68 %</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.

2009		
Employees	Rank	Percentage of Total Labor Force Bradley County
1,400	1	2.96 %
820	5	1.74
1,175	2	2.49
950	4	2.01
990	3	2.10
530	9	1.12
780	6	1.65
630	7	1.33
625	8	1.32
495	N/A	1.05
500	10	1.06
<u>8,895</u>		<u>18.83 %</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>General government</b>										
City Council and legislative	1	1	1	1	1	1	1	1	1	1
Administration and finance	16	16	15	14	14	14	14	23	24	25
Community development	10	8	8	8	8	14	14	15	15	15
Cleveland Regional Jetport	0	0	0	0	0	1	1	1	1	1
<b>Police</b>										
Officers	92	88	94	95	85	91	91	92	91	97
Civilians	12	11	12	12	11	12	12	12	12	12
<b>Fire</b>										
Firefighters and officers	97	94	94	94	89	91	91	91	91	104
Civilians	1	1	1	1	1	1	1	1	1	1
<b>Public works</b>										
Operations	26	25	26	26	20	21	21	21	21	25
Engineering	7	7	7	5	4	0	0	0	0	0
Landscaping maintenance	8	10	0	0	0	0	0	0	0	0
Solid waste management	13	14	14	14	13	13	13	13	13	13
Stormwater management fund	2	2	2	2	2	2	2	3	3	3
State street aid	11	11	11	11	10	11	11	11	11	11
Fleet management	8	8	8	8	8	7	7	6	6	6
Brush chipping	1	0	0	0	0	0	0	0	0	0
<b>Parks and recreation</b>										
Administration and maintenance	9	9	9	9	9	9	9	10	10	10
Landscaping maintenance	0	0	7	7	7	7	7	9	10	10
College Hill Recreation Center	3	3	3	3	3	3	3	4	4	4
Cleveland Community Center	4	4	4	4	4	4	4	4	4	4
Waterville Golf Course	6	6	6	6	6	6	6	0	0	0
<b>Animal control</b>										
Administration and operations	8	8	8	8	8	8	6	6	6	6
Community development block grant	2	2	2	2	2	2	2	2	2	1
<b>Subtotal</b>	<b>337</b>	<b>328</b>	<b>332</b>	<b>330</b>	<b>305</b>	<b>318</b>	<b>316</b>	<b>325</b>	<b>326</b>	<b>349</b>
<b>Cleveland Utilities</b>										
Electric division	115	91	89	88	84	83	82	76	83	83
Water/wastewater division	85	109	102	98	98	103	100	108	114	115
<b>City schools</b>										
Certificated staff	379	383	387	397	407	423	432	434	445	454
Non-certificated personnel	263	268	270	274	277	283	290	294	308	294
Library	10	10	10	11	11	11	11	11	11	11
<b>Total</b>	<b>1,189</b>	<b>1,189</b>	<b>1,190</b>	<b>1,198</b>	<b>1,182</b>	<b>1,221</b>	<b>1,231</b>	<b>1,248</b>	<b>1,287</b>	<b>1,306</b>

Source: City Finance Department.

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

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>General government</b>				
Building permits issued	247	286	217	360
Value of construction permitted	\$39,596,442	\$41,805,750	\$43,490,568	\$63,587,030
<b>Police</b>				
Parking violations	1,349	1,659	1,669	1,130
Traffic violations	6,244	7,617	8,771	5,603
<b>Fire</b>				
Emergency responses (city only)	1,932	2,497	2,969	2,939
Fires extinguished (city only)	135	150	245	136
Fire inspections	2,755	2,713	3,162	2,454
<b>Public works</b>				
Street resurfacing (tonnage)	0	3,773	8,669	9,967
Utility cut permits (number excavations)	321	290	293	228
Drainage pipe installed (linear ft.)	5,995	3,166	5,054	3,901
Tons of brush chipped	4,353	5,507	8,523	6,446
<b>Parks and recreation</b>				
Softball league participants	1,814	1,820	1,155	1,440
Basketball league participants	212	220	200	216
Football league participants	90	258	150	74
Soccer league participants	920	950	950	950
Rounds of golf played	10,000	9,600	3,500	4,000
<b>Library</b>				
Volumes in collection	149,970	149,867	152,407	156,934
Circulation	356,050	361,590	389,603	421,792
Attendants	254,440	261,118	269,262	307,291
<b>City Schools</b>				
Average Daily Membership				
High School	1,246	1,224	1,254	1,297
Middle School	1,207	1,117	1,124	1,147
Elementary Schools	2,315	2,380	2,514	2,567
Ungraded - Special Education	81	81	81	81
ACT composite scores	22	20	21	20
Percent of High School graduates	89	88	81	82
<b>Electric</b>				
Class of Service number of Customers				
Residential	24,539	24,720	25,003	25,170
Small lighting and power	3,616	3,652	3,669	3,706
Large lighting and power	619	624	647	609
Street and outdoor lighting	115	110	108	188
Kilowatt-hours purchased	1,095,830,882	1,112,981,850	1,118,790,042	1,090,315,133
Kilowatt-hours sold	1,060,994,420	1,078,380,377	1,095,719,182	1,051,139,979
Line losses and kilowatt-hours unaccounted for	34,836,462	34,601,473	23,070,860	39,175,154
Percentage of losses and unaccounted for kilowatt-hours to purchases	3.18%	3.11%	2.06%	3.59%

2013	2014	2015	2016	2017	2018
350	379	403	289	415	785
\$59,121,927	\$37,240,586	\$65,893,431	\$70,217,886	\$61,147,619	\$158,033,045
974	1,309	1,631	975	939	959
4,060	4,410	5,766	4,744	3,906	4,759
2,429	2,872	2,665	2,909	2,898	2,891
169	242	126	173	249	221
2,208	2,055	2,263	1,634	3,078	3,154
18,898	12,107	9,176	17,795	12,598	12,790
229	226	244	185	234	270
5,919	4,690	6,936	6,706	5,529	5,340
8,282	8,644	12,117	8,633	10,721	14,028
1,500	1,455	1,650	450	425	430
230	204	202	220	220	196
80	70	65	150	150	146
1,000	850	1,045	2,067	2,169	2,092
5,000	8,289	3,236	0	0	0
161,836	164,078	168,061	174,614	179,345	180,495
409,206	401,430	402,064	404,869	384,655	394,960
270,860	277,185	241,778	225,411	223,416	210,914
1,339	1,398	1,448	1,451	1,586	1,578
1,200	1,231	1,227	1,269	1,310	1,320
2,884	2,811	2,850	2,582	2,500	2,753
81	81	81	103	96	96
20	20	19	20	20	20
86	84	86	90	89	89
25,420	25,806	26,190	26,487	26,872	27,052
3,720	3,789	3,809	3,829	3,846	3,897
608	613	624	621	612	605
189	188	185	181	177	172
1,103,372,115	1,124,822,813	1,124,645,838	1,092,690,922	1,093,318,270	1,081,144,905
1,072,904,012	1,092,325,754	1,093,701,541	1,059,898,637	1,059,807,534	1,056,079,493
30,468,103	32,497,059	30,944,297	32,792,285	33,510,736	25,065,412
2.76%	2.89%	2.75%	3.00%	3.07%	2.32%

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Water</b>				
Class of Service number of Customers				
Residential	26,286	26,465	26,096	26,327
Commercial & Industrial	3,017	3,034	3,611	3,639
Gallons purchased	1,648,632,220	1,827,886,130	1,860,475,140	1,845,875,000
Gallons pumped	2,107,995,107	1,664,898,520	1,785,496,000	1,874,042,670
Gallons sold	2,861,916,000	2,668,847,250	2,937,399,663	2,959,307,166
Line losses and gallons unaccounted for	894,711,327	823,937,400	708,571,477	760,610,504
Percentage of losses and unaccounted for gallons to total provided	23.82%	23.59%	19.43%	20.45%
Average daily water consumption (gallons)	7,840,866	7,311,910	8,047,670	7,904,814
<b>Wastewater</b>				
Class of Service number of Customers				
Residential	14,629	14,792	14,989	15,156
Commercial & Industrial	2,502	2,517	2,543	2,553
Capacity daily (thousands of gallons)	21,600	21,600	21,600	21,600
Treatment during fiscal year (gallons)	3,482,470,000	3,955,870,000	3,499,120,000	3,615,480,000

Sources: Various city departments.

2013	2014	2015	2016	2017	2018
26,496	26,811	27,200	27,514	27,874	28,144
3,671	3,707	3,728	3,708	3,712	3,745
1,759,640,000	1,717,178,040	1,737,814,650	1,781,982,285	1,830,881,097	1,553,131,140
1,789,485,000	1,965,420,000	1,919,504,751	1,985,954,794	2,269,121,474	2,438,184,139
2,814,193,000	2,706,972,750	2,733,381,750	2,838,000,000	3,076,149,000	2,892,261,750
709,217,000	902,184,898	923,937,651	929,937,079	1,023,853,571	1,099,053,529
19.98%	24.50%	25.26%	24.68%	24.97%	27.54%
7,710,118	7,416,364	7,488,717	7,775,343	8,427,805	7,924,005
15,267	15,469	15,785	15,981	16,197	16,382
2,592	2,626	2,655	2,637	2,635	2,674
21,600	21,600	21,600	21,600	21,600	21,600
3,995,860,000	3,684,650,000	3,285,830,000	4,005,970,000	3,350,999,000	2,599,430,000

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

Schedule 23

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	0	0	0	0	0	0	0	0	0	0
Patrol units	85	85	95	112	120	118	120	120	120	120
<b>Fire</b>										
Stations	5	5	5	5	5	5	5	5	5	5
Fire Trucks (pumpers, ladders & tankers)	16	16	14	14	14	14	14	14	12	14
<b>Public works</b>										
Street (miles)	323	323	346	347	348	348	349	352	356	356
Knucklebooms	5	6	6	6	6	8	9	9	9	9
<b>Parks and recreation</b>										
Acreage	289	289	289	289	289	289	289	289	289	289
Playgrounds	8	8	8	8	8	8	8	8	9	9
Softball fields	5	5	5	5	5	5	5	5	5	5
Soccer fields	16	16	16	16	16	16	16	16	16	16
Tennis courts	8	8	8	8	8	8	8	8	8	7
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	0	0	0	0
<b>Schools</b>										
Elementary schools	6	6	6	6	6	6	6	6	6	6
Middle schools	1	1	1	1	1	1	1	1	1	1
High schools	1	1	1	1	1	1	1	1	1	1
<b>Library</b>										
Bookmobiles	1	1	1	1	1	1	1	1	1	1
<b>Electric</b>										
Electric lines (miles)	525	528	528	534	537	539	540	543	542	567
Substations	15	15	15	15	15	15	15	15	15	15
Street lights	6,307	5,714	5,734	5,844	5,801	5,882	6,099	6,098	6,061	6,006
Traffic signals	582	595	599	604	613	619	646	656	676	678
Pedestrians signals	64	70	70	70	72	80	80	80	88	88
<b>Water</b>										
Water mains (miles)	736	738	741	743	750	760	767	754	753	757
Fire hydrants	2,492	2,510	2,565	2,571	2,575	2,627	2,657	2,700	2,732	2,764
Storage capacity (thousands of gal)	15,300	15,300	15,300	15,300	15,300	15,300	15,300	15,300	15,300	15,300
<b>Wastewater</b>										
Sanitary sewers (miles)	347	355	355	356	359	359	360	364	364	365
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, 2018

Type of Coverage and Name of Company	Policy Number	Policy Period	Details of Coverage	Liability Limits	Annual Premium
Property Building and Contents, Boiler and Machinery, Commercial Crime, Inland Marine. TML Risk Management Pool	TMP-8187	9/1/2017 to 8/31/2018	Buildings, contents, boilers, fired vessels electric steam generators. Theft, disappearance and destruction. Radio, video equipment, mobile equip- ment, police dogs.	\$ 64,975,275	\$ 90,885
Comprehensive Liability TML Risk Management Pool	TML-026R	7/1/2017 to 6/30/2018	General and public officials liability, auto liability, auto physical damage, personal injury. Excess auto physical damage. Airport liability	As per schedule	\$ 457,625
Worker's Compensation TML Risk Management Pool	TWC-0187	7/1/2017 to 6/30/2018	Job related injuries, employees	\$ 1,000,000 \$ 1,000 ded.	\$ 564,982
Property (School Buildings and Contents, Boiler, Vehicles) Tennessee Risk Management Trust	TNRMT	7/1/2017 to 7/1/2018	Property Equipment Liability	Various	\$ 372,639
Worker's Compensation Tennessee Risk Management Trust	TNRMT	7/1/2017 to 7/1/2018	Job related injuries, employees	\$ 1,000,000	\$ 249,164

CITY OF CLEVELAND, TENNESSEE  
INSURANCE IN FORCE  
CLEVELAND UTILITIES  
For the Fiscal Year Ended June 30, 2018

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	\$ 140,485,137
Hartford	Machinery and equipment breakdown	\$ 50,000,000
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	\$ 10,000,000
Travelers Casualty & Surety Co.	Commercial crime	\$ 1,000,000
Crum & Foster	Umbrella liability	\$ 15,000,000
Lloyd's	Cyber and privacy protection	\$ 2,000,000
ACE	Pollution	\$ 6,000,000

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

CITY OF CLEVELAND, TENNESSEE  
 CHANGES IN PROPERTY TAXES RECEIVABLE  
 For the Year Ended June 30, 2018

Table 3

<u>Property Taxes</u>	<u>Balance 7/1/2017</u>	<u>Levies</u>	<u>Collections &amp; Adjustments</u>	<u>Balance 6/30/2018</u>
2017	\$ 0	\$ 26,305,375	\$ 25,026,206	\$ 1,279,169
2016	1,066,958	0	799,695	267,263
2015	284,536	0	155,584	128,952
2014	161,207	0	61,889	99,318
2013	109,041	0	46,483	62,558
2012	74,340	0	25,540	48,800
2011	45,286	0	20,733	24,553
2010	38,262	0	7,073	31,189
2009	45,582	0	2,512	43,070
2008	41,484	0	1,418	40,066
2007	26,718	0	26,718	0
	<u>\$ 1,893,414</u>	<u>\$ 26,305,375</u>	<u>\$ 26,173,851</u>	<u>\$ 2,024,938</u>

Note - Property taxes receivable also include the 2017 levy reported as deferred revenue in the amount of \$25,791,578.

CITY OF CLEVELAND, TENNESSEE  
 CHANGES IN GENERAL  
 OBLIGATION BONDS PAYABLE  
 For the Year Ended June 30, 2018

Table 4

	Interest Rates	Balance 07/01/17	General Obligation		Balance 06/30/18
			New Bonds Issued	Bonds Retired	
General Improvement Refunding Bonds					
Series 2009C					
Maturing 2031	2.00-4.50%	\$ 13,705,000	\$ 0	\$ 30,000	\$ 13,675,000
General Improvement Refunding Bonds					
Series 2009D					
Maturing 2022	2.00-4.00%	4,860,000	0	890,000	3,970,000
General Improvement Refunding Bonds					
Series 2014A					
Maturing 2030	2.51%	21,206,480	0	275,480	20,931,000
General Improvement Refunding Bonds					
Series 2014B					
Maturing 2018	2.51%	694,000	0	694,000	0
General Improvement Refunding Bonds					
Series 2015					
Maturing 2024	2.80%	7,049,000	0	876,000	6,173,000
General Improvement Refunding Bonds					
Series 2016A					
Maturing 2036	3.14%	4,303,000	0	294,000	4,009,000
Total General Obligation Bonds		<u>\$ 51,817,480</u>	<u>\$ 0</u>	<u>\$ 3,059,480</u>	<u>\$ 48,758,000</u>

CITY OF CLEVELAND, TENNESSEE  
 CHANGES IN REVENUE BONDS PAYABLE  
 For the Year Ended June 30, 2018

Table 5

	Balance 7/1/2017	Revenue		Balance 6/30/2018
		New Bonds Issued	Bonds Retired	
Water, sewer & electric revenue and tax bonds, maturing through 2037				
Due June 2028 - 2.00% to 4.375%	\$ 11,950,000	\$ 0	\$ 2,040,000	\$ 9,910,000
Due June 2028 - 2.50% to 4.25%	7,730,000	0	435,000	7,295,000
Due June 2031 - 1.00% to 5.75%	6,280,000	0	425,000	5,855,000
Due September 2028 - 3.45% fixed	5,970,000	0	910,000	5,060,000
Due June 2036 - 3.14% fixed	7,255,000	0	250,000	7,005,000
	<u>39,185,000</u>	<u>0</u>	<u>4,060,000</u>	<u>35,125,000</u>
Total Revenue Bonds	\$ 39,185,000	\$ 0	\$ 4,060,000	\$ 35,125,000

CITY OF CLEVELAND, TENNESSEE  
 CHANGES IN NOTES PAYABLE  
 For the Year Ended June 30, 2018

Table 6

	Maturity Date	Interest Rate	Balance 07/01/17	Additions	Retirements	Balance 06/30/18
Water Division:						
Note payable to the State of Tennessee revolving loan fund	2031	2.11%	\$ 491,825	\$ 0	\$ 31,603	\$ 460,222
Water Division:						
Note payable to the State of Tennessee revolving loan fund - ARRA	2031	2.11%	98,365	0	6,321	92,044
Water Division:						
Note payable to the TN Municipal Bond Fund Series 2012	2032	Variable	2,812,500	0	187,500	2,625,000
Water Division:						
Note payable to the State of Tennessee revolving loan fund	2034	1.15%	1,354,552	0	61,740	1,292,812
Water Division:						
Note payable to the State of Tennessee revolving loan fund	2034	1.15%	4,490,351	2,230,923	0	6,721,274
Water Division:						
Note payable to the State of Tennessee revolving loan fund	2037	1.11%	2,746,539	142,690	97,363	2,791,866
Water Division:						
Note payable to the State of Tennessee revolving loan fund	2037	0.88%	103,297	0	4,836	98,461
Water/Electric Division:						
Note payable to the TN Municipal Bond Fund Series 2014	2034	Variable	5,418,750	0	318,750	5,100,000
Water Division:						
Note payable to the State of Tennessee revolving loan fund	2035	1.50%	1,862,586	0	88,476	1,774,110
Water Division:						
Note payable to the State of Tennessee revolving loan fund	2036	1.34%	2,223,348	0	103,056	2,120,292
Water Division:						
Note payable to the State of Tennessee revolving loan fund	2038	1.60%	0	137,486	0	137,486
Water Division:						
Note payable to the State of Tennessee revolving loan fund	2038	1.60%	0	193,200	0	193,200

CITY OF CLEVELAND, TENNESSEE  
 CHANGES IN NOTES PAYABLE  
 For the Year Ended June 30, 2018

Table 6  
 (Continued)

	Maturity Date	Interest Rate	Balance 07/01/17	Additions	Retirements	Balance 06/30/18
Water/Electric Division:						
Note payable to the						
TN Municipal Bond Fund						
Fund Series 2015						
	2032	Variable	\$ 5,233,000	\$ 0	\$ 263,000	\$ 4,970,000
Public Improvement Loans:						
Note payable to the Public						
Building Authority						
Clarksville, TN						
Series 2008 TMBF						
	2028	Variable	1,218,000	0	86,000	1,132,000
Public Improvement Loans:						
Note payable to the Public						
Building Authority						
Clarksville, TN						
Series 2012						
	2032	Fixed for 5 years	1,354,000	0	77,000	1,277,000
Public Improvement Loans:						
Note payable to the Public						
Building Authority						
Clarksville, TN						
Series 2012						
	2027	Variable	633,135	0	61,000	572,135
Public Improvement Loans:						
Note payable to the Public						
Building Authority						
Clarksville, TN						
Series 2012						
	2028	Variable	4,727,000	0	351,000	4,376,000
Public Improvement Loans:						
Note payable to the Public						
Building Authority						
Clarksville, TN						
Series 2016						
	2037	Variable	1,456,769	2,393,500	191,000	3,659,269
Airport Improvement Loans:						
Note payable to the Public						
Building Authority						
Clarksville, TN						
Series 2012						
	2027	Variable	1,101,000	0	92,000	1,009,000
Airport Improvement Loans:						
Note payable to the Public						
Building Authority						
Clarksville, TN						
Series 2014						
	2034	2.64%	3,786,400	0	180,400	3,606,000
Airport Improvement Loans:						
Note payable to the Public						
Building Authority						
Clarksville, TN						
Series 2015						
	2036	Variable	556,000	15,080	46,000	525,080
School Construction Loan:						
Note payable to the Public						
Building Authority						
Clarksville, TN						
Series 2015						
	2035	Variable	5,463,000	0	275,000	5,188,000

CITY OF CLEVELAND, TENNESSEE  
 CHANGES IN NOTES PAYABLE  
 For the Year Ended June 30, 2018

Table 6  
 (Continued)

	Maturity Date	Interest Rate	Balance 07/01/17	Additions	Retirements	Balance 06/30/18
School Construction Loan:						
Qualified School Construction Loan (QSCB)						
Series 2009						
	2027	1.1515%	\$ 2,364,591	\$ 0	\$ 259,577	\$ 2,105,014
School Improvement Loan:						
Greenfield Turf						
Series 2017						
	2019	4.00%	481,856	0	237,954	243,902
Public Improvement Loan						
Note payable to the Public Building Authority						
Clarksville, TN						
Series 2015						
	2038		0	3,000,000	0	3,000,000
Totals			<u>\$ 49,976,864</u>	<u>\$ 8,112,879</u>	<u>\$ 3,019,576</u>	<u>\$ 55,070,167</u>

CITY OF CLEVELAND, TENNESSEE  
 UNCOLLECTED DELINQUENT PROPERTY TAXES FILED  
 June 30, 2018

Table 7

<u>Tax Year</u>	<u>Original Amount Filed</u>	<u>Unpaid Balance</u>	<u>Percentage Collected</u>
2008	\$ 501,311	\$ 40,066	92.0 %
2009	614,201	43,070	93.0
2010	501,912	31,189	93.8
2011	371,448	24,553	93.4
2012	396,806	48,800	87.7
2013	335,054	62,558	81.3
2014	427,004	99,318	76.7
2015	340,650	128,952	62.1
2016	311,659	267,263	14.2

CITY OF CLEVELAND, TENNESSEE  
 BOND PRINCIPAL AND INTEREST  
 REQUIREMENTS BY FISCAL YEAR FOR GENERAL OBLIGATION BONDS  
 June 30, 2018

Fiscal Year	2009C Series		2009D Series		2014A Series	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 25,000	\$ 572,781	\$ 910,000	\$ 151,775	\$ 979,000	\$ 525,368
2020	25,000	571,906	990,000	119,925	1,004,000	500,795
2021	25,000	570,969	1,040,000	82,800	1,033,000	475,595
2022	25,000	569,969	1,030,000	41,200	1,050,000	449,667
2023	1,100,000	568,969			1,088,000	423,311
2024	1,050,000	524,969			1,286,000	396,003
2025	300,000	482,969			2,305,000	363,724
2026	3,400,000	470,969			2,295,000	305,869
2027	3,125,000	334,969			2,370,000	248,264
2028	350,000	206,063			2,550,000	188,777
2029	100,000	190,750			2,565,000	124,772
2030	100,000	186,500			2,406,000	60,391
2031	4,050,000	182,250				
2032						
2033						
2034						
2035						
2036						
<b>Total</b>	<b>\$ 13,675,000</b>	<b>\$ 5,434,033</b>	<b>\$ 3,970,000</b>	<b>\$ 395,700</b>	<b>\$ 20,931,000</b>	<b>\$ 4,062,536</b>

Table 8

2015		2016A		Total	
Series		Series		Principal	Interest
Principal	Interest	Principal	Interest		
\$ 931,000	\$ 172,844	\$ 304,000	\$ 125,883	\$ 3,149,000	\$ 1,548,651
966,000	146,776	314,000	116,337	3,299,000	1,455,739
1,006,000	119,728	329,000	106,477	3,433,000	1,355,569
1,056,000	91,560	343,000	96,147	3,504,000	1,248,543
1,081,000	61,992	358,000	85,377	3,627,000	1,139,649
1,133,000	31,724	363,000	74,135	3,832,000	1,026,831
		383,000	62,737	2,988,000	909,430
		390,000	50,711	6,085,000	827,549
		415,000	38,465	5,910,000	621,698
		80,000	25,434	2,980,000	420,274
		85,000	22,922	2,750,000	338,444
		85,000	20,253	2,591,000	267,144
		85,000	17,584	4,135,000	199,834
		90,000	14,915	90,000	14,915
		90,000	12,089	90,000	12,089
		95,000	9,263	95,000	9,263
		100,000	6,280	100,000	6,280
		100,000	3,140	100,000	3,140
<u>\$ 6,173,000</u>	<u>\$ 624,624</u>	<u>\$ 4,009,000</u>	<u>\$ 888,149</u>	<u>\$ 48,758,000</u>	<u>\$ 11,405,042</u>

CITY OF CLEVELAND, TENNESSEE  
 NOTE PRINCIPAL AND INTEREST  
 REQUIREMENTS BY FISCAL YEAR EXCLUDING CLEVELAND UTILITIES  
 June 30, 2018

Fiscal Year	Note Payable - Public Building Authority of Clarksville TN 2008 TMBF Series		Note Payable - Public Building Authority of Clarksville, TN 2012 Series (2)		Note Payable - Public Building Authority of Clarksville, TN 2012 Series	
	Principal	Interest	Principal	Interest	Principal	Interest
	2019	\$ 90,000	\$ 56,600	\$ 64,000	\$ 26,920	\$ 78,000
2020	94,000	52,100	66,000	24,360	80,000	27,817
2021	99,000	47,400	69,000	21,720	82,000	25,961
2022	104,000	42,450	72,000	18,960	84,000	24,058
2023	109,000	37,250	74,000	16,080	86,000	22,110
2024	115,000	31,800	77,000	13,120	88,000	20,114
2025	121,000	26,050	80,000	10,040	90,000	18,073
2026	127,000	20,000	84,000	6,840	92,000	15,985
2027	133,000	13,650	87,000	3,480	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						
2035						
2036						
2037						
2038						
	<u>\$ 1,132,000</u>	<u>\$ 334,300</u>	<u>\$ 673,000</u>	<u>\$ 141,520</u>	<u>\$ 1,277,000</u>	<u>\$ 233,136</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, 2018.
- (3) \$428,920 of loan proceeds have not been drawn down at June 30, 2018.
- (4) \$1,349,731 of loan proceeds have not been drawn down at June 30, 2018.

Table 9

Note Payable - Public Building Authority of Clarksville, TN 2012 Series		Note Payable - Public Building Authority of Clarksville, TN 2012 (Jetport) Series		Note Payable - Public Building Authority of Clarksville, TN 2014 (Jetport) Series	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 365,000	\$ 175,040	\$ 95,000	\$ 40,360	\$ 185,000	\$ 95,410
379,000	160,440	99,000	36,560	189,000	90,526
394,000	145,280	103,000	32,600	194,000	85,536
410,000	129,520	107,000	28,480	199,000	80,414
426,000	113,120	112,000	24,200	205,000	75,160
443,000	96,080	116,000	19,720	210,000	69,748
461,000	78,360	121,000	15,080	216,000	64,204
480,000	59,920	125,000	10,240	221,000	58,502
499,000	40,720	131,000	5,240	227,000	52,668
519,000	20,760			233,000	46,676
				239,000	40,524
				246,000	34,214
				252,000	27,720
				259,000	21,068
				266,000	14,230
				265,000	7,208
<u>\$ 4,376,000</u>	<u>\$ 1,019,240</u>	<u>\$ 1,009,000</u>	<u>\$ 212,480</u>	<u>\$ 3,606,000</u>	<u>\$ 863,808</u>

CITY OF CLEVELAND, TENNESSEE  
 NOTE PRINCIPAL AND INTEREST  
 REQUIREMENTS BY FISCAL YEAR EXCLUDING CLEVELAND UTILITIES  
 June 30, 2018

Fiscal Year	2009 QSCB Series		Note Payable - Public Building Authority of Clarksville, TN 2015 (Jetport) Series (3)		Note Payable - Public Building Authority of Clarksville, TN 2015 (Schools) Series	
	Principal	Interest	Principal	Interest	Principal	Interest
	2019	\$ 237,946	\$ 67,184	\$ 46,000	\$ 28,620	\$ 278,000
2020	259,578	67,184	47,000	27,240	282,000	147,300
2021	259,577	67,184	48,000	25,830	285,000	138,840
2022	259,577	67,184	49,000	24,390	288,000	130,290
2023	259,577	67,184	49,000	22,920	291,000	121,650
2024	259,578	67,184	50,000	21,450	295,000	112,920
2025	259,578	67,184	51,000	19,950	298,000	104,070
2026	285,130	67,184	52,000	18,420	301,000	95,130
2027	24,472	6,292	52,000	16,860	305,000	86,100
2028			53,000	15,300	308,000	76,950
2029			54,000	13,710	312,000	67,710
2030			55,000	12,090	315,000	58,350
2031			56,000	10,440	319,000	48,900
2032			57,000	8,760	322,000	39,330
2033			58,000	7,050	326,000	29,670
2034			58,000	5,310	330,000	19,890
2035			59,000	3,570	333,000	9,990
2036			60,000	1,800		
2037						
2038						
	<u>\$ 2,105,013</u>	<u>\$ 543,764</u>	<u>\$ 954,000</u>	<u>\$ 283,710</u>	<u>\$ 5,188,000</u>	<u>\$ 1,442,730</u>

Table 9 (Continued)

Note Payable - Public Building Authority of Clarksville, TN 2017 Series (4)		Note Payable - Public Building Authority of Clarksville, TN 2017 Series (4)		Greenfield Fixed Loan 2017 (Schools) Series		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest (1)
\$ 212,000	\$ 115,221	\$ 102,000	\$ 114,716	\$ 243,902	\$ 6,098	\$ 1,996,848	\$ 911,435
217,000	110,180	106,000	110,671			1,818,578	854,378
222,000	105,022	110,000	106,469			1,865,577	801,842
227,000	99,746	114,000	102,113			1,913,577	747,605
233,000	94,341	119,000	97,581			1,963,577	691,596
238,000	88,807	123,000	92,874			2,014,578	633,817
244,000	83,143	128,000	87,992			2,069,578	574,146
250,000	77,339	133,000	82,915			2,150,130	512,475
256,000	71,393	138,000	77,644			1,946,472	387,897
261,000	65,318	144,000	72,159			1,754,000	315,833
268,000	59,103	149,000	66,461			1,120,000	256,950
274,000	52,734	155,000	60,548			1,146,000	225,105
280,000	46,224	161,000	54,402			1,171,000	192,511
287,000	39,562	167,000	48,022			1,197,000	159,178
294,000	32,736	174,000	41,390			1,118,000	125,076
301,000	25,744	181,000	34,485			1,135,000	92,637
308,000	18,589	188,000	27,308			888,000	59,457
315,000	11,269	195,000	19,858			570,000	32,927
322,000	3,784	203,000	12,117			525,000	15,901
		210,000	4,084			210,000	4,084
<u>\$ 5,009,000</u>	<u>\$ 1,200,255</u>	<u>\$ 3,000,000</u>	<u>\$ 1,313,809</u>	<u>\$ 243,902</u>	<u>\$ 6,098</u>	<u>\$ 28,572,915</u>	<u>\$ 7,594,850</u>

CITY OF CLEVELAND, TENNESSEE  
 BOND PRINCIPAL AND INTEREST  
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES  
 June 30, 2018

Electric, Water and Sewer Revenue and Tax Bonds

Fiscal Year	2009C Series		2009D Series		2010 Series	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 475,000	\$ 292,281	\$ 1,545,000	\$ 388,488	\$ 425,000	\$ 183,230
2020	625,000	275,656	1,680,000	334,412	430,000	172,732
2021	500,000	252,219	1,895,000	271,413	435,000	161,552
2022	575,000	232,218	1,800,000	195,612	435,000	150,102
2023	675,000	209,219	1,385,000	123,613	440,000	138,084
2024	600,000	182,218	1,010,000	68,213	445,000	125,358
2025	970,000	158,219	420,000	25,288	450,000	111,908
2026	1,040,000	119,418	75,000	7,438	455,000	97,721
2027	985,000	77,819	50,000	4,250	460,000	82,934
2028	850,000	37,188	50,000	2,125	465,000	67,535
2029					465,000	51,516
2030					475,000	35,043
2031					475,000	17,753
2032						
2033						
2034						
2035						
2036						
<b>Total</b>	<b>\$ 7,295,000</b>	<b>\$ 1,836,455</b>	<b>\$ 9,910,000</b>	<b>\$ 1,420,852</b>	<b>\$ 5,855,000</b>	<b>\$ 1,395,468</b>

Table 10

2014 Series		2016B Series		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 800,000	\$ 160,770	\$ 260,000	\$ 219,957	\$ 3,505,000	\$ 1,244,726
445,000	139,294	365,000	211,793	3,545,000	1,133,887
440,000	124,028	375,000	200,332	3,645,000	1,009,544
435,000	108,934	395,000	188,557	3,640,000	875,423
435,000	93,926	410,000	176,154	3,345,000	740,996
430,000	79,005	430,000	163,280	2,915,000	618,074
425,000	64,256	445,000	149,778	2,710,000	509,449
420,000	49,680	345,000	135,805	2,335,000	410,062
415,000	35,276	350,000	124,972	2,260,000	325,251
410,000	21,045	355,000	113,982	2,130,000	241,875
405,000	6,986	375,000	102,835	1,245,000	161,337
		380,000	91,060	855,000	126,103
		405,000	79,128	880,000	96,881
		410,000	66,411	410,000	66,411
		415,000	53,537	415,000	53,537
		420,000	40,506	420,000	40,506
		430,000	27,318	430,000	27,318
		440,000	13,816	440,000	13,816
<u>\$ 5,060,000</u>	<u>\$ 883,200</u>	<u>\$ 7,005,000</u>	<u>\$ 2,159,221</u>	<u>\$ 35,125,000</u>	<u>\$ 7,695,196</u>

CITY OF CLEVELAND, TENNESSEE  
 NOTE PRINCIPAL AND INTEREST  
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES  
 June 30, 2018

Fiscal Year	Tennessee Municipal Bond Fund Series 2012		Tennessee Municipal Bond Fund Series 2014		Tennessee Municipal Bond Fund Series 2015	
	Principal	Interest	Principal	Interest	Principal	Interest
	2019	\$ 187,500	\$ 105,000	\$ 318,750	\$ 204,000	\$ 266,000
2020	187,500	97,500	318,750	191,250	269,000	99,720
2021	187,500	90,000	318,750	178,500	272,000	94,024
2022	187,500	82,500	318,750	165,750	276,000	88,256
2023	187,500	75,000	318,750	153,000	278,000	82,404
2024	187,500	67,500	318,750	140,250	282,000	76,512
2025	187,500	60,000	318,750	127,500	285,000	70,536
2026	187,500	52,500	318,750	114,750	289,000	64,488
2027	187,500	45,000	318,750	102,000	292,000	58,357
2028	187,500	37,500	318,750	89,250	295,000	52,173
2029	187,500	30,000	318,750	76,500	299,000	45,918
2030	187,500	22,500	318,750	63,750	303,000	39,579
2031	187,500	15,000	318,750	51,000	306,000	33,157
2032	187,500	7,500	318,750	38,250	309,000	26,663
2033			318,750	25,500	313,000	20,116
2034			318,750	12,750	316,000	13,486
2035					320,000	6,785
2036						
2037						
2038						
	<u>\$ 2,625,000</u>	<u>\$ 787,500</u>	<u>\$ 5,100,000</u>	<u>\$ 1,734,000</u>	<u>\$ 4,970,000</u>	<u>\$ 977,537</u>

(1) \$1,452,726 of loan proceeds have not been drawn down at June 30, 2018.

State of Tennessee Revolving Loan Fund		State of Tennessee Revolving Loan Fund 13-319		State of Tennessee Revolving Loan Fund 13-320 (1)		State of Tennessee Revolving Loan Fund DG2	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 38,731	\$ 11,280	\$ 62,448	\$ 14,543	\$ 365,616	\$ 92,076	\$ 89,820	\$ 25,992
39,557	10,454	63,168	13,824	369,840	87,852	91,176	24,635
40,399	9,612	63,900	13,092	374,112	83,580	92,556	23,256
41,261	8,750	64,644	12,348	378,444	79,248	93,948	21,864
42,139	7,872	65,388	11,604	382,812	74,880	95,364	20,448
43,037	6,974	66,144	10,848	387,240	70,452	96,804	19,008
43,954	6,058	66,912	10,080	391,716	65,976	98,268	17,544
44,891	5,120	67,680	9,312	396,252	61,440	99,756	16,056
45,847	4,164	68,472	8,520	400,824	56,868	101,256	14,556
46,824	3,187	69,264	7,728	405,468	52,224	102,792	13,020
47,821	2,190	70,056	6,936	410,148	47,544	104,340	11,472
48,840	1,171	70,872	6,120	414,888	42,804	105,912	9,900
28,965	204	71,688	5,304	419,688	38,004	107,520	8,292
		72,516	4,476	424,536	33,156	109,140	6,672
		73,356	3,636	429,444	28,248	110,784	5,028
		74,208	2,784	434,412	23,280	112,464	3,348
		75,060	1,932	439,440	18,252	114,156	1,656
		75,936	1,056	444,516	13,176	48,054	180
		51,100	223	449,652	8,040		
				454,952	2,827		
<u>\$ 552,266</u>	<u>\$ 77,036</u>	<u>\$ 1,292,812</u>	<u>\$ 144,366</u>	<u>\$ 8,174,000</u>	<u>\$ 979,927</u>	<u>\$ 1,774,110</u>	<u>\$ 242,927</u>

CITY OF CLEVELAND, TENNESSEE  
 NOTE PRINCIPAL AND INTEREST  
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES  
 June 30, 2018

Fiscal Year	State of Tennessee Revolving Loan Fund CG4 15-349		State of Tennessee Revolving Loan Fund DWF 16-172		State of Tennessee Revolving Loan Fund CG3 17-379	
	Principal	Interest	Principal	Interest	Principal	Interest
	2019	\$ 104,496	\$ 28,596	\$ 132,722	\$ 31,005	\$ 4,872
2020	105,936	27,156	130,872	28,848	4,920	804
2021	107,412	25,679	132,324	27,396	4,968	756
2022	108,900	24,192	133,800	25,920	5,004	720
2023	110,412	22,680	135,300	24,420	5,052	672
2024	111,948	21,144	136,812	22,908	5,100	624
2025	113,508	19,584	138,336	21,384	5,136	588
2026	115,080	18,012	139,872	19,848	5,184	540
2027	116,676	16,416	141,432	18,288	5,232	492
2028	118,296	14,796	143,016	16,704	5,280	444
2029	119,940	13,152	144,612	15,108	5,328	396
2030	121,608	11,484	146,220	13,500	5,376	348
2031	123,300	9,792	147,852	11,868	5,424	300
2032	125,016	8,076	149,508	10,212	5,472	252
2033	126,744	6,348	151,176	8,544	5,520	204
2034	128,508	4,584	152,856	6,864	5,568	156
2035	130,296	2,796	154,560	5,160	5,616	108
2036	132,216	957	156,288	3432	5,664	60
2037			158,028	1692	3,745	14
2038			66,280	184		
	<u>\$ 2,120,292</u>	<u>\$ 275,444</u>	<u>\$ 2,791,866</u>	<u>\$ 313,285</u>	<u>\$ 98,461</u>	<u>\$ 8,330</u>

(1) \$662,514 of loan proceeds have not been drawn down at June 30, 2018.

(2) \$1,800 of loan proceeds have not been drawn down at June 30, 2018.

Table 11  
(Cont.)

State of Tennessee Revolving Loan Fund DW6 17-192 (1)		State of Tennessee Revolving Loan Fund DWF 17-193 (2)		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 34,212	\$ 12,552	\$ 8,340	\$ 3,060	\$ 1,613,507	\$ 634,319
34,764	12,000	8,472	2,928	1,623,955	596,971
35,328	11,436	8,604	2,796	1,637,853	560,127
35,892	10,872	8,748	2,652	1,652,891	523,072
36,468	10,296	8,892	2,508	1,666,077	485,784
37,056	9,708	9,024	2,376	1,681,415	448,304
37,656	9,108	9,180	2,220	1,695,916	410,578
38,268	8,496	9,324	2,076	1,711,557	372,638
38,880	7,884	9,480	1,920	1,726,349	334,465
39,504	7,260	9,636	1,764	1,741,330	296,050
40,140	6,624	9,792	1,608	1,757,427	257,448
40,788	5,976	9,948	1,452	1,773,702	218,584
41,448	5,316	10,104	1,296	1,768,239	179,533
42,120	4,644	10,272	1,128	1,753,830	141,029
42,792	3,972	10,428	972	1,581,994	102,568
43,488	3,276	10,596	804	1,596,850	71,332
44,184	2,580	10,776	624	1,294,088	39,893
44,892	1,872	10,944	456	918,510	21,189
45,624	1,140	11,124	276	719,273	11,385
46,496	401	11,316	100	579,044	3,512
<u>\$ 800,000</u>	<u>\$ 135,413</u>	<u>\$ 195,000</u>	<u>\$ 33,016</u>	<u>\$ 30,493,807</u>	<u>\$ 5,708,781</u>

## INVESTMENTS

June 30, 2018

Description		Cost	Fair Value
<b>Investment in Certificates of Deposit:</b>			
First Tennessee Bank	1.00%	\$ 58,733	\$ 58,733
First Tennessee Bank	0.15%	40,528	40,528
First Tennessee Bank	0.15%	30,328	30,328
First Tennessee Bank	0.15%	25,000	25,000
First Tennessee Bank	0.15%	20,000	20,000
First Tennessee Bank	0.15%	5,990	5,990
First Tennessee Bank	0.10%	13,693	13,693
First Tennessee Bank	0.15%	29,987	29,987
First Tennessee Bank	0.15%	14,993	14,993
Southeast Bank & Trust	1.50%	250,000	250,000
SunTrust Bank	1.25%	205,000	205,000
Total Certificates of Deposit		<u>\$ 694,252</u>	<u>\$ 694,252</u>
<b>Investment in Local Government Investment Pool:</b>			
State of Tennessee		<u>\$ 621,509</u>	<u>\$ 621,509</u>
Total Local Government Investment Pool		<u>\$ 621,509</u>	<u>\$ 621,509</u>
Total Investments		<u>\$ 1,315,761</u>	<u>\$ 1,315,761</u>
<b>Investments in Fiduciary Fund:</b>			
<b>Mutual Funds:</b>			
American Beacon Small Cap Value Fund		\$ 20,243	\$ 20,576
DFA Real Estate Securities I		20,129	21,283
Dreyfus Global Real Return Fund		19,200	19,720
Federated Total Return Bond Fund		19,265	18,921
Lord Abbett Short Duration Income Fund		38,980	38,010
MFS International Value I		20,590	25,164
Oppenheimer International Growth Y		19,336	23,958
Pimco Global Bond Fund		15,300	15,251
T. Rowe Price Emerging Markets Stock Fund		13,149	17,411
The Hartford Small Cap Growth I		16,810	20,623
Thornburg Limited Term Income Fund		38,286	38,142
Vanguard Growth Index Fund		29,605	39,296
Vanguard High Yield index Fund		34,451	37,430
Vanguard Mid-Cap Growth Index Fund		9,445	11,882
Victory Sycamore Established Value I		20,983	23,285
Voya Midcap Opportunities Fund		11,025	11,624
Total Fiduciary Fund Investments		<u>\$ 346,797</u>	<u>\$ 382,576</u>

## TRANSFERS

For the Fiscal Year Ended June 30, 2018

<u>Transfers In:</u>	<u>Transfers Out:</u>	<u>Amount</u>
Capital Improvement Program Fund	General Fund	\$ 4,076,721
Capital Improvement Program Fund	Stormwater Management Fund	50,000
Community Development Block Grant Fund	General Fund	36,000
Debt Service Fund	General Fund	5,714,631
Debt Service Fund	School Fund	554,919
Debt Service Fund	State Street Aid Fund	426,353
Debt Service Fund	Spring Branch Industrial Park Fund	150,705
General Fund	Cleveland Utilities - Electric Division	2,147,213
General Fund	Cleveland Utilities - Water Division	444,080
General Fund	Capital Improvement Program Fund	529,223
Library Fund	General Fund	645,800
Metropolitan Transportation Planning Organization	General Fund	57,000
Recycling Grant Fund	Solid Waste Management Fund	10,000
School Fund	General Fund	5,273,600
Solid Waste Management Fund	General Fund	1,056,494
	Total	<u>\$ 21,172,739</u>

AWWA Free Water Audit Software:  
 Reporting Worksheet

WAS v5.0  
 American Water Works Association  
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Click to access definition  
 Click to add a comment

Water Audit Report for: **Cleveland Utilities (TN000117)**  
 Reporting Year: **2018** **7/2017 - 6/2018**

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

**All volumes to be entered as: MILLION GALLONS (US) PER YEAR**

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

**WATER SUPPLIED**

		←----- Enter grading in column 'E' and 'J' ----->			
Volume from own sources:	<input type="text" value="8"/>	<input type="text" value="2,532.884"/>	MG/Yr	<input type="text" value=""/>	<input type="text" value=""/>
Water imported:	<input type="text" value="8"/>	<input type="text" value="1,553.131"/>	MG/Yr	<input type="text" value=""/>	<input type="text" value=""/>
Water exported:	<input type="text" value="8"/>	<input type="text" value="15.120"/>	MG/Yr	<input type="text" value=""/>	<input type="text" value=""/>

Master Meter and Supply Error Adjustments

Pcnt:	<input type="text" value=""/>	Value:	<input type="text" value=""/>
	<input type="text" value=""/>		<input type="text" value=""/>
	<input type="text" value=""/>		<input type="text" value=""/>

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

**WATER SUPPLIED: 4,070.895 MG/Yr**

**AUTHORIZED CONSUMPTION**

Billed metered:	<input type="text" value="9"/>	<input type="text" value="2,877.284"/>	MG/Yr
Billed unmetered:	<input type="text" value=""/>	<input type="text" value=""/>	MG/Yr
Unbilled metered:	<input type="text" value="10"/>	<input type="text" value="80.477"/>	MG/Yr
Unbilled unmetered:	<input type="text" value="8"/>	<input type="text" value="34.991"/>	MG/Yr

Click here: for help using option buttons below

Pcnt:	<input type="text" value=""/>	Value:	<input type="text" value=""/>
	<input type="text" value=""/>		<input type="text" value="34.991"/>

Use buttons to select percentage of water supplied OR value

**AUTHORIZED CONSUMPTION: 2,992.751 MG/Yr**

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

**1,078.144 MG/Yr**

**Apparent Losses**

Unauthorized consumption:  **10.177 MG/Yr**

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

Customer metering inaccuracies:  **155.672 MG/Yr**

Systematic data handling errors:  **7.193 MG/Yr**

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

Apparent Losses:  **173.042 MG/Yr**

Pcnt:	<input type="text" value="0.25%"/>	Value:	<input type="text" value=""/>
-------	------------------------------------	--------	-------------------------------

<input type="text" value="5.00%"/>	<input type="text" value=""/>	MG/Yr
<input type="text" value="0.25%"/>	<input type="text" value=""/>	MG/Yr

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

Real Losses = Water Losses - Apparent Losses:  **905.102 MG/Yr**

**WATER LOSSES: 1,078.144 MG/Yr**

**NON-REVENUE WATER**

NON-REVENUE WATER:  **1,193.611 MG/Yr**

= Water Losses + Unbilled Metered + Unbilled Unmetered

**SYSTEM DATA**

Length of mains:	<input type="text" value="9"/>	<input type="text" value="753.3"/>	miles
Number of active AND inactive service connections:	<input type="text" value="8"/>	<input type="text" value="31,889"/>	
Service connection density:	<input type="text" value="42"/>		conn./mile main

Are customer meters typically located at the curbside or property line?  (length of service line, beyond the property boundary, that is the responsibility of the utility)

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

Average operating pressure:   psi

**COST DATA**

Total annual cost of operating water system:	<input type="text" value="10"/>	<input type="text" value="\$14,402,526"/>	\$/Year
Customer retail unit cost (applied to Apparent Losses):	<input type="text" value="8"/>	<input type="text" value="\$4.98"/>	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	<input type="text" value="9"/>	<input type="text" value="\$952.00"/>	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

**WATER AUDIT DATA VALIDITY SCORE:**

**\*\*\* YOUR SCORE IS: 82 out of 100 \*\*\***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

**PRIORITY AREAS FOR ATTENTION:**

Based on the information provided, audit accuracy can be improved by addressing the following components:

- 1: Volume from own sources
- 2: Water imported
- 3: Unauthorized consumption

AWWA Free Water Audit Software: System Attributes and Performance Indicators		WAS v5.0 American Water Works Association, Copyright © 2014. All Rights Reserved.
Water Audit Report for: <b>Cleveland Utilities (TN0000117)</b>		
Reporting Year: <b>2018</b> <b>7/2017 - 6/2018</b>		
<b>*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 82 out of 100 ***</b>		
<b>System Attributes:</b>		
	Apparent Losses:	<b>173.042</b> MG/Yr
	+ Real Losses:	<b>905.102</b> MG/Yr
	= <b>Water Losses:</b>	<b>1,078.144</b> MG/Yr
	? Unavoidable Annual Real Losses (UARL):	<b>291.01</b> MG/Yr
	Annual cost of Apparent Losses:	<b>\$861,749</b>
	Annual cost of Real Losses:	<b>\$861,657</b> Valued at <b>Variable Production Cost</b>
		Return to Reporting Worksheet to change this assumption
<b>Performance Indicators:</b>		
Financial:	Non-revenue water as percent by volume of Water Supplied:	<b>29.3%</b>
	Non-revenue water as percent by cost of operating system:	<b>12.7%</b> Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	<b>14.87</b> gallons/connection/day
	Real Losses per service connection per day:	<b>77.76</b> gallons/connection/day
	Real Losses per length of main per day*:	<b>N/A</b>
	Real Losses per service connection per day per psi pressure:	<b>0.86</b> gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	<b>905.10</b> million gallons/year
	? Infrastructure Leakage Index (ILI) [CARL/UARL]:	<b>3.11</b>
* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline		

CITY OF CLEVELAND, TENNESSEE  
 SURETY BONDS OF PRINCIPAL OFFICIALS  
 For the Year Ended June 30, 2018

Table 15

<u>Name</u>	<u>Office</u>	<u>Amount of Bond</u>
Tom Rowland	Mayor	\$ 600,000
Avery Johnson, Sr.	Vice Mayor	600,000
Richard Banks	Councilman	0
William Estes	Councilman	0
Dale Hughes	Councilman	0
Tom Cassada	Councilman	0
David May, Jr.	Councilman	0
Charles McKenzie	Councilman	0
Joe Fivas	City Manager	600,000
Melinda Carroll	Assistant City Manager	150,000
Shawn McKay	Assistant City Manager/CFO	1,150,000

**SINGLE AUDIT SECTION**

CITY OF CLEVELAND, TENNESSEE  
 SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY  
 For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	State Grant Number
<b>FEDERAL AWARDS:</b>		
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
Passed through the TN Department of Education:		
Child Nutrition Cluster		
School Breakfast Program	10.553 *	N/A
National School Lunch Program	10.555 *	N/A
Commodity Assistance	10.569	N/A
Equipment Assistance	10.579	N/A
USDA Fresh Fruits and Vegetables	10.582	N/A
Total U.S. Department of Agriculture		
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
Community Development Block Grant	14.218	N/A
Passed through the TN Housing Development Agency:		
Emergency Shelter Grant	14.231	ESG-09-24
HOME Investment Partnership Program	14.239	N/A
Total U.S. Department of Housing and Urban Development		
<b>U.S. DEPARTMENT OF JUSTICE</b>		
Protective vests	16.607	N/A
Total U.S. Department of Justice		
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>		
Passed through the TN Department of Transportation		
Jetport - North Property	20.106	AERO-18230
Transportation Planning	20.205 *	Z-07036293
Intersection Improvement Georgetown Rd	20.205 *	STP-M-6023
Misc Impr to 17th St	20.205 *	STP-M--4472
Gaut Street Sidewalks	20.205 *	170087
Resurfacing and Safety Improvements - Central Ave	20.205 *	STP-M-9203(22)
Ocoee Greenway Connector	20.205 *	STP-M-9203(19)
Subtotal Program 20.205		
GSW Mobile	20.505	N/A
High Visibility Enforcement	20.607	Z17THS131
Total U.S. Department of Transportation		
<b>APPALACHIAN REGIONAL COMMISSION</b>		
Greenway Sound and Lighting Improvements	23.002	N/A
Total Appalachian Regional Commission		
<b>NATIONAL ENDOWMENT FOR THE HUMANITIES</b>		
Passed through the TN State Library and Archives:		
Technology Grant	45.310	N/A
Total National Endowment for the Humanities		

(Continued)

Accrued (Unearned) Grant Revenues July 1, 2017	Cash Receipts	Expend- itures	Accrued (Unearned) Grant Revenues June 30, 2018
\$ (103,433)	\$ 1,035,864	\$ 932,431	\$ 0
(227,087)	2,316,242	2,089,155	0
0	249,767	249,767	0
0	17,401	17,401	0
(10,579)	58,023	52,779	(5,335)
<u>\$ (341,099)</u>	<u>\$ 3,677,297</u>	<u>\$ 3,341,533</u>	<u>\$ (5,335)</u>
\$ 0	\$ 491,524	\$ 491,524	\$ 0
(17,469)	62,843	55,900	(10,526)
0	18,025	36,025	(18,000)
<u>\$ (17,469)</u>	<u>\$ 572,392</u>	<u>\$ 583,449</u>	<u>\$ (28,526)</u>
\$ (5,960)	\$ 8,530	\$ 4,018	\$ (1,448)
<u>\$ (5,960)</u>	<u>\$ 8,530</u>	<u>\$ 4,018</u>	<u>\$ (1,448)</u>
\$ 0	0	20,001	(20,001)
\$ (61,360)	\$ 96,337	\$ 87,486	\$ (52,509)
(15,293)	21,092	255,351	(249,552)
(12,182)	9,648	0	(2,534)
0	0	43,324	(43,324)
(23,634)	32,763	18,287	(9,158)
(62,881)	819,895	974,066	(217,052)
<u>\$ (175,350)</u>	<u>\$ 979,735</u>	<u>\$ 1,378,514</u>	<u>\$ (574,129)</u>
0	37,848	37,848	0
\$ 0	\$ 5,000	\$ 5,000	\$ 0
<u>\$ (175,350)</u>	<u>\$ 1,022,583</u>	<u>\$ 1,441,363</u>	<u>\$ (594,130)</u>
\$ (5,000)	\$ 25,000	\$ 20,000	\$ 0
<u>\$ (5,000)</u>	<u>\$ 25,000</u>	<u>\$ 20,000</u>	<u>\$ 0</u>
\$ 0	\$ 3,745	\$ 3,745	\$ 0
<u>\$ 0</u>	<u>\$ 3,745</u>	<u>\$ 3,745</u>	<u>\$ 0</u>

CITY OF CLEVELAND, TENNESSEE  
 SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY  
 For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	State Grant Number
<b>FEDERAL AWARDS (Continued):</b>		
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>		
Passed through the TN Department of Environment and Conservation:		
Grants for Clean Water - State Revolving Loan		
- Loan SRF 320	66.458 *	N/A
Grants for Drinking Water - State Revolving Loan		
- Loan DWF 16-172	66.468	N/A
- Loan DW6 17-192	66.468	N/A
- Loan Forgiveness DW6 17-192	66.468	N/A
Subtotal Program 66.468		
Total U.S. Environmental Protection Agency		
<b>U.S. DEPARTMENT OF EDUCATION</b>		
Passed through the TN Department of Education:		
Special Education Cluster:		
Special Education - Grants to States	84.027 *	N/A
Special Education - Preschool Grants	84.173 *	N/A
Title I Grant to Local Educational Agencies	84.010 *	N/A
Vocational Improvement	84.048	N/A
English Language Acquisition Enhancement Title III	84.365	N/A
Teacher and Principal Training & Recruiting Title II-A	84.367	N/A
Educator Preparation Working Group	84.372	N/A
Title IV Student Support and Academic Achievement Grants	84.424	N/A
Total U.S. Department of Education		
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
Passed through the TN Department of Education:		
Read to be Ready	93.575	N/A
Total U.S. Department of Health and Human Services		
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>		
Passed through the TN Emergency Management Agency:		
Flood Mitigation Assistance Program	97.029	N/A
Total U.S.. Department of Homeland Security		
<b>TOTAL FEDERAL AWARDS</b>		
<b>STATE AWARDS</b>		
TN Department of Education:		
Safe Schools Act	N/A	N/A
Coordinated School Health	N/A	N/A
Lottery for Education - Afterschool Programs	N/A	N/A
TN Teacher Leader	N/A	N/A
CTE Equipment	N/A	N/A

(Continued)

Accrued (Unearned) Grant Revenues July 1, 2017	Cash Receipts	Expend- itures	Accrued (Unearned) Grant Revenues June 30, 2018
\$ 0	\$ 1,859,102	\$ 1,859,102	\$ 0
\$ 0	\$ 6,285	\$ 6,285	\$ 0
0	110,291	110,291	0
0	27,573	27,573	0
<u>\$ 0</u>	<u>\$ 144,149</u>	<u>\$ 144,149</u>	<u>\$ 0</u>
<u>\$ 0</u>	<u>\$ 2,003,251</u>	<u>\$ 2,003,251</u>	<u>\$ 0</u>
\$ (10,616)	\$ 1,244,719	\$ 1,239,051	\$ (4,948)
0	56,081	56,081	0
(43,993)	1,627,137	1,641,352	(58,208)
(4,784)	90,726	102,457	(16,515)
(1,570)	57,032	58,163	(2,701)
(16,630)	194,377	190,417	(12,670)
0	1,016	1,016	0
0	28,266	38,224	(9,958)
<u>\$ (77,593)</u>	<u>\$ 3,299,354</u>	<u>\$ 3,326,761</u>	<u>\$ (105,000)</u>
<u>\$ (76,917)</u>	<u>\$ 113,237</u>	<u>\$ 71,129</u>	<u>\$ (34,809)</u>
<u>\$ (76,917)</u>	<u>\$ 113,237</u>	<u>\$ 71,129</u>	<u>\$ (34,809)</u>
<u>\$ (200,650)</u>	<u>\$ 522,841</u>	<u>\$ 321,764</u>	<u>\$ 427</u>
<u>\$ (200,650)</u>	<u>\$ 522,841</u>	<u>\$ 321,764</u>	<u>\$ 427</u>
<u>\$ (900,038)</u>	<u>\$ 11,248,230</u>	<u>\$ 11,117,013</u>	<u>\$ (768,821)</u>
\$ (6,957)	\$ 35,184	\$ 28,227	\$ 0
0	125,000	125,000	0
(42,707)	42,707	0	0
0	5,000	5,000	0
0	159,957	159,957	0

CITY OF CLEVELAND, TENNESSEE  
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY  
For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	State Grant Number
<b>STATE AWARDS - (Continued)</b>		
TN State Library and Archives:		
Technology grant	N/A	N/A
Dehumidifier	N/A	N/A
TN Historical Commission		
Technology - Computers and Training	N/A	N/A
TN Department of Health and Human Services		
Child Safety Grant	N/A	N/A
TN Department of Economic and Community Development:		
Tinsley Park Tennis Court Renovation	N/A	50.740
Greenway Stage Sound & Lighting	N/A	52.679
TN Department of Transportation:		
Jetport Environmental Monitoring	N/A	AERO-14101
Jetport Runway Extension Justification Study	N/A	AERO-14215
Jetport - Jetport Maintenance	N/A	AERO-17106
Jetport - 700' Runway Extension Construction	N/A	AERO-17224
Jetport - North Property	N/A	AERO-18230
Jetport - Airport Maintenance	N/A	AERO-101776
Local Interstate Connector, Stone Lake Rd	N/A	113131
Multi-Modal Access Grant	N/A	140160
GSW Mobile Lidar	N/A	GG-1441410
GSW Mobile Lidar	N/A	GG-1753594
TN Department of Environment and Conservation:		
Grants for Clean Water State Revolving Loan:		
- Loan SRF 320	N/A	N/A
Grants for Drinking Water State Revolving Loan:		
- Loan SRF 16-172	N/A	N/A
- Loan DW6 17-192	N/A	N/A
- Loan Forgiveness DW6 17-192	N/A	N/A
- Loan DWF 17-193	N/A	N/A

**TOTAL STATE AWARDS**

**TOTAL FEDERAL AND STATE AWARDS**

\*Denotes major programs

Note 1: Expenditures under the U.S. Department of Agriculture Food Distribution grant received by the Board of Education represent receipts and expenditures of noncash commodities as value based on equivalent purchased product.

Note 2: Basis of presentation: The accompanying Schedule of Federal and State Financial Assistance reports cash receipts when received and expenditures when incurred. Bracketed amounts represent grant revenues receivable from the grantor.

Note 3: The City did not elect to use the 10-percent de minimis indirect cost rate.

(Continued)

Accrued (Unearned) Grant Revenues July 1, 2017	Cash Receipts	Expend- itures	Accrued (Unearned) Grant Revenues June 30, 2018
\$ 0	\$ 13,164	\$ 13,164	\$ 0
(510)	510	0	0
0	19,191	19,191	0
0	9,273	9,273	0
(15,050)	133,125	249,578	(131,503)
(10,000)	25,000	15,000	0
(1,661)	8,458	6,797	0
(1,262)	1,262	0	0
(2,874)	2,874	0	0
(3,074)	1,828,030	1,957,887	(132,931)
0	0	1,111	(1,111)
0	9,043	14,300	(5,257)
(63,535)	63,535	0	0
(14,250)	14,250	0	0
0	3,322	3,322	0
0	1,394	1,394	0
0	371,820	371,820	0
0	136,405	136,405	0
0	27,195	27,195	0
0	6,799	6,799	0
0	0	193,201	(193,201)
<u>\$ (161,880)</u>	<u>\$ 3,042,498</u>	<u>\$ 3,344,621</u>	<u>\$ (464,003)</u>
<u>\$ (1,061,918)</u>	<u>\$ 14,290,728</u>	<u>\$ 14,461,634</u>	<u>\$ (1,232,824)</u>

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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, 2018, 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 7, 2018.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. This item is listed as item 2018-1.

### ***Compliance and Other Matters***

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

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

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

### ***Purpose of this Report***

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

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

December 7, 2018

**ARNETT, KIRKSEY, KIMSEY, SULLIVAN, LAY & HALL, PLLC**  
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

*Report on Compliance for Each Major Federal Program*

We have audited the City of Cleveland, Tennessee's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City of Cleveland, Tennessee's major federal programs for the year ended June 30, 2018. The City of Cleveland, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and other terms and conditions of its federal awards applicable to its federal programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the City of Cleveland, Tennessee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of the compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Cleveland, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Cleveland, Tennessee's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City of Cleveland, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

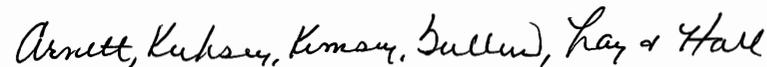
### ***Report on Internal Control Over Compliance***

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 and performing our audit of compliance, we considered the City of Cleveland, Tennessee's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Cleveland, Tennessee's internal control over compliance.

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

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

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

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

December 7, 2018

CITY OF CLEVELAND, TENNESSEE  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2018

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the City of Cleveland, Tennessee.
2. The audit of the financial statements of the City of Cleveland, Tennessee, disclosed one significant deficiency in internal control. This deficiency was not considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements.
4. No significant deficiencies relating to the audit of the major federal award programs were reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with the Uniform Guidance.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that were required to be reported in accordance with 2 CFR 200.516(a).
7. The programs tested as major programs included:

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

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The City of Cleveland, Tennessee, was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

2018-1 Budget Violation

Condition: In the General Purpose School Fund, actual expenditures exceeded budgeted expenditures by \$3,670,712. Budgeted expenditures were \$48,319,336 and actual expenditures were \$51,990,048.

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

Effect: Unauthorized expenditures were incurred by the government.

Recommendation: Management should take steps to make sure that actual expenditures do not exceed budgeted amounts.

Response: Management realized before year end that actual expenditures were going to exceed budgeted amounts, but was not able to process budget amendments before year end. Steps will be taken in the future to ensure that actual expenditures do not exceed budgeted amounts.

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

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

Title I Grants to Local Educational Agencies	84.010
Special Education - Grants to States	84.027
Special Education - Preschool Grants	84.173
	NONE

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

School Breakfast Program	10.553
School Lunch Program	10.555
	NONE

**U.S. Department of Transportation**

Highway Planning and Construction	20.205
	NONE

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

Grants for Clean Water - State Revolving Loan	66.458
	NONE

CITY OF CLEVELAND, TENNESSEE  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
For the Year Ended June 30, 2018

A. FINANCIAL STATEMENT AUDIT

None from prior year.

B. MAJOR FEDERAL AWARD PROGRAMS AUDIT

None from prior year.

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# City of Cleveland

CLEVELAND, TENNESSEE

*Shawn McKay*

Assistant City Manager/CFO

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P.O. Box 1519  
Cleveland, Tennessee 37364-1519

December 7, 2018

U.S. Department of Education

The City of Cleveland, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2018.

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

Audit Period: July 1, 2017 to June 30, 2018

## SIGNIFICANT DEFICIENCIES

### 2018-1 Budget Violation

Condition: In the General Purpose School Fund, actual expenditures exceeded budgeted expenditures by \$3,670,712. Budgeted expenditures were \$48,319,336 and actual expenditures were \$51,990,048.

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

Effect: Unauthorized expenditures were incurred by the government.

Recommendation: Management should take steps to make sure that actual expenditures do not exceed budgeted amounts.

Response: Management realized before year end that actual expenditures were going to exceed budgeted amounts, but was not able to process budget amendments before year end. Steps will be taken in the future to ensure that actual expenditures do not exceed budgeted amounts.

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

### U.S. Department of Education:

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

NONE

### U.S. Department of Agriculture:

School Breakfast Program	10.553
School Lunch Program	10.555

NONE

