

Comprehensive Annual Financial Report City of Cleveland, Tennessee



**For the Year Ended
June 30, 2017**

CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Prepared by:
Department of Finance

CITY OF CLEVELAND, TENNESSEE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	i
GFOA Certificate of Achievement	vii
City Officials	viii
Organizational Chart	ix

FINANCIAL SECTION

Independent Auditors' Report	1
Management Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet - Governmental Funds	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	24
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - School Fund	47
Statement of Net Position - Proprietary Funds	58
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	59
Statement of Cash Flows - Proprietary Funds	60
Statement of Net Position - Fiduciary fund - Other Post-Employment Benefits Trust Fund - Cleveland Utilities	62
Statement of Changes in in Net Position - Fiduciary Fund - Other Post-Employment Benefits Trust Fund - Cleveland Utilities	63
Notes to Financial Statements	64
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	102

	<u>Page</u>
Schedule of Cleveland City's Contributions Based on Participation in the Public Employee Pension Plan of TCRS	103
Schedule of Changes in Cleveland City's Net Pension Liability and Related Ratios Based on Participation in the Public Employee Pension Plan of CSA	104
Schedule of Cleveland City's Contributions Based on Participation in the Public Employee Pension Plan of CSA	105
Schedule of Cleveland City Schools' Proportionate Share of the Net Pension Asset Teacher Legacy Pension Plan of TCRS	106
Schedule of Cleveland City Schools' Contributions Teacher Legacy Pension Plan of TCRS	106
Schedule of Cleveland City Schools' Proportionate Share of the Net Pension Asset Teacher Retirement Plan of TCRS	107
Schedule of Cleveland City Schools' Contributions Teacher Retirement Plan of TCRS	107
Schedule of Funding Progress - Postemployment Benefits	108
Schedule of Changes in Total OPEB Liability and Related Ratios- Cleveland Utilities	109
Schedule of Contributions Based on Participation in the OPEB Plan - Cleveland Utilities	110
 Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	111
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	115
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
State Street Aid Fund	119
Solid Waste Management Fund	120
School Federal Projects Fund	122
School Food Services Fund	123
Library Fund	124
Drug Enforcement Fund	125
Metropolitan Transportation Planning Organization Fund	126
Community Development Block Grant Fund	127
2016 Byrne Memorial Justice Assistance Grants	129
E-Ticketing Grant Fund	130
Recycling Grant Fund	131
Debt Service Fund	132
Capital Improvement Program Fund	133
Greenway Fund	136
Fletcher Park Trust Fund	137
Sales Tax Capital Projects Fund	138
Spring Branch Industrial Park Fund	140
Meiler Estate Animal Shelter Trust Fund	141
 Combining Statement of Net Position - Internal Service Funds	 142
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	143
Combining Statement of Cash Flows - Internal Service Funds	144

	<u>Page</u>
Combining and Individual Fund Statements and Schedules - (Continued)	
Schedule of Revenues, Expenses and Changes in Net	
Position- Budget and Actual:	
Fleet Management Fund	145
Health Insurance Trust Fund	147
Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedule By Source	148
Schedule by Function and Activity	149
Schedule of Changes by Function and Activity	151

STATISTICAL SECTION	<u>Schedule</u>	<u>Page</u>
Net Assets by Component - Last Ten Fiscal Years	1	153
Change in Net Position - Last Ten Fiscal Years	2	155
Program Revenues by Function/Program - Last Ten Fiscal Years	3	157
Fund Balances, Governmental Funds - Last Ten Fiscal Years	4	159
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	5	161
Tax Revenues by Source, Governmental Funds - Last Ten Fiscal Years	6	163
Assessed and Estimated Actual Value of Real Taxable Property - Last Ten Fiscal Years	7	164
Direct and Overlapping Property Tax Rates	8	166
Principal Property Taxpayers - Current Year and Nine Years Ago	9	168
Property Tax Levies and Collections - Last Ten Fiscal Years	10	169
Local Taxable Sales by Category - Last Ten Calendar Years	11	170
Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years	12	172
Local Sales Tax Revenue by Industry - Fiscal Years 2005 and 2014	13	173
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	14	175
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	15	177
Direct and Overlapping Governmental Activities Debt	16	178
Legal Debt Margin Information - Last Ten Fiscal Years	17	179
Revenue Bond Coverage Water and Wastewater Bonds - Last Ten Fiscal Years	18	181
Demographic and Economic Statistics - Last Ten Calendar Years	19	182

STATISTICAL SECTION - (Continued)	<u>Schedule</u>	<u>Page</u>
Principal Employers - Current Year and Nine Years Ago	20	184
Full-Time-Equivalent City Government Employees by Function/Program - Last Ten Fiscal Years	21	186
Operating Indicators by Function/Program - Last Ten Fiscal Years	22	187
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	23	191
 OTHER INFORMATION	 <u>Table</u>	
Insurance in Force - All Fund Types Excluding Cleveland Utilities	1	192
Insurance in Force - Cleveland Utilities	2	193
Changes in Property Taxes Receivable	3	194
Changes in General Obligation Bonds Payable	4	195
Changes in Revenue Bonds Payable	5	196
Changes in Notes Payable	6	197
Uncollected Delinquent Property Taxes Filed	7	199
Bond Principal and Interest Requirements by Fiscal Year for General Obligation Bonds	8	200
Note Principal and Interest Requirements by Fiscal Year Excluding Cleveland Utilities	9	202
Bond Principal and Interest Requirements by Fiscal Year for Cleveland Utilities	10	206
Note Principal and Interest Requirements by Fiscal Year for Cleveland Utilities	11	208
Investments	12	212
Transfers	13	213
Schedule of Unaccounted for Water	14	214
Surety Bonds of Principal Officials	15	216

SINGLE AUDIT SECTION

Schedule of Federal and State Financial Assistance Activity	217
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	223
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	225
Schedule of Findings and Questioned Costs	227
Summary Schedule of Prior Audit Findings	229

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City of Cleveland

CLEVELAND, TENNESSEE

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December 21, 2017

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, 2017.

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

The City of Cleveland's financial statements have been audited by Arnett, Kirksey, Kimsey, Sullivan, Lay and Hall, PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Cleveland, for the fiscal year ended June 30, 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, 2017, 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 31st and operating budget requests to the chief financial officer by March 1st 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 30th each year, which is the close of the city's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Departmental budget officers, with approval of the department head and finance director, may make transfers of appropriations within a department. However, transfers of appropriations between funds require approval of the city council. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 24-46 as part of the basic financial statements for the governmental funds. The school fund comparison is presented on pages 47-57. For nonmajor governmental funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 111.

Factors Affecting Financial Condition

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

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

In the July 2017 Moody Analytics comparison of metropolitan area economic performance, the report stated that Cleveland's expansion is on solid ground. Among Cleveland's strengths cited in the report are: low business costs and infrastructure are

attractive to potential manufacturers, strong links to Chattanooga and Atlanta, favorable migration patterns and rapid labor force growth. The report also noted that the stage is set for Cleveland's pivotal logistics industry. Nearly half of the US population is within a day's drive of the metro area, making it a natural hub for transportation and warehousing.

The personal finance website, Magnify Money analyzed 381 major metros in the U.S. to see where a family earning \$100,000 had the most discretionary income in their budgets. The report, "The Best and Worst Cities to Live on Six Figures", ranked Cleveland third most affordable, finding that families spend just 63 percent of their post-tax income on essentials, savings and entertainment.

The financial technology company, SmartAsset, a leading provider of personal financial advice on the web, ranked Cleveland second in a ranking of cities least affected by inflation. Over a ten-year period, the report found that the purchasing power of money in Cleveland went up 19.7 percent while the average cost of living only increased 1.36 percent. Cleveland also had the largest change in personal income in the state with an increase of 3.07 percent.

In addition, the publication, *Where to Retire*, profiled Cleveland in a feature titled "8 Praiseworthy Low-Cost Cities". Cleveland's low costs and proximity to the Great Smoky Mountains National Park make it a top retirement destination.

Cleveland's strong economy is evidenced by the following:

- Polartec, the leading manufacturer of polar fleece, completed its purchase of United Knitting Mills and relocated its North American production facilities to Cleveland, creating 150 jobs.
- Bayer Healthcare announced a \$38 million expansion of their Cleveland production facility. This investment provides stability for Bayer's 376 full time employees with a combined wage and benefit package of \$39 million a year.
- Lee University completed major renovations on the Deacon Jones Dining Hall and the School of Business. The 119-acre campus serves over 5,300 students from 48 states and 52 countries.
- In a November 2016 *Chattanooga Times Free Press* article, Dr. William Fox of the Boyd Center for Business and Economic Research at the University of Tennessee noted the fastest growth pace in employment in Tennessee has been in Cleveland, adding 4,430 jobs. Cleveland ranked 5th nationally in job growth, up 5.3 percent.
- Cleveland ranked second in Tennessee in population growth, up 6.3 percent, according to a July 2016 *Chattanooga Times Free Press* article.

- Various commercial developments valued at nearly \$21 million have begun during FY2017. These include Southeast Bank, Sun Trust Bank, Towne Place Suites, two restaurants and numerous retail establishments.
- New residential development totaled \$24.7 million while building alterations/additions totaled \$15.3 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 1st, would be used for capital needs of the City and the City Schools. This additional revenue has provided much needed funds to purchase equipment and provide paving in the city. It has also funded improvements to the schools including repaying debt incurred for constructing a science wing at Cleveland High School.

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, 2016. This was the twenty-ninth 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 nineteen 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, 2016

Executive Director/CEO

CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OFFICIALS
June 30, 2017

Tom Rowland
Mayor

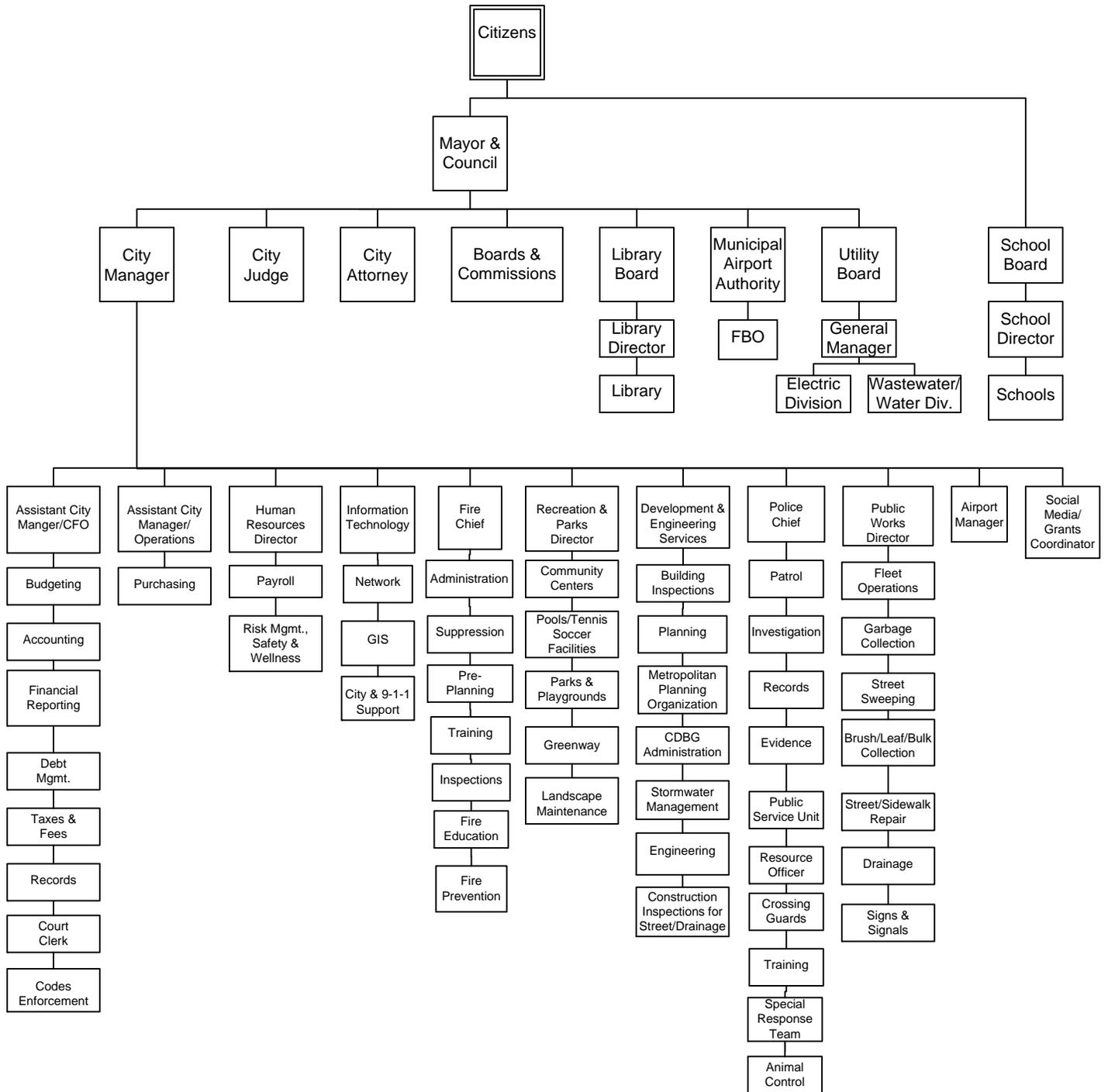
Richard Banks	Councilman
Tom Cassada	Councilman
William Estes	Councilman
Dale Hughes	Councilman
Avery Johnson, Sr.	Councilman
David May, Jr.	Councilman
Charlie McKenzie	Councilman

Joe Fivas	City Manager
Melinda Carroll	Assistant City Manager/Operations
Shawn McKay	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 Pettit	Parks and Recreation Director

Organizational Chart for the City of Cleveland, Tennessee



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FINANCIAL SECTION

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

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CERTIFIED PUBLIC ACCOUNTANTS
NATIONAL ASSOCIATION OF
CERTIFIED VALUATION ANALYSTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Tennessee, as of June 30, 2017, 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. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; Statement No. 77, *Tax Abatement Disclosures*; and Statement No. 82, *Pension Issues* an amendment of GASB Statements No. 67, 68 and 73. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and the required supplementary information related to post-employment benefits and pension liability as reported on pages 102 through 110 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted primarily of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 11, 2017, on our consideration of the City of Cleveland's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

December 11, 2017

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, 2017. 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, 2017 by \$262,419,282 (net position).
- Net position (defined as the difference in revenues and expenses) increased by \$11,978,080. The City of Cleveland's changes in net position is detailed in the chart on page eight of this report. Total revenues increased \$5,771,497 which included an increase in capital grants and charges for services. Expenses increased \$8,702,871 over last fiscal year due to increases in spending on public safety and education.
- The city's property tax rate remained at \$1.7655 per hundred dollars of assessment. This continues the level of services city residents have come to expect.
- The city's residential sanitation fee remained at \$6.95 per month.
- As of the close of the current fiscal year, the City of Cleveland's governmental funds reported combined ending fund balances of \$33,336,479.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,548,699. Expenditures do not include transfers to other funds, which totaled \$12,893,126 in the city's general fund.
- Long-term debt decreased approximately \$2,093,239.
- As detailed in Note 20 of the financial statements, the City has implemented Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 71.

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 and school fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements later in this report beginning on page 111.

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 20-57 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 58-61 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 62-63 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 64-101 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 102-110 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 111-147 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 \$262,419,282 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	FY2016	FY2017	FY2016	FY2017	FY2016
Current assets	\$67,052,124	\$63,598,159	\$41,019,635	\$39,947,245	\$108,071,759	\$103,545,404
Receivables and other noncurrent assets	39,378	16,770	2,869,324	2,839,711	2,908,702	2,856,481
Deferred charges	0	0	0	0	0	0
Capital assets	193,576,122	193,645,718	197,678,346	192,830,978	391,254,468	386,476,696
Total assets	260,667,624	257,260,647	241,567,305	235,617,934	502,234,929	492,878,581
Total deferred outflows of Resources	14,942,980	14,898,807	7,223,932	6,761,953	22,166,912	21,660,760
Long-term liabilities Outstanding	111,099,570	103,864,390	86,967,931	86,620,858	198,067,501	190,485,248
Other liabilities	9,953,092	9,488,912	23,240,325	24,819,435	33,193,017	34,308,347
Total liabilities	121,052,662	113,353,302	110,208,256	111,440,293	231,260,518	224,793,595
Total deferred inflows of Resources	30,444,277	37,269,021	277,364	2,035,523	30,721,641	39,304,544
Net position:						
Net Investment in capital assets	119,211,701	118,815,347	132,427,918	126,677,290	251,639,619	245,492,637
Restricted	4,509,812	3,960,956	0	0	4,509,812	3,960,956
Unrestricted	392,152	(1,239,172)	5,877,699	2,226,781	6,269,851	987,609
Total net position	\$124,113,665	\$121,537,131	\$138,305,617	\$128,904,071	\$262,419,282	\$250,441,202

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

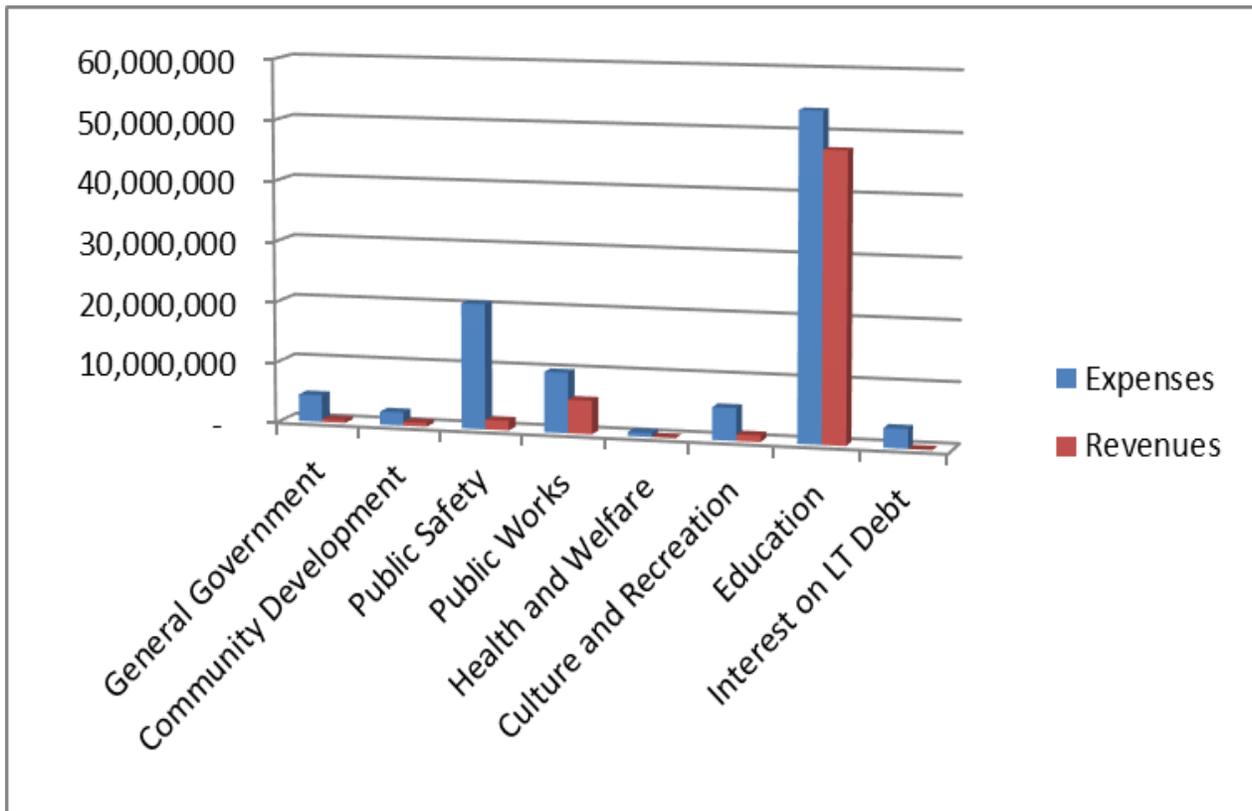
Governmental activities. Governmental activities increased the City of Cleveland’s net position by \$2,576,534 detailed as follows:

City of Cleveland’s Changes in Net Position

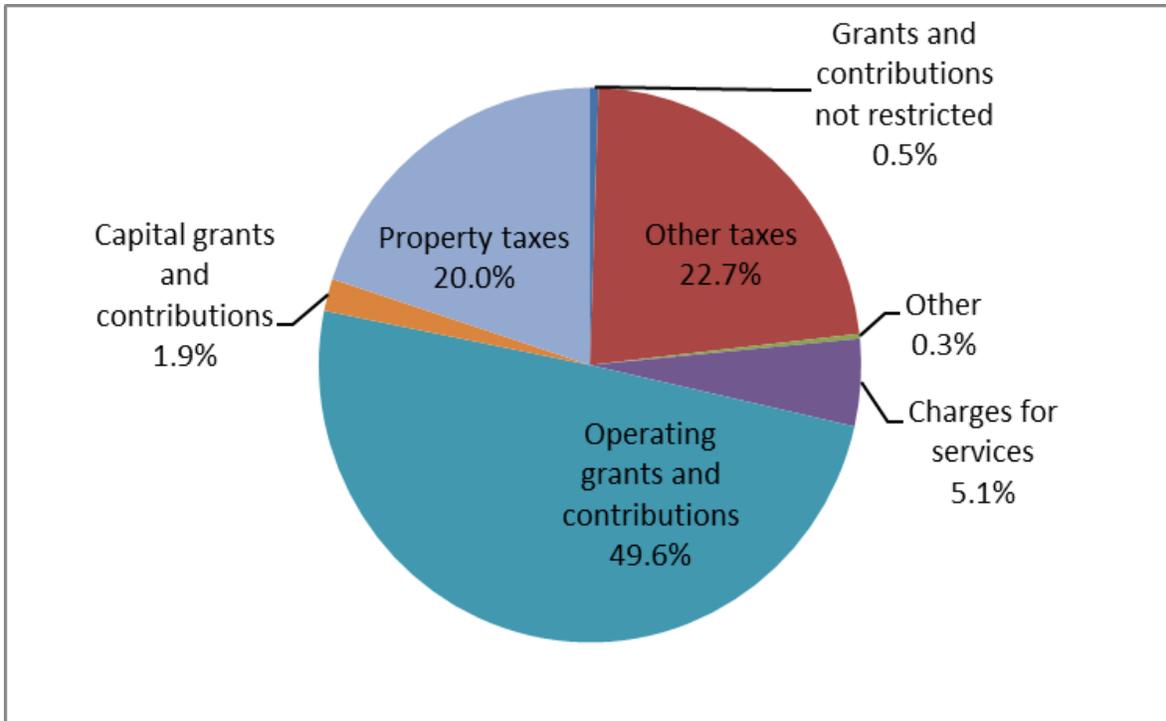
	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	FY2017	FY2016	FY2017	FY2016	FY2017	FY2016
Revenues:						
Program revenues:						
Charges for services	\$5,088,039	\$5,546,286	\$131,505,813	\$125,018,546	\$136,593,852	\$130,564,832
Operating grants and Contributions	49,701,112	47,705,172	57,620	55,537	49,758,732	47,760,709
Capital grants and contributions	1,885,608	4,452,957	828,652	1,494,135	2,714,260	5,947,092
General revenues:						
Property taxes	20,024,551	19,607,993	0	0	20,024,551	19,607,993
Other taxes	22,763,428	22,332,467	0	0	22,763,428	22,332,467
Grants and contributions not restricted to specific programs	494,787	394,752	0	0	494,787	394,752
Other	94,752	145,989	185,698	104,729	280,450	250,718
Total revenues	100,052,277	100,185,616	132,577,783	126,672,947	232,630,060	226,858,563
Expenses:						
General government	4,442,261	3,765,394	0	0	4,442,261	3,765,394
Planning and inspection	2,166,719	1,940,024	0	0	2,166,719	1,940,024
Public safety	20,587,764	19,057,323	0	0	20,587,764	19,057,323
Public works	9,882,476	11,240,255	0	0	9,882,476	11,240,255
Health and welfare	659,284	671,684	0	0	659,284	671,684
Culture and recreation	5,328,380	4,371,397	0	0	5,328,380	4,371,397
Education	53,648,372	49,400,437	0	0	53,648,372	49,400,437
Interest on long-term debt	3,198,147	3,296,175	0	0	3,198,147	3,296,175
Water and sewer	0	0	24,601,946	23,781,528	24,601,946	23,781,528
Electric	0	0	95,625,776	94,002,316	95,625,776	94,002,316
Stormwater	0	0	510,855	422,576	510,855	422,576
Total expenses	99,913,403	93,742,689	120,738,577	118,206,420	220,651,980	211,949,109
Increase (decrease) in net position before transfers	138,874	6,442,927	11,839,206	8,466,527	11,978,080	14,909,454
Transfers	2,437,660	2,322,340	(2,437,660)	(2,322,340)	0	0
Increase (decrease) in net position	2,576,534	8,765,267	9,401,546	6,144,187	11,978,080	14,909,454
Net position – beginning	121,537,131	112,771,864	128,904,071	122,759,884	250,441,202	235,531,748
Prior period adjustment	0	0	0	0	0	0
Net position – ending	\$124,113,665	\$121,537,131	\$138,305,617	\$128,904,071	\$262,419,282	\$250,441,202

- The city’s property tax rate remained \$1.7655 per \$100 of assessed value in fiscal year 2017. Tax revenues increased \$847,519 from FY2016 primarily because of decreased state income tax revenues.
- Operating grants and contributions increased \$1,995,940 due to a combination of increases in federal, state and local funds received for education.
- Capital grants and contributions decreased \$2,567,349 primarily due to the completion of public works projects.
- Cleveland’s second largest revenue source is local sales tax which increased \$367,062. 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 \$6,170,714 primarily for public safety, education and recreation.

Expenses and Program Revenues – Governmental Activities



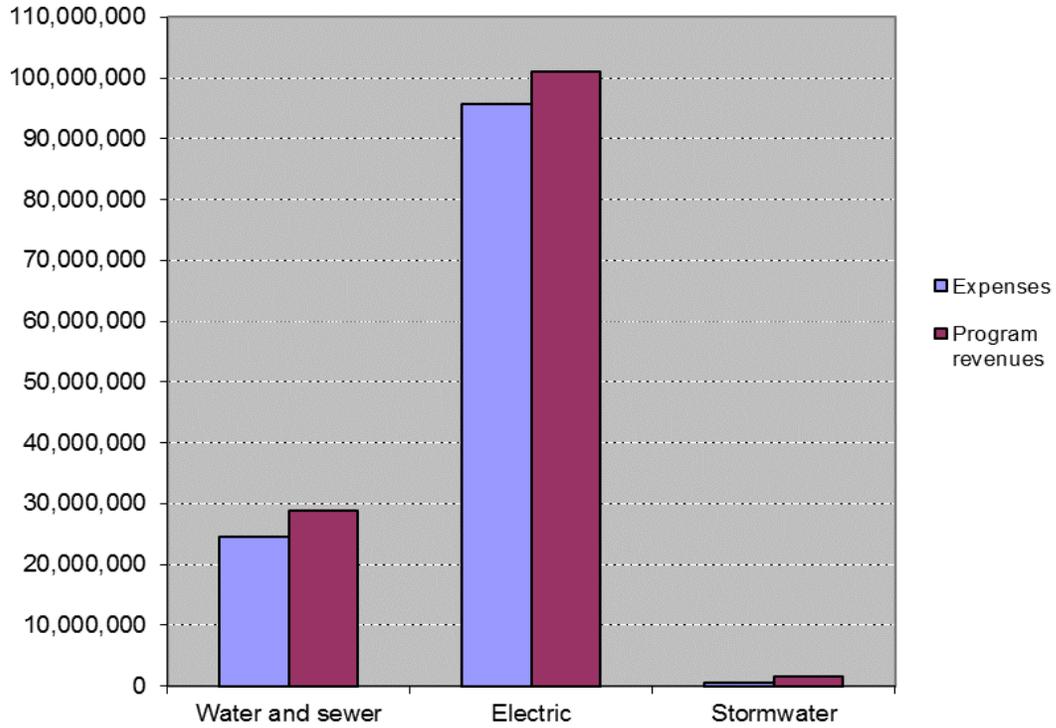
Revenues by Source – Governmental Activities



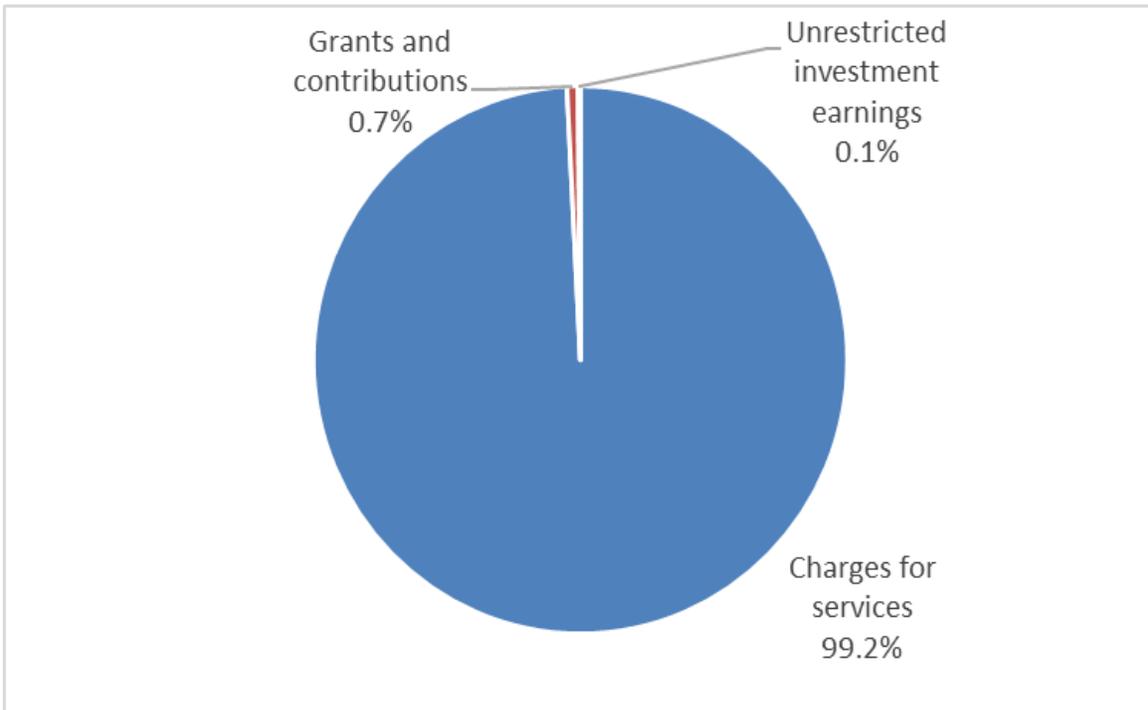
Business-type activities. Business-type activities increased the City of Cleveland’s net position by \$9,401,546.

- Charges for services increased \$6,487,267. This increase is attributed primarily to the electric division operations of Cleveland Utilities and the City’s stormwater fund.
- Capital grants and contributions increased \$2,083 primarily for water and sewer projects.
- Expenses for business-type activities decreased \$665,483. The most significant changes in expenses were in the water 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 \$33,336,479, an increase of \$2,480,416. The combined fund balance is broken down as follows:

- \$760,148 is non-spendable consisting of inventories and permanent fund principal
- \$3,936,176 is restricted for limited use in law enforcement, community development, street improvements, recycling, capital outlay, education and animal control
- \$740,978 is committed by the City Council for use by Solid Waste Management
- \$16,250,478 is assigned for designated use for education, the library, debt service and capital outlay
- \$11,548,699 is unassigned.

The general fund is the chief operating fund of the City of Cleveland. At the end of the current fiscal year, unassigned fund balance was \$11,548,699. Unassigned fund balance represents 37.5% of general fund expenditures. However, the unassigned fund balance only represents 28.0% 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 \$701,637 during the current fiscal year. Although revenues fell short of budgeted amounts (state-shared revenues and fines & forfeitures) city departments controlled spending. Several vacant employee positions remained unfilled. The fund balance of the School Fund increased \$120,919. This is due in part to increased local sales and property tax revenues.

The debt service fund has a total fund balance of \$4,622,609. The net increase in fund balance during the current year was \$2626,299.

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 \$1,229,281 for the Cleveland Utilities Water Division, \$3,341,349 for Cleveland Utilities Electric Division, \$1,297,555 for Stormwater Management and \$854,418 for the Fleet Management Fund.

General Fund Budgetary Highlights

General fund revenues were amended during the year to decrease \$18,316. General fund expenditures were amended to decrease \$100,609 distributed among several departments. Departmental budget officers closely monitored expenditures during the fiscal year to minimize budget amendments.

Actual revenues were less than the final amended budget by \$757,050. This was primarily due to lower revenues for state-shared taxes and fines.

Differences between the final amended budget and actual expenditures were \$1,763,439. Vacancies in various departments and reductions in spending throughout all departments accounted for this.

Capital Asset and Debt Administration

Capital assets. The City of Cleveland's investment in capital assets for its governmental and business type activities as of June 30, 2017 amounts to \$391,254,468 (net of accumulated depreciation), which is a \$4,777,772 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 \$595,865 in improvements including the public library.
- Public Safety added \$2,193,492 in police patrol units and equipment for the fire department.
- Public Works added \$1,534,539 primarily in road, sidewalk, and drainage infrastructure.
- Parks and Recreation added \$329,918 in recreation center improvements and the Greenway.

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

	Governmental Activities		Business-type Activities		Total	
	FY2017	FY2016	FY2017	FY2016	FY2017	FY2016
Land	\$ 37,347,873	\$ 37,309,939	\$ 1,837,881	\$ 1,821,171	\$ 39,185,754	\$ 39,131,110
Buildings and Systems	84,678,964	73,839,120	179,491,760	174,008,677	264,170,724	247,847,797
Improvements other than buildings	13,378,894	13,702,529	0	0	13,378,894	13,702,529
Furniture, fixtures, equipment & vehicles	10,574,883	8,881,772	0	0	10,574,883	8,881,772
Infrastructure	42,973,881	42,373,180	0	0	42,973,881	42,373,180
Construction in Progress	4,621,627	17,539,178	16,348,705	17,001,130	20,970,322	34,540,308
Total	\$193,576,122	\$193,645,718	\$197,678,346	\$192,830,978	\$391,254,468	\$386,476,696

Additional information on the City of Cleveland's capital assets can be found in Note 4 on pages 73-74 of this report.

Long-term debt. At the end of the current fiscal year, the City of Cleveland had total debt outstanding of \$141,681,096. Of this amount, \$51,817,480 comprises bonds backed solely by the full faith and credit of the city. The city also issues bonds secured by specified revenue sources (i.e., revenue bonds); however, in the event of default, the full faith and credit of the city are irrevocably pledged. The city had \$39,185,000 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 \$23,867,578 for city general projects and \$26,835,113 for Cleveland Utilities. The City also has a capital lease on lighting upgrades for the City Schools and mowing equipment for the recreation department in the amount of \$488,149.

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	FY2016	FY2017	FY2016	FY2017	FY2016
General obligation bonds	51,817,480	54,780,840	0	0	51,817,480	54,780,840
Long-term notes issued through various agencies in TN	23,141,751	21,867,578	26,835,113	23,383,573	49,976,864	45,251,151
Capital leases	488,149	241,845	0	0	488,149	241,845
Revenue bonds	0	0	39,185,000	43,289,640	39,185,000	43,289,640
Less bond discount/ Premiums	116,028	135,110	97,580	75,754	213,608	210,864
Less Deferred Charges for refunding	0	0	0	0	0	0
Total	75,563,408	77,025,373	66,117,693	66,748,967	141,681,101	143,774,340

During 2017, the city entered into loan agreements totaling \$7,700,000 including \$3,000,000 for infrastructure at Spring Branch Industrial Park, \$2,600,000 for Fire Station 6 and apparatus, \$680,000 for improvements at Tinsley Park, \$200,000 for a police command post and \$300,000 GIS and technology improvements. Further details about the city's long-term debt are included in Note 6 on pages 75-78.

The City of Cleveland maintains an "AA" rating from Standard & Poor's and an "Aa2" 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, 2017 is \$42,457,562 and is calculated on page 180 of this report.

Economic Factors and Next Year's Budget and Rates

- The June 2017 unemployment rate for Cleveland was 4.4 percent, which is down from the 4.9 percent a year ago. Bradley County was 4.3 percent, which is down from 4.7 percent from a year ago. Tennessee's average unemployment rate was 3.6 percent and the national average rate was 4.4 percent.
- The city qualifies as an Entitlement Community for the CDBG program due to designation as a principal city in a Metropolitan Statistical Area (MSA).
- Local sales tax collections increased 3.9 percent from the previous fiscal year. This is a positive sign that a recovery in the current economy continues. State sales tax collections have shown positive signs as well, with a 2.5 percent increase.

All of these factors were considered in preparing the city's budget for the 2018 fiscal year. Management has again been conservative in estimating revenues for 2018.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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CITY OF CLEVELAND, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2017

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 27,878,675	\$ 21,866,807	\$ 49,745,482
Cash and cash equivalents - restricted	4,936	291,130	296,066
Investments	930,356	0	930,356
Investments - restricted	455,000	0	455,000
Accounts receivable - net	998,969	17,147,693	18,146,662
Property taxes receivable - net	21,421,017	0	21,421,017
Sales tax receivable	3,061,343	0	3,061,343
Due from other government agencies	10,233,743	0	10,233,743
Internal balances	1,559,000	(1,559,000)	0
Inventories	222,573	2,305,252	2,527,825
Prepays	286,512	967,753	1,254,265
Total current assets	<u>\$ 67,052,124</u>	<u>\$ 41,019,635</u>	<u>\$ 108,071,759</u>
Noncurrent assets:			
Receivable from customers for conservation loans	\$ 0	\$ 1,131,184	\$ 1,131,184
Other noncurrent assets	0	1,738,140	1,738,140
Net pension asset	39,378	0	39,378
Capital assets:			
Land and construction in progress	41,969,500	18,186,676	60,156,176
Other capital assets, net of accumulated depreciation	151,606,622	179,491,670	331,098,292
Total noncurrent assets	<u>\$ 193,615,500</u>	<u>\$ 200,547,670</u>	<u>\$ 394,163,170</u>
Total Assets	<u>\$ 260,667,624</u>	<u>\$ 241,567,305</u>	<u>\$ 502,234,929</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 1,198,987	\$ 589,765	\$ 1,788,752
Deferred outflows - pensions	13,743,993	6,634,167	20,378,160
Total Deferred Outflows of Resources	<u>\$ 14,942,980</u>	<u>\$ 7,223,932</u>	<u>\$ 22,166,912</u>

	Primary Government		
	Governmental Activities	Business- type Activities	Total
LIABILITIES			
Current liabilities:			
Accrued liabilities	\$ 3,764,600	\$ 2,977,574	\$ 6,742,174
Accounts payable	933,806	11,036,913	11,970,719
Customer deposits	0	3,567,636	3,567,636
Bonds, notes and capital leases - current	5,085,364	5,658,202	10,743,566
Compensated absences payable - current	169,322	0	169,322
Total current liabilities	<u>\$ 9,953,092</u>	<u>\$ 23,240,325</u>	<u>\$ 33,193,417</u>
Long-term liabilities:			
Conservation advances from TVA	\$ 0	\$ 1,168,289	\$ 1,168,289
Bonds, notes and capital leases payable	70,478,044	60,459,491	130,937,535
Compensated absences payable	1,947,198	0	1,947,198
Post-employment benefits payable	21,085,547	9,257,234	30,342,781
Net pension liability	17,588,781	16,082,917	33,671,698
Total long-term liabilities	<u>\$ 111,099,570</u>	<u>\$ 86,967,931</u>	<u>\$ 198,067,501</u>
Total Liabilities	<u>\$ 121,052,662</u>	<u>\$ 110,208,256</u>	<u>\$ 231,260,918</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 25,998,763	\$ 0	\$ 25,998,763
Deferred revenue - other	42,825	0	42,825
Deferred charge on refunding	0	13,629	13,629
Deferred inflows - pensions	4,402,689	263,735	4,666,424
Total Deferred Inflows of Resources	<u>\$ 30,444,277</u>	<u>\$ 277,364</u>	<u>\$ 30,721,641</u>
NET POSITION			
Net investment in capital assets	\$ 119,211,701	\$ 132,427,918	\$ 251,639,619
Restricted for:			
Law enforcement	125,405	0	125,405
Community development - federal grants	66,659	0	66,659
Street improvements	844,882	0	844,882
Capital outlay	2,980,941	0	2,980,941
Recycling	9,267	0	9,267
Education	9,022	0	9,022
Perpetual care:			
Nonexpendable	473,636	0	473,636
Unrestricted	392,152	5,877,699	6,269,851
Total Net Position	<u>\$ 124,113,665</u>	<u>\$ 138,305,617</u>	<u>\$ 262,419,282</u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Govern- mental Activities	Business- type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 4,442,261	\$ 273,372	\$ 180,857	\$ 0	\$ (3,988,032)	\$ 0	\$ (3,988,032)
Development and engineering	2,166,719	385,209	199,376	34,890	(1,547,244)	0	(1,547,244)
Public safety	20,587,764	1,043,851	254,728	280,893	(19,008,292)	0	(19,008,292)
Public works	9,882,476	2,841,074	1,194,751	1,458,332	(4,388,319)	0	(4,388,319)
Health and welfare	659,284	41,520	5,537	0	(612,227)	0	(612,227)
Culture and recreation	5,328,380	181,309	760,162	111,493	(4,275,416)	0	(4,275,416)
Education	53,648,372	321,704	47,105,701	0	(6,220,967)	0	(6,220,967)
Interest on long-term debt	3,198,147	0	0	0	(3,198,147)	0	(3,198,147)
Total governmental activities	<u>\$ 99,913,403</u>	<u>\$ 5,088,039</u>	<u>\$ 49,701,112</u>	<u>\$ 1,885,608</u>	<u>\$ (43,238,644)</u>	<u>\$ 0</u>	<u>\$ (43,238,644)</u>
Business-type activities:							
Water and sewer	\$ 24,601,946	\$ 28,942,827	\$ 0	\$ 492,237	\$ 0	\$ 4,833,118	\$ 4,833,118
Electric	95,625,776	101,077,357	57,620	330,463	0	5,839,664	5,839,664
Stormwater management	510,855	1,485,629	0	5,952	0	980,726	980,726
Total business-type activities	<u>\$ 120,738,577</u>	<u>\$ 131,505,813</u>	<u>\$ 57,620</u>	<u>\$ 828,652</u>	<u>\$ 0</u>	<u>\$ 11,653,508</u>	<u>\$ 11,653,508</u>
Total primary government	<u>\$ 220,651,980</u>	<u>\$ 136,593,852</u>	<u>\$ 49,758,732</u>	<u>\$ 2,714,260</u>	<u>\$ (43,238,644)</u>	<u>\$ 11,653,508</u>	<u>\$ (31,585,136)</u>
General revenues:							
Property taxes					\$ 20,024,551	\$ 0	\$ 20,024,551
Interest and penalty on taxes					218,748	0	218,748
In lieu of taxes					336,281	0	336,281
Local sales tax					13,693,221	0	13,693,221
Wholesale beer tax					1,509,444	0	1,509,444
Gross receipts tax					1,315,875	0	1,315,875
Franchise tax					879,433	0	879,433
State sales tax - unrestricted					3,424,704	0	3,424,704
Other state taxes - unrestricted					1,385,722	0	1,385,722
Grants and contributions not restricted to specific programs					494,787	0	494,787
Unrestricted investment earnings					208,210	185,698	393,908
Loss on disposal of capital assets					(113,458)	0	(113,458)
Transfers					2,437,660	(2,437,660)	0
Total general revenues and transfers					<u>\$ 45,815,178</u>	<u>\$ (2,251,962)</u>	<u>\$ 43,563,216</u>
Change in net position					\$ 2,576,534	\$ 9,401,546	\$ 11,978,080
Net position - beginning					121,537,131	128,904,071	250,441,202
Net position - ending					<u>\$ 124,113,665</u>	<u>\$ 138,305,617</u>	<u>\$ 262,419,282</u>

CITY OF CLEVELAND, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,751,522	\$ 6,300,235	\$ 12,067,867	\$ 27,119,624
Cash and cash equivalents - restricted	0	0	4,936	4,936
Investments	0	0	930,356	930,356
Investments - restricted	0	0	455,000	455,000
Accounts receivable - net	771,896	0	212,484	984,380
Property taxes receivable - net	21,421,017	0	0	21,421,017
Sales tax receivable	2,158,363	902,980	0	3,061,343
Due from other government agencies	1,100,115	7,306,234	1,827,394	10,233,743
Due from other funds	200	0	1,559,000	1,559,200
Prepays	0	0	286,512	286,512
Total Assets	\$ 34,203,113	\$ 14,509,449	\$ 17,343,549	\$ 66,056,111
LIABILITIES				
Accrued liabilities	\$ 781,677	\$ 2,564,873	\$ 279,566	\$ 3,626,116
Accounts payable	91,053	444,940	258,115	794,108
Due to other funds	0	0	200	200
Unearned revenue	33,000	0	9,825	42,825
Total Liabilities	\$ 905,730	\$ 3,009,813	\$ 547,706	\$ 4,463,249
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - current property taxes	\$ 19,626,778	\$ 6,371,985	\$ 0	\$ 25,998,763
Unavailable revenue - delinquent property taxes	1,697,152	99,428	0	1,796,580
Unavailable revenue - other	424,754	36,286	0	461,040
Total Deferred Inflows of Resources	\$ 21,748,684	\$ 6,507,699	\$ 0	\$ 28,256,383
FUND BALANCES				
Nonspendable:				
Prepaid items	\$ 0	\$ 0	\$ 286,512	\$ 286,512
Permanent fund principal	0	0	473,636	473,636
Restricted for:				
Law enforcement	0	0	125,405	125,405
Community development - federal grants	0	0	66,659	66,659
Street improvements	0	0	844,882	844,882
Recycling	0	0	9,267	9,267
Capital outlay	0	0	2,980,941	2,980,941
Education	0	9,022	0	9,022
Animal Control	0	0	0	0
Committed to:				
Solid Waste	0	0	740,978	740,978
Assigned to:				
Education	0	4,982,915	705,172	5,688,087
Library	0	0	471,995	471,995
Debt service	0	0	4,622,609	4,622,609
Capital outlay	0	0	5,467,787	5,467,787
Unassigned	11,548,699	0	0	11,548,699
Total Fund Balances	\$ 11,548,699	\$ 4,991,937	\$ 16,795,843	\$ 33,336,479
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 34,203,113	\$ 14,509,449	\$ 17,343,549	\$ 66,056,111

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

CITY OF CLEVELAND, TENNESSEE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2017

Total fund balances per governmental funds balance sheet	\$	33,336,479
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		192,551,022
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.		(116,451,265)
Internal service funds are used by management to charge the costs of fleet management services and health insurance trust to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		1,879,518
The net difference on debt refunding is deferred and expensed over the life of the refunding debt issue.		1,198,987
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.		9,341,304
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.		2,257,620
Net position of governmental activities	<u>\$</u>	<u>124,113,665</u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2017

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 33,953,720	\$ 0	\$ 3,951,333	\$ 37,905,053
Licenses and permits	628,772	0	0	628,772
Intergovernmental	5,217,151	40,098,606	10,968,281	56,284,038
Fines and forfeitures	475,083	0	52,029	527,112
Charges for services	1,050,909	198,563	2,699,732	3,949,204
Interest	67,987	32,455	107,768	208,210
Miscellaneous	500,962	151,828	250,895	903,685
Total revenues	\$ 41,894,584	\$ 40,481,452	\$ 18,030,038	\$ 100,406,074
Expenditures:				
Current:				
General government	\$ 3,009,050	\$ 0	\$ 170,616	\$ 3,179,666
Development and engineering	1,623,291	0	216,653	1,839,944
Public safety	17,901,458	0	72,442	17,973,900
Public works	3,543,754	0	4,090,064	7,633,818
Health and welfare	521,479	0	0	521,479
Culture and recreation	2,907,273	0	1,361,862	4,269,135
Education	0	44,027,720	7,019,088	51,046,808
Appropriations	1,192,403	0	0	1,192,403
Capital outlay	0	1,803,757	7,231,401	9,035,158
Debt service:				
Principal retirement	34,991	161,596	4,317,738	4,514,324
Interest and fiscal charges	2,384	6,688	2,219,051	2,228,124
Total expenditures	\$ 30,736,083	\$ 45,999,761	\$ 26,698,915	\$ 103,434,759
Excess (deficiency) of revenues over expenditures	\$ 11,158,501	\$ (5,518,309)	\$ (8,668,877)	\$ (3,028,685)
Other financing sources (uses):				
Transfers in	\$ 2,436,262	\$ 5,273,600	\$ 8,740,917	\$ 16,450,779
Transfers out	(12,893,126)	(559,119)	(560,874)	(14,013,119)
Notes issued	0	481,856	2,146,694	2,628,550
Capital leases issued	0	442,891	0	442,891
Total other financing sources (uses)	\$ (10,456,864)	\$ 5,639,228	\$ 10,326,737	\$ 5,509,101
Net change in fund balances	\$ 701,637	\$ 120,919	\$ 1,657,860	\$ 2,480,416
Fund balance at beginning of year	10,847,062	4,871,018	15,137,983	30,856,063
Fund balance at end of year	\$ 11,548,699	\$ 4,991,937	\$ 16,795,843	\$ 33,336,479

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, 2017

Net change in fund balances for total governmental funds	\$	2,480,416
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
		101,848
<p>Governmental funds report only the proceeds from the sale of assets and do not take into effect the cost of capital assets sold.</p>		
		(141,263)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(212,534)
<p>Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
		4,514,324
<p>Debt issued is reported as a financial resource in the governmental funds. However, this is reported as an increase in long-term liabilities in the statement of net assets.</p>		
		(3,071,441)
<p>Internal service funds are used by management to charge the costs of fleet management services and health insurance premiums to individual funds. The net activity of the internal service funds is reported with governmental activities.</p>		
		432,091
<p>Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:</p>		
Net change in accrued interest	\$	6,910
Amortization of deferred outflows		(996,016)
Amortization of bond premiums		19,082
Increase in compensated absences		(236,190)
Change in net pension asset		22,608
Change in net pension liability		(6,711,130)
Change in deferred outflows related to pensions		1,040,189
Change in deferred inflows related to pensions		7,811,965
Increase in post-employment benefits		(2,484,325)
Total additional expenditures		(1,526,907)
Change in net position of governmental activities	\$	<u>2,576,534</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, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Taxes:				
Property taxes - real estate	\$ 19,590,000	\$ 19,631,000	\$ 19,572,615	\$ (58,385)
Property taxes - utility	405,000	379,436	379,436	0
Interest and penalty on taxes	235,000	215,000	218,748	3,748
In lieu of taxes	275,000	287,500	336,281	48,781
Local sales tax	9,381,000	9,700,000	9,741,888	41,888
Wholesale beer tax	1,635,000	1,585,000	1,509,444	(75,556)
Gross receipts tax	1,210,000	1,245,000	1,315,875	70,875
Franchise taxes - gas	475,000	475,000	368,461	(106,539)
Franchise taxes - charter	515,000	515,000	510,972	(4,028)
Total taxes	\$ 33,721,000	\$ 34,032,936	\$ 33,953,720	\$ (79,216)
Licenses and permits:				
Beer licenses	\$ 6,000	\$ 4,000	\$ 3,300	\$ (700)
Beer renewal fee	15,000	15,000	14,734	(266)
Liquor renewal license	25,000	27,000	26,635	(365)
Wine inspection fee	0	95,000	105,234	10,234
Building permits	225,000	225,000	222,512	(2,488)
Electrical permits	7,350	7,350	10,835	3,485
Electricians' licenses	17,500	17,500	18,200	700
Mechanical permits	17,000	17,000	21,193	4,193
Mechanical licenses	7,500	7,500	8,550	1,050
Plumbing permits	42,500	42,500	38,412	(4,088)
Plumbing licenses	10,500	10,500	9,448	(1,052)
Natural gas permits	0	3,000	3,025	25
Street cut permits	80,900	60,900	70,941	10,041
Land disturbance permit	7,500	8,500	13,846	5,346
Rezoning fee	4,000	2,000	0	(2,000)
Pud rezoning fee	650	3,500	9,705	6,205
Zoning appeal fee	2,000	2,000	2,250	250
Zoning letter fee	1,250	1,250	725	(525)
Minor encroachment fee	300	300	400	100
Certificate of appropriateness	800	800	975	175
Recreation permits and maintenance fee	6,500	8,000	8,873	873
Plat review fee	3,250	3,250	3,440	190
Plans review fee	20,000	20,000	22,244	2,244
Certificate of occupancy	7,000	7,000	11,550	4,550
Alley or street abandonment fee	500	500	535	35
Wrecker permit fees	500	500	1,100	600
Taxicab driver fees	0	0	110	110
Total licenses and permits	\$ 508,500	\$ 589,850	\$ 628,772	\$ 38,922
Intergovernmental revenues:				
Federal grant - protective vest	\$ 0	\$ 0	\$ 5,960	\$ 5,960
State grant stepping it up	0	7,304	7,304	0
State grant railroad crossing	0	1,214	2,222	1,008
State grant tourism enhancement	0	50,000	15,000	(35,000)
Police training supplement	55,200	55,200	50,400	(4,800)
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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues - (Continued)				
Intergovernmental revenues - (Continued)				
Federal - high visibility enforcement	\$ 0	\$ 0	\$ 5,000	\$ 5,000
State sales tax	3,435,900	3,435,900	3,424,704	(11,196)
State income tax	1,100,000	1,100,000	606,911	(493,089)
State beer tax	22,000	22,000	19,934	(2,066)
State mixed drink tax	130,000	130,000	139,171	9,171
State gas inspection tax	90,300	90,300	83,388	(6,912)
State highway maintenance tax	195,000	171,815	171,816	1
TVA - In lieu of taxes	515,500	515,500	466,579	(48,921)
Excise tax	185,000	185,000	165,962	(19,038)
Total intergovernmental revenues	<u>\$ 5,781,700</u>	<u>\$ 5,817,033</u>	<u>\$ 5,217,151</u>	<u>\$ (599,882)</u>
Fines and forfeitures:				
Traffic tickets	\$ 575,000	\$ 500,000	\$ 295,367	\$ (204,633)
Parking tickets	30,000	20,000	14,811	(5,189)
Animal Control tickets	600	600	400	(200)
Code enforcement fines	3,000	3,000	850	(2,150)
Garnishments	0	0	97	97
Court clerk fees	3,500	3,500	2,552	(948)
Drug fines	15,000	15,000	15,292	292
Sessions court	46,500	46,500	42,840	(3,660)
Circuit court	15,000	15,000	8,608	(6,392)
Officers - sessions court	75,000	75,000	77,154	2,154
Officers - circuit court	6,300	6,300	5,987	(313)
State refunds	500	500	2,275	1,775
Sex offender registry	8,500	8,500	8,850	350
Total fines and forfeitures	<u>\$ 778,900</u>	<u>\$ 693,900</u>	<u>\$ 475,083</u>	<u>\$ (218,817)</u>
Charges for services:				
Police protection	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0
Fire inspection fees	1,750	1,750	1,155	(595)
Police accidents report	4,750	4,750	7,948	3,198
Police department contracted services	0	92,000	133,982	41,982
Contracted services E911	105,000	115,000	123,469	8,469
Airport maintenance	0	14,300	17,049	2,749
GIS services stormwater	30,000	30,000	30,000	0
GIS services 911 center	6,000	6,000	6,000	0
Animal Control - boarding fees	30,000	30,000	41,520	11,520
Waterville lease	36,000	36,000	36,000	0
Tinsley pool gate	20,000	20,000	13,822	(6,178)
Tinsley pool concessions	7,000	7,000	3,399	(3,601)
Tinsley pool rental	2,000	2,000	2,450	450
Tinsley Park concessions	27,500	27,500	6,886	(20,614)
Tinsley Park rental	3,750	3,750	2,060	(1,690)
Cleveland Community Center	12,500	12,500	13,436	936
Northeast Recreation	10,000	10,000	17,323	7,323
NE Panther account	1,000	3,600	3,565	(35)
NE program fee	6,500	6,500	2,150	(4,350)

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Charges for services - (Continued)				
Park and recreation miscellaneous	\$ 2,500	\$ 2,500	\$ 7,109	\$ 4,609
Jetport-jet fuel	675,500	17,735	17,735	0
Jetport-Avgas	213,000	798	798	0
Jetport-ground/land lease	78,300	78,300	89,653	11,353
Jetport-T/hangar rent	135,600	30,000	28,600	(1,400)
Jetport-terminal bldg rental	5,000	5,000	2,208	(2,792)
Jetport-tie downs	5,000	0	0	0
Jetport-community hangars	15,000	18,000	16,500	(1,500)
Jetport-terminal building	4,000	0	0	0
GPU service fee	700	0	0	0
Jetport-video adv	10,000	10,000	5,000	(5,000)
Jetport-ramp fees	12,000	0	0	0
Jetport-special events	5,000	5,000	0	(5,000)
Fuel flowage fee (.12 cents)	0	30,000	29,639	(361)
Variable rent-CFM (.10 cents)	0	25,000	23,799	(1,201)
SRO-schools	323,000	323,000	317,654	(5,346)
Total charges for services	<u>\$ 1,838,350</u>	<u>\$ 1,017,983</u>	<u>\$ 1,050,909</u>	<u>\$ 32,926</u>
Interest				
Interest - checking	\$ 11,000	\$ 23,000	\$ 66,596	\$ 43,596
Interest - payroll	0	0	1,391	1,391
Total interest	<u>\$ 11,000</u>	<u>\$ 23,000</u>	<u>\$ 67,987</u>	<u>\$ 44,987</u>
Miscellaneous revenues:				
Sale of vehicles	\$ 0	\$ 3,175	\$ 5,776	\$ 2,601
Sale of maps - engineering	0	0	57	57
Sale of scrap metal	0	0	1,324	1,324
Donations - Memorial tree fund	0	17,400	18,100	700
Old timers banquet	1,500	5,400	5,390	(10)
Sign and decal reimbursement	1,500	3,000	3,315	315
Donations - CHA for drug canine	0	14,000	14,000	0
Donations - Cleveland fire department	0	2,484	2,484	0
Donations - Lyndhurst Foundation	0	20,000	20,000	0
Donations - Police department	0	500	500	0
TML safety grant matching	0	6,000	3,000	(3,000)
TML package bonus	5,000	5,000	5,000	0
TML driver safety grant	0	4,996	4,996	0
TML property conservation grant	0	2,500	1,793	(707)
Miscellaneous insurance refund	0	3,438	3,438	0
Animal shelter donations	0	215	260	45
Animal shelter - pet adoptions	0	4,000	5,277	1,277
TML Tinsley playground equipment	0	96,443	96,443	0
TML reimbursement police vehicles	0	115,374	116,495	1,121
Fire misc/reports	0	0	15	15
TML reimbursement for property damage	0	101,787	101,787	0
TML work comp salary reimbursement	0	0	10,066	10,066
Donations-Terminal Bldg	0	35,000	35,000	0

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Miscellaneous revenues - (Continued)				
Employee jury duty reimbursement	\$ 0	\$ 0	\$ 11	\$ 11
Sundry income	7,500	7,500	15,016	7,516
Sundry income - clerk and master	15,000	20,000	22,700	2,700
Miscellaneous seized funds	0	8,720	8,719	(1)
Total miscellaneous revenues	\$ 30,500	\$ 476,932	\$ 500,962	\$ 24,030
Total revenues	\$ 42,669,950	\$ 42,651,634	\$ 41,894,584	\$ (757,050)
Expenditures:				
Current				
General government:				
Legislative and judicial:				
Salaries - administrative	\$ 82,458	\$ 82,993	\$ 82,992	\$ 1
Salaries - city council	72,400	73,245	73,245	0
Salaries - judicial	37,281	36,281	36,193	88
Part time wages	1,600	220	0	220
Service awards	700	700	675	25
Longevity	3,650	3,650	3,525	125
Sold vacations	3,171	3,171	3,171	0
Christmas bonus	445	445	325	120
Sick pay incentive	300	300	275	25
Dental insurance	6,800	5,800	4,861	939
Social security	15,214	14,214	13,980	234
Health insurance	75,638	85,112	85,111	1
Retirement	33,141	31,141	30,805	336
Life and disability insurance	5,150	2,150	1,576	574
Vision insurance	1,350	1,350	1,077	273
Postage	500	500	154	346
Printing	1,500	426	161	265
Subscriptions and memberships	5,200	1,350	1,102	248
Airmed care membership	0	132,000	132,000	0
Advertising	3,000	3,650	3,488	162
Telephone and pager	19,000	20,000	19,082	918
Contracted services-reporters	12,000	15,000	15,000	0
Equipment repair and replacement	1,600	1,600	2	1,598
Contract maintenance services	5,000	5,200	3,685	1,515
Emergency repairs - city buildings	15,000	4,587	4,181	406
Travel and training	8,000	5,000	3,322	1,678
Council work sessions	4,000	5,500	5,457	43
Complimentary meals	2,000	2,600	2,544	56
Office expenditures and paper	4,000	4,000	2,997	1,003
Janitorial	500	500	56	444
Gasoline	0	100	27	73
Insurance - general liability	1,400	1,400	1,239	161
Insurance - worker's compensation	500	500	428	72

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Legislative and judicial - (Continued)				
Fireworks at Mt. Olive	\$ 0	\$ 5,000	\$ 5,000	\$ 0
Service pins - all departments	900	900	0	900
City manager moving	0	10,413	10,403	10
Employee Christmas dinner	500	300	0	300
Employee picnic	13,700	13,700	10,025	3,675
Miscellaneous	500	500	215	285
Back Alley Galleries	0	20,000	17,379	2,621
Council room equipment and supplies	1,500	1,100	0	1,100
Total legislative and judicial	<u>\$ 439,598</u>	<u>\$ 596,598</u>	<u>\$ 575,758</u>	<u>\$ 20,840</u>
Administration and finance:				
Salaries	\$ 1,077,500	\$ 1,077,500	\$ 1,125,831	\$ (48,331)
Overtime wages	21,000	40,000	46,873	(6,873)
Part time wages	15,000	10,000	9,357	643
Service awards	1,250	250	150	100
Longevity	17,400	15,100	15,000	100
Sold vacations	17,500	22,500	21,021	1,479
Christmas bonus	2,050	2,060	2,057	3
College pay	2,300	2,300	1,060	1,240
Sick pay incentive	4,800	4,800	3,800	1,000
Dental insurance	11,000	11,000	10,141	859
Social security	77,250	90,950	90,863	87
Health insurance	151,000	151,000	184,366	(33,366)
Retirement	183,000	192,700	192,664	36
Life and disability insurance	8,900	12,200	12,141	59
Vision insurance	2,700	2,750	2,719	31
Employee assistance program	9,500	9,500	8,876	624
Education reimbursement	1,430	1,430	0	1,430
Worker's compensation claims	0	300	252	48
Flex spending program	12,000	11,650	11,304	346
Laundry and dry cleaning	6,000	6,000	1,558	4,442
Postage	12,500	17,300	17,265	35
Postage machine lease	700	700	660	40
GPS service	300	600	559	41
Printing	10,000	5,200	3,275	1,925
Printing - property taxes	8,500	8,500	7,854	646
Citizens Newsletter	7,500	0	0	0
Subscriptions and memberships	6,000	6,900	6,810	90
Class compensation consultants	1,500	300	0	300
Advertising	10,500	10,500	9,744	756
Utilities	30,000	24,100	21,980	2,120
Telephone	25,000	30,900	30,805	95
Contracted services - computer systems	0	2,700	1,783	917
Drug and alcohol tests	3,500	6,010	6,007	3
Legal fees	89,500	83,221	79,845	3,376

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Administration and finance - (Continued)				
Audit fees	\$ 49,000	\$ 49,000	\$ 49,000	\$ 0
Reappraisal fee	52,500	58,779	58,779	0
Legal fees - Liquor by the Drink	3,500	20,000	15,812	4,188
Appraisal fee	1,500	0	0	0
Actuarial services	10,500	0	0	0
Legal fees - Policy and Appeals	3,500	990	0	990
Vehicle	3,000	3,000	593	2,407
Small equipment repairs	2,650	650	366	284
Copier maintenance	5,000	5,000	4,330	670
Building maintenance	21,000	21,000	16,651	4,349
Maintenance - Little Building	1,300	950	232	718
Car allowance	16,800	20,650	20,650	0
Training and travel	22,500	14,200	10,370	3,830
Departmental work sessions	2,000	4,600	4,574	26
Credit card fees	20,000	36,200	36,146	54
Pest control	1,200	1,200	1,096	104
Office expenditures	31,000	34,000	33,935	65
First aid safety supplies	100	100	35	65
Janitorial supplies	2,000	2,000	1,885	115
Gasoline and oil	3,000	3,200	3,108	92
Insurance - buildings and contents	6,500	6,500	5,204	1,296
Insurance - vehicles	600	730	730	0
Insurance - general liability	7,500	7,500	6,226	1,274
Insurance - worker's compensation	3,750	3,750	63	3,687
Insurance - professional liability	62,000	58,670	57,829	841
Insurance - employee bonds	1,275	275	150	125
Contracted services - security	1,750	1,750	640	1,110
Employee appreciation day	15,000	16,000	15,947	53
Miscellaneous	500	500	340	160
Bad debt	30,000	15,000	10,843	4,157
Equipment	1,500	600	0	600
Total administration and finance	<u>\$ 2,209,505</u>	<u>\$ 2,247,715</u>	<u>\$ 2,282,154</u>	<u>\$ (34,439)</u>
Safety program:				
Salaries	\$ 66,745	\$ 67,200	\$ 67,177	\$ 23
Part-time employees	8,320	8,900	8,883	17
Longevity	2,100	2,100	2,100	0
Sold vacation	2,568	1,533	1,284	249
Christmas bonus	110	110	108	2
College pay	280	280	280	0
Sick pay incentive	360	232	100	132
Dental insurance	331	331	308	23
Social security	6,100	6,100	5,999	101
Health insurance	7,013	7,013	6,886	127
Retirement	11,094	11,094	11,858	(764)
Life and disability insurance	640	768	767	1

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, 2017

(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
Clothing allowance	350	350	350	0
Hazard Comm-MSDS	200	48	48	0
Telephone	3,000	1,352	1,203	149
Equipment maintenance	9,400	8,530	8,520	10
Building maintenance	4,000	7,100	7,368	(268)
Training and travel	3,000	2,285	2,971	(686)
Office supplies	250	120	174	(54)
Wellness center operations	3,300	3,200	3,200	0
Safety supplies	100	0	0	0
Gasoline and oil	200	200	57	143
TML driver safety grant	10,000	10,000	9,993	7
TML safety grant	4,000	6,000	6,000	0
Property conservation grant	0	5,000	3,585	1,415
Insurance - vehicles	332	332	267	65
Insurance - general liability	429	429	409	20
Miscellaneous	500	1,115	1,147	(32)
Total safety program	<u>\$ 144,822</u>	<u>\$ 151,822</u>	<u>\$ 151,138</u>	<u>\$ 684</u>
Total general government	<u>\$ 2,793,925</u>	<u>\$ 2,996,135</u>	<u>\$ 3,009,050</u>	<u>\$ (12,915)</u>
Development and engineering:				
Development and engineering operations:				
Salaries	\$ 796,100	\$ 796,100	\$ 762,854	\$ 33,246
Overtime wages	2,100	100	0	100
Part time wages	9,000	3,900	10,238	(6,338)
Service awards	500	500	275	225
Longevity	10,900	11,700	11,700	0
Sold vacations	16,200	15,000	13,796	1,204
Christmas bonus	1,700	1,700	1,516	184
College pay	700	700	625	75
Sick pay incentive	4,200	4,200	2,725	1,475
Dental insurance	11,100	11,100	9,324	1,776
Social security	67,600	67,600	57,475	10,125
Health insurance	161,820	161,820	154,517	7,303
Retirement	145,300	145,300	129,195	16,105
Life and disability insurance	11,000	11,000	9,150	1,850
Vision insurance	2,500	2,500	2,118	382
Education reimbursement	14,400	12,900	0	12,900
Worker's compensation claims	1,000	1,000	0	1,000
Laundry and dry cleaning	2,800	2,800	1,218	1,582
Postage	2,500	2,500	2,398	102
Scanner/copier lease	4,700	4,700	0	4,700
GPS services	2,500	2,500	1,946	554
Printing and artwork	1,000	1,000	0	1,000
Public education programs	2,000	100	15	85

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Development and engineering - (Continued)				
Development and engineering operations - (Continued)				
Subscriptions and memberships	\$ 6,000	\$ 6,000	\$ 5,742	\$ 258
Advertising	1,700	800	0	800
Utilities	18,300	18,200	13,644	4,556
Telephone	26,000	22,000	21,947	53
Engineering services	20,000	20,000	1,340	18,660
Easement fee	0	200	121	79
Survey	10,000	9,800	6,825	2,975
Vehicle maintenance	12,000	9,811	6,699	3,112
Office equipment maintenance	5,600	9,100	7,919	1,181
Building maintenance	5,000	14,400	14,377	23
Car allowance	4,200	4,200	4,200	0
Travel and training	16,500	11,200	7,651	3,549
Travel - Step it up grant	1,200	7,304	4,132	3,172
Complimentary meals	0	1,200	839	361
Credit card fees	6,000	6,800	6,778	22
Code violations	12,000	12,000	10,736	1,264
Contracted services - pest control	600	600	440	160
Camera supplies	750	750	0	750
Office supplies	13,000	23,000	22,889	111
Operating	2,000	2,000	875	1,125
OSHA first aid kits	300	300	98	202
Janitorial contract	0	9,000	8,940	60
Janitorial supplies	1,200	1,200	271	929
Uniforms	6,500	6,500	4,472	2,028
Gasoline and oil	11,000	5,500	5,211	289
Insurance - buildings and contents	3,900	3,800	1,413	2,387
Insurance - vehicles and equipment	2,600	2,600	1,887	713
Insurance - general liability	5,000	5,000	4,201	799
Insurance - worker's compensation	12,200	10,600	10,542	58
Insurance - employee bonds	100	100	100	0
Planning commission	3,500	3,500	3,344	156
Board of zoning appeals	1,000	1,000	613	387
Historic zoning commission	1,000	1,100	764	336
Miscellaneous	500	500	162	338
Computer software and maintenance	3,500	1,500	0	1,500
Office equipment	6,000	9,600	7,116	2,484
Total development and engineering	\$ 1,490,770	\$ 1,501,885	\$ 1,357,373	\$ 144,512
Codes Enforcement Division:				
Salaries	\$ 154,300	\$ 154,300	\$ 152,340	1,960
Overtime wages	1,000	1,000	0	1,000
Service awards	400	100	0	100
Longevity pay	3,075	3,375	3,375	0
Vacation pay	1,500	1,495	1,485	10

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Development and engineering - (Continued)				
Codes Enforcement Division - (Continued)				
Christmas bonus	\$ 430	\$ 435	\$ 433	\$ 2
Sick pay incentive	1,080	1,080	675	405
Dental insurance	2,520	2,520	1,766	754
Social security tax	10,030	11,530	11,526	4
Health insurance	41,134	41,134	40,521	613
Retirement	26,890	26,890	26,536	354
Life and disability insurance	2,000	2,000	1,810	190
Vision insurance	500	550	527	23
Worker's comp claims	5,200	3,700	0	3,700
Postage	2,500	2,500	1,106	1,394
GPS services	1,200	1,400	1,347	53
Printing	1,500	1,500	1,473	27
Advertising	2,000	409	136	273
Telephone	6,000	5,750	3,493	2,257
Vehicle maintenance	7,500	19,893	2,356	17,537
Travel and training	1,500	1,681	1,681	0
Office supplies	2,500	2,500	1,674	826
Uniforms	1,500	1,500	1,453	47
Educational supplies	1,000	0	0	0
Gasoline	4,500	4,500	2,474	2,026
Insurance - vehicles	1,500	1,500	730	770
Miscellaneous	600	600	68	532
Radio equipment	0	1,410	1,410	0
Equipment	0	5,523	5,523	0
Total codes enforcement division	<u>\$ 283,859</u>	<u>\$ 300,775</u>	<u>\$ 265,918</u>	<u>\$ 34,857</u>
Total development and engineering	<u>\$ 1,774,629</u>	<u>\$ 1,802,660</u>	<u>\$ 1,623,291</u>	<u>\$ 179,369</u>
Public safety:				
Police department:				
Salaries	\$ 4,732,475	\$ 4,696,176	\$ 4,571,745	\$ 124,431
Overtime wages	325,000	325,000	302,218	22,782
Part-time wages	20,200	20,200	13,741	6,459
Accumulated holiday pay	445	445	445	0
Salaries - school patrol	85,600	85,500	72,655	12,845
Supplemental pay	1,200	2,300	2,298	2
State grant - in service training	55,200	55,200	50,400	4,800
Overtime - contracted services	0	92,000	106,011	(14,011)
Service awards	2,225	2,425	2,425	0
Longevity	78,150	77,950	76,706	1,244
Sold vacations	60,000	60,000	58,649	1,351
Christmas bonus	12,780	12,508	12,127	381
College pay	3,555	3,555	3,430	125
Sick pay incentive	24,000	24,000	21,725	2,275
Dental insurance	62,740	62,740	56,213	6,527

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Police department - (Continued)				
Social security	\$ 407,495	\$ 407,495	\$ 383,144	\$ 24,351
Health insurance	983,615	983,615	952,433	31,182
Retirement	1,031,855	1,031,855	993,892	37,963
Life and disability insurance	61,090	61,090	53,567	7,523
Vision insurance	15,910	15,910	13,702	2,208
Unemployment compensation	1,500	1,500	0	1,500
Education reimbursement	8,580	11,252	11,240	12
Worker's compensation claims	10,000	10,000	8,059	1,941
Laundry and dry cleaning	22,000	22,000	15,586	6,414
Employee physicals	15,000	15,000	9,638	5,362
Pre-employment tests	4,000	1,600	1,359	241
Uniforms - school patrol	5,000	5,000	3,439	1,561
Postage	2,500	2,500	1,056	1,444
GPS service	33,600	33,600	33,324	276
800 MHZ radio	21,500	35,100	35,093	7
Lease - radio tower	5,000	3,400	2,451	949
Contracted services - vehicles	5,600	5,600	4,604	996
Communications - replacement	5,300	1,160	301	859
Printing	4,500	4,335	1,296	3,039
Subscriptions and memberships	8,500	3,000	1,738	1,262
Accreditation	10,000	10,000	7,147	2,853
Advertising	500	500	355	145
Utilities	85,900	85,900	74,567	11,333
Telephone	143,000	143,000	137,439	5,561
NCIC computer line	2,300	2,300	2,240	60
Vehicle maintenance	339,000	440,588	338,462	102,126
Small equipment repair	3,000	3,000	3,000	0
Copier maintenance	3,500	3,500	2,654	846
Building maintenance	35,000	43,000	40,968	2,032
Travel and training	60,000	64,450	61,088	3,362
Recruiting	8,500	8,500	6,690	1,810
Department/work session	2,900	2,900	2,722	178
Bradley Co. equipment maintenance	1,950	0	0	0
Janitorial contract	32,000	30,000	29,940	60
Police supplies	6,000	6,000	5,138	862
Batteries	2,000	2,000	596	1,404
Tapes - video and audio	1,000	18,000	17,291	709
Crime scene unit supplies	6,500	10,500	10,379	121
SRT supplies	11,500	32,500	29,689	2,811
Office expenditures and paper	28,000	28,000	27,140	860
Protective vests	12,000	14,000	11,132	2,868
OSHA safety supplies	1,000	1,165	1,162	3
Janitorial supplies	4,000	4,000	3,961	39
Uniforms	60,000	56,750	55,767	983
Ammunition	44,000	33,250	32,891	359

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Police department - (Continued)				
Firing range	\$ 4,000	\$ 4,000	\$ 3,969	\$ 31
Gasoline and oil	198,000	170,000	161,861	8,139
Canine fees	7,500	24,230	18,929	5,301
Insurance - buildings and contents	13,725	12,295	12,295	0
Insurance - vehicles and equipment	71,750	80,253	80,253	0
Insurance - general liability	63,120	69,833	69,833	0
Insurance - worker's compensation	179,100	214,399	214,399	0
Insurance - employee bonds	500	500	350	150
Computer software support	1,000	0	0	0
Miscellaneous	500	500	17	483
Volunteer services	3,500	3,500	2,281	1,219
Investigative funds	1,500	0	0	0
Mainstreet Cleveland Block Party	2,500	2,500	2,500	0
Sex offender registry	0	18,827	18,696	131
Donations - detectives	0	1,500	1,000	500
National night out	500	772	741	31
Guns/taser replacements	31,000	31,000	20,771	10,229
Small equipment	2,500	0	0	0
Firearms simulator	0	3,179	3,175	4
Office equipment	1,500	1,500	1,325	175
Computer equipment	2,500	6,640	6,213	427
Total police department	\$ 9,604,360	\$ 9,864,242	\$ 9,397,736	\$ 466,506
Fire department:				
Salaries	\$ 4,643,980	\$ 4,605,980	\$ 4,463,475	\$ 142,505
Overtime wages	235,182	273,182	267,104	6,078
Fire runs	4,000	5,500	4,681	819
Supplemental pay	71,400	71,400	69,365	2,035
State grant - in service training	52,800	52,800	52,800	0
Service awards	2,750	2,750	2,400	350
Longevity	70,275	76,575	76,575	0
Sold vacations	86,000	58,995	45,334	13,661
Christmas bonus	9,962	9,962	9,745	217
College pay	0	125	125	0
Sick pay incentive	24,840	18,415	18,375	40
Dental insurance	64,610	64,610	62,091	2,519
Social security	399,800	399,800	360,993	38,807
Health insurance	1,079,580	1,079,580	1,049,990	29,590
Retirement	1,040,900	1,040,900	973,089	67,811
Life and disability insurance	57,700	57,700	54,345	3,355
Vision insurance	16,865	16,865	15,121	1,744
Education reimbursement	14,328	22,228	22,192	36
Worker's compensation claims	6,500	6,500	3,794	2,706
Laundry and dry cleaning	18,800	20,000	19,231	769

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Fire department - (Continued)				
Immunization and physicals	\$ 48,500	\$ 48,500	\$ 45,845	\$ 2,655
Recruit testing	25,000	27,400	27,371	29
Postage	500	500	164	336
Radio maintenance fee	5,000	5,000	4,998	2
Radio and repeater maintenance	4,200	4,200	3,900	300
Communications replacement	3,000	3,000	3,000	0
Printing	500	2,000	1,839	161
Subscriptions and memberships	4,200	4,200	3,681	519
License/certification renewal	2,500	2,500	2,439	61
Advertising	300	650	606	44
Utilities	117,300	98,300	93,547	4,753
Telephone	71,000	48,950	42,562	6,388
Apparatus equipment testing	3,900	3,900	3,580	320
Vehicle maintenance	125,000	146,916	138,456	8,460
Small equipment repair	3,000	3,000	1,151	1,849
Copier maintenance	2,500	2,600	2,550	50
Extrication repair/test	4,000	5,000	4,609	391
Building maintenance	50,000	54,162	51,622	2,540
Travel and training	19,300	19,300	19,296	4
Training/education material	7,750	5,750	5,716	34
Mutual aid meals	2,500	2,500	2,491	9
Towels and cloths	800	0	0	0
Batteries	1,000	1,000	446	554
Office supplies	6,500	5,000	4,341	659
Arson supplies	1,500	700	294	406
Safety	4,500	2,800	2,503	297
Medical supplies/equipment	6,000	6,000	5,978	22
Janitorial supplies	16,000	17,000	15,033	1,967
Bedding	2,000	2,000	1,648	352
Uniforms	28,000	22,500	20,539	1,961
Operating costs	6,500	8,000	7,052	948
Gasoline	65,100	49,100	28,282	20,818
Appliance repair	5,500	5,500	5,488	12
PPE equipment gear	17,000	21,500	21,351	149
Extinguisher refills	2,000	900	867	33
Hazmat supplies	5,000	5,000	4,332	668
Insurance - building and contents	10,864	10,864	9,793	1,071
Insurance - vehicles and equipment	36,258	36,258	35,895	363
Insurance - general liability	60,240	60,240	52,835	7,405
Insurance - worker's compensation	135,037	149,042	149,041	1
Miscellaneous	500	500	0	500
Public information	500	500	0	500
City funded - Honor Guard	2,000	100	91	9
Fire prevention program	3,700	3,700	3,535	165

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Fire department - (Continued)				
Donation expenditures	\$ 0	\$ 3,845	\$ 0	\$ 3,845
Truck equipment	10,000	16,700	16,144	556
ISO firefighting equipment	23,250	30,200	27,822	2,378
Office equipment	500	4,600	4,207	393
Vehicle conversion	0	14,298	14,158	140
Breathing apparatus equipment	10,000	10,000	9,241	759
Furniture	1,000	1,000	770	230
Small equipment	1,600	9,100	6,270	2,830
Washer machine equipment	0	21,540	21,541	(1)
Radio equipment	4,000	4,000	3,977	23
Total fire department	<u>\$ 8,867,071</u>	<u>\$ 8,895,682</u>	<u>\$ 8,503,722</u>	<u>\$ 391,960</u>
Total public safety	<u>\$ 18,471,431</u>	<u>\$ 18,759,924</u>	<u>\$ 17,901,458</u>	<u>\$ 858,466</u>
Public works:				
Operations division:				
Salaries	\$ 828,900	\$ 780,500	\$ 742,978	\$ 37,522
Overtime wages	11,600	11,600	10,690	910
Seasonal leaf employees	10,000	31,900	35,362	(3,462)
Part time wages	8,900	8,900	8,883	17
Supplemental pay	700	700	628	72
Service awards	100	100	100	0
Longevity	22,100	22,100	20,175	1,925
Sold vacations	11,000	11,000	9,930	1,070
Christmas bonus	2,300	2,300	2,057	243
College pay	200	200	125	75
Sick pay incentive	6,300	6,300	2,375	3,925
Dental insurance	12,100	12,100	10,579	1,521
Social security	68,900	68,900	58,652	10,248
Health insurance	188,860	188,860	153,605	35,255
Retirement	146,600	146,600	131,667	14,933
Life and disability insurance	11,500	11,500	10,222	1,278
Vision insurance	3,000	3,000	2,601	399
Worker's compensation claims	2,000	4,000	3,420	580
Laundry and dry cleaning	600	600	0	600
Pre-employment drug testing	200	500	441	59
Safety shoes	2,900	2,900	2,319	581
Postage	200	200	54	146
800 MHZ radio	3,000	3,000	3,000	0
GPS services	5,100	5,100	5,088	12
Printing	200	200	0	200
Subscriptions and memberships	200	200	199	1
Advertising	300	300	50	250
Utilities	33,200	37,200	32,337	4,863
Telephone	20,000	26,300	26,303	(3)
Surveys	3,000	3,000	225	2,775
Building maintenance	11,000	20,000	18,381	1,619

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Operations division - (Continued)				
Travel and training	\$ 2,000	\$ 2,000	\$ 1,159	\$ 841
Departmental work sessions	200	200	144	56
Pest control	1,000	1,000	938	62
Office expenditures and paper	5,800	5,800	3,418	2,382
Operating supplies	5,000	6,500	5,819	681
Safety supplies	4,000	4,000	4,000	0
Janitorial supplies	2,100	2,100	1,662	438
Uniforms	10,200	10,200	8,726	1,474
Gasoline and oil	63,000	76,000	69,100	6,900
Repairs and parts	250,000	255,722	189,813	65,909
Sign shop supplies	4,500	4,500	4,264	236
Sign parts and supplies	50,000	51,214	21,106	30,108
Major safety markings	80,000	80,000	21,360	58,640
Thermoplastic contract	30,000	30,000	15,908	14,092
Paving and materials	325,000	322,300	264,427	57,873
Insurance - building and contents	2,200	5,040	5,040	0
Insurance - vehicle and equipment	11,700	12,800	12,800	0
Insurance - general liability	16,800	15,520	14,229	1,291
Insurance - worker's compensation	38,900	36,240	36,236	4
Miscellaneous	500	500	100	400
Incentive program	4,000	4,000	2,614	1,386
Small equipment	3,000	6,400	6,718	(318)
Small equipment - signs	13,200	13,200	10,228	2,972
Total operations division	<u>\$ 2,338,060</u>	<u>\$ 2,355,296</u>	<u>\$ 1,992,255</u>	<u>\$ 363,041</u>
Street lighting and signals:				
Street lighting	\$ 800,000	\$ 803,338	\$ 771,050	\$ 32,288
Traffic light utility service	25,000	25,000	20,143	4,857
Pole attachments	4,900	5,000	4,912	88
ITS maintenance services	42,000	42,000	30,600	11,400
Traffic light repair maintenance	580,000	580,000	508,614	71,386
Traffic signal supplies	1,000	1,000	0	1,000
Total street lighting and signals	<u>\$ 1,452,900</u>	<u>\$ 1,456,338</u>	<u>\$ 1,335,319</u>	<u>\$ 121,019</u>
Cleveland Regional Jetport Operations:				
Salaries	\$ 75,900	\$ 76,400	\$ 76,385	\$ 15
Part-time salaries	0	4,991	3,620	1,371
Christmas bonus	200	200	108	92
Contracted services-FBO	190,000	0	0	0
Sick pay incentive	300	300	250	50
Dental insurance	700	700	490	210
Sold vacations	1,500	0	0	0
Social security tax	6,400	7,400	6,192	1,208
Health insurance	6,000	11,300	11,239	61
Retirement	13,800	13,800	13,502	298
Life and disability insurance	900	900	891	9
Vision insurance	200	200	143	57

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Cleveland Regional Jetport Operations - (Continued)				
Worker's compensation claims	\$ 500	\$ 500	\$ 0	\$ 500
Laundry and dry cleaning	600	600	56	544
Clothing allowance	400	400	350	50
Postage	300	500	344	156
Printing	500	300	0	300
Advertising	4,000	4,000	1,499	2,501
Subscriptions and memberships	1,600	1,600	1,003	597
Utilities	39,000	44,800	40,248	4,552
Telephone	10,000	10,200	10,109	91
Contracted services - security	1,000	0	0	0
Building maintenance	8,000	10,200	8,798	1,402
Ground maintenance	10,000	8,800	5,810	2,990
Car allowance	4,200	4,200	4,200	0
Travel and training	3,000	2,000	587	1,413
Department work session meals	500	500	61	439
Credit card fees	12,000	12,000	265	11,735
Fuel truck leases (2)	12,000	0	0	0
Contracted services-mowing	15,000	0	0	0
Office supplies	1,200	1,400	1,065	335
Operations	500	300	54	246
Gasoline	1,800	1,800	1,157	643
Repairs and parts	8,000	18,611	13,759	4,852
Avgas and jetfuel	703,000	9	6	3
Insurance - building and contents	10,100	10,623	10,623	0
Insurance - vehicles and equipment	400	267	267	0
Insurance - general liability	1,300	1,119	1,119	0
Miscellaneous	500	500	92	408
Small equipment	1,400	3,000	1,888	1,112
Total Cleveland regional jetport	<u>\$ 1,146,700</u>	<u>\$ 254,420</u>	<u>\$ 216,180</u>	<u>\$ 38,240</u>
Total public works	<u>\$ 4,937,660</u>	<u>\$ 4,066,054</u>	<u>\$ 3,543,754</u>	<u>\$ 522,300</u>
Health and welfare:				
Animal Control:				
Salaries	\$ 235,540	\$ 225,635	\$ 225,346	\$ 289
Overtime wages	18,125	18,625	18,099	526
Part time wages	1,000	500	0	500
Longevity	6,600	7,519	7,518	1
Sold vacations	1,500	1,000	0	1,000
Christmas bonus	650	542	541	1
Sick pay incentive	0	1,200	1,200	0
Dental insurance	2,250	2,450	2,435	15
Social security	20,175	20,175	19,294	881

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Health and welfare - (Continued)				
Animal Control - (Continued)				
Health insurance	\$ 53,557	\$ 41,500	\$ 40,570	\$ 930
Retirement	45,100	44,100	36,603	7,497
Life and disability insurance	2,930	2,730	2,460	270
Vision insurance	725	725	696	29
Worker's compensation claims	1,500	1,500	345	1,155
Laundry and dry cleaning	2,400	1,900	1,585	315
Employee physicals	375	1,248	1,248	0
Protective immunizations	300	1,950	1,714	236
Postage	200	200	165	35
GPS services	2,100	2,200	2,196	4
Contracted services - vehicles	500	400	346	54
Communications replacement	500	40	0	40
Printing	1,500	1,500	691	809
Subscriptions and memberships	1,100	1,100	590	510
Advertising	300	300	257	43
Utilities and pager	11,400	8,800	8,787	13
Telephone	14,000	15,100	15,037	63
Donated spay and neuter	0	9,601	4,954	4,647
Spay and neuter	0	18,000	17,363	637
Restricted spay & neuter	0	5,148	5,148	0
Adoption and veterinary fees	0	29,600	29,513	87
Sick/veterinary	15,000	15,715	15,700	15
Vehicle maintenance	11,000	15,905	12,760	3,145
Copier maintenance	600	600	396	204
Building maintenance	11,000	8,800	5,985	2,815
Training and travel	1,500	1,510	1,507	3
Credit card fees	1,500	1,500	899	601
Landfill	900	900	694	206
Janitorial contract	6,720	6,720	6,000	720
Office supplies and printing	2,500	2,000	1,237	763
OSHA safety supplies	500	500	34	466
Janitorial supplies	7,000	6,500	5,887	613
Uniforms and safety shoes	4,000	4,350	3,843	507
Ammunition	250	250	0	250
Gasoline and oil	7,000	7,000	6,713	287
Euthanasia and supplies	750	750	0	750
Pet food	5,000	5,000	4,899	101
Insurance - building and contents	525	525	513	12
Insurance - vehicles and equipment	1,690	1,690	1,656	34
Insurance - general liability	1,790	1,790	1,443	347
Insurance - worker's compensation	6,795	6,316	6,308	8

CITY OF CLEVELAND, TENNESSEE

GENERAL FUND

(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Health and welfare - (Continued)				
Animal Control - (Continued)				
Miscellaneous	\$ 500	\$ 500	\$ 0	\$ 500
Equipment	1,100	1,100	304	796
Total animal control	\$ 511,947	\$ 555,209	\$ 521,479	\$ 33,730
Total health and welfare	\$ 511,947	\$ 555,209	\$ 521,479	\$ 33,730
Culture and recreation:				
College Hill Recreation Center:				
Salaries	\$ 132,000	\$ 132,000	\$ 130,352	\$ 1,648
Overtime wages	5,000	5,750	6,103	(353)
Part time wages	35,000	35,000	30,640	4,360
Longevity	3,000	2,625	2,625	0
Sold vacations	4,000	4,000	2,409	1,591
Christmas bonus	500	500	433	67
Sick pay incentive	1,200	825	825	0
Dental insurance	1,800	1,800	1,513	287
Social security	13,700	13,700	12,668	1,032
Health insurance	25,369	25,369	27,610	(2,241)
Retirement	23,700	23,700	23,583	117
Life and disability insurance	1,600	1,600	1,547	53
Vision insurance	500	500	384	116
Unemployment compensation	800	800	0	800
Education reimbursement	1,400	1,400	0	1,400
Worker's compensation claims	200	200	25	175
Utilities	60,700	54,600	55,571	(971)
Telephone	11,500	9,200	9,012	188
Equipment repairs	0	3,010	3,038	(28)
Building maintenance	17,000	18,000	16,281	1,719
Training and travel	2,500	2,500	2,294	206
Team competition and trips	2,600	2,600	813	1,787
Office expenditures and paper	1,800	1,300	439	861
Janitorial supplies	3,500	4,300	4,157	143
Gate and concession supplies	3,500	3,500	1,694	1,806
Gasoline	400	150	0	150
Pool	8,000	14,753	14,472	281
Athletic supplies	2,000	2,000	1,583	417
Program development	8,000	8,000	5,276	2,724
Insurance - building and contents	6,300	5,714	5,713	1
Insurance - general liability	5,000	4,826	4,826	0
Insurance - worker's compensation	6,600	5,673	5,673	0
Program	6,000	6,000	5,399	601

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
College Hill Recreation Center - (Continued)				
Miscellaneous	\$ 500	\$ 500	\$ 0	\$ 500
BCCSA activities	15,000	15,000	15,000	0
Youth achievement program	5,000	5,000	2,819	2,181
Paving parking lot	20,000	19,274	19,274	0
Small equipment	15,000	15,000	13,993	1,007
Total College Hill Recreation Center	<u>\$ 450,669</u>	<u>\$ 450,669</u>	<u>\$ 428,044</u>	<u>\$ 22,625</u>
Parks and recreation:				
Salaries	\$ 447,800	\$ 447,800	\$ 457,382	\$ (9,582)
Overtime wages	4,500	2,500	2,497	3
Part time wages	10,000	8,200	8,182	18
Service awards	650	550	550	0
Longevity	9,000	8,325	8,325	0
Sold vacation	5,600	6,792	6,339	453
Christmas bonus	1,000	1,083	1,083	0
College pay	125	125	125	0
Sick pay incentive	2,500	2,000	2,000	0
Dental insurance	5,500	5,167	4,975	192
Social security	36,500	35,000	34,969	31
Health insurance	106,384	112,017	112,017	0
Retirement	77,500	78,500	78,458	42
Life and disability insurance	6,500	5,500	4,965	535
Vision insurance	1,500	1,500	1,294	206
Worker's compensation claims	1,000	1,000	0	1,000
Laundry and dry cleaning	800	800	741	59
Postage	200	100	86	14
GPS services	6,600	8,884	8,857	27
Membership	2,000	1,430	1,175	255
Advertising	300	0	0	0
Utilities	11,800	14,970	14,971	(1)
Telephone	11,800	10,000	9,972	28
Vehicle maintenance	45,000	59,031	44,972	14,059
Equipment and repairs	4,500	1,500	462	1,038
Grounds maintenance	24,000	28,916	28,841	75
Playground mulch	19,000	19,000	18,843	157
Fletcher building	25,000	26,154	26,195	(41)
Greenway utilities	36,000	36,000	33,419	2,581
Greenway maintenance	10,000	13,365	12,636	729
Car allowance	4,200	4,200	4,200	0
Training and travel	8,000	8,000	7,876	124

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Parks and recreation - (Continued)				
Credit card fees	\$ 0	\$ 1,000	\$ 478	\$ 522
Office expenditures	1,500	1,500	1,382	118
Uniforms	4,000	3,635	3,616	19
Gasoline and oil	27,000	25,800	25,711	89
Insurance - building and contents	7,400	7,196	7,196	0
Insurance - vehicles and equipment	2,200	2,094	2,094	0
Insurance - general liability	12,200	10,652	10,652	0
Insurance - worker's compensation	9,700	11,804	11,803	1
Miscellaneous	500	500	11	489
Old timers banquet	2,500	4,400	4,344	56
Small equipment	2,500	2,500	2,073	427
Equipment lease - replacement	0	65,000	20,206	44,794
Total parks and recreation	<u>\$ 994,759</u>	<u>\$ 1,084,490</u>	<u>\$ 1,025,973</u>	<u>\$ 58,517</u>
Landscaping maintenance:				
Salaries	\$ 326,500	\$ 321,500	\$ 281,979	\$ 39,521
Overtime wages	2,500	4,204	4,170	34
Part-time	0	3,800	3,448	352
Service awards	200	0	0	0
Longevity	5,600	5,888	5,888	0
Sold vacations	3,600	3,600	2,364	1,236
Christmas bonus	1,000	1,083	1,083	0
Sick pay incentive	2,000	1,325	1,325	0
Dental insurance	4,200	4,200	4,029	171
Social security	25,900	25,900	22,145	3,755
Health Insurance	84,042	84,042	69,123	14,919
Retirement	56,200	54,500	39,519	14,981
Life and disability insurance	3,000	3,600	3,593	7
Vision insurance	1,600	1,600	1,124	476
Worker's compensation claims	1,000	2,100	2,041	59
Pre-employment testing	200	883	883	0
Postage	100	100	47	53
Printing	400	100	0	100
Subscriptions and memberships	1,500	1,500	530	970
Advertising	200	200	(77)	277
Utilities	6,000	3,900	3,858	42
Telephone	6,000	6,000	5,891	109
Vehicle maintenance	56,000	54,000	43,623	10,377
Equipment repairs	1,800	2,701	1,526	1,175
Travel and training	5,000	5,278	5,044	234

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Landscaping maintenance - (Continued)				
Work sessions	\$ 500	\$ 1,500	\$ 1,475	\$ 25
Other contracted services	1,200	1,786	477	1,309
Office expenditures	500	600	577	23
Botanical supplies	16,000	18,500	13,304	5,196
Uniforms	5,000	4,099	4,098	1
Trees	7,500	8,300	8,234	66
Donations - memorial tree fund	0	24,237	20,326	3,911
Gasoline and oil	20,000	20,000	13,206	6,794
Insurance - vehicle and equipment	5,000	6,114	6,113	1
Insurance - general liability	9,000	7,225	7,224	1
Insurance - worker's compensation	14,000	7,514	7,512	2
Miscellaneous	500	500	57	443
Small equipment	1,000	3,700	3,651	49
	<u>\$ 674,742</u>	<u>\$ 696,079</u>	<u>\$ 589,410</u>	<u>\$ 106,669</u>
Cleveland Community Center:				
Salaries	\$ 132,000	\$ 132,000	\$ 135,010	\$ (3,010)
Part time wages	35,000	35,000	44,993	(9,993)
Overtime wages	3,000	3,600	5,609	(2,009)
Longevity	3,300	3,150	3,150	0
Sold vacations	3,300	2,600	1,774	826
Christmas bonus	500	500	433	67
Sick pay incentive	1,200	750	750	0
Dental insurance	2,000	2,150	2,129	21
Social security	13,500	14,050	14,017	33
Health insurance	31,633	31,633	41,448	(9,815)
Retirement	23,500	23,500	22,918	582
Life and disability insurance	2,100	2,100	1,599	501
Vision insurance	600	600	478	122
Worker's compensation claims	350	350	0	350
Advertising	250	0	0	0
Utilities	42,000	36,000	30,215	5,785
Telephone	8,000	6,600	5,929	671
Vehicle maintenance	500	500	0	500
Equipment repairs	0	500	36	464
Building maintenance	27,000	21,718	15,144	6,574
Travel and training	2,500	2,954	2,878	76
Team trips and competition	2,500	2,500	1,341	1,159
Office expenditures and paper	1,500	1,300	1,014	286
Janitorial contract	3,500	3,500	3,280	220

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Cleveland Community Center - (Continued)				
Gasoline	\$ 0	\$ 500	\$ 0	\$ 500
Pool	7,500	20,227	19,663	564
Athletic supplies	2,000	2,000	1,264	736
Ceramic supplies	8,000	8,000	3,393	4,607
Insurance - building and contents	4,300	3,861	3,861	0
Insurance - general liability	4,500	4,263	4,263	0
Insurance - worker's compensation	3,200	4,830	4,829	1
Contracted services - floor maintenance	2,000	1,455	1,454	1
Contracted services - security	1,200	1,242	1,242	0
Miscellaneous	500	500	48	452
Swim team	2,000	2,000	2,000	0
Junior pro basketball	4,500	4,950	4,921	29
Cardinal account	3,700	3,250	1,339	1,911
Weight equipment	15,000	15,000	14,939	61
Total Cleveland Community Center	<u>\$ 398,133</u>	<u>\$ 399,633</u>	<u>\$ 397,361</u>	<u>\$ 2,272</u>
Tinsley Park:				
Salaries	\$ 161,000	\$ 161,000	\$ 176,386	\$ (15,386)
Overtime	3,500	10,000	10,936	(936)
Social security	11,800	13,100	13,337	(237)
Utilities	60,000	66,000	70,230	(4,230)
Telephone	2,000	1,100	918	182
Maintenance and repairs	40,000	30,000	27,961	2,039
Lifeguard training	2,000	2,000	6,770	(4,770)
Janitorial supplies	6,000	6,000	6,168	(168)
Tournament	6,000	4,600	4,000	600
Pool	17,000	17,744	29,874	(12,130)
Concession supplies	20,000	19,000	13,216	5,784
Insurance - building and contents	3,700	3,440	3,439	1
Insurance - general liability	4,000	3,657	3,657	0
Insurance - worker's compensation	4,500	3,859	3,859	0
Miscellaneous	0	0	406	(406)
Equipment	0	96,433	95,328	1,105
Total Tinsley Park	<u>\$ 341,500</u>	<u>\$ 437,933</u>	<u>\$ 466,485</u>	<u>\$ (28,552)</u>
Total culture and recreation	<u>\$ 2,859,803</u>	<u>\$ 3,068,804</u>	<u>\$ 2,907,273</u>	<u>\$ 161,531</u>
Appropriations:				
Jointly funded	\$ 9,300	\$ 366	\$ 0	\$ 366
Regional Museum	42,300	42,300	42,300	0

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Appropriations - (Continued)				
MTAS benchmarking	\$ 4,000	\$ 4,000	\$ 0	\$ 4,000
Municipal League dues	9,200	9,200	9,102	98
Economic development	45,000	45,000	45,000	0
Southeast Tennessee Development	8,000	8,257	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	59,400	52,949	6,451
Keep America Beautiful	28,200	28,200	28,200	0
Juvenile Court match	1,100	1,100	1,000	100
United Way supporters	1,000	1,000	1,000	0
Sethra-Transit	135,000	135,000	135,000	0
Communications Center	550,000	550,000	550,000	0
Emergency Management	87,300	89,202	89,201	1
Mainstreet projects	4,000	4,000	4,000	0
SETDD legal fees	1,000	1,000	0	1,000
Veterans Affairs Office	22,600	24,875	24,875	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	0	8,000	8,000	0
Aqua Tigers equipment	2,000	2,000	2,000	0
Boys and Girls Club	14,000	14,000	13,242	758
Bradley Cleveland football	3,500	0	0	0
Cleveland Youth Softball	4,000	4,000	4,000	0
Soccer Association	5,000	5,000	5,000	0
Soccer Association - land	5,000	5,000	5,000	0
Vocational School	22,236	22,236	16,677	5,559
Total appropriations	<u>\$ 1,212,736</u>	<u>\$ 1,212,736</u>	<u>\$ 1,192,403</u>	<u>\$ 20,333</u>
Debt Service:				
Principal retirement	\$ 38,000	\$ 28,680	\$ 34,991	\$ (6,311)
Interest and fiscal charges	0	9,320	2,384	6,936
Total debt service	<u>\$ 38,000</u>	<u>\$ 38,000</u>	<u>\$ 37,375</u>	<u>\$ 625</u>
Total expenditures	<u>\$ 32,600,131</u>	<u>\$ 32,499,522</u>	<u>\$ 30,736,083</u>	<u>\$ 1,763,439</u>
Excess of revenues over expenditures	<u>\$ 10,069,819</u>	<u>\$ 10,152,112</u>	<u>\$ 11,158,501</u>	<u>\$ 1,006,389</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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other financing sources (uses):				
Transfers in	\$ 2,343,623	\$ 2,343,623	\$ 2,436,262	\$ 92,639
Transfers out	<u>(12,402,300)</u>	<u>(12,893,126)</u>	<u>(12,893,126)</u>	<u>0</u>
Total other financing sources(uses)	<u>\$ (10,058,677)</u>	<u>\$ (10,549,503)</u>	<u>\$ (10,456,864)</u>	<u>\$ 92,639</u>
Net change in fund balances	\$ 11,142	\$ (397,391)	\$ 701,637	\$ 1,099,028
Fund balance at beginning of year	<u>10,847,062</u>	<u>10,847,062</u>	<u>10,847,062</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 10,858,204</u></u>	<u><u>\$ 10,449,671</u></u>	<u><u>\$ 11,548,699</u></u>	<u><u>\$ 1,099,028</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, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Federal government:				
Education of the handicapped	\$ 30,000	\$ 22,570	\$ 22,569	\$ (1)
Total federal government	\$ 30,000	\$ 22,570	\$ 22,569	\$ (1)
State of Tennessee:				
Basic education program	\$ 25,544,000	\$ 25,810,000	\$ 25,735,573	\$ (74,427)
School food service	30,812	31,880	31,880	0
Driver education	8,000	8,000	6,426	(1,574)
Other state education funds	315,000	342,140	335,719	(6,421)
Career ladder program	124,648	124,648	101,908	(22,740)
Other state grants	1,013,604	1,013,604	1,013,604	0
State mixed drink tax	101,990	108,990	111,104	2,114
State income tax	35,378	79,177	74,474	(4,703)
On-behalf contributions for opeb	0	0	174,883	174,883
Total State of Tennessee	\$ 27,173,432	\$ 27,518,439	\$ 27,585,571	\$ 67,132
Bradley County:				
Property taxes - current	\$ 6,050,094	\$ 6,050,094	\$ 6,118,510	\$ 68,416
Property taxes - prior	182,061	182,061	124,500	(57,561)
Clerk and master	116,000	116,000	129,877	13,877
Interest and penalty	31,369	31,369	25,975	(5,394)
In lieu of taxes - Local Utilities	3,805	3,805	2,866	(939)
In lieu of taxes - Other Utilities	202,717	202,717	410,675	207,958
Marriage license	2,825	2,825	3,232	407
Bank excise tax	18,201	33,201	28,376	(4,825)
Interstate telecommunications tax	2,126	2,126	3,089	963
Local sales tax	4,849,301	5,249,301	5,643,366	394,065
Total Bradley County	\$ 11,458,499	\$ 11,873,499	\$ 12,490,466	\$ 616,967
Total Intergovernmental	\$ 38,661,931	\$ 39,414,508	\$ 40,098,606	\$ 684,098
Charges for services:				
Tuition	\$ 101,935	\$ 101,935	\$ 106,016	\$ 4,081
Community service fees	128,480	128,480	90,396	(38,084)
Criminal background fee	4,800	4,800	2,151	(2,649)
Total charges for services	\$ 235,215	\$ 235,215	\$ 198,563	\$ (36,652)

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued)				
Interest	\$ 6,250	\$ 13,250	\$ 32,455	\$ 19,205
Miscellaneous:				
Miscellaneous refunds	\$ 98,841	\$ 98,841	\$ 59,419	\$ (39,422)
Retirees Insurance Payments	0	0	414	414
Sale of equipment	6,900	6,900	8,519	1,619
Damages recovered	1,800	1,800	468	(1,332)
Contributions	57,866	73,466	74,230	764
Other	7,461	7,461	8,778	1,317
Total miscellaneous	\$ 172,868	\$ 188,468	\$ 151,828	\$ (36,640)
Total revenues	\$ 39,076,264	\$ 39,851,441	\$ 40,481,452	\$ 630,011
Expenditures:				
Current:				
Education:				
Regular instruction:				
Teachers	\$ 15,752,900	\$ 15,752,900	\$ 15,623,239	\$ 129,661
Career ladder program	69,500	68,600	55,983	12,617
Homebound teachers	61,052	61,052	58,958	2,094
Assistants	1,115,132	1,115,132	1,044,990	70,142
Other salaries and wages	196,315	196,315	195,831	484
Certified substitute teachers	147,375	147,375	262,519	(115,144)
Non-certified substitute teachers	101,905	101,905	69,798	32,107
Social security	1,067,283	1,067,283	990,583	76,700
State retirement	1,621,199	1,621,199	1,548,195	73,004
Life insurance	15,607	15,607	31,122	(15,515)
Medical insurance	2,442,589	2,379,955	2,383,138	(3,183)
Unemployment compensation	8,000	8,000	5,452	2,548
Employer medicare liability	249,606	249,606	233,248	16,358
Other fringe benefits	144,000	144,000	173,454	(29,454)
Maintenance and repair	16,650	16,650	10,248	6,402
Other contracted services	419,547	140,147	110,469	29,678
Instructional supplies	235,432	249,432	218,366	31,066
Textbooks	154,996	154,996	157,862	(2,866)
Other supplies and materials	87,972	85,972	94,656	(8,684)
Other charges	9,100	4,100	7,182	(3,082)
Regular instruction equipment	375,881	80,120	562,352	(482,232)
Total regular instruction	\$ 24,292,041	\$ 23,660,346	\$ 23,837,645	\$ (177,299)
Special education:				
Teachers	\$ 1,769,702	\$ 1,769,702	\$ 1,696,092	\$ 73,610
Career ladder program	12,000	12,000	11,000	1,000
Homebound teachers	1,000	1,000	2,859	(1,859)
Assistants	313,970	313,970	347,208	(33,238)
Speech pathologist	272,617	286,322	286,114	208
Certified substitute teachers	9,000	9,000	14,446	(5,446)

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, 2017

(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	\$ 6,800	\$ 1,200
Social security	146,517	146,517	135,068	11,449
State retirement	237,983	237,983	226,693	11,290
Life insurance	1,956	1,956	1,920	36
Medical insurance	289,758	367,572	355,493	12,079
Employer medicare liability	34,265	34,265	31,665	2,600
Contracts with private agencies	22,102	22,102	33,684	(11,582)
Maintenance and other repair services	1,700	1,700	200	1,500
Instructional supplies	25,650	25,650	17,980	7,670
Other supplies and materials	7,233	7,233	6,002	1,231
Special education equipment	4,600	4,600	5,273	(673)
Total special education	<u>\$ 3,158,053</u>	<u>\$ 3,249,572</u>	<u>\$ 3,178,497</u>	<u>\$ 71,075</u>
Vocational education:				
Teachers	\$ 992,236	\$ 1,003,295	\$ 1,005,510	\$ (2,215)
Certified substitute teachers	4,000	4,000	6,712	(2,712)
Non-certified substitute teachers	2,500	2,500	3,002	(502)
Social security	61,521	61,521	57,352	4,169
State retirement	89,698	89,698	90,893	(1,195)
Life insurance	639	639	639	0
Medical insurance	162,785	163,917	163,485	432
Employer medicare liability	14,388	14,388	13,430	958
Maintenance and repair services	8,500	8,500	14,098	(5,598)
Tuition	375	375	0	375
Other contracted services	4,500	4,500	10,302	(5,802)
Instructional supplies	33,200	33,200	43,511	(10,311)
Other supplies and materials	2,300	2,300	34,854	(32,554)
Vocational instruction equipment	66,667	66,667	12,389	54,278
Total vocational education	<u>\$ 1,443,309</u>	<u>\$ 1,455,500</u>	<u>\$ 1,456,177</u>	<u>\$ (677)</u>
Students:				
Attendance:				
Supervisor	\$ 45,804	\$ 45,804	\$ 45,804	\$ 0
Other salaries & wages	45,320	45,320	45,320	0
Social security	5,650	5,650	5,498	152
State retirement	11,673	11,673	11,714	(41)
Life insurance	120	120	120	0
Medical insurance	6,748	6,934	6,933	1
Employer medicare liability	1,321	1,321	1,286	35
Other contracted services	9,000	9,000	9,000	0
Total attendance	<u>\$ 125,636</u>	<u>\$ 125,822</u>	<u>\$ 125,675</u>	<u>\$ 147</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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Students - (Continued):				
Health services:				
Supervisor/Director	\$ 0	\$ 74,403	\$ 74,403	\$ 0
Medical personnel	224,361	232,213	224,277	7,936
Other salaries and wages	103,959	29,557	29,557	0
Social security	20,356	20,357	19,782	575
State retirement	48,927	49,071	43,915	5,156
Life insurance	94	94	94	0
Medical insurance	27,950	29,464	26,529	2,935
Employer medicare liability	4,761	4,762	4,627	135
Travel	2,400	2,400	0	2,400
Drugs and medical supplies	2,000	2,100	2,709	(609)
Other supplies and materials	3,174	3,174	2,550	624
Total health services	<u>\$ 437,982</u>	<u>\$ 447,595</u>	<u>\$ 428,443</u>	<u>\$ 19,152</u>
Other student support:				
Career ladder program	\$ 7,000	\$ 7,000	\$ 7,000	\$ 0
Guidance personnel	746,180	748,295	748,294	1
Psychological personnel	80,785	80,785	80,785	0
Social workers	53,979	53,979	53,979	0
Attendants	116,795	137,795	143,470	(5,675)
Other salaries and wages	127,879	127,879	127,879	0
Social security	69,925	69,925	68,544	1,381
State retirement	101,524	101,524	101,830	(306)
Life insurance	867	867	831	36
Medical insurance	86,945	88,097	85,176	2,921
Employer medicare liability	16,422	16,422	16,031	391
Evaluation and testing	90,870	90,870	84,458	6,412
Maintenance and repair services	100	100	0	100
Other contracted services	349,344	354,344	361,997	(7,653)
Other supplies and materials	7,050	10,490	9,257	1,233
Total other student support	<u>\$ 1,855,665</u>	<u>\$ 1,888,372</u>	<u>\$ 1,889,531</u>	<u>\$ (1,159)</u>
Total students	<u>\$ 2,419,283</u>	<u>\$ 2,461,789</u>	<u>\$ 2,443,649</u>	<u>\$ 18,140</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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Instructional staff:				
Regular instruction program :				
Supervisor	\$ 505,923	\$ 430,883	\$ 394,810	\$ 36,073
Career ladder program	6,500	6,500	5,468	1,032
Librarians	507,219	508,960	508,960	0
Materials supervisor	43,463	43,463	43,462	1
Secretaries	134,125	134,125	115,064	19,061
Other salaries and wages	217,458	46,505	46,505	0
Social security	86,867	71,615	64,622	6,993
State retirement	154,538	105,925	112,796	(6,871)
Life insurance	1,183	1,111	1,039	72
Medical insurance	179,458	138,712	135,561	3,151
Employer medicare liability	20,315	16,748	15,134	1,614
Dues and subscriptions	4,000	4,000	1,952	2,048
Travel	36,000	32,000	17,584	14,416
Other contracted services	8,500	8,500	7,937	563
Library books	35,700	35,700	29,242	6,458
Other supplies and materials	21,616	21,616	21,231	385
In-service staff development	76,750	76,750	65,452	11,298
Other equipment	3,500	3,500	1,533	1,967
Total regular instruction program	<u>\$ 2,043,115</u>	<u>\$ 1,686,613</u>	<u>\$ 1,588,352</u>	<u>\$ 98,261</u>
Special education:				
Supervisor	\$ 96,999	\$ 96,999	\$ 96,999	\$ 0
Career ladder program	1,000	1,000	1,000	0
Social security	6,076	6,076	6,008	68
State retirement	8,859	8,859	8,859	0
Life insurance	29	29	29	0
Medical insurance	5,840	6,004	6,003	1
Employer medicare liability	1,410	1,410	1,405	5
Consultants	500	500	0	500
Travel	1,500	1,500	1,238	262
Total special education	<u>\$ 122,213</u>	<u>\$ 122,377</u>	<u>\$ 121,541</u>	<u>\$ 836</u>
Vocational education:				
Supervisor	\$ 86,003	\$ 86,003	\$ 86,004	\$ (1)
Secretaries	28,885	28,885	28,885	0
Social security	7,123	7,123	6,867	256
State retirement	12,575	12,575	12,601	(26)

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Instructional staff - (Continued):				
Vocational education - (Continued):				
Life insurance	\$ 72	\$ 72	\$ 72	\$ 0
Medical insurance	11,610	11,872	11,872	0
Employer medicare liability	1,666	1,666	1,606	60
Travel	2,500	2,500	479	2,021
Total vocational education	<u>\$ 150,434</u>	<u>\$ 150,696</u>	<u>\$ 148,386</u>	<u>\$ 2,310</u>
Total instructional staff	<u>\$ 2,315,762</u>	<u>\$ 1,959,686</u>	<u>\$ 1,858,279</u>	<u>\$ 101,407</u>
General administration:				
Technology:				
Supervisor	\$ 0	\$ 75,040	\$ 75,040	\$ 0
Other salaries and wages	0	170,953	178,128	(7,175)
Social security	0	15,252	14,316	936
Retirement	0	48,613	30,469	18,144
Life insurance	0	72	72	0
Health insurance	0	48,535	49,442	(907)
Employer medicare	0	3,567	3,377	190
Internet connectivity	0	25,406	25,405	1
Travel	0	4,000	2,890	1,110
Other contracted services	0	123,149	34,721	88,428
Cableing	0	3,563	3,369	194
Software	0	127,282	175,067	(47,785)
Other supplies and materials	0	2,000	4,536	(2,536)
Other charges	0	5,000	0	5,000
Regular instruction equipment	0	401,061	295,193	105,868
Total technology	<u>\$ 0</u>	<u>\$ 1,053,493</u>	<u>\$ 892,025</u>	<u>\$ 161,468</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	765	765	766	(1)
Other fringe benefits	740	740	0	740
Audit services	13,500	13,500	13,775	(275)
Dues and membership	15,342	15,342	14,046	1,296
Legal services	10,000	30,000	71,650	(41,650)
Liability insurance	60,002	61,313	61,313	0
Premiums on corporate surety bonds	14,546	14,863	14,863	0
Trustee's commission	118,520	118,520	136,118	(17,598)
Worker's compensation insurance	199,441	222,389	222,389	0
Criminal investigation	8,000	8,000	8,074	(74)
Refund for criminal investigation	2,000	2,000	1,225	775
Other charges	32,000	32,000	45,689	(13,689)
Total board of education	<u>\$ 530,930</u>	<u>\$ 575,506</u>	<u>\$ 645,982</u>	<u>\$ (70,476)</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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
General administration - (Continued):				
Office of the superintendent:				
Administrative officer	\$ 145,049	\$ 138,000	\$ 145,728	\$ (7,728)
Assistants	98,370	98,370	98,370	0
Career ladder program	0	900	900	0
Secretaries	88,747	79,490	80,060	(570)
Other salaries and wages	7,200	7,200	7,200	0
Social security	20,854	20,854	20,272	582
State retirement	37,406	37,406	36,082	1,324
Life insurance	195	195	195	0
Medical insurance	38,304	12,149	12,491	(342)
Employer medicare liability	4,877	4,877	4,741	136
Other fringe benefits	4,116	4,116	56	4,060
Communication	80,000	80,000	89,215	(9,215)
Dues and memberships	3,433	6,483	6,967	(484)
Postal charges	6,500	6,500	4,941	1,559
Travel	5,000	13,000	14,414	(1,414)
Other contracted services	22,600	22,600	23,779	(1,179)
Office supplies	16,500	16,500	19,071	(2,571)
Other charges	16,900	16,900	18,554	(1,654)
Administrative equipment	5,000	5,000	4,918	82
Total office of superintendent	<u>\$ 601,051</u>	<u>\$ 570,540</u>	<u>\$ 587,954</u>	<u>\$ (17,414)</u>
Total general administration	<u>\$ 1,131,981</u>	<u>\$ 2,199,539</u>	<u>\$ 2,125,961</u>	<u>\$ 73,578</u>
Office of the Principal:				
Principals	\$ 740,497	\$ 833,104	\$ 834,763	\$ (1,659)
Career ladder program	7,000	7,000	4,500	2,500
Assistant principals	690,206	592,897	593,397	(500)
Secretaries	363,184	352,978	352,166	812
Clerical personnel	29,869	29,869	29,869	0
Social security	112,265	112,265	105,975	6,290
State retirement	195,294	195,294	190,667	4,627
Life insurance	1,386	1,386	1,386	0
Medical insurance	202,067	201,017	204,911	(3,894)
Employer medicare liability	26,257	26,257	24,785	1,472
Dues and memberships	3,495	3,495	1,334	2,161
Maintenance and repair services	2,925	2,925	186	2,739
Postal charges	6,150	6,150	3,671	2,479
Travel	5,100	5,100	1,154	3,946
Other contracted services	14,618	14,618	13,008	1,610
Office supplies	11,150	11,150	8,513	2,637
Other charges	1,100	1,100	504	596
Administrative equipment	16,900	16,900	8,315	8,585
Total office of the principal	<u>\$ 2,429,463</u>	<u>\$ 2,413,505</u>	<u>\$ 2,379,104</u>	<u>\$ 34,401</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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Operation and maintenance of plant:				
Business administration:				
Bookkeepers	\$ 210,577	\$ 210,577	\$ 209,509	\$ 1,068
Social security	11,048	11,048	10,170	878
State retirement	29,615	29,615	29,832	(217)
Life insurance	163	163	163	0
Medical insurance	19,136	21,136	21,135	1
Employer medicare liability	3,053	3,053	2,787	266
Data processing services	23,061	23,714	23,714	0
Travel	1,000	1,000	2,242	(1,242)
Total business administration	<u>\$ 297,653</u>	<u>\$ 300,306</u>	<u>\$ 299,552</u>	<u>\$ 754</u>
Operation of plant:				
Custodial personnel	\$ 25,529	\$ 25,529	\$ 25,529	\$ 0
Other salaries and wages	44,117	44,117	44,117	0
Social security	4,318	1,519	1,519	0
State retirement	8,231	4,266	4,266	0
Life insurance	84	84	84	0
Medical insurance	5,770	5,869	5,869	0
Employer medicare liability	1,010	1,010	964	46
Janitorial services	809,116	809,116	798,464	10,652
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	75,782	10,015
Electricity	991,621	1,151,621	1,148,096	3,525
Natural gas	110,349	115,395	70,768	44,627
Water and sewer	165,873	198,695	185,493	13,202
Other supplies and materials	25,000	25,000	6,625	18,375
Boiler insurance	11,637	11,891	11,891	0
Building and contents insurance	212,005	216,640	217,640	(1,000)
Total operation of plant	<u>\$ 2,566,608</u>	<u>\$ 2,762,700</u>	<u>\$ 2,609,107</u>	<u>\$ 153,593</u>
Maintenance of plant:				
Supervisor	\$ 65,208	\$ 81,227	\$ 81,227	\$ 0
Maintenance personnel	398,124	398,124	390,876	7,248
Other salaries and wages	35,000	35,000	1,564	33,436
Social security	30,594	30,594	26,732	3,862
State retirement	77,006	77,006	75,894	1,112
Life insurance	592	592	592	0
Medical insurance	91,368	96,920	97,311	(391)
Employer medicare liability	7,226	7,226	6,252	974
Maintenance and repair services - building	90,140	90,140	52,998	37,142
Maintenance and repair services - equipment	2,000	2,000	1,504	496
Other contracted services	101,000	101,000	174,215	(73,215)
Equipment and machinery parts	5,200	5,200	25,305	(20,105)

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Maintenance of plant - (Continued)				
Other supplies and materials	\$ 190,000	\$ 190,000	\$ 160,210	\$ 29,790
Other charges	5,000	8,500	6,821	1,679
Administration Equipment	0	13,000	18,332	(5,332)
Maintenance equipment	2,500	2,500	4,014	(1,514)
Total maintenance of plant	<u>\$ 1,100,958</u>	<u>\$ 1,139,029</u>	<u>\$ 1,123,847</u>	<u>\$ (15,182)</u>
Total operation and maintenance	<u>\$ 3,667,566</u>	<u>\$ 3,901,729</u>	<u>\$ 3,732,954</u>	<u>\$ 168,775</u>
Transportation:				
Supervisor	\$ 40,157	\$ 40,937	\$ 40,793	\$ 144
Mechanics	113,945	113,945	117,314	(3,369)
Bus drivers	527,728	527,728	523,196	4,532
Social security	42,273	42,273	43,515	(1,242)
State retirement	25,612	25,612	24,023	1,589
Life insurance	94	94	94	0
Medical insurance	30,869	26,866	26,419	447
Employer medicare	9,887	9,887	10,177	(290)
Contracts with parents	1,000	1,000	0	1,000
Medical and dental services	3,500	3,500	3,083	417
Travel	1,100	1,100	466	634
Other contracted services	22,500	22,500	39,219	(16,719)
Diesel fuel	181,788	181,788	99,380	82,408
Gasoline	20,000	20,000	13,843	6,157
Lubricants	2,000	2,000	2,396	(396)
Tires and tubes	17,290	17,290	7,545	9,745
Vehicle parts	79,440	79,440	102,294	(22,854)
Other supplies and materials	2,000	2,000	24,491	(22,491)
Vehicle and equipment insurance	65,456	66,887	66,887	0
Other charges	15,550	15,550	12,006	3,544
Total transportation	<u>\$ 1,202,189</u>	<u>\$ 1,200,397</u>	<u>\$ 1,157,141</u>	<u>\$ 43,256</u>
Food service:				
Other salaries and wages	\$ 67,012	\$ 67,012	\$ 67,012	\$ 0
Social security	4,155	3,926	3,747	179
State retirement	5,951	5,951	6,058	(107)
Life insurance	47	47	47	0
Medical insurance	8,224	8,453	8,453	0
Employer medicare liability	972	972	876	96
Total food service	<u>\$ 86,361</u>	<u>\$ 86,361</u>	<u>\$ 86,193</u>	<u>\$ 168</u>
Community services:				
Supervisor	\$ 65,964	\$ 65,964	\$ 76,957	\$ (10,993)
Other salaries and wages	162,228	160,728	135,367	25,361

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Community services - (Continued):				
Social security	\$ 14,148	\$ 11,848	\$ 12,736	\$ (888)
State retirement	5,858	5,458	6,983	(1,525)
Life insurance	34	34	34	0
Medical insurance	11,336	9,135	9,233	(98)
Employer medicare liability	3,308	2,808	2,989	(181)
Travel	4,141	4,141	520	3,621
Other contracted services	20,000	24,000	21,300	2,700
Food supplies	24,604	24,604	2,089	22,515
Other supplies and materials	19,509	21,009	14,621	6,388
In Service/Staff development	0	500	774	(274)
Refunds	350	350	0	350
Other charges	2,000	1,700	477	1,223
Total community services	<u>\$ 333,480</u>	<u>\$ 332,279</u>	<u>\$ 284,080</u>	<u>\$ 48,199</u>
Early Childhood Education:				
Contracts with other public agencies	\$ 1,013,604	\$ 1,013,604	\$ 1,013,604	\$ 0
Total early childhood education	<u>\$ 1,013,604</u>	<u>\$ 1,013,604</u>	<u>\$ 1,013,604</u>	<u>\$ 0</u>
Other Programs				
On-behalf payments of opeb	\$ 0	\$ 0	\$ 174,884	\$ (174,884)
Total other programs	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 174,884</u>	<u>\$ (174,884)</u>
Total education	<u>\$ 43,790,745</u>	<u>\$ 44,234,613</u>	<u>\$ 44,027,720</u>	<u>\$ 206,893</u>
Capital Outlay				
Building Improvements	\$ 0	\$ 1,322,593	\$ 1,803,757	\$ (481,164)
Total capital outlay	<u>\$ 0</u>	<u>\$ 1,322,593</u>	<u>\$ 1,803,757</u>	<u>\$ (481,164)</u>
Debt Service				
Principal on bonds	\$ 0	\$ 230,000	\$ 161,596	\$ 68,404
Interest on bonds	1,200	134,419	6,688	127,731
Other debt service	0	194,700	0	194,700
Total debt service	<u>\$ 1,200</u>	<u>\$ 559,119</u>	<u>\$ 168,284</u>	<u>\$ 390,835</u>
Total expenditures	<u>\$ 43,791,945</u>	<u>\$ 46,116,325</u>	<u>\$ 45,999,761</u>	<u>\$ 116,564</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (4,715,681)</u>	<u>\$ (6,264,884)</u>	<u>\$ (5,518,309)</u>	<u>\$ 746,575</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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Other Financing Sources (Uses)				
Transfers in	\$ 5,286,600	\$ 5,273,600	\$ 5,273,600	\$ 0
Transfers out	(557,919)	0	(559,119)	(559,119)
Notes issued	0	0	481,856	481,856
Capital leases issued	0	0	442,891	442,891
Total other financing sources(uses)	<u>\$ 4,728,681</u>	<u>\$ 5,273,600</u>	<u>\$ 5,639,228</u>	<u>\$ 365,628</u>
Net change in fund balances	\$ 13,000	\$ (991,284)	\$ 120,919	\$ 1,112,203
Fund balance at beginning of year	<u>4,871,018</u>	<u>4,871,018</u>	<u>4,871,018</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 4,884,018</u></u>	<u><u>\$ 3,879,734</u></u>	<u><u>\$ 4,991,937</u></u>	<u><u>\$ 1,112,203</u></u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

	Enterprise Funds				Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Stormwater Management Fund	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 10,415,833	\$ 10,175,140	\$ 1,275,834	\$ 21,866,807	\$ 759,051
Cash and cash equivalents - restricted	290,694	436	0	291,130	0
Accounts receivable - net	3,156,291	13,864,199	127,203	17,147,693	14,589
Inventories	314,712	1,990,540	0	2,305,252	222,573
Prepays	589,025	378,728	0	967,753	0
Total current assets	<u>\$ 14,766,555</u>	<u>\$ 26,409,043</u>	<u>\$ 1,403,037</u>	<u>\$ 42,578,635</u>	<u>\$ 996,213</u>
Noncurrent assets:					
Receivable - conservation loans	\$ 0	\$ 1,131,184	\$ 0	\$ 1,131,184	\$ 0
Other assets	0	1,738,140	0	1,738,140	0
Capital assets:					
Land and construction in progress	16,532,321	1,624,923	29,432	18,186,676	108,291
Other capital assets, net of depreciation	108,694,944	70,600,495	196,231	179,491,670	916,809
Total noncurrent assets	<u>\$ 125,227,265</u>	<u>\$ 75,094,742</u>	<u>\$ 225,663</u>	<u>\$ 200,547,670</u>	<u>\$ 1,025,100</u>
Total assets	<u>\$ 139,993,820</u>	<u>\$ 101,503,785</u>	<u>\$ 1,628,700</u>	<u>\$ 243,126,305</u>	<u>\$ 2,021,313</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	\$ 574,673	\$ 15,092	\$ 0	\$ 589,765	\$ 0
Deferred outflows - pensions	2,843,261	3,737,411	53,495	6,634,167	0
Total deferred outflows of resources	<u>\$ 3,417,934</u>	<u>\$ 3,752,503</u>	<u>\$ 53,495</u>	<u>\$ 7,223,932</u>	<u>\$ 0</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 1,254,950	\$ 9,780,950	\$ 1,013	\$ 11,036,913	\$ 141,795
Customer deposits	0	3,567,636	0	3,567,636	0
Due to other funds	0	117,000	0	117,000	0
Current maturities of long-term debt	4,531,382	1,126,820	0	5,658,202	0
Other current liabilities	1,752,565	1,218,742	6,267	2,977,574	0
Total current liabilities	<u>\$ 7,538,897</u>	<u>\$ 15,811,148</u>	<u>\$ 7,280</u>	<u>\$ 23,357,325</u>	<u>\$ 141,795</u>
Noncurrent liabilities:					
Post-employment benefits payable	\$ 5,525,247	\$ 3,683,498	\$ 48,489	\$ 9,257,234	\$ 0
Pension benefits payable	7,452,188	8,528,149	102,580	16,082,917	0
Conservation advances from TVA	0	1,168,289	0	1,168,289	0
Due to other funds	0	1,442,000	0	1,442,000	0
Notes payable	19,959,910	5,277,000	0	25,236,910	0
Revenue bonds payable net of discount	26,984,518	8,238,063	0	35,222,581	0
Total noncurrent liabilities	<u>\$ 59,921,863</u>	<u>\$ 28,336,999</u>	<u>\$ 151,069</u>	<u>\$ 88,409,931</u>	<u>\$ 0</u>
Total liabilities	<u>\$ 67,460,760</u>	<u>\$ 44,148,147</u>	<u>\$ 158,349</u>	<u>\$ 111,767,256</u>	<u>\$ 141,795</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred charge on refunding	\$ 12,921	\$ 708	\$ 0	\$ 13,629	\$ 0
Deferred inflows - pensions	104,892	158,215	628	263,735	0
Total deferred inflows of resources	<u>\$ 117,813</u>	<u>\$ 158,923</u>	<u>\$ 628</u>	<u>\$ 277,364</u>	<u>\$ 0</u>
NET POSITION					
Net investment in capital assets	\$ 74,603,900	\$ 57,598,355	\$ 225,663	\$ 132,427,918	\$ 1,025,100
Unrestricted	1,229,281	3,350,863	1,297,555	5,877,699	854,418
Total net position	<u>\$ 75,833,181</u>	<u>\$ 60,949,218</u>	<u>\$ 1,523,218</u>	<u>\$ 138,305,617</u>	<u>\$ 1,879,518</u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2017

	Enterprise Funds				Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Stormwater Management Fund	Total	
Operating Revenues:					
Charges for services	\$ 26,706,394	\$ 99,537,202	\$ 1,485,629	\$ 127,729,225	\$ 4,756,959
Other operating revenues	2,236,433	1,540,155	0	3,776,588	0
Total operating revenues	\$ 28,942,827	\$ 101,077,357	\$ 1,485,629	\$ 131,505,813	\$ 4,756,959
Operating Expenses:					
Power purchased	\$ 0	\$ 80,105,707	\$ 0	\$ 80,105,707	\$ 0
Operation expenses	14,635,407	6,609,517	485,815	21,730,739	4,296,836
Maintenance expense	2,740,171	3,399,774	0	6,139,945	0
Depreciation and amortization	5,762,921	4,713,127	25,040	10,501,088	34,238
Total operating expenses	\$ 23,138,499	\$ 94,828,125	\$ 510,855	\$ 118,477,479	\$ 4,331,074
Operating income (loss)	\$ 5,804,328	\$ 6,249,232	\$ 974,774	\$ 13,028,334	\$ 425,885
Non Operating Revenues (Expenses):					
Interest income	\$ 79,549	\$ 99,991	\$ 6,158	\$ 185,698	\$ 1,655
Interest expense	(1,455,871)	(467,188)	0	(1,923,059)	0
Plant cost recovered through contributions	0	(330,463)	0	(330,463)	4,889
Other income (expense)	(7,576)	57,620	5,952	55,996	(338)
Total nonoperating revenues (expenses)	\$ (1,383,898)	\$ (640,040)	\$ 12,110	\$ (2,011,828)	\$ 6,206
Income before contributions and transfers	\$ 4,420,430	\$ 5,609,192	\$ 986,884	\$ 11,016,506	\$ 432,091
Capital contributions	492,237	330,463	0	822,700	0
Transfers out	(431,146)	(2,005,116)	(1,398)	(2,437,660)	0
Change in net position	\$ 4,481,521	\$ 3,934,539	\$ 985,486	\$ 9,401,546	\$ 432,091
Total net position - beginning	71,351,660	57,014,679	537,732	128,904,071	1,447,427
Total net position - ending	\$ 75,833,181	\$ 60,949,218	\$ 1,523,218	\$ 138,305,617	\$ 1,879,518

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2017

	Enterprise Funds				Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Stormwater Management Fund	Total	
Cash flows from operating activities:					
Receipts from customers	\$ 30,346,117	\$ 102,717,875	\$ 1,496,177	\$ 134,560,169	\$ 108,022
Receipts from interfund charges	0	0	0	0	4,640,626
Payments to suppliers	(12,153,221)	(84,465,816)	(339,046)	(96,958,083)	(4,075,366)
Payments to employees for services	(5,499,225)	(8,564,618)	(117,210)	(14,181,053)	(315,979)
Net cash provided by (used in) operating activities	<u>\$ 12,693,671</u>	<u>\$ 9,687,441</u>	<u>\$ 1,039,921</u>	<u>\$ 23,421,033</u>	<u>\$ 357,303</u>
Cash flows from noncapital financing activities:					
Transfers out	\$ (431,146)	\$ (2,005,089)	\$ (1,398)	\$ (2,437,633)	\$ 0
Net cash provided by (used in) financing activities	<u>\$ (431,146)</u>	<u>\$ (2,005,089)</u>	<u>\$ (1,398)</u>	<u>\$ (2,437,633)</u>	<u>\$ 0</u>
Cash flows from capital and related financing activities:					
Additions to plants	\$ (10,074,119)	\$ (5,530,906)	\$ (152,757)	\$ (15,757,782)	\$ (4,395)
Proceeds received for contributions in aid of construction	492,237	330,463	0	822,700	0
Other adjustments	(258)	45,538	0	45,280	0
Removal cost	0	(415,020)	0	(415,020)	0
Salvage	18,000	91,488	0	109,488	0
Proceeds from issuance of debt	4,224,059	241,703	0	4,465,762	0
Payment of principal on long-term debt	(3,921,451)	(1,197,412)	0	(5,118,863)	0
Payment of interest on long-term debt	(1,433,130)	(469,540)	0	(1,902,670)	0
Net cash provided by (used in) capital and related financing activities	<u>\$ (10,694,662)</u>	<u>\$ (6,903,686)</u>	<u>\$ (152,757)</u>	<u>\$ (17,751,105)</u>	<u>\$ (4,395)</u>
Cash flows from investing activities:					
Interest received	\$ 79,549	\$ 99,991	\$ 6,158	\$ 185,698	\$ 1,655
Other non-operating revenue (expense)	(7,576)	57,593	5,952	55,969	4,889
Net cash provided by investing activities	<u>\$ 71,973</u>	<u>\$ 157,584</u>	<u>\$ 12,110</u>	<u>\$ 241,667</u>	<u>\$ 6,544</u>
Net increase (decrease) in cash and cash equivalents	\$ 1,639,836	\$ 936,250	\$ 897,876	\$ 3,473,962	\$ 359,452
Cash and cash equivalents, beginning of year	<u>9,066,691</u>	<u>9,239,326</u>	<u>377,958</u>	<u>18,683,975</u>	<u>399,599</u>
Cash and cash equivalents, end of year	<u><u>\$ 10,706,527</u></u>	<u><u>\$ 10,175,576</u></u>	<u><u>\$ 1,275,834</u></u>	<u><u>\$ 22,157,937</u></u>	<u><u>\$ 759,051</u></u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2017

(Continued)

Enterprise Funds

	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Stormwater Management Fund	Total	Internal Service Funds
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Reconciliation of operating income to net cash provided by operating activities:

Operating income (loss)	\$ 5,804,328	\$ 6,249,232	\$ 974,774	\$ 13,028,334	\$ 425,885
Adjustments to reconcile net operating revenues to net cash provided by operating activities:					
Depreciation	5,974,108	4,841,054	25,040	10,840,202	34,238
Changes in operating assets and liabilities					
Accounts receivable	1,403,289	1,657,772	10,549	3,071,610	(8,311)
Allowance for doubtful accounts	0	(7,767)	0	(7,767)	0
Inventories	(34,106)	(97,436)	0	(131,542)	(2,909)
Receivable from customers for conservation loans	0	37,222	0	37,222	0
Prepays	(558,423)	(10,450)	0	(568,873)	0
Other assets	0	(63,000)	0	(63,000)	0
Accounts payable	423,347	(1,522,239)	(3,587)	(1,102,479)	(91,600)
Customer deposits	0	(54,476)	0	(54,476)	0
Other current liabilities	(377,180)	(121,757)	0	(498,937)	0
Pension benefits payable	(483,071)	(931,746)	13,032	(1,401,785)	0
Post-employment benefits payable	541,379	(256,301)	20,113	305,191	0
Conservation loans	0	(32,667)	0	(32,667)	0
Net cash provided by operating activities	\$ 12,693,671	\$ 9,687,441	\$ 1,039,921	\$ 23,421,033	\$ 357,303

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF NET POSITION - FIDUCIARY FUND
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND - CLEVELAND UTILITIES
June 30, 2017

ASSETS

Current assets:

Cash and cash equivalents	\$ 9,560
Investments, at fair value	349,076
Interest receivable	<u>175</u>
Total current assets	<u>\$ 358,811</u>
Total assets	<u><u>\$ 358,811</u></u>

NET POSITION

Net position held in trust for other post-employment benefits	<u><u>\$ 358,811</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, 2017

ADDITIONS

Employer contributions	\$ 959,681
Net investment income:	
Interest and dividend income	6,550
Net appreciation in the fair value of assets	<u>19,181</u>
Total Additions	<u>\$ 985,412</u>

DEDUCTIONS

Benefits paid	<u>\$ 626,601</u>
Total Deductions	<u>\$ 626,601</u>
Change in Net Position Held in Trust for Other Post-Employment Benefits	\$ 358,811
Net position, held in trust beginning of year	<u>0</u>
Net position, held in trust, end of year	<u><u>\$ 358,811</u></u>

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NOTES

CITY OF CLEVELAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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.

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

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

C. Measurement focus, Basis of Accounting

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

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

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

D. Cash and Cash Equivalents

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

E. Investments

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

The City's investments in certificates of deposit are reported at cost. Investments in the State Local Government Investment Pool (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 reserve method is used to estimate the allowance for electric and water service receivables.

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

G. Inventories and Prepaid Items

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

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

H. Restricted Assets

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

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., primary roads, secondary roads, drainage), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 2017 rates for the Electric Division and Water Divisions were 3.6% and 2.9% respectively. When property subject to depreciation is retired or otherwise disposed of in the normal course of business, its costs, together with the cost of removal less salvage, is charged to the reserve for depreciation. Replacements of property (exclusive of minor items of property) for Cleveland Utilities are charged to utility plant accounts.

Cleveland Utilities Electric and Water Divisions charge a portion of depreciation on certain transportation equipment to other expense classifications based on relative usage. Depreciation charged to other accounts was \$127,927, and \$211,187 for Cleveland Utilities Electric Division and Water Division respectively. The following schedule reconciles this allocation of depreciation expense:

	<u>Reconciliation</u>
Depreciation and amortization per statement of revenues, expenses and changes in net position	\$ 10,501,088
Depreciation charged to clearing account	<u>339,114</u>
Depreciation and amortization per statement of cash flows	<u>\$ 10,840,202</u>

J. Deferred outflows/inflows of resources

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

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

items that qualifies for reporting in this category. The first one is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding (loss) results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item relates to pension contributions made after the measurement date of the pension liability. These amounts will be recognized as a reduction (increase) in the following measurement period. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. Unavailable revenue is reported in the governmental funds balance sheet and also the government-wide statement of net position as deferred revenue. This is comprised of current property taxes (2017 levy) at the government-wide level. The governmental funds report unavailable revenue from property taxes, sales tax and other state taxes and are recognized as an inflow of resources in the period that they become available. The second item is the deferred charge on refunding (gain) resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The third item relates to pension liability and differences between actual and expected experience and earnings on pension plans.

K. Compensated Absences

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

L. Long-term obligations

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

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

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

M. Net Position and Fund Equity

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

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

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

borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of June 30, 2017, outstanding bond proceeds totaled \$291,130.

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

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

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

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

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

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

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

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

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

N. Budgets and Budgetary Accounting

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

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

N. Budgets and Budgetary Accounting - (Cont.)

3. Prior to July 1, the budget and property tax rate are due for passage by ordinance.
4. The Finance Director is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures may not exceed appropriations at the fund level.
5. Formal legally adopted budgets are employed as a management control device during the year for all funds except for Cleveland Utilities - Electric and Water Divisions. Budgeted amounts reflected in the accompanying final budget and actual comparison are as originally adopted and amended by the City Council.
6. All appropriations which are not expended lapse at year end.
7. During the year, supplementary appropriations were necessary. The effect of the amendments were to increase budgeted revenues by \$11,525,922, and increase budgeted expenditures by \$26,835,245. 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, 2017, and December 11, 2017 which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Note 2 - DEPOSITS AND INVESTMENTS

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

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

As of June 30, 2017 the City had investments in certificates of deposit and the State Treasurer's Investment Pool. The certificates of deposit are reported at cost. The investment in the State Treasurer's Investment Pool are reported at amortized cost.

	Cost	Investment Maturities	
		Less than One Year	One to Five Years
Certificates of Deposit	<u>\$ 316,840</u>	<u>\$ 205,698</u>	<u>\$ 111,142</u>
State Treasurer's investment pool	<u>\$ 613,516</u>	<u>Weighted Average Maturity (days)</u> 4 to 117	

Interest rate risk - In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the amount invested in long-term investments and bidding the amount of interest earned on checking accounts with area banks. Presently, the City earns 0.15% percent interest rate on deposits.

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 not investment policy that would further limit its investment choices. As of June 30, 2017, 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, 2017, 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, 2017.

Lord Abbett Short Duration Income Fund	\$	33,246
MFS International Value I		24,935
Oppenheimer International Growth Y		25,437
T. Rowe Price Emerging Markets Stock Fund		19,886
The Hartford Small Cap Growth I		18,029
Vanguard Growth Index Fund		34,498
Vanguard High Yield Index Fund		34,184
Victory Incore Fund for Income		32,582
Victory Sycamore Established Value I		20,674

For the year ended June 30, 2017, the annual money-weighted rate of return on OPEB plan investment expense was 10.1 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	\$ 1,100,115	\$ 23,997,303	\$ 0	\$ 771,896	\$ (417,923)	\$ 25,451,391
School	7,397,249	902,980	0	0	(91,015)	8,209,214
Water	0	0	3,156,291	0	0	3,156,291
Electric	0	0	14,014,327	0	(150,128)	13,864,199
Stormwater	0	0	127,203	0	0	127,203
Nonmajor	1,827,394	0	14,589	212,484	0	2,054,467
Totals	\$ 10,324,758	\$ 24,900,283	\$ 17,312,410	\$ 984,380	\$ (659,066)	\$ 52,862,765

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, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 37,309,939	\$ 62,934	\$ (25,000)	\$ 37,347,873
Construction in progress	17,539,178	797,435	(13,714,986)	4,621,627
Total capital assets not being depreciated	\$ 54,849,117	\$ 860,369	\$ (13,739,986)	\$ 41,969,500
Capital assets, being depreciated:				
Buildings	\$ 109,386,046	\$ 14,298,264	\$ 0	\$ 123,684,310
Improvements other than buildings	19,691,587	200,091	0	19,891,678
Infrastructure	64,723,664	2,141,647	0	66,865,311
Furniture, fixtures, equipment and vehicles	34,238,077	4,241,199	(1,052,969)	37,426,307
Total capital assets being depreciated	\$ 228,039,374	\$ 20,881,201	\$ (1,052,969)	\$ 247,867,606
Less accumulated depreciation for				
Buildings	\$ (35,546,926)	\$ (3,458,420)	\$ 0	\$ (39,005,346)
Improvements other than buildings	(5,989,058)	(523,726)	0	(6,512,784)
Infrastructure	(22,350,484)	(1,540,946)	0	(23,891,430)
Furniture, fixtures, equipment and vehicles	(25,356,305)	(2,446,012)	950,893	(26,851,424)
Total accumulated depreciation	\$ (89,242,773)	\$ (7,969,104)	\$ 950,893	\$ (96,260,984)
Total capital assets being depreciated, net	\$ 138,796,601	\$ 12,912,097	\$ (102,076)	\$ 151,606,622
Governmental activities capital assets, net	\$ 193,645,718	\$ 13,772,466	\$ (13,842,062)	\$ 193,576,122

Note 4 - CAPITAL ASSETS - (Cont.)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land and land rights, easements	\$ 1,821,171	\$ 16,710	\$ 0	\$ 1,837,881
Construction work-in-progress	17,001,130	(652,335)	0	16,348,795
Total capital assets not being depreciated	<u>\$ 18,822,301</u>	<u>\$ (635,625)</u>	<u>\$ 0</u>	<u>\$ 18,186,676</u>
Capital assets being depreciated:				
Plant in service	\$ 334,697,724	\$ 15,842,501	\$ (1,943,033)	\$ 348,597,192
Equipment	82,524	207,771	(42,686)	247,609
Total capital assets being depreciated	<u>\$ 334,780,248</u>	<u>\$ 16,050,272</u>	<u>\$ (1,985,719)</u>	<u>\$ 348,844,801</u>
Less accumulated depreciation for				
Plant in service	\$ (160,717,862)	\$ (10,526,924)	\$ 1,943,033	\$ (169,301,753)
Equipment	(53,709)	(25,040)	27,371	(51,378)
Total accumulated depreciation	<u>\$ (160,771,571)</u>	<u>\$ (10,551,964)</u>	<u>\$ 1,970,404</u>	<u>\$ (169,353,131)</u>
Total capital assets being depreciated, net	<u>\$ 174,008,677</u>	<u>\$ 5,498,308</u>	<u>\$ (15,315)</u>	<u>\$ 179,491,670</u>
Business-type activities capital assets	<u>\$ 192,830,978</u>	<u>\$ 4,862,683</u>	<u>\$ (15,315)</u>	<u>\$ 197,678,346</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 178,074
Development and engineering	64,345
Public safety	1,001,056
Public works	2,243,807
Health and welfare	11,602
Culture and recreation	764,417
Education	3,671,565
Capital assets held by the government's internal service fund are charged to various functions based on usage	<u>34,238</u>
Total depreciation expense - governmental activities	<u>\$ 7,969,104</u>

Note 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2017, is as follows:

Receivable Fund	Payable Fund	Amount
Spring Branch Industrial Park Fund	Cleveland Utilities - Electric	<u>\$ 1,559,000</u>
		<u>\$ 1,559,000</u>

Of the total interfund receivable/payable balances, \$117,000, is expected to be repaid within one year. Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

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

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

Transfers out:	Transfers in:				Totals
	General Fund	School Fund	Stormwater Management Fund	Nonmajor Governmental	
General fund	\$ 0	\$ 5,273,600	\$ 0	\$ 7,619,526	\$ 12,893,126
School fund	0	0	0	559,119	559,119
Cleveland Utilities - Electric	2,005,116	0	0	0	2,005,116
Cleveland Utilities - Water	431,146	0	0	0	431,146
Stormwater Management	0	0	0	1,398	1,398
Nonmajor Governmental	0	0	0	560,874	560,874
	<u>\$ 2,436,262</u>	<u>\$ 5,273,600</u>	<u>\$ 0</u>	<u>\$ 8,740,917</u>	<u>\$ 16,450,779</u>

Note 6 - LONG-TERM DEBT

Capital Leases

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	(360,633)
Total book value	<u>\$ 617,890</u>

Future payments on capital leases are as follows:

Fiscal Year	Principal	Interest	Requirements
<u>Ending June 30,</u>			
2018	\$ 190,584	\$ 15,075	\$ 205,659
2019	159,430	8,854	168,284
2020	138,135	3,675	141,810
2021	0	0	0
2022	0	0	0
2023-2027	0	0	0
	<u>\$ 488,149</u>	<u>\$ 27,604</u>	<u>\$ 515,753</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.

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

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities - refunding	2.51- 4.50%	<u>\$ 51,817,480</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>
2018	\$ 3,059,480	\$ 1,636,644	\$ 4,696,124
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
2023-2027	22,442,000	4,525,157	26,967,157
2028-2032	12,546,000	1,240,611	13,786,611
2033-2037	385,000	30,772	415,772
	<u>\$ 51,817,480</u>	<u>\$ 13,041,686</u>	<u>\$ 64,859,166</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, 2017, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2018	\$ 4,060,000	\$ 1,372,179	\$ 5,432,179
2019	3,505,000	1,244,726	4,749,726
2020	3,545,000	1,133,887	4,678,887
2021	3,645,000	1,009,544	4,654,544
2022	3,640,000	875,423	4,515,423
2023-2027	13,565,000	2,603,832	16,168,832
2028-2032	5,520,000	692,607	6,212,607
2033-2037	1,705,000	135,177	1,840,177
	<u>\$ 39,185,000</u>	<u>\$ 9,067,375</u>	<u>\$ 48,252,375</u>

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

Notes Payable

Principal requirements to maturity for notes payable accounted for in the governmental activities for the fiscal year ended June 30, 2017, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2018	\$ 1,835,300	\$ 848,031	\$ 2,683,331
2019	1,916,479	796,719	2,713,198
2020	1,712,578	743,707	2,456,285
2021	1,755,577	695,373	2,450,950
2022	1,799,577	645,492	2,445,069
2023-2027	9,503,335	2,360,925	11,864,260
2028-2032	5,612,000	847,985	6,459,985
2033-2037	3,295,000	190,840	3,485,840
	<u>\$ 27,429,846</u>	<u>\$ 7,129,072</u>	<u>\$ 34,558,918</u>

Principal requirements to maturity for notes payable accounted for in the business-type activities for the fiscal year ended June 30, 2017, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2018	\$ 1,598,202	\$ 654,137	\$ 2,252,339
2019	1,611,621	617,847	2,229,468
2020	1,625,167	581,348	2,206,515
2021	1,638,897	544,636	2,183,533
2022	1,653,707	507,748	2,161,455
2023-2027	8,482,166	1,977,609	10,459,775
2028-2032	8,789,283	1,023,224	9,812,507
2033-2037	6,098,679	184,777	6,283,456
	<u>\$ 31,497,722</u>	<u>\$ 6,091,326</u>	<u>\$ 37,589,048</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 54,780,840	\$ 0	\$ (2,963,360)	\$ 51,817,480	\$ 3,059,480
Notes payable	21,867,578	2,628,550	(1,354,377)	23,141,751	1,835,300
Capital leases	241,845	442,891	(196,587)	488,149	190,584
Compensated absences	1,880,330	1,614,325	(1,378,135)	2,116,520	169,322
Postemployment benefits	18,601,222	3,813,130	(1,328,805)	21,085,547	0
Less bond discount/premium	135,110	0	(19,083)	116,027	0
Total	<u>\$ 97,506,925</u>	<u>\$ 8,498,896</u>	<u>\$ (7,240,347)</u>	<u>\$ 98,765,474</u>	<u>\$ 5,254,686</u>

As of June 30, 2017, a balance of \$4,288,096, 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	444,000
Public Building Authority of Clarksville Series 2017	3,743,231
	<u>4,288,096</u>

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	\$ 43,289,640	\$ 0	\$ (4,104,640)	\$ 39,185,000	\$ 4,060,000
Notes payable	13,838,226	392,274	(766,250)	13,464,250	769,250
State revolving loan fund	9,545,347	4,073,488	(247,972)	13,370,863	828,952
Conservation advances	1,466,268	350,429	(383,095)	1,433,602	265,312
Postemployment benefits	8,952,043	1,264,872	(959,681)	9,257,234	0
Less bond discount/premiums	109,661	0	(12,081)	97,580	0
	<u>\$ 77,201,185</u>	<u>\$ 6,081,063</u>	<u>\$ (6,473,719)</u>	<u>\$ 76,808,529</u>	<u>\$ 5,923,514</u>

As of June 30, 2017, a balance of \$4,662,610, is available in loan proceeds to be drawn down on notes as follows:

State revolving loan fund SRF 16-172	\$ 978,961
State revolving loan fund SRF - 320	3,683,649
	<u>\$ 4,662,610</u>

On March 29, 2016, 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, "TSRF" to finance the installation of approximately 27,150 linear feet of 24-inch diameter waterline along Old Charleston Road, beginning at the intersection of Tasso Road heading north to North Lee Highway; continuing along North Lee Highway to the intersection of Lauderdale Highway where the waterline will turn east toward Dry Valley Road; and ending at the Hiwassee Utilities Commission Water Treatment Plant. The loan is for \$3,725,500, and is to be paid back over a 20-year period at a fixed rate of 1.11 percent. As of June 30, 2017, \$2,746,539, has been drawn down.

On January 9, 2017, 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 CG3 2017-379" to finance the Mobile Communicator Water Meter reading equipment. The SRF CG3 2017-379 loan agreement was for \$110,418, in the form of a loan of \$104,897, and principal forgiveness of \$5,521. The loan is to be paid back over a 20-year period with the fixed interest rate of 0.88 percent. As of June 30, 2017, the Division has drawn down all proceeds.

On September 30, 2016, The City of Cleveland entered into an agreement with the Public Building Authority of the City of Clarksville, TN for a loan in the amount of \$7,700,000, for the purpose of making public improvements to various departments. The loan was obtained through the Tennessee Municipal Bond Fund and is amortized over 20 years. The first 5 years are fixed at 2.35 percent. As of June 30, 2017, \$1,456,769, of loan proceeds have been drawn down. Subsequent to year end, the City reduced the loan request to \$5,200,000.

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 \$116,451,265, are as follows:

Bonds payable	\$ 51,817,480
Notes payable	23,141,751
Capital leases	488,149
Compensated absences	2,116,520
Postemployment benefits	21,085,547
Net Pension Asset	(39,378)
Net Pension Liability	17,588,781
Interest payable	136,387
Premium on bonds payable	<u>116,028</u>
Net adjustment	<u>\$ 116,451,265</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 \$101,848, difference are as follows:

Capital outlay	\$ 8,064,875
Depreciation expense	<u>(7,963,027)</u>
Net adjustment	<u>\$ 101,848</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 \$4,514,324, difference are as follows:

Principal repayments:	
General Obligation Bonds	\$ 2,963,360
Notes Payable	1,354,377
Capital leases payable	<u>196,587</u>
Net adjustment	<u>\$ 4,514,324</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, 2017 is \$189,924. 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 6/30/16	\$ 307,307	\$ 213,390	\$ 520,697
Current year claims and estimate changes	2,516,983	2,715,233	5,232,216
Claims paid	<u>(2,754,505)</u>	<u>(2,808,484)</u>	<u>(5,562,989)</u>
Claims liability at 6/30/17	<u>\$ 69,785</u>	<u>\$ 120,139</u>	<u>\$ 189,924</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

Note 16 - TAX ABATEMENTS - (Cont.)

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 \$347,751 based on a total potential tax of \$1,590,051.

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 publically available financial report that can be obtained at 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, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	428
Inactive employees entitled to but not yet receiving benefits	355
Active employees	666
	1,449

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, 2017, employer contributions were 5,741,653 based on a rate of 20.21 percent of covered payroll for public safety employees and 16.71 percent of covered payroll for all other employees under the plan. By law, employer contributions are required to be paid. The TCRS may intercept Cleveland City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability

Cleveland City's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

THE TCRS PENSION PLAN - (Cont.)

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

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Cleveland City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and 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.

THE TCRS 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 6/30/15	\$ 126,414,032	\$ 110,312,072	\$ 16,101,960
Changes for the year:			
Service cost	\$ 2,363,997	\$ 0	\$ 2,363,997
Interest	9,467,115	0	9,467,115
Difference between expected and actual experience	1,198,307	0	1,198,307
Contributions - employer	0	5,426,173	(5,426,173)
Contributions - employees	0	1,998	(1,998)
Net Investment income	0	2,936,077	(2,936,077)
Benefit payments	(5,099,666)	(5,099,666)	0
Administrative expenses	0	(51,102)	51,102
Net changes	<u>\$ 7,929,753</u>	<u>\$ 3,213,480</u>	<u>\$ 4,716,273</u>
Balance at 6/30/16	<u>\$ 134,343,785</u>	<u>\$ 113,525,552</u>	<u>\$ 20,818,233</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of Cleveland City calculated using the discount rate of 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Cleveland City's net pension liability	\$ 38,651,812	\$ 20,818,233	\$ 5,918,687

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

Pension expense. For the year ended June 30, 2017, Cleveland City recognized pension expense of \$4,238,130.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,477,111	\$ 127,471
Net difference between projected and actual earnings on pension plan investments	3,810,627	0
Contributions subsequent to the measurement date of June 30, 2016	<u>5,741,653</u>	<u>0</u>
Total	<u>\$ 11,029,391</u>	<u>\$ 127,471</u>

THE TCRS PENSION PLAN - (Cont.)

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2016," 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:	
2018	\$ 641,722
2019	641,722
2020	2,288,207
2021	1,388,894
2022	199,718
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, 2017, 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 a cost-sharing multiple-employer pension plan administered by the Central Service Association (the "CSA Plan"). The CSA Plan provides retirement benefits to plan members. Section 5.1 & 5.2 of the Pension Plan for employees of Central Service Association ("CSA") assigns the authority to establish and amend benefit provisions to the CSA Board of Directors. The Board will serve as the "Plan Sponsor," in regard to employees participating in the plan (active and retired) and CSA shall continue to serve as the "Plan Administrator." CSA issues a publicly available financial report that includes financial statements and required supplementary information for the CSA plan. That report may be obtained by writing Central Service Association, P.O. Box 3480 Tupelo, MS 38803-3480 or by calling (662) 842-5962.

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

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

CLEVELAND UTILITIES - CSA PENSION PLAN - (Cont.)

Employees covered by benefit term. At the measurement date of October 1, 2016, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	73
Inactive employees entitled to but not yet receiving benefits	6
Active employees	20
	<u>99</u>

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

Net Pension Liability

Cleveland Utilities net pension liability was measured as of October 1, 2016, 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, 2016, 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 year 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 10/01/15	\$ 32,559,484	\$ 22,791,119	\$ 9,768,365
Changes for the year:			
Service cost	\$ 98,869	\$ 0	\$ 98,869
Interest	2,210,999	0	2,210,999
Difference between expected and actual experience	797,655	0	797,655
Contributions - employer	0	1,703,144	(1,703,144)
Net Investment income	0	1,908,220	(1,908,220)
Benefit payments	(2,145,295)	(2,145,295)	0
Administrative expenses	27,058	0	27,058
Net changes	<u>\$ 989,286</u>	<u>\$ 1,466,069</u>	<u>\$ (476,783)</u>
Balance at 10/01/16	<u>\$ 33,548,770</u>	<u>\$ 24,257,188</u>	<u>\$ 9,291,582</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	\$ 12,441,812	\$ 9,291,582	\$ 6,413,082

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

Pension expense. For the year ended June 30, 2017, Cleveland Utilities recognized pension expense of \$1,135,415.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2017 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	\$ 1,043,755	\$ 222,151
Changes of assumption	21,646	
Net difference between projected and actual earnings on pension plan investments	556,587	0
Contributions subsequent to the measurement date of October 1, 2016	<u>1,297,718</u>	<u>0</u>
Total	<u>\$ 2,919,706</u>	<u>\$ 222,151</u>

The amount shown above for "Contributions subsequent to the measurement date of October 1, 2016," 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:		
2018	\$	405,450
2019		405,450
2020		416,269
2021		135,976
2022		36,696
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, 2017, no contributions were payable to the plan.

TEACHERS LEGACY PENSION PLAN OF TCRS

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

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, 2017 to the Teacher Legacy Pension Plan were \$1,880,494, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension liability. At June 30, 2017, The Cleveland City Schools reported a liability of \$3,561,884, for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial value as of that date. Cleveland City Schools' proportion of the net pension liability was based on Cleveland City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2016, Cleveland City Schools' proportion was 0.569952 percent. The proportion measured as of June 30, 2015 was 0.537318 percent.

Negative Pension expense. For the year ended June 30, 2017, Cleveland City Schools recognized pension expense of \$483,606.

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	\$ 149,897	\$ 4,312,261
Net difference between projected and actual earnings on pension plan investments	3,976,891	0
Changes in proportion of Net Pension Liability (Asset)	304,867	0
Contributions subsequent to the measurement date of June 30, 2016	1,880,494	0
Total	<u>\$ 6,312,149</u>	<u>\$ 4,312,261</u>

Cleveland City Schools employer contributions of \$1,880,494, 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, 2018. 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:	
2018	\$ (602,646)
2019	(602,646)
2020	1,305,067
2021	251,124
2022	(231,505)
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, 2016 the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from 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 7.5 percent, as well as what Cleveland City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Cleveland City Schools' proportionate share of the net pension liability (asset)	\$ 19,558,916	\$ 3,561,884	\$ (9,689,336)

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, 2017, 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 publically available financial report that can be obtained at 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, 2017 to the Teacher Retirement Plan were \$105,810, 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, 2017, The Cleveland City Schools reported an asset of \$39,378, for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, Cleveland City Schools' proportion was 0.408251 percent.

Pension expense. For the year ended June 30, 2016, Cleveland City Schools recognized pension expense of \$33,038.

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	\$ 3,815	\$ 4,540
Net difference between projected and actual earnings on pension plan investments	6,447	0
Changes in proportion of Net Pension Liability (Asset)	841	
Contributions subsequent to the measurement date of June 30, 2016	105,810	0
Total	\$ 116,913	\$ 4,540

Cleveland City Schools employer contributions of \$105,810, 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, 2018. 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:	
2018	\$ 1,664
2019	1,664
2020	1,664
2021	1,357
2022	(25)
Thereafter	240

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, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from 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.

Note 17 - RETIREMENT COMMITMENTS - (Cont.)

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 7.5 percent, as well as what Cleveland City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Cleveland City Schools' proportionate share of the net pension liability (asset)	\$ 18,595	\$ (39,378)	\$ (82,092)

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, 2017, no payments were payable to the plan.

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.)

FUNDING POLICY AND ANNUAL OPEB COST

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

Annual Required Contribution (ARC)	\$ 2,855,095
Interest on net OPEB obligation	545,268
Adjustment to annual required contribution	<u>(697,367)</u>
Annual OPEB cost (expense)	\$ 2,702,996
Contributions made	<u>(753,846)</u>
Increase in net OPEB obligation	\$ 1,949,150
Net OPEB obligation - June 30, 2016	<u>13,631,722</u>
Net OPEB obligation - June 30, 2017	<u>\$ 15,580,872</u>

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

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 2,448,747	24.58%	\$ 11,744,354
6/30/2016	2,585,603	27.00%	13,631,722
6/30/2017	2,702,996	27.90%	15,580,872

FUNDED STATUS AND FUNDING PROGRESS

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

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

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

ACTUARIAL METHODS AND ASSUMPTIONS

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

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

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

CLEVELAND UTILITIES - POSTEMPLOYMENT BENEFIT PLAN

PLAN DESCRIPTION

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

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. No separate report is issued for this plan.

At June 30, 2017, plan membership consisted of the following:

Inactive plan members	188
Active plan member	95
	<u>283</u>

CLEVELAND UTILITIES - POSTEMPLOYMENT BENEFIT PLAN - (Cont.)

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

INVESTMENT POLICY

See Investment-fiduciary fund footnote that details the investments related to the OPEB trust at year end.

FUNDING POLICY AND ANNUAL OPEB COST

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

Annual Required Contribution (ARC)	\$ 1,109,569
Interest on net OPEB obligation	669,275
Adjustment to annual required contribution	(534,085)
Annual OPEB cost (expense)	\$ 1,244,759
Contributions made	(959,681)
Increase in net OPEB obligation	\$ 285,078
Net OPEB obligation - June 30, 2016	8,923,667
Net OPEB obligation - June 30, 2017	<u>\$ 9,208,745</u>

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

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	Covered Payroll	OPEB Cost as a % of Pay
6/30/2016	\$ 1,934,059	30.00%	\$ 8,923,667	\$ 11,279,478	17.1%
6/30/2017	\$ 1,244,759	77.10%	\$ 9,208,745	\$ 11,561,465	10.8%

The Schedule of funding progress for the year is shown below:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL, as a Percentage of Covered Payroll (AAL) ((b-a)/c)
7/1/2011	\$0.00	18,690,885	18,690,885	0.00%	10,123,317	184.6%
7/1/2013	\$0.00	21,867,196	21,867,196	0.00%	10,664,587	205.0%
7/1/2015	\$0.00	24,685,737	24,685,737	0.00%	11,279,478	218.9%
7/1/2016	\$0.00	13,619,452	13,619,452	0.00%	11,561,465	117.8%

CLEVELAND UTILITIES - POSTEMPLOYMENT BENEFIT PLAN - (Cont.)

Actuarial Methods and Assumptions

Actuarial assumptions are as follows:

Interest Rate 2015/2016	4.00%/7.50%
2015 Medical/Rx Trend Rate	9.00%
Ultimate Medical/RX Trend Rate	5.00%
Year Ultimate Trend Rate Reached	2019
Actuarial Cost Method	Projected Unit Credit
The remaining amortization period at 6/30/17	29

Changes in the Net OPEB Liability per GASB 74 is as follows:

	Actuarial Accrued Liability (a)	Plan Assets (b)	Unfunded Actuarial Accrued Liability (a) - (b)
Balance at 06/30/16	\$ 13,619,452	\$ 0	\$ 13,619,452
Changes for the year:			
Service cost	\$ 295,896	\$ 0	\$ 295,896
Interest	1,020,431	0	1,020,431
Difference between expected and actual experience	(3,991)	0	(3,991)
Contributions - employer	0	959,681	(959,681)
Net Investment income	0	25,731	(25,731)
Benefit payments	(626,601)	(626,601)	0
Administrative expenses	0	0	0
Net changes	\$ 685,735	\$ 358,811	\$ 326,924
Changes from implementation of GASB 74	1,039,541	0	1,039,541
Balance at 06/30/17	\$ 15,344,728	\$ 358,811	\$ 14,985,917

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%)
\$ 12,759,351	\$ 14,985,917	\$ 17,797,640

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%)
\$ 17,268,189	\$ 14,985,917	\$ 13,166,501

CLEVELAND CITY SCHOOLS SYSTEM

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

SPECIAL FUNDING SITUATION

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

FUNDING POLICY

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

Annual Required Contribution (ARC)	\$ 1,131,000
Interest on net OPEB obligation	187,420
Adjustment to annual required contribution	<u>(188,173)</u>
Annual OPEB cost (expense)	\$ 1,130,247
Contributions made	<u>(574,959)</u>
Increase in net OPEB obligation	\$ 555,288
Net OPEB obligation - June 30, 2016	<u>4,997,875</u>
Net OPEB obligation - June 30, 2017	<u><u>\$ 5,553,163</u></u>

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

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 729,233	62.15%	\$ 4,383,783
6/30/2016	1,092,340	43.78%	4,997,875
6/30/2017	1,130,247	51.46%	5,553,163

CLEVELAND CITY SCHOOLS SYSTEM - (Cont.)

FUNDED STATUS AND FUNDING PROGRESS

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

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

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

ACTUARIAL METHODS AND ASSUMPTIONS

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

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

Note 19 - ACCOUNTING CHANGES

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; Statement No. 77, *Tax Abatement Disclosures*; and Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*, became effective for the year ended June 30, 2017.

GASB Statement No. 74, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose external financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 43 and No. 57. It also includes requirements for defined contribution OPEB plans that replace the requirements in statements No. 25, No. 43, and No. 50. The scope of this statement includes OPEB plans, both defined contribution, administered through trusts meeting the necessary criteria as well as reporting assets accumulated through OPEB plans that are not administered through trusts that meet the specified criteria.

GASB Statement No. 77, established reporting requirements for tax abatements. This standard requires the disclosure of information about the nature and magnitude of tax abatement agreements entered into by state and local governments that reduce the government's tax revenues.

Note 19 - ACCOUNTING CHANGES - (Cont.)

GASB Statement No. 82 amends Statements No. 67, No. 68, and No. 73. This standard establishes covered payroll as the payroll on which contributions to a pension plan are based in the Required Supplementary Information. In addition, this standard clarifies that employer paid member contributions should be considered plan member contributions for purposes of applying Statement No. 67, and employee contributions for the purposes of applying Statement No. 68. This standard further states that an employer's expense and expenditures for employer paid member contributions should be recognized in the period for which the contribution is assessed and classified in the same manner that the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

Note 20 - SUBSEQUENT EVENTS

On July 15, 2017, the City reduced the loan issued on September 30, 2016 from \$7,700,000, to \$5,200,000, a reduction of \$2,500,000. The loan was reduced since a portion of the loan was planned to be used for the Spring Branch Industrial Park, which cannot use tax exempt loan proceeds.

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 City of Cleveland Spring Branch Industrial Park. The loan was obtained through the Tennessee Municipal Bond Fund and is amortized over 20 years. The first five years are fixed at 3.89 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 TCRS
LAST FISCAL YEAR ENDING JUNE 30,

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

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

CITY OF CLEVELAND, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 5,089,188	\$ 5,207,352	\$ 5,424,330	\$ 5,471,653
Contributions in relation to the actuarially determined contribution	<u>5,089,188</u>	<u>5,207,352</u>	<u>5,424,330</u>	<u>5,471,653</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 28,771,684	\$ 29,910,084	\$ 30,620,707	\$ 32,318,389
Contribution as a percentage of covered-employee payroll	17.69%	17.41%	17.71%	16.93%

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 2017 were calculated based on the July 1, 2015 actuarial valuation.

Methods and assumptions used to determine contribution rates:

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

CITY OF CLEVELAND, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

CITY OF CLEVELAND, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 1,440,748	\$ 1,598,195	\$ 1,557,313
Contributions in relation to the actuarially determined contribution	<u>1,507,800</u>	<u>1,698,192</u>	<u>1,703,144</u>
Contribution deficiency (excess)	<u>\$ (67,052)</u>	<u>\$ (99,997)</u>	<u>\$ (145,831)</u>
Covered-employee payroll	\$ 2,061,188	\$ 2,104,682	\$ 1,940,346
Contribution as a percentage covered-employee payroll	73.15%	80.69%	87.78%

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

Methods and assumptions used to determine contribution rates:

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

CITY OF CLEVELAND, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Cleveland City Schools' proportion of the net pension liability (asset)	0.536236%	0.537318%	0.569952%
Cleveland City Schools' proportionate share of the net pension liability (asset)	\$ (87,136)	\$ 220,104	\$ 3,561,884
Cleveland City Schools' covered-employee payroll	\$ 21,047,222	\$ 20,114,516	\$ 20,574,118
Cleveland City Schools' proportionate share of the net pension asset as a percentage of its covered-employee payroll	-0.414002%	1.094254%	17.31%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	99.81%	97.14%

*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>
Actuarially Determined Contribution (ADC)	\$ 1,868,991	\$ 1,816,962	\$ 1,859,723	\$ 1,880,494
Contributions in relation to the actuarially determined contribution	<u>1,868,991</u>	<u>1,816,962</u>	<u>1,859,723</u>	<u>1,880,494</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Cleveland City Schools' covered-employee payroll	\$ 21,047,222	\$ 20,099,139	\$ 20,503,281	\$ 20,801,925
Contribution as a percentage covered-employee payroll	8.88%	9.04%	9.07%	9.04%

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>
Cleveland City Schools' proportion of the net pension liability (asset)	0.416856%	0.378257%
Cleveland City Schools' proportionate share of the net pension liability (asset)	\$ (16,770)	\$ (39,378)
Cleveland City Schools' covered-employee payroll	\$ 866,121	\$ 1,664,349
Cleveland City Schools' proportionate share of of the net pension liability (asset) as a percentage of its covered payroll	-1.94%	-2.37%
Plan fiduciary net position as a percentage of the total pension liability	127.46%	121.88%

*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>
Actuarially Determined Contribution (ADC)	\$ 21,653	\$ 41,662	\$ 41,266
Contributions in relation to the actuarially determined contribution	<u>34,645</u>	<u>66,574</u>	<u>105,810</u>
Contribution deficiency (excess)	<u>\$ (12,992)</u>	<u>\$ (24,912)</u>	<u>\$ (64,544)</u>
Cleveland City Schools' covered-employee payroll	\$ 866,121	\$ 1,664,349	\$ 2,645,249
Contribution as a percentage covered-employee payroll	4.00%	4.00%	4.00%

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

CITY OF CLEVELAND, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/16	\$0	\$13,619	\$13,619	0.00%	\$11,561	117.80%
07/01/15	\$0	\$24,686	\$24,686	0.00%	\$11,279	218.87%
07/01/13	\$0	\$21,867	\$21,867	0.00%	\$10,665	205.04%
07/01/11	\$0	\$18,691	\$18,691	0.00%	\$10,123	184.64%

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

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

CITY OF CLEVELAND, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION

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

	2017
Total OPEB Liability	
Service cost	\$ 295,896
Interest	1,020,431
Changes in benefit terms	0
Differences between actual & expected experience	(3,991)
Change of assumptions	0
Benefit payments	(626,601)
Net change in total opeb liability	\$ 685,735
Total opeb liability - beginning	13,619,452
Changes from implementation of GASB 74	1,039,541
Total opeb liability - ending (a)	\$ 15,344,728
 Plan Fiduciary Net Position	
Contributions - employer	\$ 959,681
Net investment income	25,731
Benefit payable	(626,601)
Administrative expense	0
Net change in plan fiduciary net position	\$ 358,811
Plan fiduciary net position - beginning	0
Plan fiduciary net position - ending (b)	\$ 358,811
 Net Pension Liability - ending (a) - (b)	\$ 14,985,917
 Plan fiduciary net position as a percentage of total opeb liability	2.34%
 Covered-employee payroll	\$ 11,561,465
 Net opeb liability as a percentage of covered-employee payroll	129.62%

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
Actuarially determined contribution	\$ 959,681
Contributions in relation to the actuarially determined contribution	959,681
Contribution deficiency (excess)	\$ 0
Covered-employee payroll	\$ 11,561,465
Contribution as a percentage of covered-employee payroll	8.30%

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

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

Byrne Memorial Justice Assistance Grant: This fund is used to account for grants received from the United States Department of Justice for the purchase of equipment for the Cleveland Police Department.

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

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

Debt Service

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

Capital Projects

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

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

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

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

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

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

Permanent Fund

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

CITY OF CLEVELAND, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2017

Special Revenue

	State Street Aid Fund	Solid Waste Management Fund	School Federal Projects Fund	School Food Services Fund
ASSETS				
Cash and cash equivalents	\$ 665,487	\$ 559,174	\$ 77,212	\$ 381,836
Cash and cash equivalents - restricted	0	0	0	0
Investments	0	0	0	0
Investments - restricted	0	0	0	0
Accounts receivable	0	208,397	0	0
Due from other government agencies	198,642	0	154,511	341,099
Due from other funds	0	0	0	0
Prepays	0	0	0	0
Total Assets	\$ 864,129	\$ 767,571	\$ 231,723	\$ 722,935
LIABILITIES				
Liabilities:				
Accrued liabilities	\$ 19,247	\$ 26,499	\$ 231,723	\$ 0
Accounts payable	0	94	0	7,938
Due to other funds	0	0	0	0
Unearned revenue	0	0	0	9,825
Total Liabilities	\$ 19,247	\$ 26,593	\$ 231,723	\$ 17,763
FUND BALANCES				
Nonspendable:				
Prepaid items	\$ 0	\$ 0	\$ 0	\$ 0
Permanent fund principal	0	0	0	0
Restricted for:				
Law enforcement	0	0	0	0
Community development - federal grants	0	0	0	0
Street improvements	844,882	0	0	0
Recycling	0	0	0	0
Capital outlay	0	0	0	0
Committed to:				
Solid Waste	0	740,978	0	0
Assigned to:				
Education	0	0	0	705,172
Library	0	0	0	0
Debt service	0	0	0	0
Capital outlay	0	0	0	0
Total Fund Balances	\$ 844,882	\$ 740,978	\$ 0	\$ 705,172
Total Liabilities and Fund Balances	\$ 864,129	\$ 767,571	\$ 231,723	\$ 722,935

Special Revenue				
Library Fund	Drug Enforcement Fund	Metropolitan Transportation Planning Organization Fund	Community Development Block Grant Fund	E-Ticketing Grant Fund
\$ 266,649	\$ 96,031	\$ 66,379	\$ 55,829	\$ 28,775
0	0	0	0	0
316,840	0	0	0	0
0	0	0	0	0
510	0	0	0	0
0	887	61,361	17,470	0
0	0	0	0	0
0	0	0	0	0
<u>\$ 583,999</u>	<u>\$ 96,918</u>	<u>\$ 127,740</u>	<u>\$ 73,299</u>	<u>\$ 28,775</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
410	288	243	6,640	0
0	0	0	0	0
0	0	0	0	0
<u>\$ 410</u>	<u>\$ 288</u>	<u>\$ 243</u>	<u>\$ 6,640</u>	<u>\$ 0</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
13,700	0	0	0	0
0	96,630	0	0	28,775
0	0	0	66,659	0
0	0	0	0	0
0	0	0	0	0
97,894	0	127,497	0	0
0	0	0	0	0
0	0	0	0	0
471,995	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>\$ 583,589</u>	<u>\$ 96,630</u>	<u>\$ 127,497</u>	<u>\$ 66,659</u>	<u>\$ 28,775</u>
<u>\$ 583,999</u>	<u>\$ 96,918</u>	<u>\$ 127,740</u>	<u>\$ 73,299</u>	<u>\$ 28,775</u>

CITY OF CLEVELAND, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 June 30, 2017

	Special Revenue	Debt Service	Capital Projects	
	Recycling Grant Fund	Debt Service Fund	Capital Improvement Program Fund	Greenway Fund
ASSETS				
Cash and cash equivalents	\$ 9,377	\$ 4,624,706	\$ 3,084,643	\$ 8,953
Cash and cash equivalents - restricted	0	0	0	0
Investments	0	0	613,516	0
Investments - restricted	0	0	0	0
Accounts receivable	0	0	0	0
Due from other government agencies	0	0	427,095	0
Due from other funds	0	0	0	0
Prepays	0	0	286,512	0
Total Assets	\$ 9,377	\$ 4,624,706	\$ 4,411,766	\$ 8,953
LIABILITIES				
Liabilities:				
Accrued liabilities	\$ 0	\$ 2,097	\$ 0	\$ 0
Accounts payable	110	0	161,410	0
Due to other funds	0	0	0	0
Unearned revenue	0	0	0	0
Total Liabilities	\$ 110	\$ 2,097	\$ 161,410	\$ 0
FUND BALANCES:				
Nonspendable:				
Prepaid items	\$ 0	\$ 0	\$ 286,512	\$ 0
Permanent fund principal	0	0	0	0
Restricted for:				
Law enforcement	0	0	0	0
Community development - federal grants	0	0	0	0
Street improvements	0	0	0	0
Recycling	9,267	0	0	0
Capital outlay	0	0	0	8,953
Committed to:				
Solid Waste	0	0	0	0
Assigned to:				
Education	0	0	0	0
Library	0	0	0	0
Debt service	0	4,622,609	0	0
Capital outlay	0	0	3,963,844	0
Total Fund Balances	\$ 9,267	\$ 4,622,609	\$ 4,250,356	\$ 8,953
Total Liabilities and Fund Balances	\$ 9,377	\$ 4,624,706	\$ 4,411,766	\$ 8,953

Fletcher Park Trust Fund	Capital Projects		Spring Branch Industrial Park Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Sales Tax Capital Projects Fund			Meiler Estate Animal Shelter Trust Fund	
\$ 0	\$ 2,133,530	\$ 2	\$ 9,284	\$ 12,067,867	
0	0	0	4,936	4,936	
0	0	0	0	930,356	
0	0	0	455,000	455,000	
0	0	2,364	1,213	212,484	
0	626,329	0	0	1,827,394	
0	0	1,559,000	0	1,559,000	
0	0	0	0	286,512	
<u>\$ 0</u>	<u>\$ 2,759,859</u>	<u>\$ 1,561,366</u>	<u>\$ 470,433</u>	<u>\$ 17,343,549</u>	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 279,566	
0	13,262	67,720	0	258,115	
0	0	200	0	200	
0	0	0	0	9,825	
<u>\$ 0</u>	<u>\$ 13,262</u>	<u>\$ 67,920</u>	<u>\$ 0</u>	<u>\$ 547,706</u>	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 286,512	
0	0	0	459,936	473,636	
0	0	0	0	125,405	
0	0	0	0	66,659	
0	0	0	0	844,882	
0	0	0	0	9,267	
0	2,746,597	0	0	2,980,941	
0	0	0	0	740,978	
0	0	0	0	705,172	
0	0	0	0	471,995	
0	0	0	0	4,622,609	
0	0	1,493,446	10,497	5,467,787	
<u>\$ 0</u>	<u>\$ 2,746,597</u>	<u>\$ 1,493,446</u>	<u>\$ 470,433</u>	<u>\$ 16,795,843</u>	
<u>\$ 0</u>	<u>\$ 2,759,859</u>	<u>\$ 1,561,366</u>	<u>\$ 470,433</u>	<u>\$ 17,343,549</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, 2017

	Special Revenue			
	State Street Aid Fund	Solid Waste Management Fund	School Federal Projects Fund	School Food Services Fund
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	1,142,702	0	3,568,257	3,372,825
Fines and forfeitures	0	0	0	0
Charges for services	0	2,512,355	0	123,141
Interest	3,596	4,451	0	191
Miscellaneous	0	2,191	0	0
Total revenues	\$ 1,146,298	\$ 2,518,997	\$ 3,568,257	\$ 3,496,157
Expenditures:				
Current:				
General government	\$ 0	\$ 0	\$ 0	\$ 0
Community development	0	0	0	0
Public safety	0	0	0	0
Public works	576,207	3,503,056	0	0
Culture and recreation	0	0	0	0
Education	0	0	3,568,257	3,450,831
Capital Outlay	0	0	0	0
Debt Service	0	0	0	0
Total expenditures	\$ 576,207	\$ 3,503,056	\$ 3,568,257	\$ 3,450,831
Excess (deficiency) of revenues over expenditures	\$ 570,091	\$ (984,059)	\$ 0	\$ 45,326
Other financing sources (uses):				
Transfers in	\$ 0	\$ 1,035,708	\$ 0	\$ 0
Transfers out	(411,200)	(10,000)	0	0
Notes issued	0	0	0	0
Total other financing sources sources (uses)	\$ (411,200)	\$ 1,025,708	\$ 0	\$ 0
Net change in fund balances	\$ 158,891	\$ 41,649	\$ 0	\$ 45,326
Fund balances at beginning of year	685,991	699,329	0	659,846
Fund balances at end of year	\$ 844,882	\$ 740,978	\$ 0	\$ 705,172

Special Revenue

Library Fund	Drug Enforcement Fund	Metropolitan Transportation Planning Organization Fund	Community Development Block Grant Fund	2016 Byrne Memorial Justice Assistance Grant	E-Ticketing Grant Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
645,508	0	136,331	234,266	39,340	0
0	39,344	0	0	0	12,685
64,236	0	0	0	0	0
614	518	0	0	0	0
114,354	2,175	3,000	0	0	0
<u>\$ 824,712</u>	<u>\$ 42,037</u>	<u>\$ 139,331</u>	<u>\$ 234,266</u>	<u>\$ 39,340</u>	<u>\$ 12,685</u>
\$ 0	\$ 0	\$ 170,616	\$ 0	\$ 0	\$ 0
0	0	0	216,653	0	0
0	30,327	0	0	39,340	2,775
0	0	0	0	0	0
1,361,862	0	0	0	0	0
0	0	0	0	0	0
125,445	0	0	34,890	0	0
0	0	0	0	0	0
<u>\$ 1,487,307</u>	<u>\$ 30,327</u>	<u>\$ 170,616</u>	<u>\$ 251,543</u>	<u>\$ 39,340</u>	<u>\$ 2,775</u>
\$ (662,595)	\$ 11,710	\$ (31,285)	\$ (17,277)	\$ 0	\$ 9,910
\$ 645,800	\$ 0	\$ 57,000	\$ 30,000	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 645,800</u>	<u>\$ 0</u>	<u>\$ 57,000</u>	<u>\$ 30,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ (16,795)	\$ 11,710	\$ 25,715	\$ 12,723	\$ 0	\$ 9,910
600,384	84,920	101,782	53,936	0	18,865
<u>\$ 583,589</u>	<u>\$ 96,630</u>	<u>\$ 127,497</u>	<u>\$ 66,659</u>	<u>\$ 0</u>	<u>\$ 28,775</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, 2017

	Special Revenue	Debt Service	Capital Projects	
	Recycling Grant Fund	Debt Service Fund	Capital Improvement Program Fund	Greenway Fund
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	0	114,117	1,714,935	0
Fines and forfeitures	0	0	0	0
Charges for services	0	0	0	0
Interest	0	36,642	14,497	87
Miscellaneous	0	8,023	107,902	13,250
Total revenues	\$ 0	\$ 158,782	\$ 1,837,334	\$ 13,337
Expenditures:				
Current:				
General government	\$ 0	\$ 0	\$ 0	\$ 0
Community development	0	0	0	0
Public safety	0	0	0	0
Public works	10,801	0	0	0
Culture and recreation	0	0	0	0
Education	0	0	0	0
Capital Outlay	0	0	3,545,944	15,569
Debt Service	0	6,055,674	46,200	0
Total expenditures	\$ 10,801	\$ 6,055,674	\$ 3,592,144	\$ 15,569
Excess (deficiency) of revenues over expenditures	\$ (10,801)	\$ (5,896,892)	\$ (1,754,810)	\$ (2,232)
Other financing sources (uses):				
Transfers in	\$ 10,000	\$ 6,159,191	\$ 803,218	\$ 0
Transfers out	0	0	0	0
Notes issued	0	0	1,706,769	0
Total other financing sources (uses)	\$ 10,000	\$ 6,159,191	\$ 2,509,987	\$ 0
Net change in fund balances	\$ (801)	\$ 262,299	\$ 755,177	\$ (2,232)
Fund balances at beginning of year	10,068	4,360,310	3,495,179	11,185
Fund balances at end of year	\$ 9,267	\$ 4,622,609	\$ 4,250,356	\$ 8,953

Capital Projects			Permanent Fund	
Fletcher Park Trust Fund	Sales Tax Capital Projects Fund	Spring Branch Industrial Park Fund	Meiler Estate Animal Shelter Trust Fund	Total Nonmajor Governmental Funds
\$ 0	\$ 3,951,333	\$ 0	\$ 0	\$ 3,951,333
0	0	0	0	10,968,281
0	0	0	0	52,029
0	0	0	0	2,699,732
0	16,437	27,548	3,187	107,768
0	0	0	0	250,895
<u>\$ 0</u>	<u>\$ 3,967,770</u>	<u>\$ 27,548</u>	<u>\$ 3,187</u>	<u>\$ 18,030,038</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 170,616
0	0	0	0	216,653
0	0	0	0	72,442
0	0	0	0	4,090,064
0	0	0	0	1,361,862
0	0	0	0	7,019,088
5,403	3,169,714	334,436	0	7,231,401
0	434,915	0	0	6,536,789
<u>\$ 5,403</u>	<u>\$ 3,604,629</u>	<u>\$ 334,436</u>	<u>\$ 0</u>	<u>\$ 26,698,915</u>
<u>\$ (5,403)</u>	<u>\$ 363,141</u>	<u>\$ (306,888)</u>	<u>\$ 3,187</u>	<u>\$ (8,668,877)</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,740,917
0	0	(139,674)	0	(560,874)
0	0	439,925	0	2,146,694
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 300,251</u>	<u>\$ 0</u>	<u>\$ 10,326,737</u>
\$ (5,403)	\$ 363,141	\$ (6,637)	\$ 3,187	\$ 1,657,860
5,403	2,383,456	1,500,083	467,246	15,137,983
<u>\$ 0</u>	<u>\$ 2,746,597</u>	<u>\$ 1,493,446</u>	<u>\$ 470,433</u>	<u>\$ 16,795,843</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, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
State gas tax	\$ 1,141,500	\$ 1,141,500	\$ 1,142,702	\$ 1,202
Interest	500	2,000	3,596	1,596
Total revenues	<u>\$ 1,142,000</u>	<u>\$ 1,143,500</u>	<u>\$ 1,146,298</u>	<u>\$ 2,798</u>
Expenditures:				
Current:				
Public works:				
Salaries	\$ 437,900	\$ 437,900	\$ 364,607	\$ 73,293
Overtime wages	7,000	7,000	6,690	310
Service awards	400	400	400	0
Longevity	12,400	12,400	9,600	2,800
Sold vacations	8,000	8,000	3,560	4,440
Christmas bonus	1,200	1,200	866	334
Sick pay incentive	3,300	3,300	1,000	2,300
Dental insurance	5,700	5,700	3,815	1,885
Social security	35,900	35,900	27,630	8,270
Health insurance	81,641	81,641	73,573	8,068
Retirement	77,900	77,900	58,048	19,852
Life and disability insurance	4,700	4,700	3,679	1,021
Vision insurance	1,600	1,600	1,023	577
Worker's compensation insurance	19,300	19,300	18,244	1,056
Worker's compensation claims	1,000	1,000	1,000	0
Pre-employment testing	900	900	702	198
Safety shoes	1,700	1,700	1,705	(5)
Sidewalk at Stuart	30,000	30,000	0	30,000
Miscellaneous	0	0	65	(65)
Total expenditures	<u>\$ 730,541</u>	<u>\$ 730,541</u>	<u>\$ 576,207</u>	<u>\$ 154,334</u>
Excess of revenues over expenditures	<u>\$ 411,459</u>	<u>\$ 412,959</u>	<u>\$ 570,091</u>	<u>\$ 157,132</u>
Other financing sources (uses):				
Transfers out	<u>\$ (411,200)</u>	<u>\$ (411,200)</u>	<u>\$ (411,200)</u>	<u>\$ 0</u>
Total other financing sources (uses)	<u>\$ (411,200)</u>	<u>\$ (411,200)</u>	<u>\$ (411,200)</u>	<u>\$ 0</u>
Net change in fund balance	\$ 259	\$ 1,759	\$ 158,891	\$ 157,132
Fund balance at beginning of year	<u>685,991</u>	<u>685,991</u>	<u>685,991</u>	<u></u>
Fund balance at end of year	<u><u>\$ 686,250</u></u>	<u><u>\$ 687,750</u></u>	<u><u>\$ 844,882</u></u>	<u><u>\$ 157,132</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, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Charges for services:				
Commercial garbage	\$ 1,036,000	\$ 1,050,000	\$ 1,058,959	\$ 8,959
Residential garbage	1,430,000	1,450,000	1,453,396	3,396
Interest	800	3,000	4,451	1,451
Miscellaneous	0	2,192	2,191	(1)
Total revenues	<u>\$ 2,466,800</u>	<u>\$ 2,505,192</u>	<u>\$ 2,518,997</u>	<u>\$ 13,805</u>
Expenditures:				
Current:				
Public works:				
Salaries	\$ 562,000	\$ 562,000	\$ 503,624	\$ 58,376
Overtime wages	16,800	16,800	11,915	4,885
Service awards	1,500	1,500	1,350	150
Supplement pay	700	700	628	72
Longevity	18,200	18,200	17,100	1,100
Sold vacation	7,200	7,200	5,907	1,293
Christmas bonus	1,600	1,600	1,299	301
Sick pay incentive	3,400	3,400	1,475	1,925
Dental insurance	6,000	6,000	5,573	427
Social security	46,700	46,700	39,568	7,132
Health insurance	97,196	97,196	93,696	3,500
Retirement	101,300	101,300	87,632	13,668
Life and disability insurance	5,400	5,400	5,075	325
Vision insurance	2,000	2,000	1,665	335
Worker's compensation claims	2,000	2,000	917	1,083
Pre-employment testing	900	900	722	178
Safety shoes	2,000	2,000	1,508	492
Postage	100	100	0	100
GPS services	3,700	3,700	3,599	101
Printing	200	200	0	200
Subscriptions and memberships	100	100	0	100
Advertising	200	200	0	200
Training and travel	400	400	250	150
Tire disposal	1,000	1,900	1,870	30
Landfill	336,000	305,100	297,104	7,996
Residential account	994,200	994,200	980,287	13,913
Commercial account	950,000	950,000	944,429	5,571
Commercial recycling	78,100	78,100	77,772	328
Office expenditures	1,800	1,800	2,131	(331)
Operating supplies	2,000	4,000	2,620	1,380
Safety supplies	800	800	800	0
Janitorial supplies	600	600	474	126
Uniforms	4,500	4,500	3,763	737
Gasoline and oil	65,000	55,000	46,143	8,857
Repairs and parts	150,000	190,000	164,861	25,139

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Public works - (Continued):				
Insurance - property	\$ 4,000	\$ 4,000	\$ 381	\$ 3,619
Insurance - vehicle	8,700	10,238	10,238	0
Insurance - general liability	12,500	9,962	9,962	0
Insurance - workers compensation	25,000	24,000	23,695	305
Miscellaneous	500	500	33	467
Bradley County recycling	10,000	10,000	10,000	0
Office furniture and equipment	800	800	408	392
Lead machine	0	142,583	142,582	1
Total expenditures	<u>\$ 3,525,096</u>	<u>\$ 3,667,679</u>	<u>\$ 3,503,056</u>	<u>\$ 164,623</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,058,296)</u>	<u>\$ (1,162,487)</u>	<u>\$ (984,059)</u>	<u>\$ 178,428</u>
Other financing sources:				
Transfers in	\$ 1,074,100	\$ 1,035,708	\$ 1,035,708	\$ 0
Transfers out	(10,000)	(10,000)	(10,000)	0
Total other financing sources	<u>\$ 1,064,100</u>	<u>\$ 1,025,708</u>	<u>\$ 1,025,708</u>	<u>\$ 0</u>
Net change in fund balance	\$ 5,804	\$ (136,779)	\$ 41,649	\$ 178,428
Fund balance at beginning of year	<u>699,329</u>	<u>699,329</u>	<u>699,329</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 705,133</u></u>	<u><u>\$ 562,550</u></u>	<u><u>\$ 740,978</u></u>	<u><u>\$ 178,428</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, 2017

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government	\$ 4,291,430	\$ 4,303,482	\$ 3,568,257	\$ (735,225)
Total revenues	<u>\$ 4,291,430</u>	<u>\$ 4,303,482</u>	<u>\$ 3,568,257</u>	<u>\$ (735,225)</u>
Expenditures:				
Current:				
Education:				
Regular instruction	\$ 1,677,253	\$ 1,708,506	\$ 1,562,808	\$ 145,698
Special education	966,933	969,821	867,783	102,038
Vocational education	96,448	100,308	100,308	0
Support services	<u>1,550,796</u>	<u>1,524,847</u>	<u>1,037,358</u>	<u>487,489</u>
Total expenditures	<u>\$ 4,291,430</u>	<u>\$ 4,303,482</u>	<u>\$ 3,568,257</u>	<u>\$ 735,225</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, 2017

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
USDA reimbursements	\$ 3,342,023	\$ 3,445,716	\$ 3,372,825	\$ (72,891)
Charges for services	186,500	128,500	123,141	(5,359)
Interest	200	200	191	(9)
Total revenues	<u>\$ 3,528,723</u>	<u>\$ 3,574,416</u>	<u>\$ 3,496,157</u>	<u>\$ (78,259)</u>
Expenditures:				
Current:				
Education:				
Clerical personnel	\$ 67,500	\$ 67,500	\$ 66,954	\$ 546
Cafeteria personnel	1,078,500	1,110,500	1,098,701	11,799
In-service training	2,000	2,000	1,980	20
Social security	73,500	73,500	67,414	6,086
State retirement	139,500	139,500	131,064	8,436
Life insurance	3,500	3,400	3,363	37
Medical insurance	211,000	223,000	222,760	240
Unemployment compensation	500	1,200	1,056	144
Employer medicare liability	17,500	17,500	15,766	1,734
Other fringe benefits	34,000	36,000	35,984	16
Communication	1,400	1,150	1,055	95
Dues and membership	1,500	1,050	1,218	(168)
Maintenance and repair services	40,000	40,000	46,790	(6,790)
Transportation	3,500	3,000	2,627	373
Travel	4,000	3,500	2,690	810
Other contracted services	15,000	15,000	15,016	(16)
Food supplies	1,400,000	1,361,000	1,315,330	45,670
Office supplies	6,000	4,000	4,042	(42)
Uniforms	850	750	745	5
In-service staff development	1,300	1,300	1,563	(263)
Food commodities	248,323	304,616	257,423	47,193
Other supplies and materials	158,000	142,500	136,199	6,301
Applicant investigation	1,350	950	675	275
Food service equipment	20,000	21,500	20,416	1,084
Total expenditures	<u>\$ 3,528,723</u>	<u>\$ 3,574,416</u>	<u>\$ 3,450,831</u>	<u>\$ 123,585</u>
Excess of revenues over expenditures	\$ 0	\$ 0	\$ 45,326	\$ 45,326
Fund balance at beginning of year	<u>659,846</u>	<u>659,846</u>	<u>659,846</u>	<u>0</u>
Fund balance at end of year	<u>\$ 659,846</u>	<u>\$ 659,846</u>	<u>\$ 705,172</u>	<u>\$ 45,326</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, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
State technology grant	\$ 0	\$ 12,400	\$ 8,256	\$ (4,144)
Archive grant	0	500	510	10
Other technology grants	0	10,600	0	(10,600)
Bradley County	645,800	636,800	636,742	(58)
Charges for services	64,000	64,000	64,236	236
Interest	0	800	614	(186)
Miscellaneous:				
Gifts	70,000	462,100	114,354	(347,746)
Total revenues	<u>\$ 779,800</u>	<u>\$ 1,187,200</u>	<u>\$ 824,712</u>	<u>\$ (362,488)</u>
Expenditures:				
Current:				
Culture and recreation:				
Salaries	\$ 744,200	\$ 731,196	\$ 721,116	\$ 10,080
Employee benefits	251,500	249,591	232,659	16,932
Supplies	66,900	65,900	66,883	(983)
Books	151,900	150,309	150,403	(94)
Utilities	84,000	80,609	73,387	7,222
Equipment repair/replacement	15,300	18,570	24,925	(6,355)
Building maintenance	16,100	18,634	18,387	247
Insurance	24,200	21,334	21,320	14
Gift and memorial expenditures	70,000	70,000	44,465	25,535
Grant expenditures	0	23,000	8,317	14,683
Capital Outlay:				
Building addition	0	400,000	92,703	307,297
Building landscaping	0	92,100	22,286	69,814
Equipment	0	6,809	6,809	0
Furniture	1,500	3,648	3,647	1
Total expenditures	<u>\$ 1,425,600</u>	<u>\$ 1,931,700</u>	<u>\$ 1,487,307</u>	<u>\$ 444,393</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (645,800)</u>	<u>\$ (744,500)</u>	<u>\$ (662,595)</u>	<u>\$ 81,905</u>
Other financing sources:				
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	\$ (98,700)	\$ (16,795)	\$ 81,905
Fund balance at beginning of year	<u>600,384</u>	<u>600,384</u>	<u>600,384</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 600,384</u></u>	<u><u>\$ 501,684</u></u>	<u><u>\$ 583,589</u></u>	<u><u>\$ 81,905</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, 2017

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 10,000	\$ 34,135	\$ 39,344	\$ 5,209
Interest	0	300	518	218
Miscellaneous	0	2,175	2,175	0
Total revenues	<u>\$ 10,000</u>	<u>\$ 36,610</u>	<u>\$ 42,037</u>	<u>\$ 5,427</u>
Expenditures:				
Current:				
Public safety:				
Seized vehicles	\$ 7,500	\$ 7,500	\$ 4,278	\$ 3,222
Investigative funds	10,000	10,000	8,000	2,000
Vehicles	0	18,582	15,483	3,099
Equipment	1,100	1,100	520	580
Canine purchase	0	9,390	2,046	7,344
Total expenditures	<u>\$ 18,600</u>	<u>\$ 46,572</u>	<u>\$ 30,327</u>	<u>\$ 16,245</u>
Excess (deficiency) of revenues over expenditures	\$ (8,600)	\$ (9,962)	\$ 11,710	\$ 21,672
Fund balance at beginning of year	<u>84,920</u>	<u>84,920</u>	<u>84,920</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 76,320</u></u>	<u><u>\$ 74,958</u></u>	<u><u>\$ 96,630</u></u>	<u><u>\$ 21,672</u></u>

CITY OF CLEVELAND, TENNESSEE
METROPOLITAN TRANSPORTATION PLANNING ORGANIZATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 200,000	\$ 200,000	\$ 136,331	\$ (63,669)
Miscellaneous	0	3,000	3,000	0
Total revenues	<u>\$ 200,000</u>	<u>\$ 203,000</u>	<u>\$ 139,331</u>	<u>\$ (63,669)</u>
Expenditures:				
Current:				
General government:				
Salaries	\$ 55,100	\$ 67,100	\$ 70,484	\$ (3,384)
Consultant services	150,000	133,500	66,700	66,800
Benefits	17,700	23,700	22,770	930
Postage and shipping	1,000	1,000	63	937
Printing and publications	4,500	4,500	4,130	370
Telephone	1,800	800	414	386
Travel and meeting	3,000	5,000	4,242	758
Supplies	5,600	3,100	1,813	1,287
Capital purchase	4,500	4,500	0	4,500
Total expenditures	<u>\$ 243,200</u>	<u>\$ 243,200</u>	<u>\$ 170,616</u>	<u>\$ 72,584</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (43,200)</u>	<u>\$ (40,200)</u>	<u>\$ (31,285)</u>	<u>\$ 8,915</u>
Other financing sources:				
Transfers in	<u>\$ 57,000</u>	<u>\$ 57,000</u>	<u>\$ 57,000</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 57,000</u>	<u>\$ 57,000</u>	<u>\$ 57,000</u>	<u>\$ 0</u>
Net change in fund balance	<u>\$ 13,800</u>	<u>\$ 16,800</u>	<u>\$ 25,715</u>	<u>\$ 8,915</u>
Fund balance at beginning of year	<u>101,782</u>	<u>101,782</u>	<u>101,782</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 115,582</u></u>	<u><u>\$ 118,582</u></u>	<u><u>\$ 127,497</u></u>	<u><u>\$ 8,915</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, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Community Development Block Grant-2014	\$ 0	\$ 197,508	\$ 254	\$ (197,254)
Community Development Block Grant-2015	0	62,623	16,187	(46,436)
Community Development Block Grant-2016	387,511	387,511	148,327	(239,184)
THDA Emergency Shelter Grant 2015	99,970	69,498	69,498	0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 487,481</u>	<u>\$ 717,140</u>	<u>\$ 234,266</u>	<u>\$ (482,874)</u>
Expenditures:				
Current:				
Community development:				
Administration:				
Salaries	\$ 59,900	\$ 59,900	\$ 59,892	\$ 8
Longevity	825	825	825	0
Christmas bonus	100	110	108	2
Sick pay incentive	150	225	225	0
Dental insurance	625	700	714	(14)
Social security	4,700	4,700	4,226	474
Health insurance	12,600	16,450	16,808	(358)
Retirement	10,100	10,240	10,239	1
Life insurance and disability	800	800	704	96
Vision insurance	200	215	219	(4)
Printing	600	250	0	250
Advertising	700	700	506	194
Telephone	1,500	1,185	971	214
Travel and training	1,500	1,000	365	635
Office supplies	1,200	700	211	489
Gasoline	1,000	500	440	60
Miscellaneous	2,000	0	0	0
Codes Enforcement:				
Salaries	35,900	35,900	35,892	8
Christmas bonus	100	110	108	2
Sick pay incentive	150	100	100	0
Dental insurance	300	470	488	(18)
Social security tax	2,800	2,750	2,645	105
Health insurance	7,100	9,850	10,697	(847)
Retirement	6,000	6,040	6,032	8
Life insurance	450	450	407	43
Vision insurance	100	150	143	7
Printing	500	0	0	0
Advertising	200	0	0	0
Telephone	1,400	1,400	1,243	157
Legal services	300	0	0	0
Vehicle maintenance	1,500	1,500	1,283	217
Travel and training	500	0	0	0
Office supplies	300	195	41	154
Clothing allowance	400	400	399	1

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Community development - (Continued):				
Codes Enforcement - (Continued):				
Gasoline	\$ 1,500	\$ 1,500	\$ 1,281	\$ 219
Insurance - vehicles	500	267	267	0
Miscellaneous	400	0	0	0
Radio equipment	0	505	505	0
Emergency shelter:				
Shelter operations	95,472	64,649	58,669	5,980
Administrative costs	4,498	4,849	0	4,849
Capital outlay:				
Projects to be determined	258,611	0	0	0
Blythe Ave Neighborhood Park	0	167,507	254	167,253
Blythe energy efficiency improvements	0	50,000	15,000	35,000
Down payment assistance	0	30,000	18,000	12,000
Blythe Oldfield Park	0	178,611	1,636	176,975
Blythe Bower Fields	0	80,000	0	80,000
Total Expenditures	\$ 517,481	\$ 735,703	\$ 251,543	\$ 484,160
Excess (deficiency) of revenues over expenditures	\$ (30,000)	\$ (18,563)	\$ (17,277)	\$ 1,286
Other financing sources:				
Transfers in	\$ 30,000	\$ 30,000	\$ 30,000	\$ 0
Total other financing sources	\$ 30,000	\$ 30,000	\$ 30,000	\$ 0
Net change in fund balance	\$ 0	\$ 11,437	\$ 12,723	\$ 1,286
Fund balance at beginning of year	53,936	53,936	53,936	0
Fund balance at end of year	\$ 53,936	\$ 65,373	\$ 66,659	\$ 1,286

CITY OF CLEVELAND, TENNESSEE
 2016 BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 0	\$ 39,340	\$ 39,340	\$ 0
Total revenues	\$ 0	\$ 39,340	\$ 39,340	\$ 0
Expenditures:				
Current:				
Public safety:				
Bradley County disparate	\$ 0	\$ 13,382	\$ 13,382	\$ 0
In-car cameras	0	25,958	25,958	0
Total expenditures	\$ 0	\$ 39,340	\$ 39,340	\$ 0
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$ 0	\$ 0	\$ 0	\$ 0

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, 2017

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures				
Citation fee	\$ 10,000	\$ 12,726	\$ 12,685	\$ (41)
Total revenues	<u>\$ 10,000</u>	<u>\$ 12,726</u>	<u>\$ 12,685</u>	<u>\$ (41)</u>
Expenditures:				
Current:				
Public safety:				
Technical fees and materials	\$ 8,000	\$ 33,141	\$ 2,775	\$ 30,366
Technical supplies - Court Clerk	2,000	8,285	0	8,285
Total expenditures	<u>\$ 10,000</u>	<u>\$ 41,426</u>	<u>\$ 2,775</u>	<u>\$ 38,651</u>
Excess (deficiency) of revenues over expenditures	\$ (10,000)	\$ (28,700)	\$ 9,910	\$ 38,610
Fund balance at beginning of year	<u>18,865</u>	<u>18,865</u>	<u>18,865</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 8,865</u></u>	<u><u>\$ (9,835)</u></u>	<u><u>\$ 28,775</u></u>	<u><u>\$ 38,610</u></u>

CITY OF CLEVELAND, TENNESSEE
 RECYCLING GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Public works:				
Litter grant expenditures	\$ 10,000	\$ 20,068	\$ 10,801	\$ 9,267
Total expenditures	\$ 10,000	\$ 20,068	\$ 10,801	\$ 9,267
Excess (deficiency) of revenues over expenditures	\$ (10,000)	\$ (20,068)	\$ (10,801)	\$ 9,267
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	\$ (10,068)	\$ (801)	\$ 9,267
Fund balance at beginning of year	10,068	10,068	10,068	0
Fund balance at end of year	\$ 10,068	\$ 0	\$ 9,267	\$ 9,267

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, 2017

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Bradley County	\$ 146,900	\$ 159,950	\$ 114,117	\$ (45,833)
Interest	5,000	35,000	36,642	1,642
Miscellaneous:				
Other	0	0	8,023	8,023
Total revenues	<u>\$ 151,900</u>	<u>\$ 194,950</u>	<u>\$ 158,782</u>	<u>\$ (36,168)</u>
Expenditures:				
Debt service:				
Principal retirement	\$ 4,021,560	\$ 3,983,160	\$ 3,983,160	\$ 0
Interest and fiscal charges	2,295,552	2,295,552	2,072,514	223,038
Total expenditures	<u>\$ 6,317,112</u>	<u>\$ 6,278,712</u>	<u>\$ 6,055,674</u>	<u>\$ 223,038</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (6,165,212)</u>	<u>\$ (6,083,762)</u>	<u>\$ (5,896,892)</u>	<u>\$ 186,870</u>
Other financing sources (uses):				
Transfers in	\$ 6,165,319	\$ 6,166,519	\$ 6,159,191	\$ (7,328)
Total other financing sources	<u>\$ 6,165,319</u>	<u>\$ 6,166,519</u>	<u>\$ 6,159,191</u>	<u>\$ (7,328)</u>
Net change in fund balance	\$ 107	\$ 82,757	\$ 262,299	\$ 179,542
Fund balance at beginning of year	<u>4,360,310</u>	<u>4,360,310</u>	<u>4,360,310</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 4,360,417</u></u>	<u><u>\$ 4,443,067</u></u>	<u><u>\$ 4,622,609</u></u>	<u><u>\$ 179,542</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, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental				
Federal grant - 25th St/Georgetown	\$ 0	\$ 475,506	\$ 15,293	\$ (460,213)
Federal grant - 20th St/Tasso	0	216,160	0	(216,160)
Federal grant - Central Avenue	0	618,922	5,173	(613,749)
Federal grant - 17th and 20th	0	1,056,252	12,183	(1,044,069)
Federal grant - Ocoee Greenway	0	366,025	66,670	(299,355)
Federal grant - Adkisson Drive	0	643,328	0	(643,328)
Federal grant - Sunset Drive	100,000	0	0	0
Federal grant - Roadscapes phase IV	0	117,850	0	(117,850)
Federal grant - Flood mitigation	0	359,420	200,651	(158,769)
Federal grant - Assistance to Firefighters	0	142,982	142,982	0
State grant - Modal Access	0	914,140	14,250	(899,890)
State grant - Tourism enhancement	0	71,284	0	(71,284)
State grant - Rural access	0	10,000	10,000	0
State grant - Jetport runway extension	0	10,486	10,550	64
State grant - Jetport Southside Corporate	0	45,605	7,430	(38,175)
State grant - Jetport taxilane addition	0	146,840	8,132	(138,708)
State grant - Jetport gas line grant	0	65,438	8,782	(56,656)
State grant - Jetport environmental	0	37,999	12,714	(25,285)
State grant - Jetport Apron design	0	43,242	0	(43,242)
State grant - T Hanger 2 construction	0	39,025	0	(39,025)
State grant - Jetport runway design	0	68,864	68,864	0
State grant - Jetport runway construction	0	1,804,344	3,074	(1,801,270)
State grant - Jetport land easement	0	15,000	4,050	(10,950)
State grant - LIC	0	1,007,818	9,853	(997,965)
State grant - Tinsley Park tennis courts	0	0	15,050	15,050
Bradley County - LIC	0	459,015	663	(458,352)
Bradley County - Spring Branch	0	1,000,000	1,000,000	0
Bradley County - ECD 911	0	98,571	98,571	0
Interest	0	3,500	14,497	10,997
Miscellaneous:				
Sale of Greenway plans	0	0	300	300
Sale of recreation equipment	0	2,390	2,390	0
Sale of police equipment	0	11,120	11,120	0
Donations- Blythe Field equipment	0	75,000	0	(75,000)
TML storm damages	0	0	33,038	33,038
TML equipment reimbursement	0	3,956	3,956	0
TML reimbursement - police vehicles	0	21,650	21,650	0
Sundry income	0	31,587	35,448	3,861
Total revenues	\$ 100,000	\$ 9,983,319	\$ 1,837,334	\$ (8,145,985)
Expenditures:				
Capital outlay:				
Legislative and judicial:				
Spring Branch development	\$ 0	\$ 3,000,000	\$ 0	\$ 3,000,000
Downtown development	0	100,000	0	100,000
Veterans Home	0	1,997,900	236,474	1,761,426
Contingency	30,000	30,000	0	30,000

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Capital outlay - (Continued)				
Administration and finance:				
City-wide computer system	\$ 0	\$ 722,000	\$ 0	\$ 722,000
Miscellaneous equipment	0	2,530	0	2,530
Planning and inspection:				
Flood mitigation	0	359,420	200,083	159,337
Roof and building improvements	0	48,282	42,748	5,534
Crosswalk Keith and 20th Street	0	30,000	0	30,000
City-wide computer information systems:				
Software maintenance	195,000	190,531	198,513	(7,982)
Travel and training	5,000	5,700	8,312	(2,612)
Email/GIS System	0	398,571	385,342	13,229
Police department:				
E-Ticketing equipment	0	837	0	837
Weapon replacement - annually	0	3,111	400	2,711
Patrol vehicles	0	32,770	2,677	30,093
Command post vehicle	0	268,000	0	268,000
Fire department:				
Station 6 Equipment	0	1,700,000	60,747	1,639,253
Diesel Exhaust System	0	142,982	142,982	0
Pierce Quint 6	0	900,000	900,000	0
Public works - street department:				
Public Works equipment	0	23,500	0	23,500
LIC North on APD 40	0	1,988,193	0	1,988,193
Sunset Drive	100,000	0	0	0
Roadscapes grant match III	0	147,300	0	147,300
Dalton Pike	0	43,000	42,976	24
Durkee Road project	0	611,676	173	611,503
25th Street and Georgetown	0	480,258	18,693	461,565
20th Street and Tasso Road	0	251,360	0	251,360
Multi Modal Access	0	961,640	28,975	932,665
Central Avenue project	0	632,540	5,172	627,368
17th and 20th Street project	0	1,057,026	12,183	1,044,843
Ocoee Greenway connector	0	366,175	66,630	299,545
Adkisson Road project	167,275	641,248	0	641,248
Public works - State Street Aid				
25th Street & Peerless	0	98,776	0	98,776
Cleveland Regional Jetport:				
Land options/purchase	0	2,600	2,514	86
Land easement	0	15,000	9,000	
Jetport runway extension study	0	11,105	11,105	0
Southside Corporate area	0	47,742	7,430	40,312
Environmental monitoring	0	39,999	13,383	26,616
Jetport/taxilane addition	0	154,568	8,561	146,007
Security enhancements - gate	0	500	442	58
Phase III construction	0	124,000	122,211	1,789
Gas line	0	28,508	28,508	0
T-hangers 2 construction	0	608,339	306	608,033

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Capital outlay - (Continued)				
Cleveland Regional Jetport - (Continued)				
Maintenance hangar	\$ 0	\$ 26,000	\$ 25,498	\$ 502
Lighting	0	1,000	976	24
Apron design	0	24,474	537	23,937
Runway extension design	0	72,488	72,488	0
Runway extension construction	0	2,004,827	4,574	2,000,253
Animal Control:				
Capital needs	0	1,180	1,180	0
Parks and recreation:				
Greenway stage materials	0	67,784	0	67,784
Greenway stage labor	0	3,500	0	3,500
Greenway cameras	0	7,017	7,017	0
Mosby Pool replacement	0	100,001	100,001	0
Tennis courts at Tinsley Park	0	544,023	30,201	513,822
Tinsley Park paving	0	184,000	35,088	148,912
Soccer complex	0	80,000	80,000	0
Recreation equipment	0	8,097	1,973	6,124
Equipment - donations	0	346	0	346
Equipment replacement	44,000	44,000	42,107	1,893
CDBG:				
Blythe old field equipment	0	75,000	0	75,000
Education:				
Cleveland High gym	0	150,050	100,000	50,050
New elementary	0	553,079	487,764	65,315
Debt service:				
Interest and fiscal charges	0	46,200	46,200	0
Total expenditures	<u>\$ 541,275</u>	<u>\$ 22,260,753</u>	<u>\$ 3,592,144</u>	<u>\$ 18,662,609</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (441,275)</u>	<u>\$ (12,277,434)</u>	<u>\$ (1,754,810)</u>	<u>\$ 10,516,624</u>
Other financing sources (uses):				
Transfers in	\$ 274,000	\$ 803,218	\$ 803,218	\$ 0
Notes issued	0	8,494,865	1,706,769	(6,788,096)
Total other financing sources (uses)	<u>\$ 274,000</u>	<u>\$ 9,298,083</u>	<u>\$ 2,509,987</u>	<u>\$ (6,788,096)</u>
Net change in fund balance	<u>\$ (167,275)</u>	<u>\$ (2,979,351)</u>	<u>\$ 755,177</u>	<u>\$ 3,728,528</u>
Fund balance at beginning of year	<u>3,495,179</u>	<u>3,495,179</u>	<u>3,495,179</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 3,327,904</u></u>	<u><u>\$ 515,828</u></u>	<u><u>\$ 4,250,356</u></u>	<u><u>\$ 3,728,528</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, 2017

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 0	\$ 87	\$ 87
Miscellaneous	0	12,400	13,250	850
Total revenues	<u>\$ 0</u>	<u>\$ 12,400</u>	<u>\$ 13,337</u>	<u>\$ 937</u>
Expenditures:				
Capital outlay:				
Greenway benches and banners	\$ 0	\$ 16,583	\$ 15,569	\$ 1,014
Miscellaneous Greenway projects		4,000	0	4,000
Total expenditures	<u>\$ 0</u>	<u>\$ 20,583</u>	<u>\$ 15,569</u>	<u>\$ 5,014</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (8,183)	\$ (2,232)	\$ 5,951
Fund balance at beginning of year	<u>11,185</u>	<u>11,185</u>	<u>11,185</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 11,185</u></u>	<u><u>\$ 3,002</u></u>	<u><u>\$ 8,953</u></u>	<u><u>\$ 5,951</u></u>

CITY OF CLEVELAND, TENNESSEE
 FLETCHER PARK TRUST FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Capital Outlay:				
Fletcher Park expenditures	\$ 0	\$ 5,403	\$ 5,403	\$ 0
Total expenditures	\$ 0	\$ 5,403	\$ 5,403	\$ 0
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (5,403)	\$ (5,403)	\$ 0
Fund balance at beginning of year	5,403	5,403	5,403	0
Fund balance at end of year	<u>\$ 5,403</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Local 1/2 cent sales tax	\$ 2,847,000	\$ 2,852,000	\$ 2,924,626	\$ 72,626
School 1/2 cent sales tax	925,000	925,000	1,026,707	101,707
Interest	18,800	10,600	16,437	5,837
Total revenues	\$ 3,790,800	\$ 3,787,600	\$ 3,967,770	\$ 180,170
Expenditures:				
Capital outlay:				
Inspector vehicles	\$ 24,000	\$ 24,000	\$ 22,957	\$ 1,043
Administration vehicle replacement	28,000	28,000	22,957	5,043
EDC planning document	0	20,000	7,970	12,030
Inman Street building	50,000	50,000	50,000	0
Downtown redevelopment	100,000	0	0	0
Electronic Document Management	5,000	16,094	14,841	1,253
Computer systems - Hardware	159,000	94,169	93,805	364
Computer systems - Legislative & Judicial	0	2,307	1,298	1,009
Computer systems - Admin & Finance	0	10,800	13,091	(2,291)
Computer systems - Develop & Eng	0	18,681	16,610	2,071
Computer systems - Police	0	14,000	9,764	4,236
Computer systems - Fire	0	6,000	1,035	4,965
Computer systems - Public Works	0	5,000	3,113	1,887
Computer systems - Animal Control	0	1,011	0	1,011
Computer systems - Parks and Recreation	0	6,130	351	5,779
Computer systems - Stock	0	10,000	8,060	1,940
Computer systems - Codes Enforcement	0	2,475	1,464	1,011
GIS program	35,000	50,900	50,391	509
License fees	55,000	86,000	85,838	162
GIS flyover	15,000	42,505	41,112	1,393
GIS Rover	5,000	9,400	9,400	0
Police vehicles	285,000	275,000	275,000	0
Animal Control vehicle	0	30,000	35,042	(5,042)
E Ticketing equipment	74,000	74,000	72,413	1,587
Inspector vehicles	32,000	68,593	68,593	0
Fire apparatus replacement program	400,000	657,907	0	657,907
SCBA cylinder replacement	150,000	150,000	130,100	19,900
Street paving	1,000,000	1,000,000	863,731	136,269
Drainage projects	0	87,973	50,833	37,140
Sidewalk projects	65,000	84,621	37,865	46,756
MPO - 20th and Tasso	0	16,210	0	16,210
MPO - Central Ave 3R Project	0	114,507	1,293	113,214
MPO - 20th St sidewalk project	0	97,000	0	97,000
MPO - 17th Street 3R project	0	139,514	3,046	136,468
MPO - Greenway Ocoee Connector	0	39,590	18,340	21,250
MPO - Adkisson	130,000	171,902	10,999	160,903
MPO - Georgetown Rd @ 25th Street	0	103,052	4,672	98,380
MPO - Planning and overrun	0	25,930	0	25,930

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, 2017

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Capital outlay - (Continued)				
Public works equipment replacement	\$ 150,000	\$ 182,626	\$ 130,983	\$ 51,643
Multi-Modal Access Grant	2,962	2,962	1,671	1,291
Smart Communities grant	0	29,902	16,566	13,336
LIC North - City's share	0	177,855	279	177,576
Roadscapes Phase III	0	29,600	0	29,600
Relocate Greenway Dr @ Raider Dr.	0	73,100	72,856	244
Kile Lane @ Veterans Home	0	150,000	0	150,000
MPO-Paul Huff extension - match	12,000	12,000	0	12,000
Sidewalks @ 20th/Georgetown	0	13,415	6,448	6,967
LIC North acquisition	0	55,000	0	55,000
Tinsley master plan	0	764	0	764
Greenway-Willow/Inman survey	0	20,000	351	19,649
Willow Street south extension	0	72,681	42,220	30,461
Mosby gym repair	0	20,000	20,000	0
City-wide master plan	0	51,000	24,602	26,398
Greenway parking lot @ Keith St.	60,000	60,000	60,150	(150)
Playground equipment	25,000	25,000	22,754	2,246
School capital projects	489,600	757,815	744,850	12,965
Debt service:				
QSCB principal	260,000	260,000	259,577	423
QSCB interest	63,100	63,100	63,025	75
QSCB fiscal charges	4,100	4,100	4,160	(60)
Arnold School Renovation - principal	75,000	75,000	75,000	0
Arnold School Renovation - interest	33,200	33,200	33,153	47
Total expenditures	<u>\$ 3,786,962</u>	<u>\$ 5,802,391</u>	<u>\$ 3,604,629</u>	<u>\$ 2,197,762</u>
Excess (deficiency) of revenues over expenditures	\$ 3,838	\$ (2,014,791)	\$ 363,141	\$ 2,377,932
Fund balance at beginning of year	<u>2,383,456</u>	<u>2,383,456</u>	<u>2,383,456</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 2,387,294</u></u>	<u><u>\$ 368,665</u></u>	<u><u>\$ 2,746,597</u></u>	<u><u>\$ 2,377,932</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, 2017

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 18,600	\$ 27,548	\$ 8,948
Total revenues	\$ 0	\$ 18,600	\$ 27,548	\$ 8,948
Expenditures:				
Capital outlay:				
Development costs	\$ 0	\$ 415,524	\$ 334,436	\$ 81,088
Total expenditures	\$ 0	\$ 415,524	\$ 334,436	\$ 81,088
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (396,924)	\$ (306,888)	\$ 90,036
Other financing sources (uses):				
Transfers out	\$ (147,000)	\$ (147,000)	\$ (139,674)	\$ 7,326
Notes issued	0	439,925	439,925	0
Total other financing sources (uses)	\$ (147,000)	\$ 292,925	\$ 300,251	\$ 7,326
Net change in fund balance	\$ (147,000)	\$ (103,999)	\$ (6,637)	\$ 97,362
Fund balance at beginning of year	1,500,083	1,500,083	1,500,083	0
Fund balance at end of year	\$ 1,353,083	\$ 1,396,084	\$ 1,493,446	\$ 97,362

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, 2017

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 1,000	\$ 1,500	\$ 3,187	\$ 1,687
Total revenues	\$ 1,000	\$ 1,500	\$ 3,187	\$ 1,687
Excess of revenues over expenditures	\$ 1,000	\$ 1,500	\$ 3,187	\$ 1,687
Fund balance at beginning of year	467,246	467,246	467,246	0
Fund balance at end of year	\$ 468,246	\$ 468,746	\$ 470,433	\$ 1,687

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INTERNAL SERVICE FUND

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

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

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

CITY OF CLEVELAND, TENNESSEE
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 June 30, 2017

	Fleet Management Fund	Health Insurance Trust Fund	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 23,291	\$ 735,760	\$ 759,051
Accounts receivable - net	14,589	0	14,589
Inventories	222,573	0	222,573
Total current assets	\$ 260,453	\$ 735,760	\$ 996,213
Noncurrent assets:			
Capital assets:			
Land and construction in progress	\$ 108,291	\$ 0	\$ 108,291
Other capital assets, net of depreciation	916,809	0	916,809
Total noncurrent assets	\$ 1,025,100	\$ 0	\$ 1,025,100
Total assets	\$ 1,285,553	\$ 735,760	\$ 2,021,313
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 21,656	\$ 120,139	\$ 141,795
Total liabilities	\$ 21,656	\$ 120,139	\$ 141,795
NET POSITION			
Net investment in capital assets	\$ 1,025,100	\$ 0	\$ 1,025,100
Unrestricted	238,797	615,621	854,418
Total net position	\$ 1,263,897	\$ 615,621	\$ 1,879,518

CITY OF CLEVELAND, TENNESSEE
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
 INTERNAL SERVICE FUNDS
 For the Fiscal Year Ended June 30, 2017

	Fleet Management Fund	Health Insurance Trust Fund	Total Internal Service Funds
Operating Revenues:			
Charges for services	\$ 1,012,049	\$ 3,744,910	\$ 4,756,959
Total operating revenues	<u>\$ 1,012,049</u>	<u>\$ 3,744,910</u>	<u>\$ 4,756,959</u>
Operating Expenses:			
Operating expenses	\$ 982,424	\$ 3,314,412	\$ 4,296,836
Depreciation and amortization	34,238	0	34,238
Total operating expenses	<u>\$ 1,016,662</u>	<u>\$ 3,314,412</u>	<u>\$ 4,331,074</u>
Operating income (loss)	<u>\$ (4,613)</u>	<u>\$ 430,498</u>	<u>\$ 425,885</u>
Non Operating Revenues (Expenses):			
Interest income	\$ 114	\$ 1,541	\$ 1,655
Miscellaneous income	4,889	0	4,889
Loss on disposal of assets	(338)	0	(338)
Total non operating revenues (expenses)	<u>\$ 4,665</u>	<u>\$ 1,541</u>	<u>\$ 6,206</u>
Change in net position	\$ 52	\$ 432,039	\$ 432,091
Total net position - beginning	<u>1,263,845</u>	<u>183,582</u>	<u>1,447,427</u>
Total net position - ending	<u><u>\$ 1,263,897</u></u>	<u><u>\$ 615,621</u></u>	<u><u>\$ 1,879,518</u></u>

CITY OF CLEVELAND, TENNESSEE
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Fiscal Year Ended June 30, 2017

	<u>Fleet Management Fund</u>	<u>Health Insurance Trust Fund</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities:			
Receipts from customers	\$ 108,022	\$ 0	\$ 108,022
Receipts from interfund charges	895,716	3,744,910	4,640,626
Payments to suppliers	(667,703)	(3,407,663)	(4,075,366)
Payments to employees for services	(315,979)	0	(315,979)
Net cash provided by (used in) operating activities	<u>\$ 20,056</u>	<u>\$ 337,247</u>	<u>\$ 357,303</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	\$ (4,395)	\$ 0	\$ (4,395)
Net cash provided by (used in) capital and related financing activities	<u>\$ (4,395)</u>	<u>\$ 0</u>	<u>\$ (4,395)</u>
Cash flows from investing activities:			
Interest received	\$ 114	\$ 1,541	\$ 1,655
Miscellaneous income	4,889	0	4,889
Net cash provided by investing activities	<u>\$ 5,003</u>	<u>\$ 1,541</u>	<u>\$ 6,544</u>
Net increase (decrease) in cash and cash equivalents	\$ 20,664	\$ 338,788	\$ 359,452
Cash and cash equivalents, beginning of year	<u>2,627</u>	<u>396,972</u>	<u>399,599</u>
Cash and cash equivalents, end of year	<u>\$ 23,291</u>	<u>\$ 735,760</u>	<u>\$ 759,051</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ (4,613)	\$ 430,498	\$ 425,885
Adjustments to reconcile net operating revenues to net cash provided by operating activities:			
Depreciation	34,238	0	34,238
Changes in operating assets and liabilities			
Accounts receivable	(8,311)	0	(8,311)
Inventories	(2,909)	0	(2,909)
Accounts payable	1,651	(93,251)	(91,600)
Net cash provided by operating activities	<u>\$ 20,056</u>	<u>\$ 337,247</u>	<u>\$ 357,303</u>

CITY OF CLEVELAND, TENNESSEE
FLEET MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Operating Revenues:				
Charges for services	\$ 385,000	\$ 355,000	\$ 360,938	\$ 5,938
Charges for contracted services	155,000	110,000	116,333	6,333
Sale of gasoline	48,000	55,000	54,971	(29)
Sale of parts	535,000	520,000	479,807	(40,193)
Total operating revenues	<u>\$ 1,123,000</u>	<u>\$ 1,040,000</u>	<u>\$ 1,012,049</u>	<u>\$ (27,951)</u>
Operating Expenses:				
General and administrative:				
Cost of goods sold	\$ 407,308	\$ 390,000	\$ 354,990	\$ 35,010
Salaries	307,000	299,457	295,668	3,789
Overtime	5,800	7,100	6,234	866
Service awards	200	200	200	0
Longevity	5,500	5,500	5,475	25
Sold vacation	8,100	8,100	6,902	1,198
Christmas bonus	700	700	650	50
Sick pay incentive	1,800	900	850	50
Dental insurance	3,200	3,200	2,941	259
Social security	25,200	25,200	22,780	2,420
Health insurance	43,952	54,952	54,306	646
Retirement	54,600	54,600	52,346	2,254
Life and disability insurance	3,400	3,500	3,422	78
Vision insurance	800	800	719	81
Worker's compensation claims	500	500	0	500
Postage	300	300	182	118
Printing	200	200	0	200
Advertising	200	200	0	200
Membership dues	5,000	5,000	4,788	212
Utilities	19,000	19,000	17,961	1,039
Telephone	7,700	11,900	13,894	(1,994)
Vehicle maintenance	9,000	10,349	6,000	4,349
Contracted services - vehicle maintenance	110,000	82,700	74,724	7,976
Building maintenance	8,500	6,500	4,719	1,781
Central fuel maintenance and supplies	10,000	10,000	9,550	450
Travel and training	1,000	1,000	225	775
Pest control	300	300	0	300
Office expense	3,500	3,500	2,890	610
Waste disposal services	1,500	1,500	1,365	135
Janitorial supplies	4,000	4,000	3,080	920
Uniforms	3,000	3,000	1,643	1,357
Gasoline and oil	4,000	3,500	2,593	907
Insurance - building and contents	2,800	2,567	2,566	1
Insurance - vehicles	1,200	1,200	1,167	33
Insurance - general liability	2,300	2,065	2,016	49

CITY OF CLEVELAND, TENNESSEE
FLEET MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Operating Expenses (Continued):				
Insurance - worker's compensation	\$ 11,000	\$ 11,468	\$ 11,468	\$ 0
Depreciation	32,856	33,799	34,238	(439)
Computer software maintenance	9,200	9,700	12,335	(2,635)
Miscellaneous	500	500	177	323
Equipment and tools	7,000	7,000	1,444	5,556
Computer equipment	500	500	154	346
Total operating expenses	<u>\$ 1,122,616</u>	<u>\$ 1,086,457</u>	<u>\$ 1,016,662</u>	<u>\$ 69,795</u>
Operating income (loss)	<u>\$ 384</u>	<u>\$ (46,457)</u>	<u>\$ (4,613)</u>	<u>\$ 41,844</u>
Non Operating Revenues (Expenses):				
Interest income	\$ 0	\$ 150	\$ 114	\$ (36)
Miscellaneous income	0	4,889	4,889	0
Loss on disposal of assets	0	0	(338)	(338)
Total non operating revenues (expenses)	<u>\$ 0</u>	<u>\$ 5,039</u>	<u>\$ 4,665</u>	<u>\$ (374)</u>
Change in net position	\$ 384	\$ (41,418)	\$ 52	\$ 41,470
Total net position - beginning	<u>1,263,845</u>	<u>1,263,845</u>	<u>1,263,845</u>	<u>0</u>
Total net position - ending	<u><u>\$ 1,264,229</u></u>	<u><u>\$ 1,222,427</u></u>	<u><u>\$ 1,263,897</u></u>	<u><u>\$ 41,470</u></u>

CITY OF CLEVELAND, TENNESSEE
HEALTH INSURANCE TRUST FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for services	\$ 3,537,484	\$ 3,537,484	\$ 3,744,910	\$ 207,426
Total operating revenues	<u>\$ 3,537,484</u>	<u>\$ 3,537,484</u>	<u>\$ 3,744,910</u>	<u>\$ 207,426</u>
Operating Expenses:				
General and administrative:				
Health insurance claims	\$ 2,831,206	\$ 2,889,794	\$ 2,715,233	\$ 174,561
Administrative services	644,072	647,272	599,179	48,093
Total operating expenses	<u>\$ 3,475,278</u>	<u>\$ 3,537,066</u>	<u>\$ 3,314,412</u>	<u>\$ 222,654</u>
Operating income	<u>\$ 62,206</u>	<u>\$ 418</u>	<u>\$ 430,498</u>	<u>\$ 430,080</u>
Non Operating Revenues (Expenses):				
Interest income	\$ 0	\$ 1,000	\$ 1,541	\$ 541
Total non operating revenues (expenses)	<u>\$ 0</u>	<u>\$ 1,000</u>	<u>\$ 1,541</u>	<u>\$ 541</u>
Change in net position	\$ 62,206	\$ 1,418	\$ 432,039	\$ 430,621
Total net position - beginning	<u>183,582</u>	<u>183,582</u>	<u>183,582</u>	<u>0</u>
Total net position - ending	<u><u>\$ 245,788</u></u>	<u><u>\$ 185,000</u></u>	<u><u>\$ 615,621</u></u>	<u><u>\$ 430,621</u></u>

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CAPITAL ASSETS

CITY OF CLEVELAND, TENNESSEE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULE BY SOURCE(1)
 June 30, 2017 and 2016

	2017	2016
Governmental funds capital assets:		
Land	\$ 37,239,582	\$ 37,201,648
Buildings	122,477,172	108,178,908
Public improvements other than buildings	19,817,462	19,617,371
Infrastructure	66,865,311	64,723,664
Furniture, fixtures, equipment and vehicles	37,237,888	34,052,925
Total governmental funds capital assets	\$ 283,637,415	\$ 263,774,516
Investment in governmental funds capital assets:		
Total governmental funds capital assets	\$ 283,637,415	\$ 263,774,516

(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, 2017

<u>Function and Activity</u>	<u>Total Capital Assets</u>	<u>Land</u>	<u>Buildings</u>	<u>Other Improve- ments</u>	<u>Infrastructure</u>	<u>Equipment</u>
General Government:						
Administration and finance	\$ 1,624,287	\$ 1,800	\$ 401,565	\$ 253,513	\$ 0	\$ 967,409
General government	797,852	180,600	185,251	370,027	0	61,974
Community development	734,272	56,361	271,085	52,566	0	354,260
Library	9,568,006	324,286	5,477,659	77,676	0	3,688,385
Total General Government	\$ 12,724,417	\$ 563,047	\$ 6,335,560	\$ 753,782	\$ 0	\$ 5,072,028
Public Safety:						
Police	\$ 11,690,273	\$ 290,097	\$ 5,179,696	\$ 61,655	\$ 0	\$ 6,158,825
Fire	10,671,739	461,500	3,078,947	190,911	0	6,940,381
911 Center	867,618	0	867,618	0	0	0
Total Public Safety	\$ 23,229,630	\$ 751,597	\$ 9,126,261	\$ 252,566	\$ 0	\$ 13,099,206
Public Works:						
Street Department	\$ 5,079,089	\$ 249,715	\$ 318,738	\$ 90,681	\$ 0	\$ 4,419,955
Engineering	456,425	45,385	146,579	35,130	0	229,331
Old City Landfill	92,500	63,500	25,000	4,000	0	0
Jetport	42,783,999	26,899,869	4,940,117	10,222,179	0	721,834
Primary Roads	10,401,811	67,965	0	0	10,333,846	0
Secondary Roads	46,859,283	378,887	0	0	46,480,396	0
Drainage	5,229,329	12,147	0	0	5,217,182	0
Detention Ponds	3,613,911	770,558	0	0	2,843,353	0
Sidewalks	1,793,542	0	0	0	1,793,542	0
Bridges	196,992	0	0	0	196,992	0
Total Public Works	\$ 116,506,881	\$ 28,488,026	\$ 5,430,434	\$ 10,351,990	\$ 66,865,311	\$ 5,371,120
Parks and Recreation:						
Recreation Office	\$ 1,841,580	\$ 0	\$ 0	\$ 199,687	\$ 0	\$ 1,641,893
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	1,305,849	76,890	231,658	847,773	0	149,528
Cleveland Community Center	838,243	47,000	421,769	248,964	0	120,510
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	2,885,723	0	304,839	2,426,934	0	153,950
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
Total Parks and Recreation	\$ 13,838,081	\$ 1,166,528	\$ 1,787,047	\$ 8,358,755	\$ 0	\$ 2,525,751

CITY OF CLEVELAND, TENNESSEE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY(1)
 June 30, 2017

(Continued)

<u>Function and Activity</u>	<u>Total Capital Assets</u>	<u>Land</u>	<u>Buildings</u>	<u>Other Improve- ments</u>	<u>Infrastructure</u>	<u>Equipment</u>
Miscellaneous Properties:						
Central and Church parking lot	\$ 101,000	\$ 101,000	\$ 0	\$ 0	\$ 0	\$ 0
Fourth Street parking lot	45,500	45,500	0	0	0	0
Worth and Central parking lot	45,000	45,000	0	0	0	0
Inman Street parking lot	32,500	32,500	0	0	0	0
Second - Central parking lot	53,000	53,000	0	0	0	0
Blythe Day Care	35,136	15,000	11,336	8,800	0	0
Animal Control	348,502	0	95,301	73,147	0	180,054
Kaufman - Second Street parking lot	33,000	27,500	0	5,500	0	0
Hargis - First Street parking lot	33,000	27,500	0	5,500	0	0
Urban renewal lots	87,330	87,330	0	0	0	0
Hill Street building	1,074	0	1,074	0	0	0
Seventh and Church Street parking lot	21,202	13,780	0	7,422	0	0
Total Miscellaneous Properties	\$ 836,244	\$ 448,110	\$ 107,711	\$ 100,369	\$ 0	\$ 180,054
Cleveland City Schools:						
School Property	\$ 115,231,915	\$ 5,822,274	\$ 99,690,159	\$ 0	\$ 0	\$ 9,719,482
Food Service	1,270,247	0	0	0	0	1,270,247
Total City Schools	\$ 116,502,162	\$ 5,822,274	\$ 99,690,159	\$ 0	\$ 0	\$ 10,989,729
Total Capital Assets	\$ 283,637,415	\$ 37,239,582	\$ 122,477,172	\$ 19,817,462	\$ 66,865,311	\$ 37,237,888

(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, 2017

<u>Function and Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
General Government:				
Administration and finance	\$ 1,371,481	\$ 370,741	\$ 117,935	\$ 1,624,287
General government	797,252	600	0	797,852
Community development	627,629	129,444	22,801	734,272
Library	9,332,190	299,753	63,937	9,568,006
Total General Government	<u>\$ 12,128,552</u>	<u>\$ 800,538</u>	<u>\$ 204,673</u>	<u>\$ 12,724,417</u>
Public Safety:				
Police	\$ 11,265,449	\$ 427,067	\$ 2,243	\$ 11,690,273
Fire	9,183,043	1,766,425	277,729	10,671,739
911 Center	867,618	0	0	867,618
Total Public Safety	<u>\$ 21,316,110</u>	<u>\$ 2,193,492</u>	<u>\$ 279,972</u>	<u>\$ 23,229,630</u>
Public Works:				
Street Department	\$ 4,790,962	\$ 288,127	\$ 0	\$ 5,079,089
Engineering	456,425	0	0	456,425
Old City Landfill	92,500	0	0	92,500
Airport	25,000	0	25,000	0
Jetport	40,756,703	2,027,296	0	42,783,999
Primary Roads	10,006,509	395,302	0	10,401,811
Secondary Roads	45,720,046	1,139,237	0	46,859,283
Drainage	4,974,127	255,202	0	5,229,329
Detention Ponds	3,613,911	0	0	3,613,911
Sidewalks	1,441,636	351,906	0	1,793,542
Bridges	196,992	0	0	196,992
Total Public Works	<u>\$ 112,074,811</u>	<u>\$ 4,457,070</u>	<u>\$ 25,000</u>	<u>\$ 116,506,881</u>
Parks and Recreation:				
Recreation Office	\$ 1,663,959	\$ 177,621	\$ 0	\$ 1,841,580
Tinsley Park	2,062,604	121,787	0	2,184,391
Waterville Golf Course	2,284,931	0	0	2,284,931
College Hill Center	1,300,105	5,744	0	1,305,849
Cleveland Community Center	824,099	14,144	0	838,243
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	2,875,101	10,622	0	2,885,723
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>\$ 13,212,069</u>	<u>\$ 329,918</u>	<u>\$ 0</u>	<u>\$ 13,838,081</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, 2017

<u>Function and Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Miscellaneous Properties:				
Central and Church parking lot	\$ 101,000	\$ 0	\$ 0	\$ 101,000
Fourth Street parking lot	45,500	0	0	45,500
Worth and Central parking lot	45,000	0	0	45,000
Inman Street parking lot	32,500	0	0	32,500
Second - Central parking lot	53,000	0	0	53,000
Blythe Day Care	35,136	0	0	35,136
Animal Control	338,402	29,810	19,710	348,502
Kaufman - Second Street parking lot	33,000	0	0	33,000
Hargis - First Street parking lot	33,000	0	0	33,000
Urban renewal lots	87,330	0	0	87,330
Hill Street building	1,074	0	0	1,074
Seventh and Church Street parking lot	21,202	0	0	21,202
Total Miscellaneous Properties	\$ 822,544	\$ 29,810	\$ 19,710	\$ 836,244
Cleveland City Schools:				
School Property	\$ 102,662,497	\$ 13,150,790	\$ 581,372	\$ 115,231,915
Food Service	1,258,239	21,829	9,821	1,270,247
Total City Schools	\$ 103,827,193	\$ 13,172,619	\$ 591,193	\$ 116,502,162
Total Capital Assets	\$ 263,381,279	\$ 20,983,447	\$ 1,120,548	\$ 283,637,415

(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.

STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	153
Revenue Capacity These schedules contain information to help the reader assess the government’s most significant local revenue sources, the property tax and the local sales tax.	163
Debt Capacity These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.	175
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	182
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.	186

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities				
Net investment in capital assets	\$ 58,694,649	\$ 59,721,184	\$ 57,893,731	\$ 66,391,099
Restricted	459,740	459,740	473,440	2,926,017
Unrestricted	<u>16,590,395</u>	<u>15,821,883</u>	<u>17,372,612</u>	<u>12,436,686</u>
Total governmental activities net assets	<u>\$ 75,744,784</u>	<u>\$ 76,002,807</u>	<u>\$ 75,739,783</u>	<u>\$ 81,753,802</u>
Business-type activities				
Net investment in capital assets	\$ 100,513,728	\$ 112,581,181	\$ 120,603,787	\$ 132,342,820
Unrestricted	<u>22,347,483</u>	<u>15,355,800</u>	<u>12,830,051</u>	<u>13,179,002</u>
Total business-type activities	<u>\$ 122,861,211</u>	<u>\$ 127,936,981</u>	<u>\$ 133,433,838</u>	<u>\$ 145,521,822</u>
Primary government				
Net investment in capital assets	\$ 159,208,377	\$ 172,302,365	\$ 178,497,518	\$ 198,733,919
Restricted	459,740	459,740	473,440	2,926,017
Unrestricted	<u>38,937,878</u>	<u>31,177,683</u>	<u>30,202,663</u>	<u>25,615,688</u>
Total primary government net assets	<u>\$ 198,605,995</u>	<u>\$ 203,939,788</u>	<u>\$ 209,173,621</u>	<u>\$ 227,275,624</u>

Source: Official record of Office of City Clerk.

2012	2013	2014	2015	2016	2017
\$ 66,979,125	\$ 68,705,499	\$ 108,313,394	\$ 115,117,684	\$ 118,815,347	\$ 119,211,701
6,449,583	4,903,327	3,627,607	4,230,289	3,960,956	4,509,812
14,134,054	13,058,791	9,398,036	(6,550,745)	(1,239,172)	392,152
<u>\$ 87,562,762</u>	<u>\$ 86,667,617</u>	<u>\$ 121,339,037</u>	<u>\$ 112,797,228</u>	<u>\$ 121,537,131</u>	<u>\$ 124,113,665</u>
\$ 143,097,174	\$ 161,335,056	\$ 124,523,849	\$ 124,243,205	\$ 126,677,290	\$ 132,437,432
10,789,348	3,654,232	8,413,181	(1,508,685)	2,226,781	5,868,185
<u>\$ 153,886,522</u>	<u>\$ 164,989,288</u>	<u>\$ 132,937,030</u>	<u>\$ 122,734,520</u>	<u>\$ 128,904,071</u>	<u>\$ 138,305,617</u>
\$ 210,076,299	\$ 230,040,555	\$ 232,837,243	\$ 239,360,889	\$ 245,492,637	\$ 251,649,133
6,449,583	4,903,327	3,627,607	4,230,289	3,960,956	4,509,812
24,923,402	16,713,023	17,811,217	(8,059,430)	987,609	6,260,337
<u>\$ 241,449,284</u>	<u>\$ 251,656,905</u>	<u>\$ 254,276,067</u>	<u>\$ 235,531,748</u>	<u>\$ 250,441,202</u>	<u>\$ 262,419,282</u>

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

	2008	2009	2010
EXPENSES			
Governmental activities:			
General government	\$ 3,045,455	\$ 3,125,773	\$ 4,294,917
Development and Engineering	1,071,399	1,052,676	867,709
Public safety	18,599,983	19,173,722	18,190,814
Public works	9,076,371	9,442,505	9,913,297
Health and welfare	659,474	665,951	680,086
Culture and recreation	4,387,539	3,807,169	4,014,995
Education	39,878,902	41,239,156	42,725,119
Interest on long-term debt	3,152,029	2,923,763	2,298,214
Total governmental activities	<u>\$ 79,871,152</u>	<u>\$ 81,430,715</u>	<u>\$ 82,985,151</u>
Business-type activities:			
Water and sewer	\$ 20,426,089	\$ 20,856,642	\$ 20,890,587
Electric	79,179,669	91,699,799	83,803,232
Stormwater management	0	0	0
Brush Chipping	176,191	144,655	159,000
Airport	206,011	52,591	263,379
Total business-type activities expenses	<u>\$ 99,987,960</u>	<u>\$ 112,753,687</u>	<u>\$ 105,116,198</u>
Total primary government expenses	<u>\$ 179,859,112</u>	<u>\$ 194,184,402</u>	<u>\$ 188,101,349</u>
PROGRAM REVENUES			
Governmental activities:			
Charges for services	\$ 7,837,356	\$ 7,644,180	\$ 7,331,254
Operating grants and contributions	34,905,174	35,612,093	37,462,812
Capital grants and contributions	2,767,768	1,914,789	2,302,461
Total governmental activities program revenues	<u>\$ 45,510,298</u>	<u>\$ 45,171,062</u>	<u>\$ 47,096,527</u>
Business-type activities:			
Charges for services:			
Water and sewer	\$ 20,208,450	\$ 20,724,856	\$ 20,356,004
Electric	80,786,137	94,209,090	86,785,472
Stormwater management	0	0	0
Brush Chipping	187,296	130,710	0
Airport	12,781	17,484	16,775
Operating grants and contributions	40,523	270,000	3,549
Capital grants and contributions	8,879,491	3,685,707	4,882,848
Total business-type activities program revenues	<u>\$ 110,114,678</u>	<u>\$ 119,037,847</u>	<u>\$ 112,044,648</u>
Total primary government program revenues	<u>\$ 155,624,976</u>	<u>\$ 164,208,909</u>	<u>\$ 159,141,175</u>
Net (Expense) Revenue			
Governmental activities	\$ (34,360,854)	\$ (36,259,653)	\$ (35,888,624)
Business-type activities	10,126,718	6,284,160	6,928,450
Total primary government net expense	<u>\$ (24,234,136)</u>	<u>\$ (29,975,493)</u>	<u>\$ (28,960,174)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental activities:			
Property taxes	\$ 15,497,594	\$ 15,848,544	\$ 16,465,931
Interest and penalty on taxes	156,498	131,485	194,301
In lieu of taxes	19,208	22,112	90,822
Local sales tax	7,929,077	8,389,829	9,840,465
Wholesale beer tax	1,206,434	1,239,216	1,245,869
Gross receipts tax	883,959	939,795	913,170
Franchise tax	992,888	929,622	953,496
State sales tax	2,685,932	2,454,675	2,397,165
Other state taxes	2,116,359	2,513,984	1,298,234
Grants and contributions not restricted	738,101	455,312	536,334
Unrestricted investment earnings	527,603	80,157	27,007
Gain on sale of capital assets	0	1,893,766	(59,455)
Transfers	1,526,951	1,619,179	1,722,261
Total governmental activities	<u>\$ 34,280,604</u>	<u>\$ 36,517,676</u>	<u>\$ 35,625,600</u>
Business-type activities:			
Unrestricted investment earnings	\$ 595,448	\$ 410,789	\$ 290,668
Transfers	(1,526,951)	(1,619,179)	(1,722,261)
Total business-type activities	<u>\$ (931,503)</u>	<u>\$ (1,208,390)</u>	<u>\$ (1,431,593)</u>
Total primary government	<u>\$ 33,349,101</u>	<u>\$ 35,309,286</u>	<u>\$ 34,194,007</u>
CHANGE IN NET POSITION			
Governmental activities	\$ (80,250)	\$ 258,023	\$ (263,024)
Business-type activities	9,195,215	5,075,770	5,496,857
Total primary government	<u>\$ 9,114,965</u>	<u>\$ 5,333,793</u>	<u>\$ 5,233,833</u>

Source: Official record of Office of City Clerk.

2011	2012	2013	2014	2015	2016	2017
\$ 3,396,302	\$ 3,463,066	\$ 6,338,456	\$ 3,285,177	\$ 3,356,106	\$ 3,765,394	\$ 4,442,261
1,373,602	1,481,745	1,140,908	1,498,726	1,473,844	1,940,024	2,166,719
18,488,592	18,523,073	18,702,183	19,610,293	18,688,453	19,057,323	20,587,764
9,725,715	10,047,079	9,539,339	10,767,515	11,340,866	11,240,255	9,882,476
699,095	725,353	829,343	740,903	638,456	671,684	659,284
3,864,303	4,638,754	4,734,464	5,150,586	4,397,406	4,371,397	5,328,380
46,137,209	46,792,601	46,972,946	49,017,773	46,678,450	49,400,437	53,648,372
2,814,385	2,822,451	2,878,690	2,999,643	3,356,042	3,296,175	3,198,147
<u>\$ 86,499,203</u>	<u>\$ 88,494,122</u>	<u>\$ 91,136,329</u>	<u>\$ 93,070,616</u>	<u>\$ 89,929,623</u>	<u>\$ 93,742,689</u>	<u>\$ 99,913,403</u>
\$ 21,254,266	\$ 21,547,173	\$ 22,183,642	\$ 22,606,739	\$ 22,015,051	\$ 23,781,528	\$ 24,601,946
92,666,017	91,125,591	93,526,162	95,535,206	96,987,194	94,002,316	95,625,776
0	0	0	0	0	422,576	510,855
0	0	0	0	0	0	0
62,617	51,203	573,288	0	0	0	0
<u>\$ 113,982,900</u>	<u>\$ 112,723,967</u>	<u>\$ 116,283,092</u>	<u>\$ 118,141,945</u>	<u>\$ 119,002,245</u>	<u>\$ 118,206,420</u>	<u>\$ 120,738,577</u>
<u>\$ 200,482,103</u>	<u>\$ 201,218,089</u>	<u>\$ 207,419,421</u>	<u>\$ 211,212,561</u>	<u>\$ 208,931,868</u>	<u>\$ 211,949,109</u>	<u>\$ 220,651,980</u>
\$ 7,618,007	\$ 7,308,364	\$ 6,394,007	\$ 5,719,960	\$ 5,792,117	\$ 5,546,286	\$ 5,088,039
42,206,859	42,136,892	42,650,493	42,755,489	45,485,420	47,705,172	49,701,112
5,806,175	2,823,302	1,622,538	2,805,953	1,459,698	4,452,957	1,885,608
<u>\$ 55,631,041</u>	<u>\$ 52,268,558</u>	<u>\$ 50,667,038</u>	<u>\$ 51,281,402</u>	<u>\$ 52,737,235</u>	<u>\$ 57,704,415</u>	<u>\$ 56,674,759</u>
\$ 21,846,514	\$ 23,391,403	\$ 23,006,832	\$ 24,232,749	\$ 25,710,183	\$ 27,147,284	\$ 28,942,827
96,353,160	94,456,322	96,146,039	98,249,509	99,094,672	97,005,448	101,077,357
0	0	0	0	0	865,814	1,485,629
0	0	0	0	0	0	0
11,645	15,719	123,841	0	0	0	0
5,569	174,663	45,097	48,977	47,532	55,537	57,620
9,401,737	4,800,720	9,622,580	961,210	515,643	1,494,135	828,652
<u>\$ 127,618,625</u>	<u>\$ 122,838,827</u>	<u>\$ 128,944,389</u>	<u>\$ 123,492,445</u>	<u>\$ 125,368,030</u>	<u>\$ 126,568,218</u>	<u>\$ 132,392,085</u>
<u>\$ 183,249,666</u>	<u>\$ 175,107,385</u>	<u>\$ 179,611,427</u>	<u>\$ 174,773,847</u>	<u>\$ 178,105,265</u>	<u>\$ 184,272,633</u>	<u>\$ 189,066,844</u>
\$ (30,868,162)	\$ (36,225,564)	\$ (40,469,291)	\$ (41,789,214)	\$ (37,192,388)	\$ (36,038,274)	\$ (43,238,644)
13,635,725	10,114,860	12,661,297	5,350,500	6,365,785	8,361,798	11,653,508
<u>\$ (17,232,437)</u>	<u>\$ (26,110,704)</u>	<u>\$ (27,807,994)</u>	<u>\$ (36,438,714)</u>	<u>\$ (30,826,603)</u>	<u>\$ (27,676,476)</u>	<u>\$ (31,585,136)</u>
\$ 16,629,270	\$ 16,497,090	\$ 16,598,001	\$ 19,016,017	\$ 19,653,207	\$ 19,607,993	\$ 20,024,551
275,607	270,429	232,829	215,627	217,448	194,097	218,748
77,898	281,289	247,400	501,661	239,618	285,008	336,281
10,173,414	11,726,645	11,842,883	11,976,829	12,516,655	13,138,559	13,693,221
1,303,212	1,490,010	1,514,062	1,555,503	1,588,040	1,584,441	1,509,444
962,609	1,103,755	1,139,178	956,672	1,176,363	1,244,796	1,315,875
843,753	790,234	874,574	933,173	989,949	904,420	879,433
2,505,215	2,803,138	2,857,391	2,953,870	3,130,831	3,342,791	3,424,704
1,685,668	2,046,650	1,955,994	1,742,735	4,095,349	1,638,355	1,385,722
605,104	708,181	566,435	407,799	775,098	394,752	494,787
50,070	58,173	79,556	79,985	96,088	131,389	208,210
(22,362)	4,085	49,317	42,835	650,321	14,600	(113,458)
1,792,723	1,893,518	1,616,526	2,198,373	2,247,105	2,322,340	2,437,660
<u>\$ 36,882,181</u>	<u>\$ 39,673,197</u>	<u>\$ 39,574,146</u>	<u>\$ 42,581,079</u>	<u>\$ 47,376,072</u>	<u>\$ 44,803,541</u>	<u>\$ 45,815,178</u>
\$ 244,982	\$ 143,358	\$ 55,945	\$ 65,171	\$ 82,174	\$ 104,729	\$ 185,698
(1,792,723)	(1,893,518)	(1,616,526)	(2,198,373)	(2,247,105)	(2,322,340)	(2,437,660)
<u>\$ (1,547,741)</u>	<u>\$ (1,750,160)</u>	<u>\$ (1,560,581)</u>	<u>\$ (2,133,202)</u>	<u>\$ (2,164,931)</u>	<u>\$ (2,217,611)</u>	<u>\$ (2,251,962)</u>
<u>\$ 35,334,440</u>	<u>\$ 37,923,037</u>	<u>\$ 38,013,565</u>	<u>\$ 40,447,877</u>	<u>\$ 45,211,141</u>	<u>\$ 42,585,930</u>	<u>\$ 43,563,216</u>
\$ 6,014,019	\$ 3,447,633	\$ (895,145)	\$ 791,865	\$ 10,183,684	\$ 8,765,267	\$ 2,576,534
12,087,984	8,364,700	11,100,716	3,217,298	4,200,854	6,144,187	9,401,546
<u>\$ 18,102,003</u>	<u>\$ 11,812,333</u>	<u>\$ 10,205,571</u>	<u>\$ 4,009,163</u>	<u>\$ 14,384,538</u>	<u>\$ 14,909,454</u>	<u>\$ 11,978,080</u>

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

Function/Program	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities:				
General government	\$ 135,035	\$ 92,145	\$ 379,084	\$ 234,666
Development and Engineering	925,752	554,623	656,137	1,472,042
Public safety	3,593,229	3,500,312	3,780,466	3,488,411
Public works	5,130,737	4,609,105	3,556,569	5,889,898
Health and welfare	327,852	358,574	376,131	356,526
Culture and recreation	1,497,747	1,533,839	1,349,080	948,610
Education	<u>33,899,946</u>	<u>34,522,464</u>	<u>36,999,060</u>	<u>43,240,888</u>
Subtotal governmental activities	<u>\$ 45,510,298</u>	<u>\$ 45,171,062</u>	<u>\$ 47,096,527</u>	<u>\$ 55,631,041</u>
Business-type activities				
Water and sewer	\$ 21,065,966	\$ 23,133,452	\$ 21,801,228	\$ 22,650,899
Electric	80,826,660	94,209,090	86,785,871	96,353,979
Stormwater management	0	0	0	0
Brush Chipping	187,296	130,710	0	0
Airport	<u>8,034,756</u>	<u>1,564,595</u>	<u>3,457,549</u>	<u>8,613,747</u>
Subtotal business-type activities	<u>\$ 110,114,678</u>	<u>\$ 119,037,847</u>	<u>\$ 112,044,648</u>	<u>\$ 127,618,625</u>
Total primary government	<u>\$ 155,624,976</u>	<u>\$ 164,208,909</u>	<u>\$ 159,141,175</u>	<u>\$ 183,249,666</u>

Source: Official record of Office of City Clerk.

2012	2013	2014	2015	2016	2017
\$ 116,736	\$ 134,104	\$ 122,688	\$ 167,161	\$ 368,176	\$ 454,229
1,548,127	1,509,789	993,896	624,031	743,144	619,475
3,516,915	2,526,039	1,094,936	1,212,259	1,183,264	1,579,472
5,431,881	4,909,092	6,529,526	6,087,104	8,832,654	5,494,157
353,828	428,573	226,117	47,810	36,540	47,057
1,041,708	933,323	1,139,580	1,178,229	1,158,832	1,052,964
<u>40,259,363</u>	<u>40,226,118</u>	<u>41,174,659</u>	<u>43,450,641</u>	<u>45,381,805</u>	<u>47,427,405</u>
<u>\$ 52,268,558</u>	<u>\$ 50,667,038</u>	<u>\$ 51,281,402</u>	<u>\$ 52,767,235</u>	<u>\$ 57,704,415</u>	<u>\$ 56,674,759</u>
\$ 24,677,843	\$ 23,149,324	\$ 25,045,728	\$ 26,043,419	\$ 28,337,385	\$ 29,435,064
94,477,235	96,521,141	98,446,717	99,324,611	97,364,119	101,465,440
0	0	0	0	866,714	1,491,581
0	0	0	0	0	0
<u>3,683,749</u>	<u>9,273,924</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 122,838,827</u>	<u>\$ 128,944,389</u>	<u>\$ 123,492,445</u>	<u>\$ 125,368,030</u>	<u>\$ 126,568,218</u>	<u>\$ 132,392,085</u>
<u>\$ 175,107,385</u>	<u>\$ 179,611,427</u>	<u>\$ 174,773,847</u>	<u>\$ 178,135,265</u>	<u>\$ 184,272,633</u>	<u>\$ 189,066,844</u>

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

(modified accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund				
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 4,067
Restricted	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	10,152,078
Unreserved	<u>8,670,275</u>	<u>8,771,673</u>	<u>9,115,200</u>	<u>0</u>
Total general fund	<u>\$ 8,670,275</u>	<u>\$ 8,771,673</u>	<u>\$ 9,115,200</u>	<u>\$ 10,156,145</u>
 All Other Governmental Funds:				
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 473,636
Restricted	0	0	0	2,452,381
Committed	0	0	0	812,939
Assigned	0	0	0	7,165,754
Reserved	982,489	1,651,821	2,322,595	0
Unreserved, reported in:				
Special revenue funds	3,803,130	2,868,027	3,542,121	0
Debt service funds	2,692,706	2,849,584	3,246,244	0
Capital projects funds	2,086,748	1,957,547	3,133,624	0
Permanent funds	<u>20,122</u>	<u>6,647</u>	<u>521</u>	<u>0</u>
Total all other governmental funds	<u>\$ 9,585,195</u>	<u>\$ 9,333,626</u>	<u>\$ 12,245,105</u>	<u>\$ 10,904,710</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.

2012	2013	2014	2015	2016	2017
\$ 4,193	\$ 4,079	\$ 47,629	\$ 53,174	\$ 41,762	\$ 0
0	0	0	26,897	5,148	0
0	0	10,666,100	5,878,509	0	0
11,955,804	12,388,007	2,098,326	3,766,227	10,800,152	11,548,699
0	0	0	0	0	0
<u>\$ 11,959,997</u>	<u>\$ 12,392,086</u>	<u>\$ 12,812,055</u>	<u>\$ 9,724,807</u>	<u>\$ 10,847,062</u>	<u>\$ 11,548,699</u>
\$ 473,636	\$ 473,636	\$ 473,636	\$ 473,636	\$ 673,509	\$ 760,148
3,068,100	3,101,853	3,153,971	3,710,430	3,482,172	4,036,176
869,249	728,768	494,210	614,333	699,329	740,978
9,287,308	10,357,450	8,854,163	12,795,459	15,153,991	16,250,478
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>\$ 13,698,293</u>	<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>

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

	2008	2009	2010	2011
REVENUES				
Taxes	\$ 26,427,496	\$ 27,162,225	\$ 29,323,204	\$ 30,419,645
Licenses and permits	568,441	341,384	377,132	584,538
Intergovernmental	41,534,518	41,359,146	43,498,396	51,877,725
Fines and forfeitures	990,387	884,237	958,249	872,680
Charges for services	6,162,803	6,317,883	6,010,112	6,160,788
Interest	527,698	80,159	27,007	50,905
Miscellaneous	2,066,056	3,134,650	1,236,941	833,158
Total Revenues	\$ 78,277,399	\$ 79,279,684	\$ 81,431,041	\$ 90,799,439
EXPENDITURES				
General government	\$ 2,260,515	\$ 2,386,824	\$ 2,429,060	\$ 2,376,498
Development and Engineering	854,944	876,634	783,855	760,472
Public safety	16,066,722	17,004,076	15,793,335	16,638,957
Public works	7,679,981	8,107,529	8,075,972	8,412,481
Health and welfare	497,414	493,166	506,882	533,470
Culture and recreation	3,314,547	3,052,883	3,188,748	3,254,143
Education	38,597,871	38,826,465	40,237,280	43,728,161
Appropriations	1,088,089	1,083,718	1,072,554	1,070,897
Capital outlay	9,730,177	7,979,274	7,708,385	11,792,319
Debt service:				
Interest	1,816,428	2,015,129	1,939,428	2,282,667
Principal	3,148,679	3,191,643	2,896,597	2,748,022
Total Expenditures	\$ 85,055,367	\$ 85,017,341	\$ 84,632,096	\$ 93,598,087
Excess of revenues over (under) expenditures	\$ (6,777,968)	\$ (5,737,657)	\$ (3,201,055)	\$ (2,798,648)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 14,898,717	\$ 13,963,115	\$ 13,766,312	\$ 14,513,077
Transfers out	(13,371,766)	(12,343,936)	(12,044,051)	(12,720,354)
Notes issued	951,300	3,761,400	4,160,000	312,203
Bonds issued	0	0	0	0
Capital leases issued	0	0	0	394,272
Refunding bonds issued	0	25,525,000	24,960,000	0
Premium on bonds issued	0	19,831	265,800	0
Payment to refunding bond escrow agent	0	(25,337,924)	(24,652,000)	0
Total other financing sources (uses)	\$ 2,478,251	\$ 5,587,486	\$ 6,456,061	\$ 2,499,198
Net change in fund balances	\$ (4,299,717)	\$ (150,171)	\$ 3,255,006	\$ (299,450)
Debt service as a percent of noncapital expenditures	6.59%	6.76%	6.29%	6.18%

Source: Official record of Office of City Clerk.

2012	2013	2014	2015	2016	2017
\$ 31,817,105	\$ 34,059,819	\$ 35,733,289	\$ 36,910,848	\$ 37,144,740	\$ 37,905,053
427,088	432,178	353,841	492,000	490,234	628,772
49,795,300	49,121,532	50,130,677	53,062,532	57,391,236	56,284,038
716,361	548,657	537,317	665,896	565,843	527,112
6,164,915	5,412,247	4,832,380	4,617,463	4,442,072	3,949,204
58,173	79,614	82,638	96,088	137,225	208,210
689,868	748,627	698,215	2,202,082	862,571	903,685
<u>\$ 89,668,810</u>	<u>\$ 90,402,674</u>	<u>\$ 92,368,357</u>	<u>\$ 98,046,909</u>	<u>\$ 101,033,921</u>	<u>\$ 100,406,074</u>
\$ 2,243,393	\$ 2,286,876	\$ 2,436,907	\$ 2,602,422	\$ 3,084,380	\$ 3,179,666
828,940	926,915	1,346,723	1,421,401	1,847,168	1,839,944
16,334,062	16,364,461	16,616,921	16,976,679	17,587,413	17,973,900
8,242,610	7,917,343	8,689,791	8,676,635	8,460,640	7,633,818
548,043	654,628	566,625	483,389	501,236	521,479
3,352,727	3,864,417	4,077,475	4,164,402	4,028,549	4,269,135
43,685,843	44,673,856	46,062,827	46,715,950	48,423,074	51,046,808
1,070,066	1,074,137	1,185,501	1,091,983	1,098,651	1,192,403
8,380,283	12,573,516	8,762,567	10,348,141	14,401,524	9,035,158
2,477,857	2,691,153	2,699,740	4,040,333	4,164,233	4,514,324
2,771,273	2,856,470	3,337,925	2,384,230	2,340,075	2,228,124
<u>\$ 89,935,097</u>	<u>\$ 95,883,772</u>	<u>\$ 95,783,002</u>	<u>\$ 98,905,565</u>	<u>\$ 105,936,943</u>	<u>\$ 103,434,759</u>
<u>\$ (266,287)</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>
\$ 14,792,877	\$ 14,716,372	\$ 15,329,355	\$ 21,688,975	\$ 15,751,495	\$ 16,450,779
(12,899,360)	(13,099,846)	(13,130,982)	(19,441,870)	(13,429,155)	(14,013,119)
2,615,335	5,260,075	4,600,000	0	6,040,200	2,628,550
0	0	0	0	0	0
354,870	0	127,220	142,181	0	442,891
0	0	25,306,480	0	13,057,880	0
0	0	0	0	0	0
0	0	(25,173,537)	0	(12,980,000)	0
<u>\$ 4,863,722</u>	<u>\$ 6,876,601</u>	<u>\$ 7,058,536</u>	<u>\$ 2,389,286</u>	<u>\$ 8,440,420</u>	<u>\$ 5,509,101</u>
<u>\$ 4,597,435</u>	<u>\$ 1,395,503</u>	<u>\$ 3,643,891</u>	<u>\$ 1,530,630</u>	<u>\$ 3,537,398</u>	<u>\$ 2,480,416</u>
6.28%	6.43%	6.88%	7.27%	7.02%	7.07%

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

Schedule 6

Fiscal Year	Property	Interest & Penalty	In lieu	Local Sales	Wholesale Beer	Gross Receipts	Franchise	Total
2008	\$ 15,239,432	\$ 156,498	\$ 19,208	\$ 7,929,077	\$ 1,206,434	\$ 883,959	\$ 992,888	\$ 26,427,496
2009	15,510,166	131,485	22,112	8,389,829	1,239,216	939,795	929,622	27,162,225
2010	16,099,996	194,301	90,822	9,840,465	1,245,869	898,254	953,497	29,323,204
2011	16,783,152	275,607	77,898	10,173,414	1,303,212	962,609	843,753	30,419,645
2012	16,701,263	270,429	281,289	11,180,125	1,490,010	1,103,755	790,234	31,817,105
2013	16,628,885	232,828	247,400	13,422,892	1,514,062	1,139,178	874,574	34,059,819
2014	19,024,749	215,627	501,661	12,545,904	1,555,503	956,672	933,173	35,733,289
2015	19,613,707	217,448	239,618	13,085,724	1,588,040	1,176,363	989,948	36,910,848
2016	19,609,561	194,097	285,008	13,322,417	1,584,441	1,244,796	904,420	37,144,740
2017	19,952,051	218,748	336,281	13,693,221	1,509,444	1,315,875	879,433	37,905,053
Change 2008-2017	30.9%	39.8%	1650.7%	72.7%	25.1%	48.9%	-11.4%	43.4%

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
2008	\$ 348,565,598	\$ 423,629,888	\$ 145,922,372
2009	356,217,401	435,670,644	146,945,263
2010	407,963,297	504,682,708	168,029,054
2011	408,183,737	512,067,105	170,815,182
2012	413,982,981	509,365,475	162,580,268
2013	410,787,511	522,433,859	168,476,998
2014	400,535,764	488,849,475	164,659,894
2015	404,345,830	510,647,222	171,538,179
2016	412,602,974	507,098,128	166,516,773
2017	419,022,912	518,576,938	173,731,683

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.

Public Utilities	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
\$ 22,151,480	\$ 940,269,338	\$ 1.65	\$ 2,993,641,564	31.4 %
22,742,171	961,575,479	1.65	3,059,197,507	31.4
24,313,598	1,104,988,657	1.4904	3,512,813,977	31.5
23,460,241	1,114,526,265	1.4904	3,539,367,529	31.5
22,703,062	1,108,631,786	1.4904	3,526,518,432	31.4
23,526,358	1,125,224,726	1.4904	3,568,066,432	31.5
22,049,469	1,076,094,602	1.7655	3,426,781,400	31.4
22,909,126	1,109,440,357	1.7655	3,521,535,271	31.5
22,751,495	1,108,969,370	1.7655	3,528,569,562	31.4
21,491,799	1,132,823,332	1.7655	3,603,931,085	31.4

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

Fiscal Year	City		Overlapping Rates - Bradley County				
	Direct Rate	General Fund	Public Library	Pike Road	County Schools	City Schools	
2008	\$ 1.65	\$ 0.5147	\$ 0.0312	\$ 0.1427	\$ 0.6503	\$ 0.3006	
2009	1.65	0.4570	0.0277	0.1263	0.5740	0.2695	
2010	1.4904	0.4570	0.0277	0.1263	0.5740	0.2695	
2011	1.4904	0.4570	0.0277	0.1263	0.5740	0.2695	
2012	1.4904	0.4570	0.0277	0.1263	0.5740	0.2695	
2013	1.4904	0.5269	0.0282	0.1287	0.5734	0.2859	
2014	1.7655	0.5404	0.0289	0.1320	0.5878	0.2935	
2015	1.7655	0.5349	0.0277	0.1276	0.5624	0.2985	
2016	1.7655	0.5349	0.0277	0.1276	0.5624	0.2985	
2017	1.7655	0.5339	0.0250	0.1244	0.5533	0.2941	

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

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

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

Overlapping Rates - Bradley County - Continued						Total Direct and Overlapping Rate
Debt Service	Capital Projects	Education Capital Projects	Community Development	Total Bradley County		
\$ 0.2786	\$ 0.1000	\$ 0.0019	\$ -	\$ 2.0200	\$ 3.6700	
0.2355	-	0.0017	0.1003	1.7920	3.4420	
0.2355	-	0.0017	0.1003	1.7920	3.2824	
0.2355	-	0.0017	0.1003	1.7920	3.2824	
0.2355	-	0.0017	0.1003	1.7920	3.2824	
0.2297	-	0.0017	0.0509	1.8254	3.3158	
0.2356	-	0.0017	0.0522	1.8721	3.6376	
0.2674	-	0.0016	0.0520	1.8721	3.6376	
0.2674	-	0.0016	0.0520	1.8721	3.6376	
0.2414	0.0414	-	0.0580	1.8715	3.6370	

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

Schedule 9

<u>Taxpayer</u>	<u>2016</u>			<u>2007</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>
Ocoee Health Corporation	\$ 35,674,049	1	3.21%	\$ 23,668,849	3	2.58%
Bayer Healthcare	24,419,242	2	2.20	11,076,678	7	1.21
Life Care Centers of America	23,452,941	3	2.11	12,725,024	6	1.39
Mars Snackfoods	22,214,888	4	2.00	24,682,767	2	2.69
Duracell Company	18,764,078	5	1.69	18,139,965	4	1.98
Whirlpool	11,834,384	6	1.06	29,065,150	1	3.17
Walmart	9,957,758	7	0.90	8,230,379	9	0.90
Jones Properties	8,288,876	8	0.75	-	-	-
Peyton's Southeastern	8,211,613	9	0.74	13,282,952	5	1.45
Southeastern Container	7,237,032	10	0.65	-	-	-
Johnston Coca-Cola	-	-	-	6,475,445	10	0.71
Bellsouth	-	-	-	8,673,115	8	0.94
Totals	<u>\$ 170,054,861</u>		<u>15.30%</u>	<u>\$ 156,020,324</u>		<u>17.02%</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
2008	\$ 15,514,444	\$ 14,406,638	92.9 %	1,081,088	\$ 15,487,726	99.8 %
2009	15,869,700	14,659,032	92.4	1,169,184	15,828,216	99.7
2010	16,491,558	14,982,438	90.8	1,463,538	16,445,976	99.7
2011	16,608,494	15,383,696	92.6	1,186,536	16,570,232	99.8
2012	16,294,716	15,299,096	93.9	950,334	16,249,430	99.7
2013	16,699,031	15,612,473	93.5	1,012,218	16,624,691	99.6
2014	18,859,181	17,898,630	94.9	851,510	18,750,140	99.4
2015	19,550,308	18,561,193	95.3	827,908	19,389,101	99.2
2016	19,557,553	18,745,766	95.8	527,251	19,273,017	98.5
2017	20,008,944	18,941,986	95.8	0	18,941,986	94.7

Source: Official records of Office of City Clerk.

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Apparel Stores	\$ 24,557,551	\$ 23,889,508	\$ 23,196,641	\$ 22,968,582
General Merchandise Stores	198,812,878	217,069,065	211,669,093	212,408,304
Food Stores	81,744,415	85,451,136	83,313,624	81,734,875
Eating and Drinking Places	110,229,805	114,031,347	113,360,467	115,354,893
Furniture Stores	25,419,561	29,137,587	20,378,691	18,206,730
Building Materials	86,587,221	77,945,342	64,311,183	64,449,914
MV Dealers and Service Stations	54,702,390	57,305,039	58,349,439	63,719,429
Other Retail	54,205,683	53,159,542	54,525,312	56,470,758
All Other Outlets	<u>125,169,940</u>	<u>128,726,025</u>	<u>114,423,011</u>	<u>114,343,520</u>
Total	<u>\$ 761,429,444</u>	<u>\$ 786,714,591</u>	<u>\$ 743,527,461</u>	<u>\$ 749,657,005</u>
City direct sales tax rate	2.25%	2.25%	2.25%/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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 23,696,309	\$ 24,874,164	\$ 25,648,895	\$ 26,695,892	\$ 28,868,016	\$ 28,132,195
218,850,296	220,486,064	220,277,745	222,347,406	233,711,647	234,275,628
89,648,300	93,245,397	95,135,145	106,471,779	112,096,356	113,083,863
125,492,706	136,648,212	138,642,092	147,161,813	158,677,432	160,746,625
24,584,741	17,588,750	17,814,109	17,743,880	16,312,162	16,227,883
72,925,808	78,397,949	76,136,640	72,538,049	60,732,654	84,841,122
69,025,064	71,337,280	74,355,981	83,823,948	96,437,981	101,579,505
59,093,623	61,405,593	63,159,468	65,775,334	69,919,188	70,057,002
<u>126,459,065</u>	<u>139,311,618</u>	<u>141,967,597</u>	<u>152,692,339</u>	<u>164,536,138</u>	<u>158,214,097</u>
<u>\$ 809,775,912</u>	<u>\$ 843,295,027</u>	<u>\$ 853,137,672</u>	<u>\$ 895,250,440</u>	<u>\$ 941,291,574</u>	<u>\$ 967,157,920</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>
2008	2.25 %
2009	2.25/2.75
2010	2.75
2011	2.75
2012	2.75
2013	2.75
2014	2.75
2015	2.75
2016	2.75
2017	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 2008 AND 2017

	Fiscal Year 2008			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1 Retail Trade	874	57.05 %	\$ 14,562,604	83.46 %
2 Services	377	24.61	1,180,987	6.77
3 Manufacturing	95	6.20	578,564	3.32
4 Wholesale Trade	96	6.27	640,526	3.67
5 Construction	13	0.85	31,277	0.18
6 Finance Insurance Real Estate	19	1.24	18,745	0.11
7 Transportation and Utilities	8	0.52	98,955	0.57
8 Agriculture	8	0.52	22,340	0.13
9 Other, Non Classified	42	2.74	313,645	1.80
Total	<u>1,532</u>	<u>100.00 %</u>	<u>\$ 17,447,643</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 2017			
Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
738	52.44 %	\$ 22,539,556	83.09 %
292	21.14	2,150,768	7.93
91	6.59	464,882	1.71
85	6.15	1,062,083	3.92
16	1.16	45,339	0.17
27	1.96	61,489	0.23
18	1.30	220,396	0.81
7	0.51	8,498	0.03
107	7.75	572,674	2.11
<u>1,381</u>	<u>100.00 %</u>	<u>\$ 27,125,685</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
2008	\$ 6,370,000	\$ 14,275,685	\$ 44,664,872	\$ 0
2009	5,885,000	13,313,207	48,095,182	0
2010	5,735,000	36,888,110	27,456,503	0
2011	5,580,000	35,194,326	27,361,943	375,238
2012	5,420,000	33,505,542	29,393,873	692,527
2013	5,250,000	31,737,203	33,953,841	653,351
2014	5,075,000	55,369,755	17,975,620	587,468
2015	4,825,000	52,879,673	16,897,282	488,654
2016	0	54,915,950	21,867,578	241,845
2017	0	51,933,508	23,141,751	488,149

Source: Official record of Office of City Clerk.

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

Business-type Activities

Revenue Bonds	Notes	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 28,867,336	\$ 33,845,000	\$ 128,022,893	2.64 %	\$ 3,221
27,018,821	32,030,000	126,342,210	2.65	3,139
56,064,782	606,994	126,751,389	2.74	3,071
61,674,516	792,000	130,978,023	2.82	3,140
57,968,972	877,265	127,858,179	3.15	3,017
54,251,865	4,903,981	130,750,241	3.15	3,057
51,254,670	5,384,687	135,647,200	3.39	3,141
47,297,712	14,925,753	137,314,074	3.35	3,180
43,399,301	23,383,573	143,808,247	3.05	3,273
39,282,580	26,835,112	141,681,100	3.18	3,147

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
2008	\$ 20,645,685	\$ 2,993,641,564	39,333	0.7 %	\$ 525
2009	19,198,207	3,059,197,507	39,753	0.6	483
2010	42,623,110	3,512,813,977	40,261	1.2	1,059
2011	40,774,326	3,539,367,529	41,285	1.2	988
2012	38,925,542	3,526,518,432	41,723	1.1	933
2013	36,987,203	3,568,066,432	42,386	1.0	873
2014	60,444,755	3,426,781,400	42,774	1.8	1,413
2015	57,704,673	3,521,535,271	43,182	1.6	1,336
2016	54,915,950	3,528,569,562	43,898	1.6	1,251
2017	51,933,508	3,603,931,085	44,337	1.4	1,171

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, 2017

Schedule 16

	<u>Net Debt Outstanding</u>	<u>Percentage of Debt Applicable to the City</u>	<u>City's Share of Debt</u>
City of Cleveland direct debt	\$ 75,563,408	100.00%	\$ 75,563,408
Bradley County, Tennessee	<u>72,314,172</u>	47.12%	<u>34,074,438</u>
Total direct and overlapping debt	<u>\$ 147,877,580</u>		<u>\$ 109,637,846</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 93,473,439	\$ 98,074,388	\$ 110,539,912	\$ 111,465,762
Total net debt applicable to limit	<u>63,127,166</u>	<u>64,921,560</u>	<u>67,053,472</u>	<u>65,804,739</u>
Legal debt margin	<u>\$ 30,346,273</u>	<u>\$ 33,152,828</u>	<u>\$ 43,486,440</u>	<u>\$ 45,661,023</u>
Total net debt applicable to limit as a percentage of debt limit	67.53%	66.20%	60.66%	59.04%

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 109,359,910	\$ 112,073,394	\$ 107,609,460	\$ 108,653,123	\$ 108,621,788	\$ 113,282,333
<u>66,667,364</u>	<u>69,103,328</u>	<u>75,438,027</u>	<u>71,174,432</u>	<u>72,563,860</u>	<u>70,824,771</u>
<u>\$ 42,692,546</u>	<u>\$ 42,970,066</u>	<u>\$ 32,171,433</u>	<u>\$ 37,478,691</u>	<u>\$ 36,057,928</u>	<u>\$ 42,457,562</u>
60.96%	61.66%	70.10%	65.51%	66.80%	62.52%

Legal Debt Margin Calculation for Fiscal Year 2017

Total assessed value		<u>\$ 1,132,823,332</u>
Legal debt margin:		
Debt limitation - 10% of total assessed value as adopted by resolution		\$ 113,282,333
Debt applicable to limit:		
Total bonded debt	\$ 141,467,492	
Less: Revenue bonds	66,020,112	
Amount available for repayment of general obligation bonds	<u>4,622,609</u>	
Total debt applicable to limit		<u>70,824,771</u>
Legal debt margin		<u>\$ 42,457,562</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	
2008	\$ 20,208,450	\$ 13,823,995	\$ 6,384,455	\$ 2,615,000	\$ 2,136,772	\$ 4,751,772	1.34
2009	20,994,856	14,279,638	6,715,218	3,275,000	1,930,027	5,205,027	1.29
2010	20,359,154	14,338,730	6,020,424	3,535,000	1,939,915	5,474,915	1.10
2011	21,846,514	14,496,608	7,349,906	2,605,000	1,942,720	4,547,720	1.62
2012	23,545,153	14,742,103	8,803,050	2,928,418	1,888,023	4,816,441	1.83
2013	23,149,324	15,292,780	7,856,544	3,121,629	1,681,401	4,803,030	1.64
2014	25,045,728	15,695,140	9,350,588	3,182,356	1,700,224	4,882,580	1.92
2015	26,043,419	15,044,789	10,998,630	3,345,599	1,534,811	4,880,410	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

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
2007	39,333	\$ 3,246,309	\$ 28,745	37
2008	39,753	3,382,926	29,595	37
2009	40,261	3,353,827	29,141	37
2010	41,285	3,473,120	29,949	37
2011	41,723	3,688,881	31,620	38
2012	42,386	4,031,075	34,246	38
2013	42,774	4,123,064	34,783	38
2014	43,182	4,601,591	38,441	34
2015	43,898	4,392,733	36,344	35
2016	44,337	4,502,889	37,134	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.

<u>Percent High School graduate or higher</u>	<u>Percent Bachelor's degree or higher</u>	<u>School Enrollment</u>	<u>Annual Average Adjusted Unemployment Rate (%)</u>
76 %	22 %	4,632	7.0 %
76	22	4,849	6.4
76	22	4,869	9.9
82	25	4,965	9.3
83	24	5,009	9.0
83	24	5,423	7.7
84	24	5,440	7.5
85	23	5,575	6.5
85	23	5,302	4.8
83	24	5,638	2.8

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

Employer	2017		
	Employees	Rank	Percentage of Total Labor Force Bradley County
Whirlpool/Maytag	1,251	1	2.08 %
Bradley County Schools	1,200	2	2.00
Tennova	1,157	3	1.93
City Government	989	4	1.65
Peyton's Southeastern	950	5	1.58
Lee University	816	6	1.36
Jackson Furniture Industries	800	7	1.33
Wal-Mart	850	8	1.42
Bradley County Government	620	9	1.03
Mars Chocolate	575	10	0.96
Duracell	N/A	N/A	N/A
Total	9,208		15.34 %

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.

2008		
Employees	Rank	Percentage of Total Labor Force Bradley County
2,075	1	4.26 %
1,000	5	2.05
1,100	3	2.26
1,162	2	2.39
1,000	4	2.05
N/A	N/A	N/A
900	6	1.85
780	8	1.60
630	9	1.29
800	7	1.64
525	10	1.08
<u>9,972</u>		<u>20.47 %</u>

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

Schedule 21

<u>Function/Program</u>	Full-time Equivalent Employees as of June 30									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government										
City Council and legislative	1	1	1	1	1	1	1	1	1	1
Administration and finance	16	16	16	15	14	14	14	14	23	24
Community development	10	10	8	8	8	8	14	14	15	15
Cleveland Regional Jetport	0	0	0	0	0	0	1	1	1	1
Police										
Officers	92	92	88	94	95	85	91	91	92	91
Civilians	12	12	11	12	12	11	12	12	12	12
Fire										
Firefighters and officers	91	97	94	94	94	89	91	91	91	91
Civilians	1	1	1	1	1	1	1	1	1	1
Public works										
Operations	26	26	25	26	26	20	21	21	21	21
Engineering	7	7	7	7	5	4	0	0	0	0
Landscaping maintenance	8	8	10	0	0	0	0	0	0	0
Solid waste management	13	13	14	14	14	13	13	13	13	13
Stormwater management fund	2	2	2	2	2	2	2	2	3	3
State street aid	11	11	11	11	11	10	11	11	11	11
Fleet management	8	8	8	8	8	8	7	7	6	6
Brush chipping	1	1	0	0	0	0	0	0	0	0
Parks and recreation										
Administration and maintenance	9	9	9	9	9	9	9	9	10	10
Landscaping maintenance	0	0	0	7	7	7	7	7	9	10
College Hill Recreation Center	3	3	3	3	3	3	3	3	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	6	0	0
Animal control										
Administration and operations	8	8	8	8	8	8	8	6	6	6
Community development block grant	2	2	2	2	2	2	2	2	2	2
Subtotal	331	337	328	332	330	305	318	316	325	326
Cleveland Utilities										
Electric division	114	115	91	89	88	84	83	82	76	83
Water/wastewater division	86	85	109	102	98	98	103	100	108	114
City schools										
Certificated staff	370	379	383	387	397	407	423	432	434	445
Non-certificated personnel	258	263	268	270	274	277	283	290	294	308
Library	10	10	10	10	11	11	11	11	11	11
Total	1,169	1,189	1,189	1,190	1,198	1,182	1,221	1,231	1,248	1,287

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General government				
Building permits issued	393	247	286	217
Value of construction permitted	\$107,879,191	\$39,596,442	\$41,805,750	\$43,490,568
Police				
Parking violations	1,082	1,349	1,659	1,669
Traffic violations	8,437	6,244	7,617	8,771
Fire				
Emergency responses (city only)	1,456	1,932	2,497	2,969
Fires extinguished (city only)	178	135	150	245
Fire inspections	2,973	2,755	2,713	3,162
Public works				
Street resurfacing (tonnage)	6,362	0	3,773	8,669
Utility cut permits (number excavations)	329	321	290	293
Drainage pipe installed (linear ft.)	7,119	5,995	3,166	5,054
Tons of brush chipped	1,080	4,353	5,507	8,523
Parks and recreation				
Softball league participants	1,500	1,814	1,820	1,155
Basketball league participants	184	212	220	200
Football league participants	n/a	90	258	150
Soccer league participants	875	920	950	950
Rounds of golf played	12,400	10,000	9,600	3,500
Library				
Volumes in collection	144,202	149,970	149,867	152,407
Circulation	356,498	356,050	361,590	389,603
Attendants	251,246	254,440	261,118	269,262
City Schools				
Average Daily Membership				
High School	1,274	1,246	1,224	1,254
Middle School	1,035	1,207	1,117	1,124
Elementary Schools	2,241	2,315	2,380	2,514
Ungraded - Special Education	82	81	81	81
ACT composite scores	21	22	20	21
Percent of High School graduates	82	89	88	81
Electric				
Class of Service number of Customers				
Residential	24,672	24,539	24,720	25,003
Small lighting and power	3,627	3,616	3,652	3,669
Large lighting and power	647	619	624	647
Street and outdoor lighting	113	115	110	108
Kilowatt-hours purchased	1,136,162,043	1,095,830,882	1,112,981,850	1,118,790,042
Kilowatt-hours sold	1,102,780,890	1,060,994,420	1,078,380,377	1,095,719,182
Line losses and kilowatt-hours unaccounted for	33,381,153	34,836,462	34,601,473	23,070,860
Percentage of losses and unaccounted for kilowatt-hours to purchases	2.94%	3.18%	3.11%	2.06%

2012	2013	2014	2015	2016	2017
360	350	379	403	289	415
\$63,587,030	\$59,121,927	\$37,240,586	\$65,893,431	\$70,217,886	\$61,147,619
1,130	974	1,309	1,631	975	939
5,603	4,060	4,410	5,766	4,744	3,906
2,939	2,429	2,872	2,665	2,909	2,898
136	169	242	126	173	249
2,454	2,208	2,055	2,263	1,634	3,078
9,967	18,898	12,107	9,176	17,795	12,598
228	229	226	244	185	234
3,901	5,919	4,690	6,936	6,706	5,529
6,446	8,282	8,644	12,117	8,633	10,721
1,440	1,500	1,455	1,650	450	425
216	230	204	202	220	220
74	80	70	65	150	150
950	1,000	850	1,045	2,067	2,169
4,000	5,000	8,289	3,236	0	0
156,934	161,836	164,078	168,061	174,614	179,345
421,792	409,206	401,430	402,064	404,869	384,655
307,291	270,860	277,185	241,778	225,411	223,416
1,297	1,339	1,398	1,448	1,451	1,586
1,147	1,200	1,231	1,227	1,269	1,310
2,567	2,884	2,811	2,850	2,582	2,500
81	81	81	81	103	96
20	20	20	19	20	20
82	86	84	86	90	89
25,170	25,420	25,806	26,190	26,487	26,872
3,706	3,720	3,789	3,809	3,829	3,846
609	608	613	624	621	612
188	189	188	185	181	177
1,090,315,133	1,103,372,115	1,124,822,813	1,124,645,838	1,092,690,922	1,093,318,270
1,051,139,979	1,072,904,012	1,092,325,754	1,093,701,541	1,059,898,637	1,059,807,534
39,175,154	30,468,103	32,497,059	30,944,297	32,792,285	33,510,736
3.59%	2.76%	2.89%	2.75%	3.00%	3.07%

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Water				
Class of Service number of Customers				
Residential	26,322	26,286	26,465	26,096
Commercial & Industrial	3,056	3,017	3,034	3,611
Gallons purchased	1,411,079,914	1,648,632,220	1,827,886,130	1,860,475,140
Gallons pumped	2,526,119,809	2,107,995,107	1,664,898,520	1,785,496,000
Gallons sold	3,040,388,250	2,861,916,000	2,668,847,250	2,937,399,663
Line losses and gallons unaccounted for	896,811,473	894,711,327	823,937,400	708,571,477
Percentage of losses and unaccounted for gallons to total provided	22.78%	23.82%	23.59%	19.43%
Average daily water consumption (gallons)	8,329,831	7,840,866	7,311,910	8,047,670
Wastewater				
Class of Service number of Customers				
Residential	14,663	14,629	14,792	14,989
Commercial & Industrial	2,534	2,502	2,517	2,543
Capacity daily (thousands of gallons)	21,600	21,600	21,600	21,600
Treatment during fiscal year (gallons)	3,098,910,000	3,482,470,000	3,955,870,000	3,499,120,000

Sources: Various city departments.

2012	2013	2014	2015	2016	2017
26,327	26,496	26,811	27,200	27,514	27,874
3,639	3,671	3,707	3,728	3,708	3,712
1,845,875,000	1,759,640,000	1,717,178,040	1,737,814,650	1,781,982,285	1,830,881,097
1,874,042,670	1,789,485,000	1,965,420,000	1,919,504,751	1,985,954,794	2,269,121,474
2,959,307,166	2,814,193,000	2,706,972,750	2,733,381,750	2,838,000,000	3,076,149,000
760,610,504	709,217,000	902,184,898	923,937,651	929,937,079	1,023,853,571
20.45%	19.98%	24.50%	25.26%	24.68%	24.97%
7,904,814	7,710,118	7,416,364	7,488,717	7,775,343	8,427,805
15,156	15,267	15,469	15,785	15,981	16,197
2,553	2,592	2,626	2,655	2,637	2,635
21,600	21,600	21,600	21,600	21,600	21,600
3,615,480,000	3,995,860,000	3,684,650,000	3,285,830,000	4,005,970,000	3,350,999,000

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

Schedule 23

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	0	0	0	0	0	0	0	0	0	0
Patrol units	88	85	85	95	112	120	118	120	120	120
Fire										
Stations	5	5	5	5	5	5	5	5	5	5
Fire Trucks (pumpers, ladders & tankers)	16	16	16	14	14	14	14	14	14	12
Public works										
Street (miles)	323	323	323	346	347	348	348	349	352	359
Street lights	6,020	6,307	5,714	5,734	5,844	5,801	5,882	6,099	6,098	6,061
Traffic signals	566	582	595	599	604	613	619	646	656	676
Pedestrians signals	56	64	70	70	70	72	80	80	80	88
Knucklebooms	6	5	6	6	6	6	8	9	9	9
Parks and recreation										
Acreage	289	289	289	289	289	289	289	289	289	289
Playgrounds	8	8	8	8	8	8	8	8	8	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	8
Community centers	2	2	2	2	2	2	2	2	2	2
Swimming pools	3	3	3	3	3	3	3	3	3	3
Golf courses	1	1	1	1	1	1	1	0	0	0
Schools										
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
Library										
Bookmobiles	1	1	1	1	1	1	1	1	1	1
Electric										
Electric lines (miles)	522	525	528	528	534	537	539	540	543	542
Substations	15	15	15	15	15	15	15	15	15	15
Water										
Water mains (miles)	728	736	738	741	743	750	760	767	754	753
Fire hydrants	2,416	2,492	2,510	2,565	2,571	2,575	2,627	2,657	2,700	2,732
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
Wastewater										
Sanitary sewers (miles)	334	347	355	355	356	359	359	360	364	364
Treatment capacity (thousands of gal)	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600

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

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

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OTHER

CITY OF CLEVELAND, TENNESSEE

Table 1

INSURANCE IN FORCE

ALL FUND TYPES EXCLUDING CLEVELAND UTILITIES

For the Fiscal Year Ended June 30, 2017

<u>Type of Coverage and Name of Company</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Details of Coverage</u>	<u>Liability Limits</u>	<u>Annual Premium</u>
Property Building and Contents, Boiler and Machinery, Commercial Crime, Inland Marine. TML Risk Management Pool	TMP-8187	9/1/2016 to 8/31/2017	Buildings, contents, boilers, fired vessels electric steam generators. Theft, disappearance and destruction. Radio, video equipment, mobile equip- ment, police dogs.	\$ 64,975,275	\$ 93,558
Comprehensive Liability TML Risk Management Pool	TML-026R	7/1/2016 to 6/30/2017	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	7/1/2016 to 6/30/2017	Job related injuries, employees	\$ 1,000,000 \$ 1,000 ded.	\$ 564,982
Property (School Buildings and Contents, Boiler, Vehicles) Tennessee Risk Management Trust	TNRMT	7/1/2016 to 7/1/2017	Property Equipment Liability	Various	\$ 371,594
Worker's Compensation Tennessee Risk Management Trust	TNRMT	7/1/2016 to 7/1/2017	Job related injuries, employees	\$ 1,000,000	\$ 246,021

CITY OF CLEVELAND, TENNESSEE
INSURANCE IN FORCE
CLEVELAND UTILITIES
For the Fiscal Year Ended June 30, 2017

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, 2017

Table 3

<u>Property Taxes</u>	<u>Balance 7/1/2016</u>	<u>Levies</u>	<u>Collections & Adjustments</u>	<u>Balance 6/30/2017</u>
2016	\$ 0	\$ 20,008,944	\$ 18,941,986	\$ 1,066,958
2015	811,787	0	527,251	284,536
2014	385,271	0	224,064	161,207
2013	171,552	0	62,511	109,041
2012	125,776	0	51,436	74,340
2011	72,775	0	27,489	45,286
2010	41,611	0	3,349	38,262
2009	46,102	0	520	45,582
2008	42,202	0	718	41,484
2007	30,775	0	4,057	26,718
2006	17,683	0	17,683	0
	<u>\$ 1,745,534</u>	<u>\$ 20,008,944</u>	<u>\$ 19,861,064</u>	<u>\$ 1,893,414</u>

Note - Property taxes receivable also include the 2017 levy reported as deferred revenue in the amount of \$19,626,778.

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN GENERAL
 OBLIGATION BONDS PAYABLE
 For the Year Ended June 30, 2017

Table 4

	Interest Rates	Balance 07/01/16	General Obligation		Balance 06/30/17
			New Bonds Issued	Bonds Retired	
General Improvement Refunding Bonds					
Series 2009C					
Maturing 2031	2.00-4.50%	\$ 13,735,000	\$ 0	\$ 30,000	\$ 13,705,000
General Improvement Refunding Bonds					
Series 2009D					
Maturing 2022	2.00-4.00%	5,730,000	0	870,000	4,860,000
General Improvement Refunding Bonds					
Series 2014A					
Maturing 2030	2.51%	21,206,480	0	0	21,206,480
General Improvement Refunding Bonds					
Series 2014B					
Maturing 2018	2.51%	1,667,000	0	973,000	694,000
General Improvement Refunding Bonds					
Series 2015					
Maturing 2024	2.80%	7,855,000	0	806,000	7,049,000
General Improvement Refunding Bonds					
Series 2016A					
Maturing 2036	3.14%	4,587,360	0	284,360	4,303,000
Total General Obligation Bonds		<u>\$ 54,780,840</u>	<u>\$ 0</u>	<u>\$ 2,963,360</u>	<u>\$ 51,817,480</u>

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN REVENUE BONDS PAYABLE
 For the Year Ended June 30, 2017

Table 5

	Balance 7/1/2016	Revenue		Balance 6/30/2017
		New Bonds Issued	Bonds Retired	
Water, sewer & electric revenue and tax bonds, maturing through 2037				
Due June 2028 - 2.00% to 4.375%	\$ 14,050,000	\$ 0	\$ 2,100,000	\$ 11,950,000
Due June 2028 - 2.50% to 4.25%	8,140,000	0	410,000	7,730,000
Due June 2031 - 1.00% to 5.75%	6,700,000	0	420,000	6,280,000
Due September 2028 - 3.45% fixed	6,915,000	0	945,000	5,970,000
Due June 2036 - 3.14% fixed	7,484,640	0	229,640	7,255,000
Total Revenue Bonds	\$ 43,289,640	\$ 0	\$ 4,104,640	\$ 39,185,000

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN NOTES PAYABLE
 For the Year Ended June 30, 2017

Table 6

	Maturity Date	Interest Rate	Balance 07/01/16	Additions	Retirements	Balance 06/30/17
Water Division: Note payable to the State of Tennessee revolving loan fund	2031	2.11%	\$ 522,768	\$ 0	\$ 30,943	\$ 491,825
Water Division: Note payable to the State of Tennessee revolving loan fund - ARRA	2031	2.11%	104,554	0	6,189	98,365
Water Division: Note payable to the TN Municipal Bond Fund Fund Series 2012	2032	Variable	3,000,000	0	187,500	2,812,500
Water Division: Note payable to the State of Tennessee revolving loan fund	2034	1.15%	245,568	1,129,404	20,420	1,354,552
Water Division: Note payable to the State of Tennessee revolving loan fund	2034	1.15%	4,397,703	92,648	0	4,490,351
Water Division: Note payable to the State of Tennessee revolving loan fund	2037	1.11%	0	2,746,539	0	2,746,539
Water Division: Note payable to the State of Tennessee revolving loan fund	2037	0.88%	0	104,897	1,600	103,297
Water/Electric Division: Note payable to the TN Municipal Bond Fund Fund Series 2014	2034	Variable	5,737,500	0	318,750	5,418,750
Water Division: Note payable to the State of Tennessee revolving loan fund	2035	1.50%	1,949,754	0	87,168	1,862,586
Water Division: Note payable to the State of Tennessee revolving loan fund	2036	1.34%	2,325,000	0	101,652	2,223,348
Water/Electric Division: Note payable to the TN Municipal Bond Fund Fund Series 2015	2032	Variable	5,100,726	392,274	260,000	5,233,000
Public Improvement Loans: Note payable to the Public Building Authority Clarksville, TN Series 2008 TMBF	2028	Variable	1,300,000	0	82,000	1,218,000

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN NOTES PAYABLE
 For the Year Ended June 30, 2017

Table 6
 (Continued)

	Maturity Date	Interest Rate	Balance 07/01/16	Additions	Retirements	Balance 06/30/17
Public Improvement Loans: Note payable to the Public Building Authority Clarksville, TN Series 2012	2032	Fixed for 5 years	\$ 1,429,000	\$ 0	\$ 75,000	\$ 1,354,000
Public Improvement Loans: Note payable to the Public Building Authority Clarksville, TN Series 2012	2027	Variable	692,135	0	59,000	633,135
Public Improvement Loans: Note payable to the Public Building Authority Clarksville, TN Series 2012	2028	Variable	4,624,075	439,925	337,000	4,727,000
Public Improvement Loans: Note payable to the Public Building Authority Clarksville, TN Series 2016	2037	Variable	0	1,456,769	0	1,456,769
Airport Improvement Loans: Note payable to the Public Building Authority Clarksville, TN Series 2012	2027	Variable	1,189,000	0	88,000	1,101,000
Airport Improvement Loans: Note payable to the Public Building Authority Clarksville, TN Series 2014	2034	2.64%	3,969,000	0	182,600	3,786,400
Airport Improvement Loans: Note payable to the Public Building Authority Clarksville, TN Series 2015	2036	Variable	306,000	250,000	0	556,000
School Construction Loan: Note payable to the Public Building Authority Clarksville, TN Series 2015	2035	Variable	5,734,200	0	271,200	5,463,000
School Construction Loan: Qualified School Construction Loan (QSCB) Series 2009	2027	1.1515%	2,624,168	0	259,577	2,364,591
School Improvement Loan: Greenfield Turf Series 2017	2019	4.00%	0	481,856	0	481,856
Totals			<u>\$ 45,251,151</u>	<u>\$ 7,094,312</u>	<u>\$ 2,368,599</u>	<u>\$ 49,976,864</u>

CITY OF CLEVELAND, TENNESSEE
 UNCOLLECTED DELINQUENT PROPERTY TAXES FILED
 June 30, 2017

Table 7

<u>Tax Year</u>	<u>Original Amount Filed</u>	<u>Unpaid Balance</u>	<u>Percentage Collected</u>
2007	\$ 452,759	\$ 26,718	94.1 %
2008	501,311	41,484	91.7
2009	614,201	45,582	92.6
2010	501,912	38,262	92.4
2011	371,448	46,286	87.5
2012	396,806	74,340	81.3
2013	335,054	109,041	67.5
2014	427,004	161,207	62.2
2015	340,650	284,536	16.5

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CITY OF CLEVELAND, TENNESSEE
 BOND PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR GENERAL OBLIGATION BONDS
 June 30, 2017

Fiscal Year	2009C Series		2009D Series		2014A Series	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 30,000	\$ 573,756	\$ 890,000	\$ 180,700	\$ 275,480	\$ 532,283
2019	25,000	572,781	910,000	151,775	979,000	525,368
2020	25,000	571,906	990,000	119,925	1,004,000	500,795
2021	25,000	570,969	1,040,000	82,800	1,033,000	475,595
2022	25,000	569,969	1,030,000	41,200	1,050,000	449,667
2023	1,100,000	568,969			1,088,000	423,311
2024	1,050,000	524,969			1,286,000	396,003
2025	300,000	482,969			2,305,000	363,724
2026	3,400,000	470,969			2,295,000	305,869
2027	3,125,000	334,969			2,370,000	248,264
2028	350,000	206,063			2,550,000	188,777
2029	100,000	190,750			2,565,000	124,772
2030	100,000	186,500			2,406,000	60,391
2031	4,050,000	182,250				
2032						
2033						
2034						
2035						
2036						
Total	\$ 13,705,000	\$ 6,007,789	\$ 4,860,000	\$ 576,400	\$ 21,206,480	\$ 4,594,819

Table 8

2014B Series		2015 Series		2016A Series		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 694,000	\$ 17,419	\$ 876,000	\$ 197,372	\$ 294,000	\$ 135,114	\$ 3,059,480	\$ 1,636,644
		931,000	172,844	304,000	125,883	3,149,000	1,548,651
		966,000	146,776	314,000	116,337	3,299,000	1,455,739
		1,006,000	119,728	329,000	106,477	3,433,000	1,355,569
		1,056,000	91,560	343,000	96,147	3,504,000	1,248,543
		1,081,000	61,992	358,000	85,377	3,627,000	1,139,649
		1,133,000	31,724	363,000	74,135	3,832,000	1,026,831
				383,000	62,737	2,988,000	909,430
				390,000	50,711	6,085,000	827,549
				415,000	38,465	5,910,000	621,698
				80,000	25,434	2,980,000	420,274
				85,000	22,922	2,750,000	338,444
				85,000	20,253	2,591,000	267,144
				85,000	17,584	4,135,000	199,834
				90,000	14,915	90,000	14,915
				90,000	12,089	90,000	12,089
				95,000	9,263	95,000	9,263
				100,000	6,280	100,000	6,280
				100,000	3,140	100,000	3,140
<u>\$ 694,000</u>	<u>\$ 17,419</u>	<u>\$ 7,049,000</u>	<u>\$ 821,996</u>	<u>\$ 4,303,000</u>	<u>\$ 1,023,263</u>	<u>\$ 51,817,480</u>	<u>\$ 13,041,686</u>

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR EXCLUDING CLEVELAND UTILITIES
 June 30, 2017

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
	2018	\$ 86,000	\$ 60,900	\$ 61,000	\$ 29,360	\$ 77,000
2019	90,000	56,600	64,000	26,920	78,000	29,626
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						
	<u>\$ 1,218,000</u>	<u>\$ 395,200</u>	<u>\$ 734,000</u>	<u>\$ 170,880</u>	<u>\$ 1,354,000</u>	<u>\$ 264,549</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, 2017.
 (3) \$444,000 of loan proceeds have not been drawn down at June 30, 2017.
 (4) \$3,743,231 of loan proceeds have not been drawn down at June 30, 2017.

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR EXCLUDING CLEVELAND UTILITIES
 June 30, 2017

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
	2018	\$ 237,946	\$ 67,184	\$ 46,000	\$ 30,000	\$ 275,000
2019	259,577	67,184	46,000	28,620	278,000	155,640
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						
	<u>\$ 2,364,590</u>	<u>\$ 610,948</u>	<u>\$ 1,000,000</u>	<u>\$ 313,710</u>	<u>\$ 5,463,000</u>	<u>\$ 1,606,620</u>

Table 9 (Continued)

Note Payable - Public Building Authority of Clarksville, TN 2017 Series (4)		Greenfield Fixed Loan 2017 (Schools) Series		Total	
Principal	Interest	Principal	Interest	Principal	Interest (1)
\$ 191,000	\$ 119,956	\$ 237,954	\$ 12,046	\$ 1,835,300	\$ 848,031
212,000	115,221	243,902	6,098	1,916,479	796,719
217,000	110,180			1,712,578	743,707
222,000	105,022			1,755,577	695,373
227,000	99,746			1,799,577	645,492
233,000	94,341			1,844,577	594,015
238,000	88,807			1,891,578	540,943
244,000	83,143			1,941,578	486,154
250,000	77,339			2,017,130	429,560
256,000	71,393			1,808,472	310,253
261,000	65,318			1,610,000	243,674
268,000	59,103			971,000	190,489
274,000	52,734			991,000	164,557
280,000	46,224			1,010,000	138,109
287,000	39,562			1,030,000	111,156
294,000	32,736			944,000	83,686
301,000	25,744			954,000	58,152
308,000	18,589			700,000	32,149
315,000	11,269			375,000	13,069
322,000	3,784			322,000	3,784
<u>\$ 5,200,000</u>	<u>\$ 1,320,211</u>	<u>\$ 481,856</u>	<u>\$ 18,144</u>	<u>\$ 27,429,846</u>	<u>\$ 7,129,072</u>

CITY OF CLEVELAND, TENNESSEE
 BOND PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES
 June 30, 2017

Electric, Water and Sewer Revenue and Tax Bonds

Fiscal Year	2009C Series		2009D Series		2010 Series	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 435,000	\$ 306,419	\$ 2,040,000	\$ 454,787	\$ 425,000	\$ 192,898
2019	475,000	292,281	1,545,000	388,488	425,000	183,230
2020	625,000	275,656	1,680,000	334,412	430,000	172,732
2021	500,000	252,219	1,895,000	271,413	435,000	161,552
2022	575,000	232,218	1,800,000	195,612	435,000	150,102
2023	675,000	209,219	1,385,000	123,613	440,000	138,084
2024	600,000	182,218	1,010,000	68,213	445,000	125,358
2025	970,000	158,219	420,000	25,288	450,000	111,908
2026	1,040,000	119,418	75,000	7,438	455,000	97,721
2027	985,000	77,819	50,000	4,250	460,000	82,934
2028	850,000	37,188	50,000	2,125	465,000	67,535
2029					465,000	51,516
2030					475,000	35,043
2031					475,000	17,753
2032						
2033						
2034						
2035						
2036						
Total	<u>\$ 7,730,000</u>	<u>\$ 2,142,874</u>	<u>\$11,950,000</u>	<u>\$ 1,875,639</u>	<u>\$ 6,280,000</u>	<u>\$ 1,588,366</u>

Table 10

2014 Series		2016B Series		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 910,000	\$ 190,268	\$ 250,000	\$ 227,807	\$ 4,060,000	\$ 1,372,179
800,000	160,770	260,000	219,957	3,505,000	1,244,726
445,000	139,294	365,000	211,793	3,545,000	1,133,887
440,000	124,028	375,000	200,332	3,645,000	1,009,544
435,000	108,934	395,000	188,557	3,640,000	875,423
435,000	93,926	410,000	176,154	3,345,000	740,996
430,000	79,005	430,000	163,280	2,915,000	618,074
425,000	64,256	445,000	149,778	2,710,000	509,449
420,000	49,680	345,000	135,805	2,335,000	410,062
415,000	35,276	350,000	124,972	2,260,000	325,251
410,000	21,045	355,000	113,982	2,130,000	241,875
405,000	6,986	375,000	102,835	1,245,000	161,337
		380,000	91,060	855,000	126,103
		405,000	79,128	880,000	96,881
		410,000	66,411	410,000	66,411
		415,000	53,537	415,000	53,537
		420,000	40,506	420,000	40,506
		430,000	27,318	430,000	27,318
		440,000	13,816	440,000	13,816
<u>\$ 5,970,000</u>	<u>\$ 1,073,468</u>	<u>\$ 7,255,000</u>	<u>\$ 2,387,028</u>	<u>\$ 39,185,000</u>	<u>\$ 9,067,375</u>

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES
 June 30, 2017

Fiscal Year	Tennessee Municipal Bond Fund Series 2012		Tennessee Municipal Bond Fund Series 2014		State of Tennessee Revolving Loan Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
	2018	\$ 187,500	\$ 112,500	\$ 318,750	\$ 216,750	\$ 37,924
2019	187,500	105,000	318,750	204,000	38,731	11,280
2020	187,500	97,500	318,750	191,250	39,557	10,454
2021	187,500	90,000	318,750	178,500	40,399	9,612
2022	187,500	82,500	318,750	165,750	41,261	8,750
2023	187,500	75,000	318,750	153,000	42,139	7,872
2024	187,500	67,500	318,750	140,250	43,037	6,974
2025	187,500	60,000	318,750	127,500	43,954	6,058
2026	187,500	52,500	318,750	114,750	44,891	5,120
2027	187,500	45,000	318,750	102,000	45,847	4,164
2028	187,500	37,500	318,750	89,250	46,824	3,187
2029	187,500	30,000	318,750	76,500	47,821	2,190
2030	187,500	22,500	318,750	63,750	48,840	1,171
2031	187,500	15,000	318,750	51,000	28,964	204
2032	187,500	7,500	318,750	38,250		
2033			318,750	25,500		
2034			318,750	12,750		
2035						
2036						
2037						
	<u>\$ 2,812,500</u>	<u>\$ 900,000</u>	<u>\$ 5,418,750</u>	<u>\$ 1,950,750</u>	<u>\$ 590,189</u>	<u>\$ 89,124</u>

(1) \$3,683,649 of loan proceeds have not been drawn down at June 30, 2017.

(2) \$978,961 of loan proceeds have not been drawn down at June 30, 2017.

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
\$ 61,740	\$ 15,252	\$ 365,616	\$ 87,852	\$ 88,476	\$ 27,336
62,448	14,544	369,840	83,580	89,820	25,992
63,168	13,824	374,112	79,248	91,176	24,636
63,900	13,092	378,444	74,880	92,556	23,256
64,644	12,348	382,812	70,452	93,948	21,864
65,388	11,604	387,240	65,976	95,364	20,448
66,144	10,848	391,716	61,440	96,804	19,008
66,912	10,080	396,252	56,868	98,268	17,544
67,680	9,312	400,824	52,224	99,756	16,056
68,472	8,520	405,468	47,544	101,256	14,556
69,264	7,728	410,148	42,804	102,792	13,020
70,056	6,936	414,888	38,004	104,340	11,472
70,872	6,120	419,688	33,156	105,912	9,900
71,688	5,304	424,536	28,248	107,520	8,292
72,516	4,476	429,444	23,280	109,140	6,672
73,356	3,636	434,412	18,252	110,784	5,028
74,208	2,784	439,440	13,176	112,464	3,348
75,060	1,932	444,516	8,040	114,156	1,656
75,936	1,056	449,652	2,827	48,054	180
51,100	223	454,952			
<u>\$ 1,354,552</u>	<u>\$ 159,619</u>	<u>\$ 8,174,000</u>	<u>\$ 887,851</u>	<u>\$ 1,862,586</u>	<u>\$ 270,264</u>

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES
 June 30, 2017

Fiscal Year	Tennessee Municipal Bond Fund Series 2015		State of Tennessee Revolving Loan Fund CG4 15-349	
	Principal	Interest	Principal	Interest
	2018	\$ 263,000	\$ 110,935	\$ 103,056
2019	266,000	105,363	104,496	28,596
2020	269,000	99,720	105,936	27,156
2021	272,000	94,024	107,412	25,680
2022	276,000	88,256	108,900	24,192
2023	278,000	82,404	110,412	22,680
2024	282,000	76,512	111,948	21,144
2025	285,000	70,536	113,508	19,584
2026	289,000	64,488	115,080	18,012
2027	292,000	58,357	116,676	16,416
2028	295,000	52,173	118,296	14,796
2029	299,000	45,918	119,940	13,152
2030	303,000	39,579	121,608	11,484
2031	306,000	33,157	123,300	9,792
2032	309,000	26,663	125,016	8,076
2033	313,000	20,116	126,744	6,348
2034	316,000	13,486	128,508	4,584
2035	320,000	6,785	130,296	2,796
2036			132,216	957
2037				
:				
	<u>\$ 5,233,000</u>	<u>\$ 1,088,472</u>	<u>\$ 2,223,348</u>	<u>\$ 305,481</u>

Table 11
(Cont.)

State of Tennessee Revolving Loan Fund DWF 16-172 (2)		State of Tennessee Revolving Loan Fund CG3 17-379		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 167,304	\$ 40,500	\$ 4,836	\$ 888	\$ 1,598,202	\$ 654,137
169,164	38,640	4,872	852	1,611,621	617,847
171,048	36,756	4,920	804	1,625,167	581,348
172,968	34,836	4,968	756	1,638,897	544,636
174,888	32,916	5,004	720	1,653,707	507,748
176,844	30,960	5,052	672	1,666,689	470,616
178,812	28,992	5,100	624	1,681,811	433,292
180,816	26,988	5,136	588	1,696,096	395,746
182,832	24,972	5,184	540	1,711,497	357,974
184,872	22,932	5,232	492	1,726,073	319,981
186,936	20,868	5,280	444	1,740,790	281,770
189,012	18,792	5,328	396	1,756,635	243,360
191,124	16,680	5,376	348	1,772,670	204,688
193,260	14,544	5,424	300	1,766,942	165,841
195,408	12,396	5,472	252	1,752,246	127,565
197,592	10,212	5,520	204	1,580,158	89,296
199,800	8,004	5,568	156	1,594,738	58,288
202,032	5,772	5,616	108	1,291,676	27,089
204,276	3,528	5,664	60	915,798	8,608
206,512	1,259	3,745	14	716,309	1,496
<u>\$ 3,725,500</u>	<u>\$ 430,547</u>	<u>\$ 103,297</u>	<u>\$ 9,218</u>	<u>\$ 31,497,722</u>	<u>\$ 6,091,326</u>

CITY OF CLEVELAND, TENNESSEE
 INVESTMENTS
 June 30, 2017

Table 12

Description		Cost	Fair Value
Investment in Certificates of Deposit:			
First Tennessee Bank	1.00%	\$ 58,733	\$ 58,733
First Tennessee Bank	0.15%	40,528	40,528
First Tennessee Bank	1.00%	38,716	38,716
First Tennessee Bank	0.15%	33,663	33,663
First Tennessee Bank	0.15%	30,328	30,328
First Tennessee Bank	0.15%	25,000	25,000
First Tennessee Bank	0.15%	20,000	20,000
First Tennessee Bank	0.15%	5,990	5,990
First Tennessee Bank	0.10%	13,693	13,693
First Tennessee Bank	0.15%	29,987	29,987
First Tennessee Bank	0.15%	14,993	14,993
First Tennessee Bank	0.15%	5,209	5,209
Total Certificates of Deposit		<u>\$ 316,840</u>	<u>\$ 316,840</u>
Investment in Local Government Investment Pool:			
State of Tennessee		<u>\$ 613,516</u>	<u>\$ 613,516</u>
Total Local Government Investment Pool		<u>\$ 613,516</u>	<u>\$ 613,516</u>
Total Investments		<u><u>\$ 930,356</u></u>	<u><u>\$ 930,356</u></u>
Investments in Fiduciary Fund:			
Mutual Funds:			
American Beacon Small Cap Value Fund		\$ 16,661	\$ 16,264
DFA Real Estate Securities I		16,661	17,301
Dreyfus Global Real Return Fund		16,661	17,075
Federated Total Return Bond Fund		16,661	16,925
Lord Abbett Short Duration Income Fund		33,323	33,246
MFS International Value I		21,660	24,935
Oppenheimer International Growth Y		21,660	25,437
Pimco Global Bond Fund		13,329	13,500
T. Rowe Price Emerging Markets Stock Fund		16,661	19,886
The Hartford Small Cap Growth I		16,661	18,029
Vanguard Growth Index Fund		33,323	37,498
Vanguard High Yield index Fund		33,323	34,184
Vanguard Mid-Cap Growth Index Fund		9,997	11,015
Victory Incore Fund For Income		33,323	32,582
Victory Sycamore Established Value I		19,994	20,674
Voya Midcap Opportunities Fund		9,997	10,525
Total Fiduciary Fund Investments		<u><u>\$ 329,895</u></u>	<u><u>\$ 349,076</u></u>

TRANSFERS

For the Fiscal Year Ended June 30, 2017

<u>Transfers In:</u>	<u>Transfers Out:</u>	<u>Amount</u>
Capital Improvement Program Fund	General Fund	\$ 803,218
Community Development Block Grant Fund	General Fund	30,000
Debt Service Fund	General Fund	5,047,800
Debt Service Fund	School Fund	559,119
Debt Service Fund	State Street Aid Fund	411,200
Debt Service Fund	Spring Branch Industrial Park Fund	139,674
Debt Service Fund	Stormwater Management Fund	1,398
General Fund	Cleveland Utilities - Electric Division	2,005,116
General Fund	Cleveland Utilities - Water Division	431,146
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	<u>1,035,708</u>
	Total	<u>\$ 16,450,779</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 (TN0000117)**
 Reporting Year: **2017** 7/2016 - 6/2017

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.

Enter grading in column 'E' and 'J'

Master Meter and Supply Error Adjustments

WATER SUPPLIED

Volume from own sources:	<input type="text" value="8"/>	<input type="text" value="2,383.142"/>	MG/Yr	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	MG/Yr
Water imported:	<input type="text" value="8"/>	<input type="text" value="1,830.881"/>	MG/Yr	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	MG/Yr
Water exported:	<input type="text" value="8"/>	<input type="text" value="57.868"/>	MG/Yr	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	MG/Yr

Pcnt:	<input type="text" value=""/>	Value:	<input type="text" value=""/>	MG/Yr
	<input type="radio"/>		<input type="radio"/>	
	<input checked="" type="radio"/>		<input type="radio"/>	
	<input type="radio"/>		<input type="radio"/>	
	<input type="radio"/>		<input checked="" type="radio"/>	

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

WATER SUPPLIED: MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	<input type="text" value="9"/>	<input type="text" value="3,018.281"/>	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="85.074"/>	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="34.991"/>	MG/Yr
	<input type="radio"/>		<input checked="" type="radio"/>	

Use buttons to select percentage of water supplied OR value

AUTHORIZED CONSUMPTION: MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

MG/Yr

Apparent Losses

Unauthorized consumption: MG/Yr

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

Customer metering inaccuracies: MG/Yr
 Systematic data handling errors: MG/Yr

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

Apparent Losses: MG/Yr

Pcnt:	<input type="text" value="0.25%"/>	Value:	<input type="text" value=""/>	MG/Yr
	<input checked="" type="radio"/>		<input type="radio"/>	

Pcnt:	<input type="text" value="5.00%"/>	Value:	<input type="text" value=""/>	MG/Yr
	<input checked="" type="radio"/>		<input type="radio"/>	

Pcnt:	<input type="text" value="0.25%"/>	Value:	<input type="text" value=""/>	MG/Yr
	<input checked="" type="radio"/>		<input type="radio"/>	

Real Losses (Current Annual Real Losses or CARL)

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

WATER LOSSES: MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains: miles
 Number of active AND inactive service connections:
 Service connection density: 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: \$/Year
 Customer retail unit cost (applied to Apparent Losses): \$/1000 gallons (US)
 Variable production cost (applied to Real Losses): \$/Million gallons Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

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

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

PRIORITY AREAS FOR ATTENTION:

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

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



**AWWA Free Water Audit Software:
 System Attributes and Performance Indicators**

WAS v5.0
 American Water Works Association
 Copyright © 2014, All Rights Reserved.

Water Audit Report for: Cleveland Utilities (TN0000117)
 Reporting Year: 2017 7/2016 - 6/2017

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

System Attributes:

Apparent Losses:	181.271	MG/Yr
+ Real Losses:	836.539	MG/Yr
= Water Losses:	1,017.809	MG/Yr

? Unavoidable Annual Real Losses (UARL): 289.52 MG/Yr

Annual cost of Apparent Losses: \$855,597

Annual cost of Real Losses: \$789,693 Valued at **Variable Production Cost**
 Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial:	{	Non-revenue water as percent by volume of Water Supplied:	27.4%	
		Non-revenue water as percent by cost of operating system:	12.3%	Real Losses valued at Variable Production Cost

Operational Efficiency:	{	Apparent Losses per service connection per day:	15.72	gallons/connection/day
		Real Losses per service connection per day:	72.56	gallons/connection/day
		Real Losses per length of main per day*:	N/A	
		Real Losses per service connection per day per psi pressure:	0.81	gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): 836.54 million gallons/year

? Infrastructure Leakage Index (ILI) [CARL/UARL]: 2.89

* 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, 2017

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

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SINGLE AUDIT SECTION

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CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
 For the Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	State Grant Number
FEDERAL AWARDS:		
U.S. DEPARTMENT OF AGRICULTURE		
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		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Community Development Block Grant	14.218	N/A
Passed through the TN Housing Development Agency:		
Emergency Shelter Grant	14.231	ESG-09-24
Passed through the TN Department of Economic and Community Development:		
CDBG - Community Livability Projects	14.269	N/A
Total U.S. Department of Housing and Urban Development		
U.S. DEPARTMENT OF JUSTICE		
Protective vests	16.607	N/A
Edward Byrne Memorial Justice Assistance - 2016	16.738	N/A
Total U.S. Department of Justice		
U.S. DEPARTMENT OF TRANSPORTATION		
Passed through the TN Department of Transportation		
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
Island Landscaping Phase II	20.205	STP-EN-6021
Resurfacing and Safety Improvements - Central Ave	20.205	STP-M-9203(22)
Misc Impr to Stuart Road	20.205	STP-M-3647
Ocoee Greenway Connector	20.205	STP-M-9203(19)
Subtotal Program 20.205		
Transportation Planning - Multimodal Planning	20.505	N/A
High Visibility Enforcement	20.607	Z17THS131
Total U.S. Department of Transportation		
APPALACHIAN REGIONAL COMMISSION		
Greenway Sound and Lighting Improvements	23.002	
Total Appalachian Regional Commission		
NATIONAL ENDOWMENT FOR THE HUMANITIES		
Passed through the TN State Library and Archives:		
Technology Grant	45.310	
Total National Endowment for the Humanities		

(Continued)

Accrued (Unearned) Grant Revenues July 1, 2016	Cash Receipts	Expend- itures	Accrued (Unearned) Grant Revenues June 30, 2017
\$ 0	\$ 833,331	\$ 936,764	\$ (103,433)
0	1,879,318	2,106,405	(227,087)
0	257,423	257,423	0
0	15,000	15,000	0
0	43,213	53,792	(10,579)
<u>\$ 0</u>	<u>\$ 3,028,285</u>	<u>\$ 3,369,384</u>	<u>\$ (341,099)</u>
\$ (122)	\$ 164,890	\$ 164,768	\$ 0
(7,554)	59,583	69,498	(17,469)
<u>(34,030)</u>	<u>113,102</u>	<u>79,072</u>	<u>0</u>
<u>\$ (41,706)</u>	<u>\$ 337,575</u>	<u>\$ 313,338</u>	<u>\$ (17,469)</u>
\$ (2,975)	\$ 2,975	\$ 5,960	\$ (5,960)
0	39,340	39,340	0
<u>\$ (2,975)</u>	<u>\$ 42,315</u>	<u>\$ 45,300</u>	<u>\$ (5,960)</u>
\$ (68,195)	\$ 143,166	\$ 136,331	\$ (61,360)
0	0	15,293	(15,293)
(8,124)	8,125	12,183	(12,182)
(12,636)	12,636	0	0
(19,848)	1,386	5,172	(23,634)
(858,442)	858,442	0	0
<u>(24,375)</u>	<u>28,164</u>	<u>66,670</u>	<u>(62,881)</u>
\$ (991,620)	\$ 1,051,919	\$ 235,649	\$ (175,350)
(29,826)	29,826	0	0
\$ 0	\$ 5,000	\$ 5,000	\$ 0
<u>\$ (1,021,446)</u>	<u>\$ 1,086,745</u>	<u>\$ 240,649</u>	<u>\$ (175,350)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,000</u>	<u>\$ (5,000)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,000</u>	<u>\$ (5,000)</u>
<u>\$ 0</u>	<u>\$ 3,128</u>	<u>\$ 3,128</u>	<u>\$ 0</u>
<u>\$ 0</u>	<u>\$ 3,128</u>	<u>\$ 3,128</u>	<u>\$ 0</u>

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
 For the Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	State Grant Number
FEDERAL AWARDS (Continued):		
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Passed through the TN Department of Environment and Conservation:		
Grants for Clean Water - State Revolving Loan		
- Loan SRF 319	66.458	N/A
- Principal Forgiveness SRF 319	66.458	N/A
- Loan SRF 320	66.458	N/A
Subtotal Program 66.458		
Grants for Drinking Water - State Revolving Loan		
- Loan DWF 16-172	66.468 *	N/A
Total U.S. Environmental Protection Agency		
U.S. DEPARTMENT OF EDUCATION		
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
Total U.S. Department of Education		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through the TN Department of Education:		
Read to be Ready	93.575	N/A
Total U.S. Department of Health and Human Services		
U.S. DEPARTMENT OF HOMELAND SECURITY		
Assistance to Firefighters Grant	97.044	N/A
Passed through the TN Emergency Management Agency:		
Flood Mitigation Assistance Program	97.029	N/A
Total U.S.. Department of Homeland Security		
TOTAL FEDERAL AWARDS		
STATE AWARDS		
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
Governor's Academy for School Leadership	N/A	N/A

(Continued)

Accrued (Unearned) Grant Revenues July 1, 2016	Cash Receipts	Expend- itures	Accrued (Unearned) Grant Revenues June 30, 2017
\$ (670,123)	\$ 939,758	\$ 269,635	\$ 0
(219,815)	308,261	88,446	0
0	77,207	77,207	0
<u>\$ (889,938)</u>	<u>\$ 1,325,226</u>	<u>\$ 435,288</u>	<u>\$ 0</u>
\$ 0	\$ 818,551	\$ 818,551	\$ 0
<u>\$ (889,938)</u>	<u>\$ 2,143,777</u>	<u>\$ 1,253,839</u>	<u>\$ 0</u>
\$ (10,186)	\$ 1,236,541	\$ 1,236,971	\$ (10,616)
0	58,033	58,033	0
(22,916)	1,791,476	1,812,553	(43,993)
(21,943)	129,737	112,578	(4,784)
(5,065)	65,652	62,157	(1,570)
(23,408)	238,396	231,618	(16,630)
<u>\$ (83,518)</u>	<u>\$ 3,519,835</u>	<u>\$ 3,513,910</u>	<u>\$ (77,593)</u>
\$ 0	\$ 0	\$ 76,917	\$ (76,917)
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 76,917</u>	<u>\$ (76,917)</u>
\$ 0	\$ 142,982	\$ 142,982	\$ 0
(900)	900	200,650	(200,650)
<u>\$ (900)</u>	<u>\$ 143,882</u>	<u>\$ 343,632</u>	<u>\$ (200,650)</u>
\$ (2,040,483)	\$ 10,305,542	\$ 9,165,097	\$ (900,038)
\$ 0	\$ 20,165	\$ 27,122	\$ (6,957)
0	125,000	125,000	0
(47,658)	168,079	163,128	(42,707)
0	3,000	3,000	0
0	2,839	2,839	0

CITY OF CLEVELAND, TENNESSEE
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
For the Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	State Grant Number
STATE AWARDS - (Continued)		
TN State Library and Archives:		
Technology grant	N/A	N/A
Dehumidifier	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 Phase III	N/A	AERO-11160
Jetport Lighting Grant	N/A	AERO-12216
Jetport Construction Phase III	N/A	GG1237936
Jetport South Side Corp Area Development	N/A	AERO-13239
Jetport Gas Line Grant	N/A	AERO-13167
Jetport Apron & Taxilane to Proposed T-Hangar	N/A	AERO-13213
Jetport Environmental Monitoring	N/A	AERO-14101
Jetport Runway Extension Justification Study	N/A	AERO-14215
Jetport Design for 700' Runway Extension	N/A	AERO-15218
Jetport - Jetport Maintenance	N/A	AERO-17106
Jetport - Land Easement associated with runway	N/A	AERO-17180
Jetport - 700' Runway Extension Construction	N/A	AERO-17224
Community Based Special Litter Grant	N/A	Z13SLG011
Local Interstate Connector, Stone Lake Rd	N/A	113131
Multi-Modal Access Grant	N/A	140160
Transporting Planning - Multi-modal	N/A	N/A
Rural Access of Pedestrian Crossing	N/A	N/A
TN Department of Environment and Conservation:		
Grants for Clean Water State Revolving Loan:		
- Loan SRF 319	N/A	N/A
- Principal Forgiveness SRF 319	N/A	N/A
- Loan SRF 320	N/A	N/A
- Loan SRF 17-379	N/A	N/A
- Principal Forgiveness SRF 17-379	N/A	N/A
Grants for Drinking Water State Revolving Loan:		
- Loan SRF 16-172	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.

(Continued)

Accrued (Unearned) Grant Revenues July 1, 2016	Cash Receipts	Expend- itures	Accrued (Unearned) Grant Revenues June 30, 2017
\$ 0	\$ 3,128	\$ 3,128	\$ 0
0	0	510	(510)
0	0	15,050	(15,050)
0	0	10,000	(10,000)
(2,653)	2,653	0	0
(1,037)	1,037	0	0
(69,902)	69,902	0	0
0	7,430	7,430	0
(4,752)	18,285	13,533	0
0	8,132	8,132	0
(1,792)	12,845	12,714	(1,661)
(1,275)	10,563	10,550	(1,262)
(33,201)	102,065	68,864	0
0	14,175	17,049	(2,874)
0	4,050	4,050	0
0	3,074	3,074	0
(9,426)	9,426	0	0
(403,804)	350,122	9,853	(63,535)
(23,750)	23,750	14,250	(14,250)
(3,728)	3,728	0	0
0	10,000	10,000	0
			0
(134,057)	187,997	53,940	0
(43,973)	61,666	17,693	0
0	15,441	15,441	0
0	104,897	104,897	0
0	5,521	5,521	0
			0
0	1,927,988	1,927,988	0
<u>\$ (781,008)</u>	<u>\$ 3,276,958</u>	<u>\$ 2,654,756</u>	<u>\$ (158,806)</u>
<u>\$ (2,821,491)</u>	<u>\$ 13,582,500</u>	<u>\$ 11,819,853</u>	<u>\$ (1,058,844)</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, 2017, 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 11, 2017.

Internal Control Over Financial Reporting

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

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

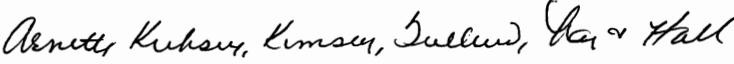
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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


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

December 11, 2017

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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, 2017. 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, 2017.

Internal Control Over Compliance

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

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

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

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

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

December 11, 2017

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2017

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 no significant deficiencies in internal control.
3. The audit disclosed no instances of noncompliance that were material to the financial statements.
4. No significant deficiencies relating to the audit of the major federal award programs were reported in the Report on Compliance 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
(Cluster)	
Special Education - Grants to States	84.027
Special Education - Preschool Grants	84.173
(Cluster)	
School Breakfast Program	10.553
School Lunch Program	10.555
Grants for Drinking Water - State Revolving Loan	66.468

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

B. FINDINGS - FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

None

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

U.S. Department of Education:

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

NONE

U.S. Department of Agriculture:

School Breakfast Program	10.553
School Lunch Program	10.555

NONE

U.S. Department of Environmental Protection

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

NONE

U.S. Department of Transportation

Highway Planning and Construction	20.205
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NONE

CITY OF CLEVELAND, TENNESSEE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2017

A. FINANCIAL STATEMENT AUDIT

Internal Control Finding 2016-1 as restated below was corrected during the current year.

2016-1 Budget Violations

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

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

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

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

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

B. MAJOR FEDERAL AWARD PROGRAMS AUDIT

None from prior year.

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