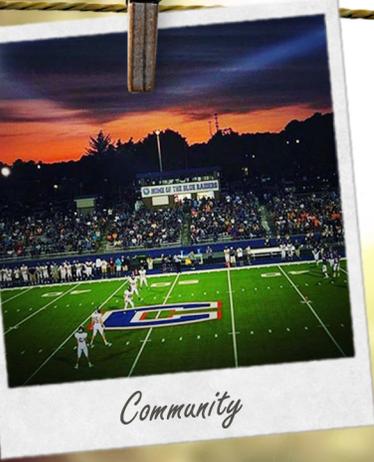
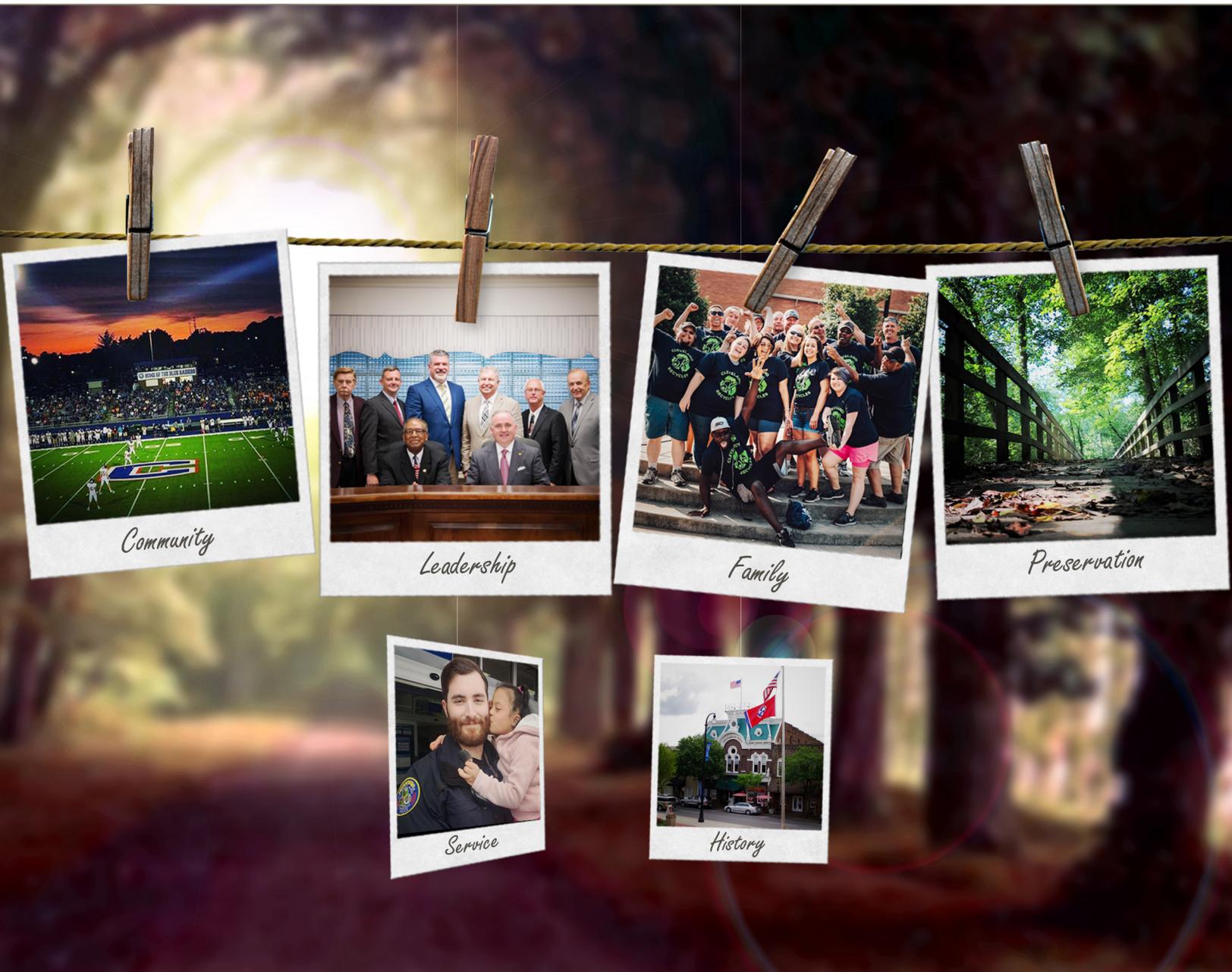


CITY OF CLEVELAND TENNESSEE



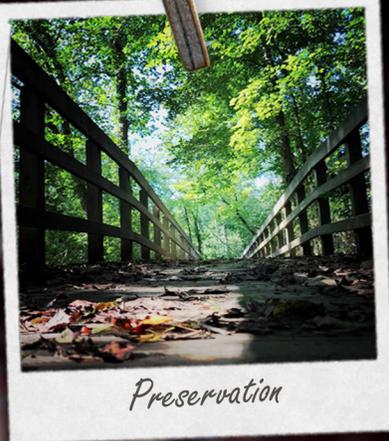
Community



Leadership



Family



Preservation



Service



History

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020



CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2020

Prepared by:
Department of Finance

CITY OF CLEVELAND, TENNESSEE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2020

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INTRODUCTORY SECTION

City of Cleveland

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Municipal Building
190 Church Street, N.E.
P.O. Box 1519
Cleveland, Tennessee 37364-1519

January 15, 2021

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, 2020.

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

The City of Cleveland's financial statements have been audited by Wedgewood Accounting, 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, 2020, 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, 2020, 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 22-49 as part of the basic financial statements for the governmental funds. The school fund comparison is presented on pages 50-59. For nonmajor governmental funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 131.

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 its most recent credit rating of Cleveland, S&P Global Ratings noted the City's market value grew by 16.9% over the past year to \$4.8 billion.

The Chattanooga Times Free Press reported that home sales in the greater Chattanooga area rose 8.4% while home prices increased more than 13% in 2020. In addition, the average rental rates for apartments jumped 14.5% over the past year.

The website Bestplaces.net reported the future job growth for Cleveland over the next ten years is projected to be 35.4% compared to the U.S. average of 33.5%.

According to an article in the Tennessean, Tennessee was the number one destination for newcomers traveling with U Haul, with Cleveland being one of the top five cities. In addition, Tennessee ranked seventh on United Van Lines top moving destinations, up from 11th the previous year.

A new study by HireHelper comparing taxes in all 50 states found that Tennessee was second only to Alaska on the share of personal income individuals pay in state and local property, sales and income taxes. A typical Tennessean paid 5.7% of his income in taxes compared with a national average of 8.9%.

Cleveland's strong economy is evidenced by the following:

- The first tenant on the Spring Branch Industrial Park, Cannon Automotive Solutions, a Canadian automotive supplier, began construction of a 238,000 square foot manufacturing plant to produce structural components for the automotive industry. The company plans to invest \$114 million over the next four years creating 197 jobs paying an average wage of \$22.00 per hour.
- The Whirlpool Customer Experience Center announced the addition of 400 positions at its Cleveland facility. In addition, the Whirlpool Cooking Products Division is evaluating a \$20 million investment in new production lines for the next generation cooking products.
- Blendpack, a chemical blending and packaging supplier of customized solutions to various industries, is investing \$14 million to add 66,000 square feet of manufacturing space that will create 30 full-time positions.
- Triumph Sheets. LLC completed renovations to its Old Tasso Road warehouse where it will produce corrugated metal. This \$44 million investment will initially provide 50 full-time jobs.
- Lee University began construction of its Multi-Sports Complex at the north end of Parker Avenue. The future home to the track and field teams will include an eight-lane track and turf field. The 119-acre campus serves over 5,300 students from 48 states and 52 countries.
- EDC staff began working on a second site at Spring Branch Industrial Park for fast track development capable of holding up to a 900,000 square foot building. The cost of the project was made available through a competitive Site

Development Grant from the Tennessee Department of Economic and Community Development.

- Various commercial developments valued at \$106.3 million have begun during FY2020. This compares to \$48.3 million in FY2019. New residential development totaled \$50.4 million compared to \$29.8 million for FY2019.

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. The City is developing preliminary plans to connect the interchange with state route 312.

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, 2019. This was the thirty-first consecutive year that the city has received this prestigious award. In order to be awarded a Certificate of Achievement, the city published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the city also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the last twenty-two 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, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OFFICIALS
June 30, 2020

Kevin Brooks
Mayor

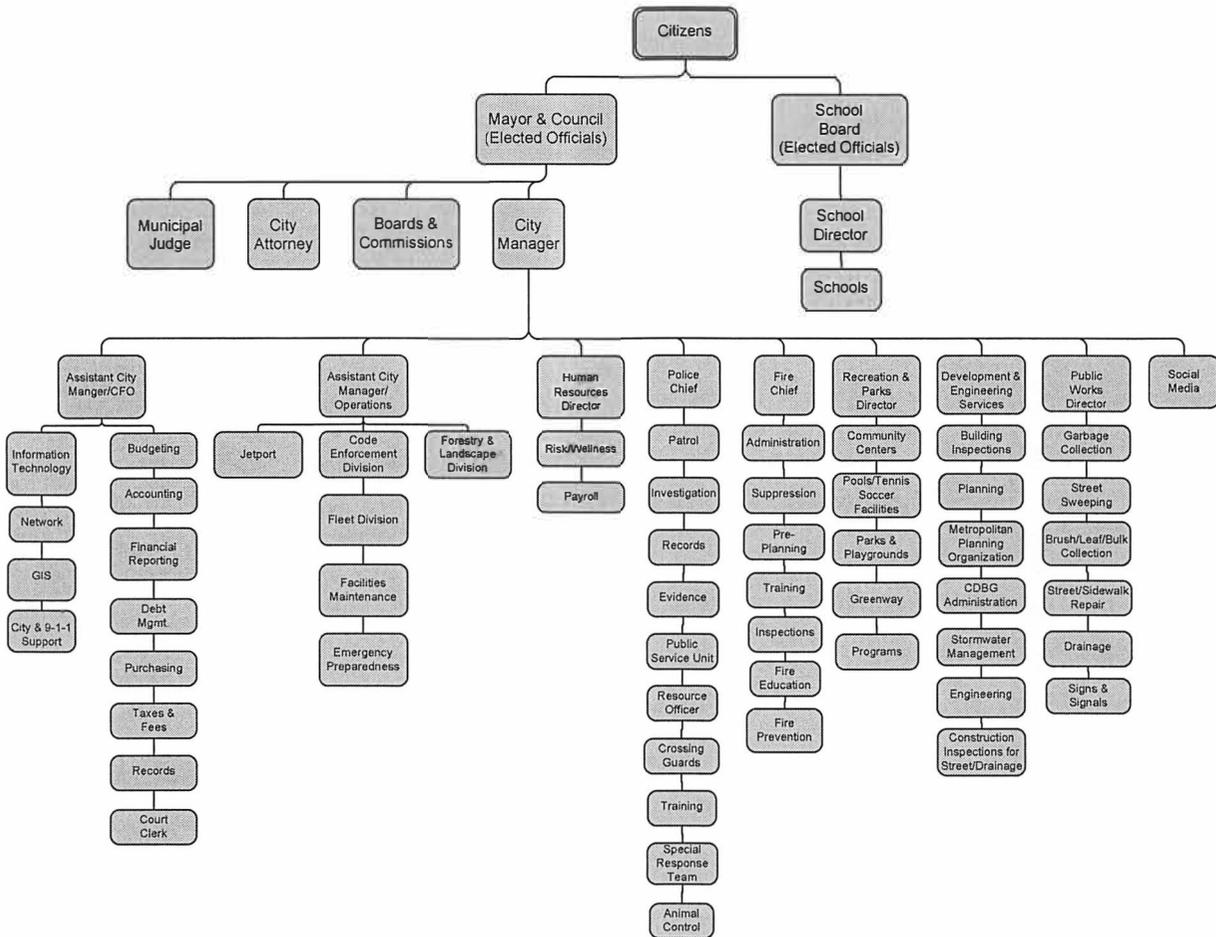
Tom Cassada	Councilman
William Estes	Councilman
Dale Hughes	Councilman
Avery Johnson, Sr.	Councilman
David May, Jr.	Councilman
Charlie McKenzie	Councilman
Ken Webb	Councilman

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

Department Heads

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
Kim Miller	Human Resources
Kris Miller	Information Technology
Tommy Myers	Public Works Director
Barrett Painter	City Judge
Patti Pettit	Parks and Recreation Director

City of Cleveland Organizational Chart



FINANCIAL SECTION

WEDGEWOOD ACCOUNTING, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Tennessee, as of June 30, 2020, 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.

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 114 through 130 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated January 15, 2021, on our consideration of the City of Cleveland, Tennessee's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Cleveland, Tennessee's 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 of Cleveland, Tennessee's internal control over financial reporting and compliance.

Wedgewood Accounting, PLLC
WEDGEWOOD ACCOUNTING, PLLC
Certified Public Accountants

January 15, 2021

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, 2020. 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, 2020 by \$294,334,963 (net position).
- Net position (defined as the difference in revenues and expenses) increased by \$20,599,129. The City of Cleveland's changes in net position is detailed in the chart on page eight of this report. Total revenues increased \$1,764,013 which included increases in operating grants for education and service charges for public works. Expenses increased \$8,414,596 from last fiscal year primarily in education, public safety and public works projects.
- The city's property tax rate remained at \$2.060 per hundred dollars of assessment. This maintains the current level of services for city residents.
- 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 \$48,437,648.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$20,609,141. Expenditures do not include transfers to other funds, which totaled \$14,092,501 in the city's general fund.
- Long-term debt increased approximately \$8,619,174.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

The City of Cleveland maintains a number of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, school fund and capital improvement fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements later in this report beginning on page 131.

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 20-59 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 60-63 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 64-65 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 66-113 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 114-130 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 131-161 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 \$294,334,963 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>	
	FY2019	FY2020	FY2019	FY2020	FY2019	FY2020
Current assets	\$84,065,161	\$91,112,686	\$48,955,103	\$51,351,440	\$133,020,264	\$142,464,126
Receivables and other noncurrent assets	2,347,979	7,045,924	2,808,343	2,831,604	5,156,322	9,877,528
Deferred charges	0	0	0	0	0	0
Capital assets	227,117,525	219,882,473	211,604,784	216,877,195	438,722,309	436,759,668
Total assets	313,530,665	318,041,083	263,368,230	271,060,239	576,898,895	589,101,322
Total deferred outflows of Resources	13,941,212	19,121,788	8,907,935	8,276,082	22,849,147	27,397,870
Long-term liabilities Outstanding	146,364,736	145,201,229	97,074,896	90,097,361	243,439,632	235,298,590
Other liabilities	11,379,557	12,246,140	24,102,864	25,020,424	35,482,421	37,266,564
Total liabilities	157,744,293	157,447,369	121,177,760	115,117,785	278,922,053	272,565,154
Total deferred inflows of Resources	39,036,103	46,417,072	2,202,856	3,182,003	41,238,959	49,599,075
Net position:						
Net investment in capital assets	138,614,753	135,819,612	140,264,453	149,656,134	278,879,206	285,475,746
Restricted	14,863,506	19,972,043	0	0	14,863,506	19,972,043
Unrestricted	(22,786,778)	(22,493,225)	8,631,096	11,380,399	(14,155,682)	(11,112,826)
Total net position	\$130,691,481	\$133,298,430	\$148,895,549	\$161,036,533	\$279,587,030	\$294,334,963

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

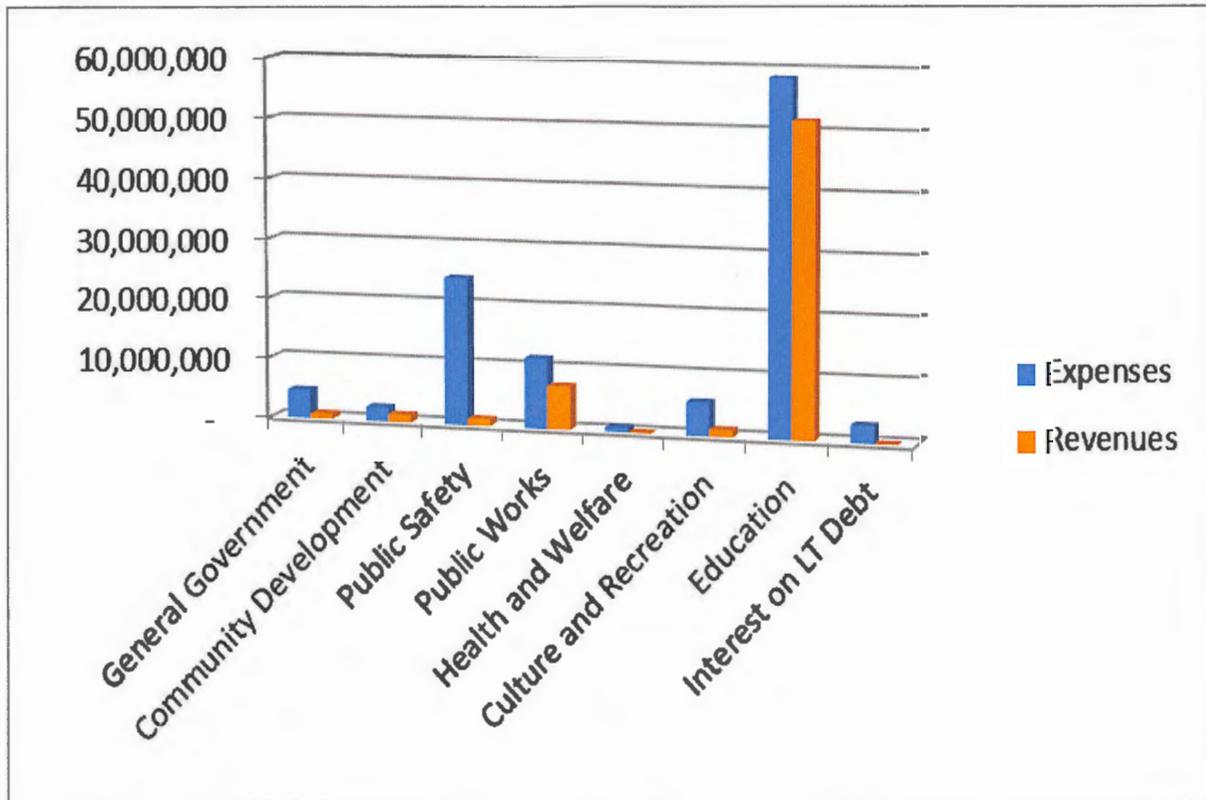
Governmental activities. Governmental activities increased the City of Cleveland’s net position by \$8,458,145 detailed as follows:

City of Cleveland’s Changes in Net Position

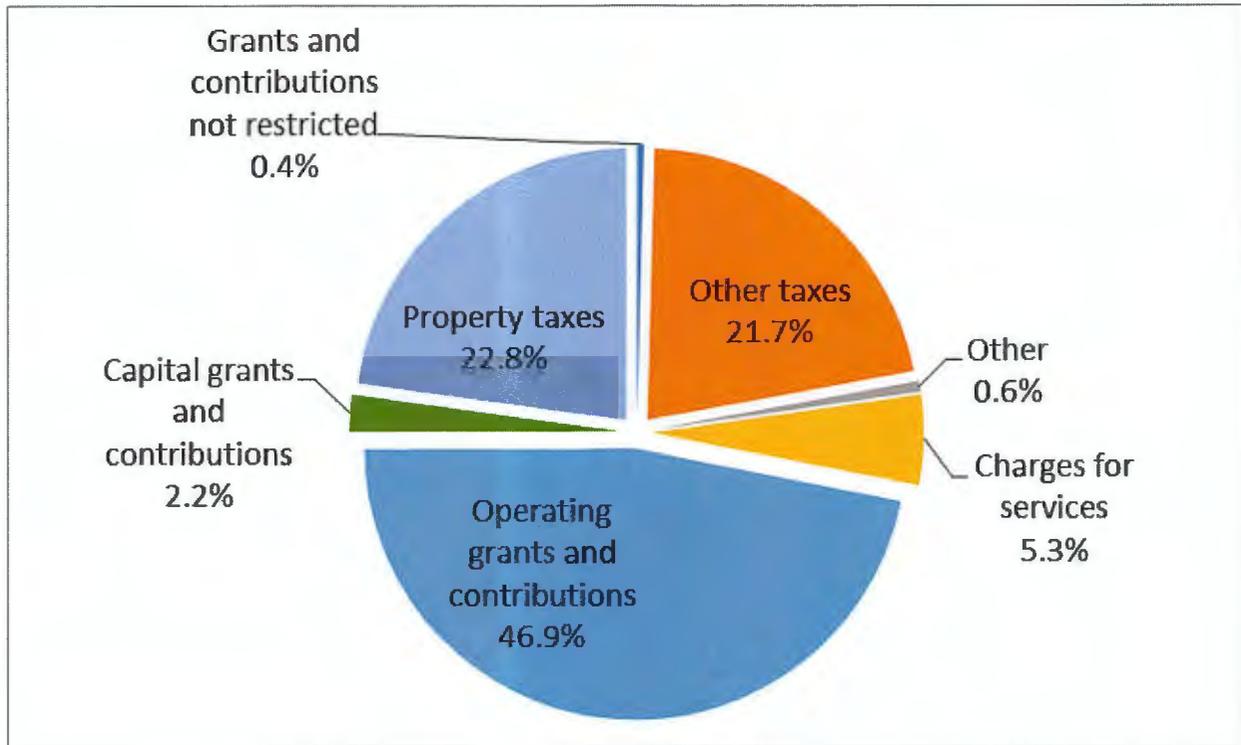
	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	FY2019	FY2020	FY2019	FY2020	FY2019	FY2020
Revenues:						
Program revenues:						
Charges for services	\$5,715,943	\$6,220,987	\$133,855,712	\$132,854,223	\$139,571,655	\$139,075,210
Operating grants and Contributions	53,664,483	54,514,548	226,316	251,568	53,870,799	54,766,116
Capital grants and contributions	2,745,004	2,571,298	619,693	1,131,949	3,364,697	3,703,247
General revenues:						
Property taxes	26,096,750	26,546,377	0	0	26,096,750	26,546,377
Other taxes	24,224,523	25,218,952	0	0	24,224,523	25,218,952
Grants and contributions not restricted to specific programs	435,038	500,455	0	0	435,038	500,455
Other	1,040,359	728,425	650,157	479,209	1,690,516	1,207,634
Total revenues	113,902,100	116,301,042	135,531,878	134,716,949	249,253,978	251,017,991
Expenses:						
General government	4,756,220	4,659,380	0	0	4,756,220	4,659,380
Planning and inspection	2,302,965	2,322,324	0	0	2,302,965	2,332,324
Public safety	23,014,134	24,420,737	0	0	23,014,134	24,420,737
Public works	10,091,513	11,587,164	0	0	10,091,513	11,587,164
Health and welfare	690,927	691,826	0	0	690,927	691,826
Culture and recreation	5,572,087	5,534,056	0	0	5,572,087	5,534,056
Education	47,636,980	58,580,908	0	0	47,636,980	58,580,908
Interest on long-term debt	3,183,652	2,900,897	0	0	3,183,652	2,900,897
Water and sewer	0	0	26,551,551	26,863,384	26,551,551	26,863,384
Electric	0	0	97,971,476	92,020,973	97,971,476	92,020,973
Stormwater	0	0	452,761	827,213	452,761	827,219
Total expenses	97,248,478	110,707,292	124,755,788	119,711,570	222,004,266	230,418,862
Increase (decrease) in net position before transfers	16,653,622	5,593,750	10,596,090	15,005,379	27,249,712	20,599,129
Transfers	2,719,337	2,864,395	(2,719,337)	(2,864,395)	0	0
Increase (decrease) in net position	19,372,959	8,458,145	7,876,753	12,140,984	27,249,712	20,599,129
Net position – beginning	111,318,522	130,691,481	141,018,796	148,895,549	252,337,318	279,587,030
Prior period adjustment	0	(5,851,196)	0	0	0	(5,581,196)
Net position – restated	111,318,522	124,840,285	141,018,796	148,895,549	252,337,318	273,735,834
Net position – ending	\$130,691,481	\$133,298,430	\$148,895,549	\$161,036,533	\$279,587,030	\$294,334,963

- The city's property tax rate remained at \$2.060 per \$100 of assessed value in fiscal year 2020. Tax revenues increased \$1,444,056 from FY2019.
- Operating grants and contributions increased \$895,317 due to a combination of increases in federal, state and local funds received for education, public works and recreation.
- Capital grants and contributions decreased \$338,550 relating to public works projects.
- Cleveland's second largest revenue source is local sales tax which increased \$883,605. 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 decreased \$8,414,596 primarily for education, public safety and public works.

Expenses and Program Revenues – Governmental Activities



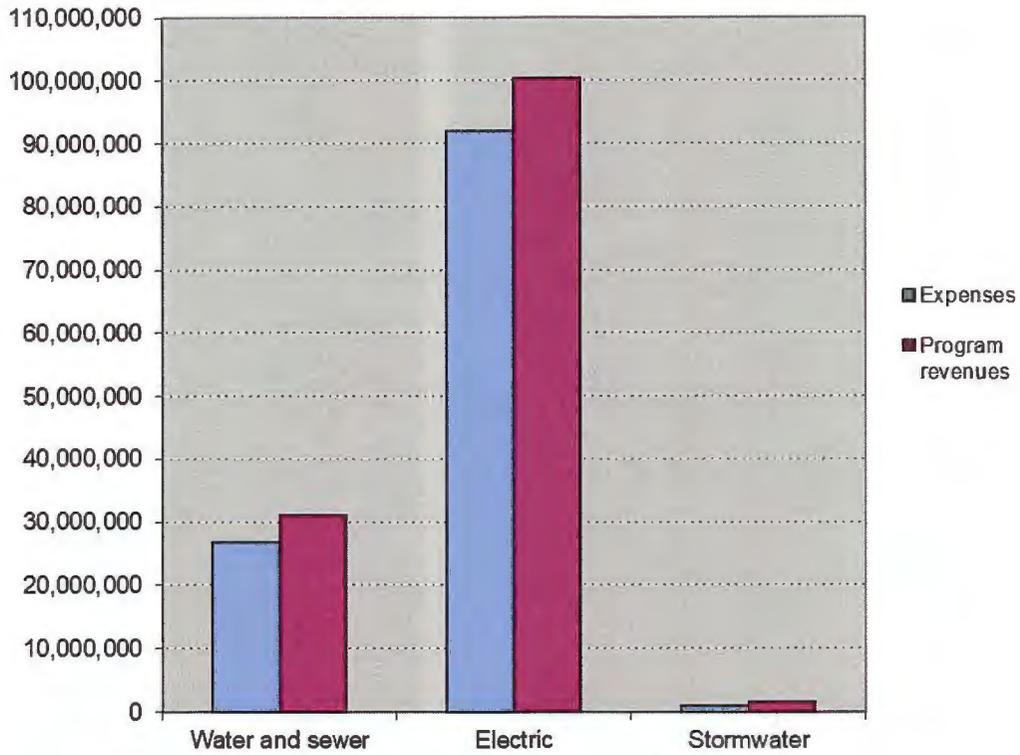
Revenues by Source – Governmental Activities



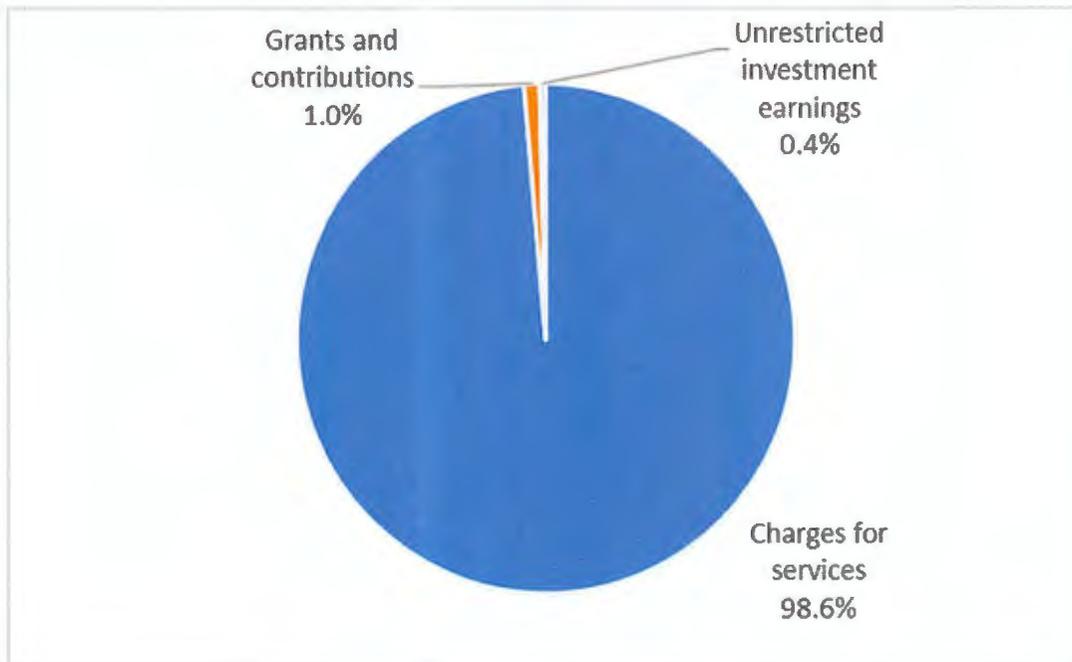
Business-type activities. Business-type activities increased the City of Cleveland's net position by \$12,140,984.

- Charges for services increased \$1,001,489. This decrease is attributed primarily to the electric division operations of Cleveland Utilities.
- Capital grants and contributions increased \$1,131,949 primarily for water sewer and electric projects.
- Expenses for business-type activities decreased \$5,044,218. The most significant changes in expenses were in the electric operation of Cleveland Utilities.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City of Cleveland's governmental funds reported combined ending fund balances of \$48,437,648, an increase of \$5,799,772. The combined fund balance is broken down as follows:

- \$751,965 is non-spendable consisting of inventories and permanent fund principal
- \$12,660,816 is restricted for limited use in law enforcement, community development, street improvements, capital outlay, education, animal control and retirement funds
- \$1,143,907 is committed by the City Council for use by Solid Waste Management
- \$13,271,819 is assigned for designated use for education, the library, debt service and capital outlay
- \$20,609,141 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 \$20,609,141. Unassigned fund balance represents 57.9% of general fund expenditures. However, the unassigned fund balance only represents 41.5% 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 \$3,973,613 during the current fiscal year. City revenues were \$1,673,221 higher than final budgeted amounts. City departments kept expenditures under budget by \$2,588,013. The fund balance of the School Fund increased \$1,592,315.

The debt service fund has a total fund balance of \$6,508,334. The net decrease in fund balance during the current year was \$329,090.

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 \$(535,358) for the Cleveland Utilities Water Division, \$10,349,425 for Cleveland Utilities Electric Division, \$1,566,332 for Stormwater Management and \$891,812 for the Health Insurance Trust Fund.

General Fund Budgetary Highlights

General fund revenues were amended during the year to decrease \$680,071. General fund expenditures were amended to increase \$193,314 distributed among several departments. Departmental budget officers closely monitored expenditures during the fiscal year to minimize budget amendments.

Actual revenues exceeded the final amended budget by \$1,673,221. This was primarily due to higher tax collections.

Differences between the final amended budget and actual expenditures were \$2,588,013. Vacancies in some departments and reductions in spending throughout all departments accounted for this.

Capital Asset and Debt Administration

Capital assets. The City of Cleveland's investment in capital assets for its governmental and business type activities as of June 30, 2020 amounts to \$436,759,668 (net of accumulated depreciation), which is a \$1,962,641 decrease 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 \$284,098 in equipment.
- Public Safety added \$1,021,877 in police patrol units and equipment for the fire department.
- Public Works added \$6,041,329 primarily in road and sidewalk infrastructure and jetport improvements.
- Parks and Recreation added \$956,321 in parks, equipment and recreation center improvements.
- Cleveland City Schools added \$9,550,048 in building improvements and equipment.

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

	Governmental Activities		Business-type Activities		Total	
	FY2019	FY2020	FY2019	FY2020	FY2019	FY2020
Land	\$ 37,347,873	\$ 37,543,154	\$ 2,203,310	\$ 3,175,470	\$ 39,551,183	\$ 40,718,624
Buildings and Systems	88,995,874	101,191,352	195,730,403	194,761,370	284,672,352	295,952,722
Improvements other than buildings	13,789,651	16,439,267	0	0	13,789,651	16,439,267
Furniture, fixtures, equipment & vehicles	9,511,334	8,037,842	0	0	9,511,334	8,037,842
Infrastructure	43,437,595	45,127,494	0	0	43,437,575	45,127,494
Construction in Progress	28,089,143	11,543,364	13,671,071	18,940,355	41,760,214	30,483,719
Total	\$221,171,450	\$219,882,473	\$211,604,784	\$216,877,195	\$432,776,234	\$436,759,668

Additional information on the City of Cleveland's capital assets can be found in Note 4 on pages 78-79 of this report.

Long-term debt. At the end of the current fiscal year, the City of Cleveland had total debt outstanding of \$151,645,362. Of this amount, \$50,137,000 comprises bonds backed solely by the full faith and credit of the city. The city also issues bonds secured by specified revenue sources (i.e., revenue bonds); however, in the event of default, the full faith and credit of the city are irrevocably pledged. The city had \$32,615,000 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 \$20,755,139 for city general projects and \$33,481,101 for Cleveland Utilities. The City also has a capital leases for energy upgrades, computers and lighting for the City Schools and mowing equipment for the recreation department in the amount of \$7,633,437.

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	
	FY2019	FY2020	FY2019	FY2020	FY2019	FY2020
General obligation bonds	53,217,000	50,137,000	0	0	53,217,000	50,137,000
Long-term notes issued through various agencies in TN	21,253,921	20,755,139	33,912,191	33,348,101	55,166,112	54,103,240
Capital leases	8,103,790	7,633,437	0	0	8,103,790	7,633,437
Revenue bonds	0	0	36,025,000	32,615,000	36,025,000	32,615,000
Less bond discount/ Premiums	6,043,204	5,623,246	1,709,430	1,533,439	7,752,634	7,156,685
Less Deferred Charges for refunding	0	0	0	0	0	0
Total	<u>88,617,915</u>	<u>84,148,822</u>	<u>71,646,621</u>	<u>67,496,540</u>	<u>160,264,536</u>	<u>151,645,362</u>

During 2020, the city drew down additional loan proceeds in the principal amount of \$1,105,731 to fund various projects.

Cleveland Utilities entered into loan agreements with the State of Tennessee Revolving Loan Fund totaling \$1,082,477 to finance construction of a wastewater projects.

Further details about the city's long-term debt are included in Note 6 on pages 80-84.

The City of Cleveland maintains an "AA" rating from Standard & Poor's and an "Aa3" rating from Moody's Investor Service for general obligation debt. The revenue bonds of Cleveland Utilities carry the same ratings.

State statutes do not limit the amount of general obligation debt a governmental entity may issue; however, the city has adopted a financial policy which limits long-term debt to 10 percent of its total assessed valuation. This calculation does not include revenue bonds issued for improvements in the electric and water systems. The city's legal debt margin at June 30, 2020 is \$54,971,439 and is calculated on page 194 of this report.

Economic Factors and Next Year's Budget and Rates

- The June 2020 unemployment rate for Cleveland was 5.0 percent, which is an increase from 4.4 percent as of June 2019. Bradley County's unemployment rate increased to 8.8 percent from 4.3 percent the previous year. Tennessee's average unemployment rate was 9.6 percent and the national average rate was 10.2 percent.
- The city qualifies as an Entitlement Community for the CDBG program due to designation as a principal city in a Metropolitan Statistical Area (MSA).
- State sales tax revenue increased 2.8 percent over FY2019. This combined with strong demand for housing and increased retail development continues to strengthen the local economy.

All of these factors were considered in preparing the city's budget for the 2021 fiscal year. Management has again been conservative in estimating revenues for 2021.

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.

BASIC FINANCIAL STATEMENTS

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2020

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 43,336,702	\$ 31,600,105	\$ 74,936,807
Cash and cash equivalents - restricted	0	8,889	8,889
Investments	292,705	0	292,705
Investments - restricted	459,936	0	459,936
Accounts receivable - net	1,878,786	18,111,752	19,990,538
Property taxes receivable - net	27,994,005	0	27,994,005
Sales tax receivable	4,072,329	0	4,072,329
Due from other government agencies	11,605,893	0	11,605,893
Internal balances	1,194,001	(1,194,001)	0
Inventories	233,632	2,496,313	2,729,945
Prepays	44,697	328,382	373,079
Total current assets	\$ 91,112,686	\$ 51,351,440	\$ 142,464,126
Noncurrent assets:			
Receivable from customers for conservation loans	\$ 0	\$ 1,307,124	\$ 1,307,124
Other noncurrent assets	0	1,524,480	1,524,480
Net pension asset - restricted	6,837,591	0	6,837,591
Restricted assets:			
Amounts accumulated for pension benefits	208,333	0	208,333
Capital assets:			
Land and construction in progress	49,086,518	22,115,825	71,202,343
Other capital assets, net of accumulated depreciation	170,795,955	194,761,370	365,557,325
Total noncurrent assets	\$ 226,928,397	\$ 219,708,799	\$ 446,637,196
Total Assets	\$ 318,041,083	\$ 271,060,239	\$ 589,101,322
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 137,311	\$ 430,473	\$ 567,784
Deferred outflows - pensions	11,543,524	6,573,849	18,117,373
Deferred outflows - opeb	7,440,953	1,271,760	8,712,713
Total Deferred Outflows of Resources	\$ 19,121,788	\$ 8,276,082	\$ 27,397,870

	Primary Government		
	Governmental Activities	Business- type Activities	Total
LIABILITIES			
Current liabilities:			
Accrued liabilities	\$ 4,520,202	\$ 3,463,991	\$ 7,984,193
Accounts payable	1,987,746	11,943,146	13,930,892
Customer deposits	0	3,710,346	3,710,346
Bonds, notes and capital leases - current	5,476,461	5,902,941	11,379,402
Compensated absences payable - current	261,731	0	261,731
Total current liabilities	\$ 12,246,140	\$ 25,020,424	\$ 37,266,564
Long-term liabilities:			
Conservation advances from TVA	\$ 0	\$ 1,355,226	\$ 1,355,226
Bonds, notes and capital leases payable	78,672,361	61,593,599	140,265,960
Compensated absences payable	2,355,583	0	2,355,583
Post-employment benefits payable	52,938,241	14,223,426	67,161,667
Net pension liability	11,235,044	12,925,110	24,160,154
Total long-term liabilities	\$ 145,201,229	\$ 90,097,361	\$ 235,298,590
Total Liabilities	\$ 157,447,369	\$ 115,117,785	\$ 272,565,154
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 33,275,663	\$ 0	\$ 33,275,663
Deferred revenue - other	15,192	0	15,192
Deferred charge on refunding	51,350	163,883	215,233
Deferred inflows - pensions	7,103,291	338,805	7,442,096
Deferred inflows - opeb	5,971,576	2,679,315	8,650,891
Total Deferred Inflows of Resources	\$ 46,417,072	\$ 3,182,003	\$ 49,599,075
NET POSITION			
Net investment in capital assets	\$ 135,819,612	\$ 149,656,134	\$ 285,475,746
Restricted for:			
Law enforcement	214,491	0	214,491
Community development - federal grants	98,798	0	98,798
Street improvements	1,886,685	0	1,886,685
Capital outlay	10,185,065	0	10,185,065
Recycling	0	0	0
Education	30,654	0	30,654
Animal Control	36,790	0	36,790
Pension	7,045,924	0	7,045,924
Perpetual care:			
Nonexpendable	473,636	0	473,636
Unrestricted	(22,493,225)	11,380,399	(11,112,826)
Total Net Position	\$ 133,298,430	\$ 161,036,533	\$ 294,334,963

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Program Revenues			Primary Government		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Primary government:						
Governmental activities:						
General government	\$ 4,659,380	\$ 628,981	\$ 178,012	\$ 0	\$ (3,852,387)	\$ 0
Development and engineering	2,332,324	657,239	416,858	158,478	(1,099,749)	0
Public safety	24,420,737	962,644	163,767	7,293	(23,287,033)	0
Public works	11,587,164	3,585,041	1,467,211	2,095,537	(4,439,375)	0
Health and welfare	691,826	43,477	538	0	(647,811)	0
Culture and recreation	5,534,056	130,563	719,735	309,990	(4,373,768)	0
Education	58,580,908	213,042	51,568,427	0	(6,799,439)	0
Interest on long-term debt	2,900,897	0	0	0	(2,900,897)	0
Total governmental activities	\$ 110,707,292	\$ 6,220,987	\$ 54,514,548	\$ 2,571,298	\$ (47,400,459)	\$ 0
Business-type activities:						
Water and sewer	\$ 26,863,384	\$ 30,978,458	\$ 0	\$ 1,020,815	\$ 0	\$ 5,135,889
Electric	92,020,973	100,343,044	246,756	111,134	0	8,679,961
Stormwater management	827,213	1,532,721	4,812	0	0	710,320
Total business-type activities	\$ 119,711,570	\$ 132,854,223	\$ 251,568	\$ 1,131,949	\$ 0	\$ 14,526,170
Total primary government	\$ 230,418,862	\$ 139,075,210	\$ 54,766,116	\$ 3,703,247	\$ (47,400,459)	\$ 14,526,170
General revenues:						
Property taxes					\$ 26,546,377	\$ 0
Interest and penalty on taxes					203,601	0
In lieu of taxes					459,491	0
Local sales tax					15,616,509	0
Wholesale beer tax					1,502,653	0
Gross receipts tax					1,426,622	0
Franchise tax					881,325	0
State sales tax - unrestricted					3,816,634	0
Other state taxes - unrestricted					1,312,117	0
Grants and contributions not restricted to specific programs					500,455	0
Unrestricted investment earnings					615,589	479,209
Gain on disposal of capital assets					112,836	0
Transfers					2,864,395	(2,864,395)
Total general revenues and transfers					\$ 55,858,604	\$ (2,385,186)
Change in net position					\$ 8,458,145	\$ 12,140,984
Net position - beginning					\$ 130,691,481	\$ 148,895,549
Prior Period Adjustment					(5,851,196)	0
Net position - beginning (restated)					\$ 124,840,285	\$ 148,895,549
Net position - ending					\$ 133,298,430	\$ 161,036,533

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

CITY OF CLEVELAND, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 17,499,909	\$ 7,336,169	\$ 17,169,554	\$ 42,005,632
Investments	0	0	292,705	292,705
Investments - restricted	0	0	459,936	459,936
Accounts receivable - net	1,345,608	0	533,178	1,878,786
Property taxes receivable - net	27,994,005	0	0	27,994,005
Sales tax receivable	2,721,243	1,351,086	0	4,072,329
Due from other government agencies	588,898	8,162,573	2,854,422	11,605,893
Due from other funds	46,555	0	1,194,001	1,240,556
Inventories	233,632	0	0	233,632
Prepays	0	0	44,697	44,697
Restricted assets	0	208,333	0	208,333
Total Assets	\$ 50,429,850	\$ 17,058,161	\$ 22,548,493	\$ 90,036,504
LIABILITIES				
Accrued liabilities	\$ 1,015,750	\$ 2,990,601	\$ 342,304	\$ 4,348,655
Accounts payable	426,370	537,555	584,563	1,548,488
Due to other funds	0	0	46,555	46,555
Unearned revenue	0	0	15,192	15,192
Total Liabilities	\$ 1,442,120	\$ 3,528,156	\$ 988,614	\$ 5,958,890
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - current property taxes	\$ 25,956,873	\$ 7,318,790	\$ 0	\$ 33,275,663
Unavailable revenue - delinquent property taxes	1,969,883	173,383	0	2,143,266
Unavailable revenue - other	209,001	12,036	0	221,037
Total Deferred Inflows of Resources	\$ 28,135,757	\$ 7,504,209	\$ 0	\$ 35,639,966
FUND BALANCES				
Nonspendable:				
Inventory	\$ 233,632	\$ 0	\$ 0	\$ 233,632
Prepaid items	0	0	44,697	44,697
Permanent fund principal	0	0	473,636	473,636
Restricted for:				
Law enforcement	0	0	214,491	214,491
Community development - federal grants	0	0	98,798	98,798
Street improvements	0	0	1,886,685	1,886,685
Capital outlay	9,200	0	10,175,865	10,185,065
Education	0	30,654	0	30,654
Animal Control	0	0	36,790	36,790
Hybrid retirement stabilization funds	0	208,333	0	208,333
Committed to:				
Solid Waste	0	0	1,143,907	1,143,907
Assigned to:				
Education	0	5,786,809	422,494	6,209,303
Library	0	0	517,349	517,349
Debt service	0	0	6,508,334	6,508,334
Capital outlay	0	0	36,833	36,833
Unassigned	20,609,141	0	0	20,609,141
Total Fund Balances	\$ 20,851,973	\$ 6,025,796	\$ 21,559,879	\$ 48,437,648
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 50,429,850	\$ 17,058,161	\$ 22,548,493	\$ 90,036,504

CITY OF CLEVELAND, TENNESSEE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2020

Total fund balances per governmental funds balance sheet	\$	48,437,648
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		219,882,473
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.		(144,273,376)
Internal service funds are used by management to charge the costs of health insurance through the health insurance trust to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		891,812
The net difference on debt refunding is deferred and expensed over the life of the refunding debt issue.		85,960
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.		4,440,233
Amounts reported as deferred outflows of resources and deferred inflows of resources related to opeb will be amortized and recognized as a component of opeb expense in future years.		1,469,377
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.		2,364,303
Net position of governmental activities	<u>\$</u>	<u>133,298,430</u>

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

For the Fiscal Year Ended June 30, 2020

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 42,066,300	\$ 0	\$ 4,456,310	\$ 46,522,610
Licenses and permits	1,192,696	0	0	1,192,696
Intergovernmental	5,476,523	44,683,586	11,686,107	61,846,216
Fines and forfeitures	488,475	0	52,837	541,312
Charges for services	1,226,983	124,920	3,127,928	4,479,831
Interest	199,695	69,295	349,855	618,845
Miscellaneous	148,128	537,362	193,983	879,473
Total revenues	<u>\$ 50,798,800</u>	<u>\$ 45,415,163</u>	<u>\$ 19,867,020</u>	<u>\$ 116,080,983</u>
Expenditures:				
Current:				
General government	\$ 3,876,812	\$ 0	\$ 209,847	\$ 4,086,659
Development and engineering	1,559,693	0	134,087	1,693,780
Public safety	20,876,207	0	23,788	20,899,995
Public works	4,497,196	0	4,344,734	8,841,930
Health and welfare	523,006	0	0	523,006
Culture and recreation	2,932,983	0	1,392,752	4,325,735
Education	0	48,408,701	6,784,802	55,193,503
Appropriations	1,306,305	0	0	1,306,305
Capital outlay	0	272,806	8,745,955	9,018,761
Debt service:				
Principal retirement	21,482	303,150	4,855,433	5,180,065
Interest and fiscal charges	3,397	115,480	3,157,600	3,276,477
Total expenditures	<u>\$ 35,597,081</u>	<u>\$ 49,100,137</u>	<u>\$ 29,648,998</u>	<u>\$ 114,346,216</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 15,201,719</u>	<u>\$ (3,684,974)</u>	<u>\$ (9,781,978)</u>	<u>\$ 1,734,767</u>
Other financing sources (uses):				
Transfers in	\$ 2,864,395	\$ 5,433,008	\$ 9,667,346	\$ 17,964,749
Transfers out	(14,092,501)	(555,719)	(452,134)	(15,100,354)
Notes issued	0	400,000	705,731	1,105,731
Total other financing sources (uses)	<u>\$ (11,228,106)</u>	<u>\$ 5,277,289</u>	<u>\$ 9,920,943</u>	<u>\$ 3,970,126</u>
Net change in fund balances	<u>\$ 3,973,613</u>	<u>\$ 1,592,315</u>	<u>\$ 138,965</u>	<u>\$ 5,704,893</u>
Fund balance at beginning of year	16,878,360	4,338,602	21,420,914	42,637,876
Prior period adjustment	0	94,879	0	94,879
Fund balance at beginning of year restated	<u>\$ 16,878,360</u>	<u>\$ 4,433,481</u>	<u>\$ 21,420,914</u>	<u>\$ 42,732,755</u>
Fund balance at end of year	<u><u>\$ 20,851,973</u></u>	<u><u>\$ 6,025,796</u></u>	<u><u>\$ 21,559,879</u></u>	<u><u>\$ 48,437,648</u></u>

CITY OF CLEVELAND, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

Net change in fund balances for total governmental funds \$ 5,704,893

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. (1,271,876)

Governmental funds report only the proceeds from the sale of assets and do not take into effect the cost of capital assets sold. (17,103)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (7,059)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 5,180,065

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. (1,105,731)

Internal service funds are used by management to charge the costs of health insurance premiums to individual funds. The net activity of the internal service fund is reported with governmental activities. 92,972

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

Net change in accrued interest	\$	9,984	
Amortization of deferred outflows		(29,162)	
Amortization of bond premiums		394,759	
Change in compensated absences		(294,002)	
Change in net pension asset		4,489,615	
Change in net pension liability		1,018,195	
Change in opeb liability		(4,433,172)	
Change in deferred outflows related to pensions		(582,624)	
Change in deferred outflows related to opeb		5,796,030	
Change in deferred inflows related to pensions		(3,272,733)	
Change in deferred inflows related to opeb		(3,214,906)	
Total additional expenditures		(118,016)	(118,016)

Change in net position of governmental activities \$ 8,458,145

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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Taxes:				
Property taxes - real estate	\$ 25,650,000	\$ 25,650,000	\$ 26,056,671	\$ 406,671
Property taxes - utility	427,500	427,500	375,738	(51,762)
Interest and penalty on taxes	225,000	225,000	203,600	(21,400)
In lieu of taxes	425,000	425,000	459,491	34,491
Local sales tax	10,405,000	9,905,000	11,160,199	1,255,199
Wholesale beer tax	1,600,000	1,500,000	1,502,653	2,653
Gross receipts tax	1,350,000	1,300,000	1,426,622	126,622
Franchise taxes - gas	475,000	475,000	375,118	(99,882)
Franchise taxes - charter	525,000	525,000	506,208	(18,792)
Total taxes	\$ 41,082,500	\$ 40,432,500	\$ 42,066,300	\$ 1,633,800
Licenses and permits:				
Beer licenses	\$ 4,000	\$ 4,000	\$ 4,050	\$ 50
Beer renewal fee	15,500	15,500	15,475	(25)
Liquor renewal license	35,500	35,500	27,405	(8,095)
Wine inspection fee	625,000	325,000	427,703	102,703
Building permits	325,000	415,000	459,465	44,465
Electrical permits	12,500	12,500	6,776	(5,724)
Electricians' licenses	18,000	18,000	16,166	(1,834)
Mechanical permits	23,000	23,000	21,989	(1,011)
Mechanical licenses	8,500	8,500	8,925	425
Plumbing permits	47,500	47,500	48,867	1,367
Plumbing licenses	10,500	10,500	8,981	(1,519)
Natural gas permits	4,800	4,800	4,920	120
Street cut permits	82,500	82,500	57,343	(25,157)
Rezoning fee	0	0	75	75
Pud rezoning fee	5,000	5,000	9,600	4,600
Zoning appeal fee	2,500	2,500	2,700	200
Zoning letter fee	1,200	1,200	954	(246)
Minor encroachment fee	500	500	100	(400)
Certificate of appropriateness	800	800	585	(215)
Recreation permits and maintenance fee	9,000	9,000	3,482	(5,518)
Plat review fee	3,750	3,750	3,785	35
Plans review fee	22,500	40,000	48,605	8,605
Certificate of occupancy	11,500	11,500	12,875	1,375
Alley or street abandonment fee	500	500	150	(350)
Wrecker permit fees	1,000	1,000	1,450	450
Taxicab driver fees	500	500	270	(230)
Total licenses and permits	\$ 1,271,050	\$ 1,078,550	\$ 1,192,696	\$ 114,146
Intergovernmental revenues:				
Federal grant - protective vest	\$ 0	\$ 0	\$ 7,293	\$ 7,293
Police training supplement	54,600	71,200	71,200	0
Fire training supplement	60,000	78,400	78,400	0
State child safety grant	0	4,598	4,598	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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Intergovernmental revenues - (Continued):				
State highway safety grant	\$ 0	\$ 3,617	\$ 9,569	\$ 5,952
State sales tax	3,797,000	3,547,000	3,816,634	269,634
State income tax	225,000	225,000	309,247	84,247
State beer tax	22,500	22,500	19,339	(3,161)
State mixed drink tax	147,500	147,500	133,797	(13,703)
State gas inspection tax	91,300	91,300	81,963	(9,337)
State highway maintenance tax	175,000	175,000	157,354	(17,646)
TVA - In lieu of taxes	505,000	505,000	508,544	3,544
Excise tax	185,000	278,585	278,585	0
Total intergovernmental revenues	\$ 5,262,900	\$ 5,149,700	\$ 5,476,523	\$ 326,823
Fines and forfeitures:				
Traffic tickets	\$ 400,000	\$ 400,000	\$ 296,829	\$ (103,171)
Parking tickets	25,000	25,000	13,915	(11,085)
Animal Control tickets	600	1,600	1,825	225
Code enforcement fines	7,500	7,500	1,750	(5,750)
Fines and costs partial payments	0	540	1,618	1,078
Court clerk fees	4,500	4,500	1,101	(3,399)
Drug fines	19,000	19,000	18,492	(508)
Sessions court	46,500	46,500	47,432	932
Circuit court	15,000	15,000	9,391	(5,609)
Officers - sessions court	80,000	80,000	74,460	(5,540)
Officers - circuit court	7,000	7,000	6,512	(488)
State refunds	2,000	3,500	4,800	1,300
Sex offender registry	10,000	10,000	10,350	350
Total fines and forfeitures	\$ 617,100	\$ 620,140	\$ 488,475	\$ (131,665)
Charges for services:				
Police protection	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0
Fire inspection fees	1,800	1,800	2,100	300
Police accidents report	8,500	13,610	13,610	0
Police department contracted services	0	75,987	83,578	7,591
Contracted services E911	127,500	127,500	125,598	(1,902)
Airport maintenance	0	11,891	15,000	3,109
Fleet Management - city services	150,000	150,000	87,259	(62,741)
Fleet Management - outside services	110,000	125,000	71,996	(53,004)
GIS services stormwater	30,000	30,000	30,000	0
GIS services 911 center	6,000	6,000	6,000	0
Accounting services - 911 center	0	27,000	27,000	0
Stormwater fees	105,000	105,000	105,000	0
Animal Control - boarding fees	48,500	48,500	38,290	(10,210)
Waterville lease	36,000	0	0	0
Tinsley pool gate	15,000	15,000	7,926	(7,074)
Tinsley pool concessions	0	0	95	95
Tinsley pool rental	2,500	2,500	1,345	(1,155)
Tinsley Park concessions	7,500	7,500	4,579	(2,921)
Tinsley Park rental	2,500	2,500	0	(2,500)

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

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Charges for services - (Continued):				
Cleveland Community Center	\$ 17,000	\$ 17,000	\$ 3,399	\$ (13,601)
College Hill concessions	18,500	18,500	6,619	(11,881)
College Hill cheerleading	3,600	3,600	0	(3,600)
Recreational program fees	0	57,000	57,149	149
College Hill program fees	5,000	5,000	2,399	(2,601)
Park and recreation miscellaneous	7,500	7,500	0	(7,500)
Jetport-ground/land lease	126,500	126,500	114,330	(12,170)
Jetport T/hangar rent	35,000	35,000	33,425	(1,575)
Jetport terminal bldg rental	5,400	5,400	5,067	(333)
Jetport community hangars	21,000	22,250	24,500	2,250
Jetport video adv	5,000	5,000	0	(5,000)
Jetport ramp fee	0	2,250	0	(2,250)
Jetport special events	0	1,750	1,750	0
Fuel flowage fee (.12 cents)	34,800	34,800	23,289	(11,511)
Variable rent - CFM (.10 cents)	27,000	27,000	16,061	(10,939)
SRO - schools	350,000	350,000	269,619	(80,381)
Total charges for services	<u>\$ 1,357,100</u>	<u>\$ 1,518,338</u>	<u>\$ 1,226,983</u>	<u>\$ (291,355)</u>
Interest:				
Interest - checking	\$ 150,000	\$ 196,500	\$ 196,025	\$ (475)
Interest - payroll	3,000	3,500	3,670	170
Total interest	<u>\$ 153,000</u>	<u>\$ 200,000</u>	<u>\$ 199,695</u>	<u>\$ (305)</u>
Miscellaneous revenues:				
Sale of land	\$ 0	\$ 5,500	\$ 5,500	\$ 0
Sale of maps - engineering	0	0	575	575
Sale of scrap metal	0	1,775	2,382	607
Donations - memorial tree fund	0	7,470	8,340	870
Old timers banquet	2,500	2,500	0	(2,500)
Sign and decal reimbursement	3,000	3,000	2,613	(387)
Donations - Cleveland fire department	0	3,868	3,868	0
TML safety grant matching	2,000	2,000	2,996	996
TML package bonus	5,000	5,000	5,000	0
TML driver safety grant	5,000	5,000	5,000	0
TML property conservation grant	2,500	2,500	2,497	(3)
Greenway Pavilion rental	1,000	5,365	3,785	(1,580)
Greenway benches donations	0	2,300	2,300	0
CPD Youth Police Academy	0	0	80	80
Animal shelter donations	0	0	538	538
Animal shelter - pet adoptions	0	3,078	3,362	284
TML reimbursement police vehicles	0	5,485	7,000	1,515
Fire misc/reports	0	0	182	182
TML reimbursement for property damage	0	30,510	34,666	4,156
TML work comp salary reimbursement	0	0	2,547	2,547
Donations - terminal bldg	17,500	17,500	0	(17,500)
Sundry income	7,500	7,500	35,683	28,183

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues - (Continued):				
Miscellaneous revenues - (Continued):				
Sundry income - clerk and master	\$ 16,000	\$ 16,000	\$ 13,175	\$ (2,825)
Miscellaneous	0	0	6,039	6,039
Total miscellaneous revenues	<u>\$ 62,000</u>	<u>\$ 126,351</u>	<u>\$ 148,128</u>	<u>\$ 21,777</u>
Total revenues	<u>\$ 49,805,650</u>	<u>\$ 49,125,579</u>	<u>\$ 50,798,800</u>	<u>\$ 1,673,221</u>
Expenditures:				
Current :				
General government:				
Legislative and judicial:				
Salaries - administrative	\$ 91,422	\$ 91,422	\$ 92,364	\$ (942)
Salaries - city council	74,440	74,440	75,119	(679)
Salaries - judicial	38,585	38,585	36,442	2,143
Service awards	75	75	0	75
Longevity	4,070	4,070	3,975	95
Sold vacations	3,500	3,500	3,516	(16)
Christmas bonus	445	445	325	120
Sick pay incentive	300	300	275	25
Dental insurance	6,300	6,300	6,525	(225)
Social security	17,330	17,330	15,061	2,269
Health insurance	90,090	90,090	91,811	(1,721)
Retirement	42,130	42,130	33,586	8,544
Life and disability insurance	2,500	2,500	1,968	532
Vision insurance	1,600	1,600	1,139	461
Election	7,500	7,500	0	7,500
Postage	500	500	211	289
Printing	2,200	2,200	1,842	358
Subscriptions and memberships	2,500	2,500	850	1,650
Airmed care membership	132,000	132,000	132,000	0
Advertising	3,000	3,000	2,144	856
Telephone and pager	21,000	21,000	18,388	2,612
Contracted services-reporters	2,500	2,500	0	2,500
Legal services	0	0	350	(350)
Equipment repair and replacement	1,600	1,600	0	1,600
Contract maintenance services	5,500	5,500	4,396	1,104
Emergency repairs - city buildings	10,000	10,000	5,113	4,887
Lee Crosswalk repair	0	22,049	22,049	0
Travel and training	5,000	5,000	1,838	3,162
Council work sessions	5,500	5,500	47	5,453
Complimentary meals	2,500	2,500	1,423	1,077
Office expenditures and paper	4,000	4,000	4,174	(174)
Janitorial	500	500	0	500
Insurance - general liability	1,400	1,400	2,654	(1,254)
Insurance - worker's compensation	500	500	(111)	611
Fireworks - Mt. Olive	5,000	5,000	5,000	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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
General government - (Continued):				
Legislative and judicial - (Continued):				
Service pins - all departments	\$ 1,000	\$ 1,000	\$ 0	\$ 1,000
Employee Christmas dinner	500	500	0	500
Employee picnic	15,000	15,000	0	15,000
Miscellaneous	500	500	934	(434)
Back Alley Galleries	0	1,801	1,786	15
Office machinery and equipment	1,500	1,500	0	1,500
Office renovation	1,000	1,000	0	1,000
Hardware	1,500	1,500	668	832
Software	150	150	172	(22)
Total legislative and judicial	<u>\$ 606,637</u>	<u>\$ 630,487</u>	<u>\$ 568,034</u>	<u>\$ 62,453</u>
Administration:				
Salaries	\$ 420,000	\$ 420,000	\$ 408,842	\$ 11,158
Overtime wages	4,000	4,000	0	4,000
Part time wages	25,000	10,000	7,931	2,069
Service awards	500	500	250	250
Longevity	5,700	5,700	5,700	0
Sold vacations	10,000	10,000	6,048	3,952
Christmas bonus	600	600	567	33
College pay	500	500	435	65
Sick pay incentive	1,500	1,500	1,325	175
Dental insurance	3,000	5,000	4,854	146
Social security	40,000	40,000	31,297	8,703
Health insurance	90,000	90,000	65,401	24,599
Retirement	70,000	74,000	73,427	573
Life and disability insurance	4,000	4,000	4,183	(183)
Vision insurance	2,000	2,000	612	1,388
Employee assistance program	5,000	8,000	7,840	160
Education reimbursement	2,388	2,388	0	2,388
Worker's compensation claims	1,500	1,500	0	1,500
Laundry and dry cleaning	3,600	3,600	1,506	2,094
Postage	4,000	4,000	1,156	2,844
GPS service	300	300	146	154
Printing	1,500	1,500	1,500	0
Citizens newsletter	6,000	2,000	1,490	510
Subscriptions and memberships	7,000	5,000	4,634	366
Advertising	10,000	10,000	11,969	(1,969)
Utilities	15,600	15,600	11,309	4,291
Telephone	17,000	9,000	7,426	1,574
Legal expense liquor by the drink	15,000	15,000	6,240	8,760
Vehicle maintenance	1,000	1,000	35	965
Copier maintenance	1,500	1,500	1,469	31

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
General government - (Continued):				
Administration - (Continued):				
Bldg/ground maintenance	\$ 10,000	\$ 26,000	\$ 21,242	\$ 4,758
Car allowance	12,600	12,600	8,400	4,200
Training/travel	8,000	8,000	4,695	3,305
Department work sessions	2,000	2,000	1,710	290
Pest control-annex	600	600	433	167
Office supplies	8,000	8,000	6,737	1,263
Janitorial supplies	500	1,000	733	267
Gasoline	2,000	2,000	418	1,582
Insurance - buildings and contents	5,000	6,000	5,753	247
Insurance - vehicles	350	350	224	126
Insurance - general liability	5,500	5,500	3,907	1,593
Insurance - worker's compensation	2,000	2,000	1,690	310
Insurance - professional liability	35,000	39,000	38,666	334
Insurance - employee bonds	700	700	0	700
Contracted services - security	2,000	0	0	0
Community engage/social media	5,000	2,500	546	1,954
Miscellaneous	500	1,000	722	278
Equipment	15,000	11,000	7,684	3,316
Hardware	4,000	4,000	2,419	1,581
Software	6,000	12,500	12,434	66
Total administration	<u>\$ 892,938</u>	<u>\$ 892,938</u>	<u>\$ 786,005</u>	<u>\$ 106,933</u>
Finance:				
Salaries	\$ 469,000	\$ 446,500	\$ 405,324	\$ 41,176
Overtime wages	8,000	30,500	24,831	5,669
Part time wages	10,000	10,000	5,923	4,077
Service awards	250	250	250	0
Longevity	6,225	6,225	6,225	0
Sold vacations	5,000	5,000	6,180	(1,180)
Christmas bonus	975	975	866	109
Sick pay incentive	2,700	2,700	1,650	1,050
Dental insurance	4,420	4,420	3,990	430
Social security	38,414	38,414	33,643	4,771
Health insurance	86,500	86,500	69,271	17,229
Retirement	83,961	83,961	76,477	7,484
Life and disability insurance	5,900	5,900	4,504	1,396
Vision insurance	1,450	1,450	1,054	396
Education reimbursement	2,388	2,388	0	2,388
Laundry and dry cleaning	1,200	1,200	147	1,053
Postage	9,000	9,000	7,786	1,214
Postage machine lease	1,500	1,500	1,022	478
GPS service	200	200	98	102
Printing	3,000	3,000	1,550	1,450
Printing - property taxes	9,000	9,000	7,938	1,062
Subscriptions and memberships	2,500	2,500	1,845	655

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
General government - (Continued):				
Finance - (Continued):				
Advertising	\$ 10,500	\$ 10,500	\$ 6,220	\$ 4,280
Utilities	15,000	15,000	9,524	5,476
Telephone	6,500	6,500	9,509	(3,009)
Legal fees	87,500	87,500	85,621	1,879
Audit fees	49,000	49,000	49,000	0
Reappraisal fee	55,000	55,000	0	55,000
Appraisal fees	1,500	1,500	0	1,500
Actuarial services	8,500	8,500	0	8,500
Vehicle	700	700	19	681
Copier maintenance	3,500	3,500	2,876	624
Bldg/ground maintenance	10,000	10,000	10,898	(898)
Car allowance	4,200	4,200	4,200	0
Training/travel	8,000	8,000	1,621	6,379
Department work sessions	1,000	1,000	445	555
Credit card fees	53,000	53,000	58,672	(5,672)
Pest control-annex	800	800	711	89
Office supplies	20,000	20,000	12,915	7,085
First aid safety supplies	100	100	22	78
Janitorial supplies	1,500	1,500	773	727
Gasoline and oil	800	800	308	492
Insurance - buildings and contents	3,200	3,200	611	2,589
Insurance - vehicles	200	200	224	(24)
Insurance - general liability	4,700	4,700	5,360	(660)
Insurance - worker's compensation	1,750	1,750	616	1,134
Insurance - professional liability	34,300	34,300	38,666	(4,366)
Insurance - employee bonds	700	700	0	700
Miscellaneous	500	500	149	351
Bad debt	30,000	30,000	52,548	(22,548)
Equipment	7,500	7,500	1,857	5,643
Hardware	4,000	4,000	8,055	(4,055)
Software	49,500	49,500	49,377	123
Total finance	<u>\$ 1,225,033</u>	<u>\$ 1,225,033</u>	<u>\$ 1,071,371</u>	<u>\$ 153,662</u>
Human Resources:				
Salaries	\$ 150,100	\$ 150,100	\$ 170,984	\$ (20,884)
Part time employees	15,600	15,600	10,609	4,991
Service awards	0	0	34	(34)
Longevity	2,325	2,325	2,325	0
Sold vacation	4,650	4,650	4,618	32
Christmas bonus	216	216	217	(1)
College pay	280	280	280	0
Sick pay incentive	600	600	500	100
Dental insurance	950	950	1,103	(153)
Social security	13,300	13,300	13,863	(563)

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
General government - (Continued):				
Human Resources - (Continued):				
Health insurance	\$ 23,500	\$ 23,500	\$ 26,509	\$ (3,009)
Retirement	28,000	28,000	29,001	(1,001)
Life and disability insurance	2,000	2,000	1,803	197
Vision insurance	275	275	300	(25)
Flex spending-City wide	12,000	12,000	14,660	(2,660)
Laundry and dry cleaning	200	200	193	7
Clothing allowance	700	700	0	700
Class comp study	10,500	10,500	0	10,500
Hazard Comm-MSDS	200	200	0	200
Telephone	1,200	1,200	2,388	(1,188)
Drug and alcohol testing	8,500	8,500	2,180	6,320
Vehicle maintenance	50	50	0	50
Equipment maintenance	10,000	15,500	14,990	510
Building maintenance	2,500	500	965	(465)
Car allowance	4,200	4,200	4,200	0
Training and travel	3,000	3,000	6,848	(3,848)
Employee programs	2,000	0	2,866	(2,866)
Office supplies	500	500	7,606	(7,106)
Wellness center operations	3,000	2,000	1,996	4
Safety supplies	100	100	0	100
Gasoline and oil	200	200	25	175
TML driver safety grant	10,000	10,000	9,357	643
TML safety grant	4,000	4,000	5,991	(1,991)
Property conservation grant	5,000	5,000	4,995	5
Insurance - vehicles	500	500	31	469
Insurance - general liability	750	750	1,464	(714)
Insurance - workers comp	200	200	94	106
Employee appreciation	12,000	12,000	9,599	2,401
Miscellaneous	500	500	1,163	(663)
Replacement equipment	500	0	0	0
Hardware	600	600	611	(11)
Total human resources	<u>\$ 334,696</u>	<u>\$ 334,696</u>	<u>\$ 354,368</u>	<u>\$ (19,672)</u>
Codes Enforcement Division:				
Salaries	\$ 136,700	\$ 136,700	\$ 139,097	\$ (2,397)
Overtime wages	1,000	1,000	14	986
Service awards	200	200	150	50
Longevity pay	3,200	3,200	3,150	50
Vacation pay	1,600	1,600	0	1,600
Christmas bonus	400	400	325	75
Sick pay incentive	900	900	275	625
Dental insurance	2,000	2,000	1,327	673
Social security tax	11,100	11,100	10,832	268
Health insurance	32,600	32,600	31,085	1,515
Retirement	25,000	25,000	24,572	428

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
General government - (Continued):				
Codes Enforcement Division - (Continued):				
Life and disability insurance	\$ 1,800	\$ 1,800	\$ 1,864	\$ (64)
Vision insurance	400	400	364	36
Worker's comp claims	2,500	2,500	0	2,500
Laundry and dry cleaning	1,000	1,000	1,000	0
Postage	1,000	1,000	551	449
GPS services	1,500	1,500	581	919
Printing	1,200	1,200	169	1,031
Advertising	1,500	1,500	0	1,500
Telephone	5,000	5,000	4,290	710
Vehicle maintenance	3,000	3,000	992	2,008
Small equipment repairs/replacement	2,000	2,000	482	1,518
Travel and training	1,500	1,500	0	1,500
Office supplies	2,500	2,500	996	1,504
Uniforms	1,500	1,500	1,379	121
Educational supplies	1,000	1,000	0	1,000
Gasoline	3,000	3,000	1,511	1,489
Insurance - vehicles	1,600	1,600	618	982
Miscellaneous	600	600	321	279
Hardware	1,500	1,500	1,261	239
Software	11,000	11,000	8,246	2,754
Total codes enforcement division	\$ 259,800	\$ 259,800	\$ 235,452	\$ 24,348
Information Technology:				
Salaries	\$ 316,521	\$ 316,521	\$ 339,396	\$ (22,875)
Overtime wages	21,000	21,000	16,039	4,961
Part-time wages	10,400	10,400	0	10,400
Longevity wages	3,975	3,975	3,975	0
Sold vacation pay	12,500	12,500	4,540	7,960
Christmas bonus	545	545	541	4
Sick pay incentive	1,500	1,500	1,075	425
Dental insurance	2,546	2,546	2,640	(94)
Social security taxes	28,033	28,033	26,491	1,542
Health insurance	65,265	65,265	62,633	2,632
Retirement	60,741	60,741	63,206	(2,465)
Life/disability insurance	4,150	4,150	3,708	442
Vision insurance	742	742	707	35
Laundry and dry cleaning	1,200	50	8	42
GPS service	300	300	146	154
Subscriptions and memberships	1,000	1,000	119	881
Telephone	9,000	6,500	5,817	683
Vehicle maintenance	1,000	500	285	215
Car allowance	4,200	4,200	4,200	0
Training and travel	5,000	5,000	630	4,370
Dept work sessions	500	100	38	62

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
General government - (Continued):				
Information Technology - (Continued):				
Office supplies	\$ 2,000	\$ 2,191	\$ 2,363	\$ (172)
Gasoline	1,500	300	104	196
Insurance - vehicles	215	417	417	0
Insurance - general liability	2,688	4,197	4,197	0
Insurance - workers compensation	1,500	1,500	420	1,080
Computer software support	9,000	1,000	0	1,000
Miscellaneous	500	500	0	500
Office furniture	500	0	0	0
Hardware	20,000	32,348	25,568	6,780
Software	191,272	191,272	231,288	(40,016)
GIS program	68,300	68,300	61,031	7,269
Total information technology	\$ 847,593	\$ 847,593	\$ 861,582	\$ (13,989)
Total general government	\$ 4,166,697	\$ 4,190,547	\$ 3,876,812	\$ 313,735
Development and engineering:				
Salaries	\$ 826,100	\$ 869,000	\$ 884,443	\$ (15,443)
Overtime wages	1,000	1,500	1,418	82
Part time wages	3,000	0	0	0
Service awards	300	225	225	0
Longevity	12,300	13,200	13,125	75
Sold vacations	17,000	16,350	16,328	22
Christmas bonus	1,500	1,550	1,516	34
College pay	700	650	625	25
Sick pay incentive	4,000	2,850	2,825	25
Dental insurance	11,000	11,500	11,499	1
Social security	66,100	69,700	64,994	4,706
Health insurance	198,000	202,300	193,895	8,405
Retirement	147,400	165,600	155,278	10,322
Life and disability insurance	11,000	11,000	10,377	623
Vision insurance	2,700	2,700	2,189	511
Unemployment compensation	0	0	894	(894)
Education reimbursement	14,500	0	0	0
Worker's compensation claims	1,000	1,000	0	1,000
Laundry and dry cleaning	2,800	800	893	(93)
Postage	2,500	550	613	(63)
Scanner/copier lease	4,700	4,025	0	4,025
GPS services	2,500	1,100	1,197	(97)
Printing and artwork	1,000	100	32	68
Public education programs	2,000	0	0	0
Subscriptions and memberships	6,000	4,000	4,034	(34)
Advertising	1,700	650	640	10
Utilities	20,900	15,000	16,738	(1,738)
Telephone	25,000	24,000	25,636	(1,636)

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Development and engineering - (Continued):				
Engineering services	\$ 25,000	\$ 11,750	\$ 11,750	\$ 0
Easement fee	500	50	181	(131)
Survey	4,000	1,750	1,150	600
Permits & fees	3,000	200	183	17
Vehicle maintenance	7,000	5,500	3,012	2,488
Office equipment maintenance	7,000	6,300	6,558	(258)
Building maintenance	4,000	15,000	15,145	(145)
Car allowance	4,200	4,200	4,200	0
Travel and training	10,000	10,000	9,191	809
Departmental work session	800	800	603	197
Credit card fees	8,000	10,500	9,827	673
Code violations	30,000	5,000	3,143	1,857
Contracted services - pest control	800	800	412	388
Janitorial contract	9,000	9,800	9,750	50
Office supplies	14,000	20,500	18,862	1,638
Operating	2,000	1,800	515	1,285
OSHA first aid kits	300	50	44	6
Janitorial supplies	1,000	0	0	0
Uniforms	4,000	5,000	4,648	352
Gasoline and oil	6,000	4,600	4,442	158
Insurance - buildings and contents	2,100	1,750	1,718	32
Insurance - vehicles and equipment	3,200	3,050	2,548	502
Insurance - general liability	6,900	7,000	6,921	79
Insurance - worker's compensation	13,700	5,600	5,576	24
Insurance - employee bonds	100	0	0	0
Planning commission	3,000	5,000	5,201	(201)
Board of zoning appeals	1,000	700	675	25
Historic zoning commission	1,000	250	238	12
Miscellaneous	500	1,000	471	529
Office equipment	4,000	2,700	1,622	1,078
Hardware	3,000	2,100	2,080	20
Software	16,000	19,700	19,613	87
Total development and engineering	<u>\$ 1,581,800</u>	<u>\$ 1,581,800</u>	<u>\$ 1,559,693</u>	<u>\$ 22,107</u>
Public safety:				
Police department:				
Salaries	\$ 5,579,303	\$ 5,579,303	\$ 5,434,760	\$ 144,543
Overtime wages	322,000	322,000	261,332	60,668
Part time wages	16,000	20,410	20,751	(341)
Salaries - school patrol	89,000	84,590	61,488	23,102
Supplemental pay	3,000	3,000	2,094	906
State grant - in service training	55,800	71,200	71,200	0
Overtime - contracted services	0	75,987	62,160	13,827
Service awards	1,475	1,800	1,800	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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Public safety - (Continued):				
Police department - (Continued):				
Longevity	\$ 75,825	\$ 77,000	\$ 77,000	\$ 0
Sold vacations	85,000	85,000	83,644	1,356
Christmas bonus	15,701	15,701	13,643	2,058
College pay	1,655	1,655	1,030	625
Sick pay incentive	30,300	28,800	26,650	2,150
Dental insurance	68,402	69,902	72,254	(2,352)
Social security	480,042	480,042	442,496	37,546
Health insurance	1,425,000	1,425,000	1,272,896	152,104
Retirement	1,230,159	1,230,159	1,155,500	74,659
Life and disability insurance	67,618	67,618	63,176	4,442
Vision insurance	15,678	15,978	15,920	58
Worker's compensation	500	500	999	(499)
Unemployment compensation	0	0	2,369	(2,369)
Education reimbursement	16,716	16,716	10,546	6,170
Worker's compensation claims	10,000	12,500	11,799	701
Laundry and dry cleaning	20,000	20,000	16,526	3,474
Employee physicals	13,000	10,500	5,890	4,610
Pre-employment tests	4,000	4,000	2,670	1,330
Uniforms - school patrol	5,000	5,000	2,928	2,072
Postage	1,200	1,200	992	208
GPS service	41,700	28,000	16,211	11,789
800 MHZ radio	25,000	25,000	24,554	446
Lease - radio tower	5,000	5,000	2,400	2,600
Contracted services - vehicles	6,000	6,000	2,302	3,698
Communications - replacement	5,500	5,500	2,984	2,516
Printing	2,500	2,500	835	1,665
Subscriptions and memberships	3,000	3,000	2,876	124
Accreditation	9,000	9,000	5,771	3,229
Advertising	500	500	24	476
Utilities	84,500	84,500	56,935	27,565
Telephone	143,000	143,000	131,661	11,339
NCIC computer line	2,300	2,300	1,680	620
Vehicle maintenance	195,000	195,000	135,016	59,984
Small equipment repair	1,500	1,500	1,430	70
Copier maintenance	3,000	3,000	1,967	1,033
Body camera maintenance	14,950	14,850	14,084	766
Building maintenance	37,500	33,323	28,389	4,934
Travel and training	70,000	70,100	70,083	17
Recruiting	9,000	9,000	9,980	(980)
Mutual aid meals	3,500	4,200	4,277	(77)
Bradley County equipment maintenance	2,000	2,000	2,000	0
Kommander fees	0	0	173	(173)
Janitorial contract	30,000	30,000	29,940	60
Police supplies	9,000	9,200	9,142	58

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Public safety - (Continued):				
Police department - (Continued):				
Batteries	\$ 2,000	\$ 2,000	\$ 1,033	\$ 967
Tapes - video and audio	1,000	1,000	505	495
Crime scene unit supplies	7,000	7,000	7,425	(425)
SRT supplies	12,000	12,000	9,425	2,575
Office expenditures and paper	28,000	30,500	32,578	(2,078)
Protective vests	26,000	26,000	12,910	13,090
OSHA safety supplies	2,500	2,500	2,424	76
Janitorial supplies	3,500	7,000	6,273	727
Child restraint systems	0	3,766	3,671	95
Uniforms	65,000	65,000	66,550	(1,550)
Ammunition	38,000	38,000	31,755	6,245
Firing range	4,000	6,000	5,945	55
Gasoline and oil	178,000	178,000	150,723	27,277
Canine fees	8,000	8,000	4,132	3,868
Insurance - buildings and contents	16,500	16,500	13,667	2,833
Insurance - vehicles and equipment	99,000	100,100	100,076	24
Insurance - general liability	78,850	77,750	69,651	8,099
Insurance - worker's compensation	268,000	230,100	221,346	8,754
Insurance - employee bonds	500	500	450	50
Technology updates	1,000	1,000	494	506
Miscellaneous	500	500	186	314
Volunteer services	2,500	4,700	1,794	2,906
Investigative funds	1,500	1,500	0	1,500
Mainstreet Cleveland Block Party	2,500	2,500	2,500	0
Sex offender registry	0	8,687	5,788	2,899
National night out	500	500	333	167
Guns/taser replacements	30,000	30,000	12,261	17,739
Small equipment	2,500	2,800	2,799	1
Body camera	16,000	22,200	22,110	90
Office equipment	1,500	1,500	1,175	325
Hardware	30,000	62,200	62,846	(646)
Software	122,888	122,888	68,086	54,802
Total police department	\$ 11,385,062	\$ 11,484,725	\$ 10,670,138	\$ 814,587
Fire department:				
Salaries	\$ 5,555,562	\$ 5,555,562	\$ 5,455,012	\$ 100,550
Overtime wages	254,300	265,181	247,531	17,650
Fire runs	4,000	4,000	4,936	(936)
Supplemental pay	75,000	75,000	76,056	(1,056)
State grant - in service training	60,000	60,000	78,400	(18,400)
Service awards	2,000	2,000	1,925	75
Longevity	79,800	80,700	80,663	37
Sold vacations	55,000	55,000	50,960	4,040

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Public safety - (Continued):				
Fire department - (Continued):				
Christmas bonus	\$ 11,700	\$ 11,700	\$ 10,936	\$ 764
College pay	200	200	125	75
Sick pay incentive	23,700	24,700	24,625	75
Dental insurance	72,500	72,500	79,252	(6,752)
Social security	468,100	468,100	437,022	31,078
Health insurance	1,415,000	1,415,000	1,339,909	75,091
Retirement	1,256,700	1,256,700	1,219,723	36,977
Life and disability insurance	68,300	68,300	62,637	5,663
Vision insurance	17,700	17,700	16,164	1,536
Education reimbursement	20,000	18,100	6,515	11,585
Worker's compensation claims	7,300	7,300	860	6,440
Laundry and dry cleaning	24,000	24,000	19,841	4,159
Immunization and physicals	50,000	50,000	33,902	16,098
Recruit testing	38,800	11,219	1,773	9,446
Postage	500	500	152	348
800 MHZ radio maintenance fee	5,000	5,625	5,624	1
Radio and repeater maintenance	4,200	2,000	2,000	0
Communications replacement	2,000	2,000	0	2,000
Printing	3,000	2,891	2,170	721
Subscriptions and memberships	4,200	5,309	5,308	1
License/certification renewal	3,600	3,600	2,167	1,433
Advertising	600	600	88	512
Utilities	126,000	126,000	114,713	11,287
Telephone	61,400	59,400	58,934	466
Apparatus equipment testing	4,600	4,600	2,794	1,806
Vehicle maintenance	90,000	106,700	99,451	7,249
Small equipment repair	2,000	4,000	3,377	623
Copier maintenance	1,200	1,200	626	574
Extrication repair/test	2,600	2,600	1,690	910
Building maintenance	60,000	58,500	49,904	8,596
Travel and training	19,500	13,210	13,180	30
Training/education material	8,000	5,090	3,107	1,983
Mutual aid meals	2,500	2,500	788	1,712
Towels and cloths	800	800	70	730
Batteries	1,000	1,000	900	100
Office supplies	6,500	5,000	4,214	786
Arson supplies	1,500	1,725	1,725	0
Safety	4,200	2,975	2,814	161
Medical supplies/equipment	6,000	14,102	14,039	63
Janitorial supplies	18,500	21,900	21,576	324
Bedding	2,000	2,000	1,019	981
Uniforms	34,500	34,500	24,924	9,576
Operating costs	7,800	9,600	9,566	34

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Public safety - (Continued):				
Fire department - (Continued):				
Gasoline	\$ 42,000	\$ 42,000	\$ 40,323	\$ 1,677
Appliance repair	4,000	4,000	2,838	1,162
PPE equipment gear	100,000	119,200	118,722	478
Extinguisher refills	1,800	1,800	1,197	603
Hazmat supplies	6,000	4,898	4,522	376
Insurance - building and contents	14,400	14,400	14,629	(229)
Insurance - vehicles and equipment	54,100	54,100	53,997	103
Insurance - general liability	54,100	54,100	62,792	(8,692)
Insurance - worker's compensation	164,000	164,000	155,424	8,576
Miscellaneous	500	500	252	248
City funded - Honor Guard	2,000	2,000	1,477	523
Donation expenditures	0	12,025	5,539	6,486
Truck equipment	10,000	10,000	493	9,507
ISO firefighting equipment	26,000	20,000	19,312	688
Office equipment	1,500	1,500	109	1,391
Breathing apparatus equipment	10,000	10,000	9,755	245
Furniture	1,000	1,000	537	463
Small equipment	4,200	3,575	3,668	(93)
Radio equipment	11,000	0	0	0
Hardware	11,500	11,500	5,680	5,820
Software	12,900	12,900	9,116	3,784
Total fire department	<u>\$ 10,574,362</u>	<u>\$ 10,586,387</u>	<u>\$ 10,206,069</u>	<u>\$ 380,318</u>
Total public safety	<u>\$ 21,959,424</u>	<u>\$ 22,071,112</u>	<u>\$ 20,876,207</u>	<u>\$ 1,194,905</u>
Public works:				
Operations division:				
Salaries	\$ 990,500	\$ 986,900	\$ 882,224	\$ 104,676
Overtime wages	25,000	25,000	20,358	4,642
Seasonal leaf employees	25,000	31,000	30,907	93
Part time wages	8,900	8,900	9,340	(440)
Supplemental pay	700	700	606	94
Service awards	800	800	750	50
Longevity	20,000	19,875	19,875	0
Sold vacations	11,900	10,350	10,333	17
Christmas bonus	2,800	2,175	2,166	9
College pay	200	200	125	75
Sick pay incentive	3,500	3,400	3,400	0
Dental insurance	16,200	16,200	13,053	3,147
Social security	81,700	81,700	69,203	12,497
Health insurance	295,000	295,000	202,739	92,261
Retirement	180,700	180,700	154,125	26,575
Life and disability insurance	13,200	13,200	10,365	2,835

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Public works - (Continued):				
Operations division - (Continued):				
Vision insurance	\$ 3,700	\$ 3,700	\$ 2,551	\$ 1,149
Education reimbursement	2,400	2,400	0	2,400
Worker's compensation claims	2,000	2,000	0	2,000
Laundry and dry cleaning	600	600	0	600
Pre-employment drug testing	1,600	1,600	365	1,235
Safety shoes	3,500	3,500	2,455	1,045
Postage	200	200	12	188
800 MHZ radio	3,000	3,000	2,000	1,000
GPS services	6,300	6,300	2,138	4,162
Printing	200	200	0	200
Subscriptions and memberships	500	500	217	283
Advertising	300	300	86	214
Utilities	40,000	40,000	31,639	8,361
Telephone	21,000	21,000	17,802	3,198
Surveys	3,000	3,000	0	3,000
Building maintenance	15,000	15,000	7,052	7,948
Travel and training	2,000	2,000	25	1,975
Departmental work sessions	200	200	67	133
Pest control	1,000	1,000	974	26
Office expenditures and paper	5,800	5,800	5,324	476
Operating supplies	8,000	8,000	6,188	1,812
Safety supplies	4,000	4,000	2,399	1,601
Janitorial supplies	2,500	2,500	2,419	81
Uniforms	9,000	8,700	7,950	750
Gasoline and oil	91,000	91,000	63,850	27,150
Repairs and parts	145,000	145,000	119,418	25,582
Sign shop supplies	4,500	4,500	3,247	1,253
Sign parts and supplies	50,000	50,000	29,521	20,479
Major safety markings	75,000	75,000	48,227	26,773
Thermoplastic contract	30,000	30,000	0	30,000
Paving and materials	300,000	300,000	245,299	54,701
Insurance - building and contents	7,700	7,700	6,332	1,368
Insurance - vehicle and equipment	13,200	13,200	16,779	(3,579)
Insurance - general liability	20,500	20,500	18,552	1,948
Insurance - worker's compensation	46,200	46,200	49,263	(3,063)
Miscellaneous	500	800	1,299	(499)
Incentive program	4,000	4,000	2,062	1,938
Small equipment	3,000	3,000	727	2,273
Small equipment - signs	1,800	300	0	300
Hardware	3,000	3,710	3,722	(12)
Software	2,700	3,490	3,296	194
Total operations division	\$ 2,610,000	\$ 2,610,000	\$ 2,132,826	\$ 477,174

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Public works - (Continued):				
Street lighting and signals:				
Street lighting	\$ 813,000	\$ 813,000	\$ 750,167	\$ 62,833
Traffic light utility service	25,000	23,700	14,589	9,111
Pole attachments	5,500	6,800	6,735	65
ITS maintenance services	44,000	44,000	29,700	14,300
Traffic light repair maintenance	615,000	615,000	593,269	21,731
Traffic signal supplies	4,000	4,000	4,000	0
Small equipment	12,900	12,900	10,181	2,719
Total street lighting and signals	\$ 1,519,400	\$ 1,519,400	\$ 1,408,641	\$ 110,759
Cleveland Regional Jetport Operations:				
Salaries	\$ 84,200	\$ 84,200	\$ 83,604	\$ 596
Part time salaries	7,500	7,500	7,251	249
Longevity pay	600	600	525	75
Sold vacations	1,700	1,700	0	1,700
Christmas bonus	200	200	108	92
Sick pay incentive	300	300	224	76
Dental insurance	700	700	656	44
Social security tax	7,500	7,500	7,050	450
Health insurance	16,400	16,400	15,568	832
Retirement	15,800	15,800	15,393	407
Life and disability insurance	1,300	1,300	954	346
Vision insurance	200	200	172	28
Worker's compensation claims	500	500	0	500
Laundry and dry cleaning	400	400	14	386
Clothing allowance	400	400	350	50
Postage	300	300	209	91
Printing	300	300	0	300
Advertising	3,500	3,500	2,911	589
Subscriptions and memberships	1,600	1,600	787	813
Utilities	45,000	45,000	34,395	10,605
Telephone	11,500	11,500	11,624	(124)
Building maintenance	25,000	25,000	11,101	13,899
Ground maintenance	10,000	10,000	7,917	2,083
Car allowance	4,200	4,200	4,200	0
Travel and training	1,500	900	0	900
Department work session meals	500	500	195	305
Credit card fees	400	400	365	35
Office supplies	1,200	1,200	915	285
Operations	500	500	0	500
Gasoline	1,000	1,000	136	864
Repairs and parts	15,000	15,000	3,625	11,375
Insurance - building and contents	13,300	13,300	11,113	2,187

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Public works - (Continued):				
Cleveland Regional Jetport Operations - (Continued):				
Insurance - vehicles and equipment	\$ 300	\$ 300	\$ 31	\$ 269
Insurance - general liability	1,600	1,600	0	1,600
Worker's compensation	2,000	2,600	2,581	19
Miscellaneous	500	500	74	426
Small equipment	1,700	1,700	0	1,700
Hardware	1,500	1,500	230	1,270
Software	200	200	171	29
Total Cleveland regional jetport	<u>\$ 280,300</u>	<u>\$ 280,300</u>	<u>\$ 224,449</u>	<u>\$ 55,851</u>
Fleet management:				
Salaries	\$ 340,000	\$ 340,000	\$ 343,241	\$ (3,241)
Overtime wages	7,300	7,300	6,198	1,102
Service awards	400	200	200	0
Longevity wages	6,900	6,825	6,825	0
Sold vacation pay	9,000	6,735	6,735	0
Christmas bonus	700	650	650	0
Sick pay incentive	1,000	575	575	0
Dental insurance	3,200	3,200	3,296	(96)
Social security taxes	28,100	28,100	26,244	1,856
Health insurance	73,500	73,500	62,011	11,489
Retirement	62,500	62,500	62,057	443
Life/disability insurance	4,600	4,600	3,928	672
Unemployment compensation	0	0	1,045	(1,045)
Vision insurance	900	900	878	22
Worker's compensation claims	500	500	427	73
Postage	300	240	178	62
Printing	200	10	0	10
Advertising	200	50	40	10
Subscriptions and memberships	5,000	2,000	4,265	(2,265)
Utilities	22,900	19,000	19,409	(409)
Telephone	8,200	7,950	8,159	(209)
Contracted services	90,000	112,000	111,775	225
Building maintenance	7,000	4,000	4,923	(923)
Ctrl fuel maintenance and supplies	7,000	3,800	3,959	(159)
Travel and training	500	2,510	2,510	0
Pest control	100	0	0	0
Office supplies	4,000	2,400	2,262	138
Waste disposal supplies	2,000	500	784	(284)
Janitorial supplies	4,000	4,000	4,942	(942)
Uniform	3,000	1,700	1,697	3
Gasoline	3,000	1,400	1,577	(177)
Repairs and parts	5,000	5,130	5,131	(1)
Insurance - building and contents	3,300	3,300	2,748	552

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Public works - (Continued):				
Fleet management - (Continued):				
Insurance - vehicles and equipment	\$ 1,100	\$ 1,100	\$ 1,100	\$ 0
Insurance - general liability	3,400	3,400	3,225	175
Insurance - worker's compensation	10,200	10,200	11,873	(1,673)
Equipment and tools	2,000	0	0	0
Miscellaneous	500	500	217	283
Hardware	2,000	2,900	2,870	30
Software	13,500	13,325	13,326	(1)
Total fleet management	<u>\$ 737,000</u>	<u>\$ 737,000</u>	<u>\$ 731,280</u>	<u>\$ 5,720</u>
Total public works	<u>\$ 5,146,700</u>	<u>\$ 5,146,700</u>	<u>\$ 4,497,196</u>	<u>\$ 649,504</u>
Health and welfare:				
Animal Control:				
Salaries	\$ 251,728	\$ 251,728	\$ 252,838	\$ (1,110)
Overtime wages	16,300	16,300	13,214	3,086
Longevity	5,025	5,025	5,025	0
Sold vacations	4,950	4,950	2,360	2,590
Christmas bonus	760	760	650	110
Sick pay incentive	1,600	1,600	1,125	475
Dental insurance	3,150	3,150	3,105	45
Social security	21,500	21,500	20,684	816
Health insurance	54,705	54,705	53,097	1,608
Retirement	53,000	53,000	46,477	6,523
Life and disability insurance	3,118	3,118	2,911	207
Vision insurance	650	650	613	37
Worker's compensation claims	1,500	1,500	0	1,500
Laundry and dry cleaning	2,000	2,000	1,162	838
Employee physicals	375	375	0	375
Protective immunizations	775	775	0	775
Postage	175	175	69	106
GPS services	1,900	1,900	812	1,088
Contracted services - vehicles	500	500	173	327
Communications replacement	500	500	415	85
Printing	1,000	1,100	1,100	0
Subscriptions and memberships	1,000	900	330	570
Advertising	300	300	38	262
Utilities and pager	8,875	8,875	8,437	438
Telephone	12,000	11,500	8,970	2,530
Donated spay and neuter	0	8,204	1,995	6,209
Spay and neuter	34,000	34,000	15,530	18,470
Adoption and veterinary fees	35,000	35,000	20,976	14,024
Sick/veterinary	16,000	16,000	8,642	7,358
Vehicle maintenance	8,000	6,400	1,868	4,532

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Health and welfare - (Continued):				
Animal Control - (Continued):				
Copier maintenance	\$ 600	\$ 600	\$ 360	\$ 240
Building maintenance	7,500	4,723	3,489	1,234
Training and travel	1,500	1,060	146	914
Credit card fees	1,100	1,400	1,107	293
Landfill	800	800	600	200
Janitorial contract	6,500	6,500	6,035	465
Office supplies and printing	2,500	2,500	1,801	699
OSHA safety supplies	500	500	157	343
Janitorial supplies	7,000	7,000	4,879	2,121
Uniforms and safety shoes	4,500	4,500	3,655	845
Ammunition	250	250	0	250
Gasoline and oil	6,890	6,890	5,997	893
Euthanasia and supplies	500	500	340	160
Pet food	5,300	5,300	3,478	1,822
Insurance - building and contents	650	650	540	110
Insurance - vehicles and equipment	1,500	1,500	1,498	2
Insurance - general liability	2,500	2,640	2,640	0
Insurance - worker's compensation	7,485	9,085	9,066	19
Miscellaneous	500	500	0	500
Volunteer coordination	500	500	0	500
Equipment	2,500	3,000	2,980	20
Hardware	2,000	2,000	1,622	378
Total animal control	<u>\$ 603,461</u>	<u>\$ 608,888</u>	<u>\$ 523,006</u>	<u>\$ 85,882</u>
Total health and welfare	<u>\$ 603,461</u>	<u>\$ 608,888</u>	<u>\$ 523,006</u>	<u>\$ 85,882</u>
Culture and recreation:				
College Hill Recreation Center:				
Salaries	\$ 146,000	\$ 146,000	\$ 150,803	\$ (4,803)
Overtime wages	6,000	6,703	6,281	422
Part time wages	35,000	35,000	19,675	15,325
Service awards	150	150	150	0
Longevity	3,100	3,075	3,075	0
Sold vacations	2,500	2,288	2,288	0
Christmas bonus	500	434	433	1
Sick pay incentive	1,200	800	800	0
Dental insurance	1,700	1,700	1,662	38
Social security	15,500	15,500	14,656	844
Health insurance	32,600	32,600	30,962	1,638
Retirement	28,500	28,500	27,376	1,124
Life and disability insurance	1,700	1,700	1,721	(21)
Vision insurance	500	500	384	116
Unemployment compensation	500	500	505	(5)
Worker's compensation claims	200	200	0	200

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Culture and recreation - (Continued):				
College Hill Recreation - (Continued):				
Advertising	\$ 100	\$ 0	\$ 0	\$ 0
Utilities	62,600	57,000	53,060	3,940
Telephone	9,000	9,000	8,682	318
Equipment repairs	1,000	1,000	589	411
Building maintenance	35,000	42,800	34,771	8,029
Training and travel	2,200	1,900	1,900	0
Team competition and trips	2,600	2,600	245	2,355
Office expenditures and paper	1,800	1,800	432	1,368
Janitorial supplies	4,000	4,704	4,704	0
Gate and concession supplies	1,500	1,500	529	971
Gasoline	400	300	341	(41)
Pool	15,000	15,000	12,429	2,571
Athletic supplies	2,000	2,000	2,000	0
Program development	8,000	5,000	1,699	3,301
Insurance - building and contents	7,300	6,109	6,109	0
Insurance - general liability	5,100	4,700	4,627	73
Insurance - worker's compensation	4,600	5,087	5,086	1
Contracted services - floor maintenance	2,000	0	0	0
Contracted services - security	1,600	1,600	1,600	0
Program	20,000	10,000	1,102	8,898
Miscellaneous	500	500	0	500
BCCSA activities	15,000	15,000	15,000	0
Youth achievement program	6,000	6,000	4,631	1,369
Total College Hill Recreation Center	<u>\$ 482,950</u>	<u>\$ 469,250</u>	<u>\$ 420,307</u>	<u>\$ 48,943</u>
Parks and recreation:				
Salaries	\$ 467,000	\$ 467,000	\$ 469,823	\$ (2,823)
Overtime wages	6,000	7,025	16,174	(9,149)
Part time wages	25,000	25,000	15,003	9,997
Longevity	8,700	8,850	8,850	0
Sold vacation	7,500	7,500	6,988	512
Christmas bonus	1,200	1,200	1,191	9
College pay	125	125	125	0
Sick pay incentive	3,300	2,125	2,125	0
Dental insurance	5,800	5,800	5,514	286
Social security	38,000	38,000	37,825	175
Health insurance	145,000	145,000	133,328	11,672
Retirement	90,000	90,000	81,681	8,319
Life and disability insurance	6,700	6,700	5,190	1,510
Vision insurance	1,600	1,600	1,251	349
Unemployment compensation	0	0	3,410	(3,410)
Worker's compensation claims	2,000	2,000	511	1,489
Laundry and dry cleaning	800	800	0	800
Pre-employment testing	200	200	90	110

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Culture and recreation - (Continued):				
Parks and recreation - (Continued):				
Postage	\$ 200	\$ 150	\$ 37	\$ 113
GPS services	4,700	4,700	3,813	887
Membership	1,000	1,000	925	75
Advertising	300	214	213	1
Utilities	13,000	18,999	21,033	(2,034)
Telephone	10,000	10,000	11,814	(1,814)
Vehicle maintenance	30,000	17,000	12,276	4,724
Equipment and repairs	3,500	3,500	2,849	651
Grounds maintenance	25,000	38,044	25,074	12,970
Playground mulch	30,000	30,000	29,999	1
Fletcher building	28,500	28,500	26,014	2,486
Greenway utilities	40,000	40,000	48,964	(8,964)
Greenway maintenance	16,000	34,088	32,549	1,539
Car allowance	4,200	4,200	4,200	0
Training and travel	6,000	5,200	4,744	456
Credit card fees	750	750	712	38
Office expenditures	1,750	1,750	956	794
Uniforms	4,350	4,185	4,030	155
Gasoline and oil	27,500	24,500	16,478	8,022
Insurance - building and contents	10,000	8,746	8,746	0
Insurance - vehicles and equipment	2,500	1,500	1,486	14
Insurance - general liability	12,100	10,600	10,513	87
Workers compensation	4,500	9,256	8,745	511
Contracted svcs security	3,600	3,600	3,600	0
Recreational program	0	57,000	46,581	10,419
Miscellaneous	500	500	186	314
Old timers banquet	3,000	500	54	446
Greenway Public Arts	0	2,300	251	2,049
Software	400	400	517	(117)
Hardware	5,000	6,400	5,059	1,341
Total parks and recreation	<u>\$ 1,097,275</u>	<u>\$ 1,176,507</u>	<u>\$ 1,121,497</u>	<u>\$ 55,010</u>
Landscaping maintenance:				
Salaries	\$ 393,000	\$ 393,000	\$ 403,333	\$ (10,333)
Overtime wages	4,500	4,500	1,019	3,481
Part time	25,000	25,000	6,930	18,070
Longevity	7,500	7,500	7,500	0
Sold vacations	2,500	2,057	2,057	0
Christmas bonus	1,000	975	975	0
Sick pay incentive	2,700	1,550	1,550	0
Dental insurance	5,200	5,200	4,810	390
Social security	32,300	32,300	30,921	1,379
Health Insurance	102,000	102,000	89,326	12,674

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Culture and recreation - (Continued):				
Landscaping maintenance - (Continued):				
Retirement	\$ 72,500	\$ 72,500	\$ 66,331	\$ 6,169
Life and disability insurance	3,700	3,700	4,637	(937)
Vision insurance	1,400	1,400	1,213	187
Worker's compensation claims	2,000	2,000	113	1,887
Unemployment compensation	0	0	1,018	(1,018)
Pre-employment testing	200	95	95	0
Postage	100	50	18	32
GPS Services	4,700	4,700	0	4,700
Printing	300	50	0	50
Subscriptions and memberships	1,000	400	0	400
Advertising	200	100	0	100
Utilities	3,200	4,300	4,575	(275)
Telephone	6,400	5,400	5,387	13
Contracted mowing	25,000	25,000	33,595	(8,595)
Vehicle maintenance	25,000	27,413	38,356	(10,943)
Equipment repairs	1,800	1,800	888	912
Travel and training	4,000	2,405	2,403	2
Work sessions	1,500	1,100	803	297
Other contracted services	2,600	600	0	600
Office expenditures	500	500	498	2
Botanical supplies	15,000	13,000	12,210	790
Uniforms	4,000	4,000	3,891	109
Trees	9,000	10,000	10,047	(47)
Donations - memorial tree fund	0	15,717	3,992	11,725
Gasoline and oil	15,000	15,000	13,765	1,235
Insurance - vehicle and equipment	10,000	10,000	7,311	2,689
Insurance - general liability	7,500	7,500	7,656	(156)
Workers compensation	4,000	4,000	8,644	(4,644)
Miscellaneous	500	500	263	237
Metal building	0	4,825	4,824	1
Small equipment	1,000	1,380	1,378	2
Hardware	1,000	1,000	0	1,000
Software	200	200	0	200
Total landscaping maintenance	\$ 799,000	\$ 814,717	\$ 782,332	\$ 32,385
Cleveland Community Center:				
Salaries	\$ 145,000	\$ 145,000	\$ 133,068	\$ 11,932
Part time wages	40,000	40,000	37,704	2,296
Overtime wages	6,000	6,000	2,474	3,526
Longevity	3,600	4,875	4,875	0
Sold vacations	3,000	3,311	3,311	0
Christmas bonus	500	434	433	1
Sick pay incentive	1,200	850	850	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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Culture and recreation - (Continued):				
Cleveland Community Center - (Continued):				
Dental insurance	\$ 2,300	\$ 2,300	\$ 2,187	\$ 113
Social security	15,500	23,447	14,448	8,999
Health insurance	47,300	45,300	41,436	3,864
Retirement	28,000	28,000	24,378	3,622
Life and disability insurance	1,900	1,900	1,710	190
Vision insurance	600	600	418	182
Unemployment compensation	500	500	619	(119)
Worker's compensation claims	200	200	0	200
Advertising	100	0	0	0
Utilities	35,000	31,135	31,859	(724)
Telephone	6,700	6,700	6,419	281
Vehicle maintenance	500	200	0	200
Equipment repairs	500	500	0	500
Building maintenance	35,000	29,300	28,262	1,038
Travel and training	3,000	3,000	1,268	1,732
Team trips and competition	2,600	2,600	0	2,600
Office expenditures and paper	1,500	1,500	558	942
Janitorial contract	4,000	4,000	3,151	849
Gasoline	400	400	111	289
Pool	12,000	12,000	4,467	7,533
Athletic supplies	2,000	2,000	1,226	774
Program development	20,000	7,000	552	6,448
Insurance - building and contents	4,900	4,106	4,105	1
Insurance - general liability	4,900	4,900	4,280	620
Workers compensation	6,000	4,898	4,897	1
Contracted services - floor maintenance	2,000	0	0	0
Contracted services - security	1,300	1,242	1,242	0
Miscellaneous	500	500	0	500
Junior pro basketball	4,500	4,500	3,389	1,111
Cardinal account	3,700	1,700	1,474	226
Total Cleveland Community Center	\$ 446,700	\$ 424,898	\$ 365,171	\$ 59,727
Tinsley Park:				
Salaries	\$ 170,000	\$ 170,000	\$ 99,410	\$ 70,590
Overtime	10,000	10,000	997	9,003
Social security	14,000	14,000	10,420	3,580
Utilities	75,000	70,000	65,425	4,575
Telephone	1,000	800	582	218
Maintenance and repairs	33,500	47,186	23,347	23,839
Lifeguard training	7,000	7,000	445	6,555
Janitorial supplies	6,500	7,500	6,592	908
Tournament	5,000	5,000	3,438	1,562
Pool	25,000	10,314	10,313	1

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Culture and recreation - (Continued):				
Tinsley Park - (Continued):				
Concession supplies	\$ 8,000	\$ 8,000	\$ 4,526	\$ 3,474
Insurance - building and contents	4,700	5,300	5,276	24
Insurance - general liability	4,000	3,600	3,543	57
Worker's compensation	6,100	4,002	4,002	0
Miscellaneous	0	0	5,360	(5,360)
Total Tinsley Park	<u>\$ 369,800</u>	<u>\$ 362,702</u>	<u>\$ 243,676</u>	<u>\$ 119,026</u>
Total culture and recreation	<u>\$ 3,195,725</u>	<u>\$ 3,248,074</u>	<u>\$ 2,932,983</u>	<u>\$ 315,091</u>
Appropriations:				
Jointly funded	\$ 5,376	\$ 5,376	\$ 0	\$ 5,376
Regional Museum	42,300	42,300	42,300	0
Municipal League dues	10,000	10,000	10,000	0
Economic Development	45,000	45,000	45,000	0
Southeast Tennessee Development	8,000	8,000	8,670	(670)
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	58,662	738
Keep America Beautiful	28,200	28,200	28,200	0
Juvenile Court match	1,100	1,100	1,100	0
United Way supporters	1,000	1,000	0	1,000
Sethra-Transit	135,000	135,000	135,000	0
Communications Center	650,000	650,000	650,000	0
Emergency Management	87,300	87,300	98,252	(10,952)
Mainstreet projects	4,000	4,000	4,000	0
SETDD legal fees	1,000	1,000	0	1,000
Veterans Affairs Office	22,600	22,600	28,564	(5,964)
Behavioral Research	2,000	2,000	0	2,000
HVAC at Museum Center	12,000	12,000	12,000	0
Life Bridges (20%)	6,200	6,200	6,200	0
Community Services Agency	94,400	94,400	94,400	0
Cleveland Youth Football	8,000	8,000	8,000	0
Allied Arts of Cleveland	1,000	1,000	0	1,000
Aqua Tigers equipment	2,000	2,000	0	2,000
Boys and Girls Club	14,000	14,000	9,798	4,202
Water dogs	2,000	2,000	0	2,000
Soccer Association	5,000	5,000	0	5,000
Soccer Association - land	5,000	5,000	5,000	0
Vocational School	26,160	26,160	26,159	1
Total appropriations	<u>\$ 1,313,036</u>	<u>\$ 1,313,036</u>	<u>\$ 1,306,305</u>	<u>\$ 6,731</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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Debt Service:				
Principal retirement	\$ 23,159	\$ 21,540	\$ 21,482	\$ 58
Interest and fiscal charges	1,778	3,397	3,397	0
Total debt service	\$ 24,937	\$ 24,937	\$ 24,879	\$ 58
Total expenditures	\$ 37,991,780	\$ 38,185,094	\$ 35,597,081	\$ 2,588,013
Excess of revenues over expenditures	\$ 11,813,870	\$ 10,940,485	\$ 15,201,719	\$ 4,261,234
Other financing sources (uses):				
Transfers in	\$ 2,773,725	\$ 2,773,725	\$ 2,864,395	\$ 90,670
Transfers out	(14,455,004)	(14,092,501)	(14,092,501)	0
Total other financing sources (uses)	\$ (11,681,279)	\$ (11,318,776)	\$ (11,228,106)	\$ 90,670
Net change in fund balances	\$ 132,591	\$ (378,291)	\$ 3,973,613	\$ 4,351,904
Fund balance at beginning of year	16,878,360	16,878,360	16,878,360	0
Fund balance at end of year	\$ 17,010,951	\$ 16,500,069	\$ 20,851,973	\$ 4,351,904

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, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government:				
Education of the handicapped	\$ 30,000	\$ 29,006	\$ 29,006	\$ 0
Total federal government	\$ 30,000	\$ 29,006	\$ 29,006	\$ 0
State of Tennessee:				
Basic education program	\$ 29,839,000	\$ 29,629,000	\$ 29,475,312	\$ (153,688)
School food service	32,663	27,595	24,836	(2,759)
Other state education funds	125,000	322,048	326,973	4,925
Career ladder program	83,491	83,491	66,952	(16,539)
Other state grants	925,849	922,453	922,452	(1)
State mixed drink tax	108,990	108,990	116,531	7,541
State income tax	79,177	14,578	24,116	9,538
On-behalf contributions for opeb	0	0	165,952	165,952
Total State of Tennessee	\$ 31,194,170	\$ 31,108,155	\$ 31,123,124	\$ 14,969
Bradley County:				
Property taxes - current	\$ 6,534,090	\$ 6,350,000	\$ 6,310,471	\$ (39,529)
Property taxes - prior	182,061	182,061	119,056	(63,005)
Clerk and master	116,000	116,000	85,963	(30,037)
Interest and penalty	31,369	31,369	23,573	(7,796)
In lieu of taxes - local utilities	3,805	3,805	2,442	(1,363)
In lieu of taxes - other utilities	487,000	487,000	476,054	(10,946)
Marriage license	2,825	2,825	2,725	(100)
Bank excise tax	28,376	28,376	36,898	8,522
Interstate telecommunications tax	2,126	2,126	0	(2,126)
Local sales tax	6,139,525	6,090,355	6,474,274	383,919
Total Bradley County	\$ 13,527,177	\$ 13,293,917	\$ 13,531,456	\$ 237,539
Total Intergovernmental	\$ 44,751,347	\$ 44,431,078	\$ 44,683,586	\$ 252,508
Charges for services:				
Tuition	\$ 101,935	\$ 101,935	\$ 122,705	\$ 20,770
Criminal background fee	4,800	4,800	2,215	(2,585)
Total charges for services	\$ 106,735	\$ 106,735	\$ 124,920	\$ 18,185

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued)				
Interest	\$ 13,250	\$ 13,250	\$ 69,295	\$ 56,045
Miscellaneous:				
Miscellaneous refunds	\$ 98,841	\$ 98,841	\$ 49,977	\$ (48,864)
Retirees Insurance Payments	0	0	1,635	1,635
Sale of equipment	6,900	6,900	129,939	123,039
Damages recovered	1,800	1,800	0	(1,800)
Contributions	72,896	158,668	205,722	47,054
Other	7,461	151,188	150,089	(1,099)
Total miscellaneous	\$ 187,898	\$ 417,397	\$ 537,362	\$ 119,965
Total revenues	\$ 45,059,230	\$ 44,968,460	\$ 45,415,163	\$ 446,703
Expenditures:				
Current:				
Education:				
Regular instruction:				
Teachers	\$ 17,987,548	\$ 17,615,038	\$ 17,560,461	\$ 54,577
Career ladder program	47,500	47,500	38,500	9,000
Homebound teachers	68,757	78,757	77,694	1,063
Assistants	1,232,041	1,172,556	1,175,536	(2,980)
Other salaries and wages	201,956	201,956	168,360	33,596
Certified substitute teachers	147,375	119,875	88,764	31,111
Non-certified substitute teachers	101,905	118,405	88,907	29,498
Social security	1,212,543	1,212,543	1,100,407	112,136
State retirement	2,044,600	2,044,600	1,885,569	159,031
Life insurance	29,812	29,939	34,883	(4,944)
Medical insurance	2,879,724	2,824,558	2,808,205	16,353
Unemployment compensation	8,000	18,000	27,532	(9,532)
Employer medicare liability	283,579	283,579	258,282	25,297
Retirement - hybrid stabilization	91,499	91,499	0	91,499
Other fringe benefits	144,000	144,000	93,326	50,674
Operating lease payments	448,589	448,589	340,596	107,993
Maintenance and repair	13,500	13,500	5,035	8,465
Other contracted services	162,960	162,960	215,351	(52,391)
Instructional supplies	250,656	260,656	253,995	6,661
Electronic textbooks	126,563	126,563	0	126,563
Textbooks	28,433	28,433	163,201	(134,768)
Other supplies and materials	90,672	91,122	20,265	70,857
Other charges	5,100	5,100	7,213	(2,113)
Regular instruction equipment	39,695	42,200	57,717	(15,517)
Total regular instruction	\$ 27,647,007	\$ 27,181,928	\$ 26,469,799	\$ 712,129
Special education:				
Teachers	\$ 2,042,464	\$ 2,053,576	\$ 2,055,313	\$ (1,737)
Career ladder program	10,000	10,000	8,500	1,500
Homebound teachers	1,000	6,500	8,659	(2,159)
Assistants	381,374	449,298	450,099	(801)
Speech pathologist	289,250	289,250	274,218	15,032

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Special education - (Continued):				
Other salaries and wages	\$ 43,659	\$ 43,659	\$ 43,659	\$ 0
Certified substitute teachers	9,000	9,000	24,237	(15,237)
Non-certified substitute teachers	8,000	8,000	3,416	4,584
Social security	171,221	171,221	163,011	8,210
State retirement	322,051	322,051	307,582	14,469
Life insurance	3,586	4,386	5,310	(924)
Medical insurance	431,364	446,233	434,056	12,177
Employer medicare liability	40,044	40,044	38,407	1,637
Contracts with private agencies	22,102	22,102	14,468	7,634
Maintenance and other repair services	1,700	1,700	675	1,025
Instructional supplies	24,000	24,000	16,590	7,410
Other supplies and materials	7,300	7,300	4,539	2,761
Special education equipment	7,250	17,250	11,482	5,768
Total special education	<u>\$ 3,815,365</u>	<u>\$ 3,925,570</u>	<u>\$ 3,864,221</u>	<u>\$ 61,349</u>
Vocational education:				
Teachers	\$ 1,019,797	\$ 978,055	\$ 980,204	\$ (2,149)
Certified substitute teachers	4,000	4,000	1,365	2,635
Non-certified substitute teachers	2,500	2,500	1,474	1,026
Social security	63,230	63,230	55,825	7,405
State retirement	108,404	108,404	99,610	8,794
Life insurance	951	1,107	1,332	(225)
Medical insurance	150,408	155,709	155,708	1
Employer medicare liability	14,788	14,788	13,057	1,731
Maintenance and repair services	8,500	8,500	5,364	3,136
Tuition	375	375	0	375
Other contracted services	4,500	4,500	9,672	(5,172)
Instructional supplies	33,200	33,200	29,995	3,205
Other supplies and materials	2,300	2,300	57,674	(55,374)
Vocational instruction equipment	66,667	163,124	107,185	55,939
Total vocational education	<u>\$ 1,479,620</u>	<u>\$ 1,539,792</u>	<u>\$ 1,518,465</u>	<u>\$ 21,327</u>
Students:				
Attendance:				
Supervisor	\$ 49,444	\$ 49,944	\$ 49,944	\$ 0
Other salaries and wages	31,611	31,611	31,611	0
Social security	5,025	5,025	4,863	162
State retirement	10,687	10,740	10,740	0
Life insurance	79	110	110	0
Medical insurance	7,824	7,824	7,824	0
Employer medicare liability	1,175	1,175	1,137	38
Other contracted services	9,000	9,000	9,000	0
Other supplies and materials	7,500	7,500	4,876	2,624
Total attendance	<u>\$ 122,345</u>	<u>\$ 122,929</u>	<u>\$ 120,105</u>	<u>\$ 2,824</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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Students - (Continued):				
Health services:				
Supervisor/Director	\$ 67,137	\$ 67,137	\$ 67,137	\$ 0
Medical personnel	272,864	272,864	272,272	592
Other salaries and wages	0	1,500	1,500	0
Certified substitute teachers	0	1,800	1,215	585
Social security	21,080	19,735	19,150	585
State retirement	48,931	46,761	46,760	1
Life insurance	536	568	765	(197)
Medical insurance	41,742	49,516	49,619	(103)
Employer medicare liability	4,930	4,616	4,479	137
Travel	5,000	4,680	4,683	(3)
Other contracted services	100	0	0	0
Drugs and medical supplies	2,000	2,000	1,708	292
Other supplies and materials	21,349	23,173	22,169	1,004
Other charges	250	600	659	(59)
In service staff development	6,950	4,600	4,599	1
Other equipment	1,350	345	345	0
Total health services	<u>\$ 494,219</u>	<u>\$ 499,895</u>	<u>\$ 497,060</u>	<u>\$ 2,835</u>
Other student support:				
Career ladder program	\$ 6,000	\$ 6,000	\$ 4,500	\$ 1,500
Guidance personnel	911,678	919,193	919,193	0
Psychological personnel	90,460	123,280	123,279	1
Attendants	162,000	162,000	136,967	25,033
Other salaries and wages	110,080	62,513	62,513	0
Social security	79,076	79,076	71,984	7,092
State retirement	126,077	126,077	121,298	4,779
Life insurance	940	1,162	1,405	(243)
Medical insurance	139,320	144,020	144,686	(666)
Employer medicare liability	18,563	18,563	16,835	1,728
Evaluation and testing	90,870	90,870	110,123	(19,253)
Maintenance and repair services	100	100	0	100
Postal charges	1,000	1,000	0	1,000
Other contracted services	455,410	455,410	312,750	142,660
Other supplies and materials	8,950	12,450	7,551	4,899
Total other student support	<u>\$ 2,200,524</u>	<u>\$ 2,201,714</u>	<u>\$ 2,033,084</u>	<u>\$ 168,630</u>
Total students	<u>\$ 2,817,088</u>	<u>\$ 2,824,538</u>	<u>\$ 2,650,249</u>	<u>\$ 174,289</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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Instructional staff:				
Regular instruction program:				
Supervisor	\$ 340,078	\$ 340,578	\$ 340,578	\$ 0
Career ladder program	2,500	2,500	5,000	(2,500)
Librarians	615,077	616,187	616,186	1
Materials supervisor	49,254	49,254	49,254	0
Secretaries	115,527	108,704	108,708	(4)
Other salaries and wages	79,805	79,805	79,806	(1)
Social security	78,989	78,989	69,309	9,680
State retirement	138,874	138,874	135,068	3,806
Life insurance	1,396	1,149	1,397	(248)
Medical insurance	141,216	142,791	136,533	6,258
Employer medicare liability	17,490	17,490	16,231	1,259
Dues and subscriptions	4,000	4,000	1,220	2,780
Travel	32,000	32,000	7,925	24,075
Other contracted services	8,500	8,500	2,977	5,523
Library books	40,500	40,500	40,290	210
Other supplies and materials	23,950	23,950	11,202	12,748
In-service staff development	76,200	76,200	59,869	16,331
Other equipment	3,500	3,500	14,762	(11,262)
Total regular instruction program	<u>\$ 1,768,856</u>	<u>\$ 1,764,971</u>	<u>\$ 1,696,315</u>	<u>\$ 68,656</u>
Special education:				
Supervisor	\$ 98,537	\$ 98,537	\$ 98,537	\$ 0
Social security	6,109	6,109	5,789	320
State retirement	10,475	10,475	10,474	1
Life insurance	53	69	69	0
Medical insurance	15,648	15,648	15,648	0
Employer medicare liability	1,418	1,418	1,354	64
Consultants	500	500	0	500
Travel	1,500	1,500	1,175	325
Total special education	<u>\$ 134,240</u>	<u>\$ 134,256</u>	<u>\$ 133,046</u>	<u>\$ 1,210</u>
Vocational education:				
Supervisor	\$ 91,938	\$ 91,938	\$ 91,938	\$ 0
Secretaries	31,363	26,553	26,552	1
Social security	7,645	7,645	7,191	454
State retirement	15,161	15,161	12,734	2,427
Life insurance	106	106	139	(33)
Medical insurance	13,543	13,606	13,606	0

CITY OF CLEVELAND, TENNESSEE
SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Instructional staff - (Continued):				
Vocational education - (Continued):				
Employer medicare liability	\$ 1,788	\$ 1,788	\$ 1,682	\$ 106
Travel	2,500	2,500	77	2,423
In-service/staff development	0	0	123	(123)
Total vocational education	<u>\$ 164,044</u>	<u>\$ 159,297</u>	<u>\$ 154,042</u>	<u>\$ 5,255</u>
Total instructional staff	<u>\$ 2,067,140</u>	<u>\$ 2,058,524</u>	<u>\$ 1,983,403</u>	<u>\$ 75,121</u>
General administration:				
Technology:				
Supervisor	\$ 86,200	\$ 84,805	\$ 84,805	\$ 0
Other salaries and wages	187,794	189,294	204,794	(15,500)
Social security	11,694	11,694	16,463	(4,769)
Retirement	47,072	47,072	45,496	1,576
Life insurance	322	322	454	(132)
Health insurance	54,372	54,372	54,162	210
Employer medicare	3,973	3,973	3,861	112
Contracted services	123,149	123,149	45,294	77,855
Internet connectivity	25,406	25,406	74,436	(49,030)
Travel	4,000	4,000	2,366	1,634
Other supplies and materials	2,000	2,000	561	1,439
Cabling	3,563	3,563	0	3,563
Software	127,282	127,282	129,310	(2,028)
Other charges	5,000	5,000	3,838	1,162
Other equipment	11,761	11,761	22,809	(11,048)
Total technology	<u>\$ 693,588</u>	<u>\$ 693,693</u>	<u>\$ 688,649</u>	<u>\$ 5,044</u>
Board of education:				
Board and committee members' fees	\$ 52,800	\$ 52,800	\$ 52,800	\$ 0
Social security	3,274	3,274	3,273	1
Employer medicare	766	766	766	0
Other fringe benefits	757	757	757	0
Audit services	13,900	14,150	14,150	0
Dues and membership	6,911	7,106	7,106	0
Legal services	10,000	20,000	24,974	(4,974)
Liability insurance	61,458	61,460	61,460	0
Premiums on corporate surety bonds	14,899	14,899	14,899	0
Trustee's commission	118,520	118,520	140,487	(21,967)
Worker's compensation insurance	196,241	180,613	180,613	0
Criminal investigation	8,000	8,000	6,092	1,908
Refund for criminal investigation	2,000	2,000	914	1,086
Other charges	32,000	32,000	24,348	7,652
Total board of education	<u>\$ 521,526</u>	<u>\$ 516,345</u>	<u>\$ 532,639</u>	<u>\$ (16,294)</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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
General administration - (Continued):				
Office of the superintendent:				
Administrative officer	\$ 155,118	\$ 155,118	\$ 157,910	\$ (2,792)
Assistants	110,811	110,811	110,811	0
Career ladder program	0	1,000	2,500	(1,500)
Secretaries	73,590	66,113	70,382	(4,269)
Other salaries and wages	7,200	7,200	7,200	0
Social security	21,310	21,310	18,850	2,460
State retirement	41,676	41,676	40,572	1,104
Life insurance	211	304	252	52
Medical insurance	32,712	34,495	31,654	2,841
Employer medicare liability	4,984	4,984	4,875	109
Communication	127,000	127,000	111,536	15,464
Dues and memberships	6,483	7,611	7,561	50
Postal charges	6,500	6,500	5,234	1,266
Travel	13,000	13,000	9,395	3,605
Other contracted services	33,191	33,191	40,151	(6,960)
Office supplies	16,500	16,500	10,979	5,521
Other charges	16,900	16,900	18,237	(1,337)
Administrative equipment	5,000	5,000	1,341	3,659
Total office of superintendent	<u>\$ 672,186</u>	<u>\$ 668,713</u>	<u>\$ 649,440</u>	<u>\$ 19,273</u>
Total general administration	<u>\$ 1,887,300</u>	<u>\$ 1,878,751</u>	<u>\$ 1,870,728</u>	<u>\$ 8,023</u>
Office of the Principal:				
Principals	\$ 899,784	\$ 896,900	\$ 896,900	\$ 0
Career ladder program	2,000	4,000	5,500	(1,500)
Assistant principals	1,028,855	1,028,855	1,028,559	296
Secretaries	427,722	422,550	418,538	4,012
Social security	144,977	144,977	135,812	9,165
State retirement	278,710	278,710	271,167	7,543
Life insurance	1,849	2,472	2,789	(317)
Medical insurance	267,828	295,812	295,760	52
Employer medicare liability	33,906	33,906	31,763	2,143
Dues and memberships	1,500	1,500	1,597	(97)
Maintenance and repair services	7,500	7,500	5,066	2,434
Postal charges	4,550	4,550	2,100	2,450
Travel	5,100	5,100	42	5,058
Other contracted services	19,025	19,025	23,957	(4,932)
Office supplies	10,975	10,975	6,341	4,634
Administrative equipment	10,545	10,545	7,645	2,900
Total office of the principal	<u>\$ 3,144,826</u>	<u>\$ 3,167,377</u>	<u>\$ 3,133,536</u>	<u>\$ 33,841</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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Business administration:				
Bookkeepers	\$ 241,745	\$ 241,745	\$ 241,745	\$ 0
Social security	12,980	13,318	13,317	1
State retirement	41,532	41,532	41,532	0
Life insurance	211	300	300	0
Medical insurance	41,739	41,739	41,739	0
Employer medicare liability	3,505	3,115	3,114	1
Data processing services	31,630	33,625	33,649	(24)
Travel	1,000	1,000	274	726
Total business administration	<u>\$ 374,342</u>	<u>\$ 376,374</u>	<u>\$ 375,670</u>	<u>\$ 704</u>
Operation of plant:				
Operation of plant:				
Custodial personnel	\$ 27,089	\$ 0	\$ 0	\$ 0
Other salaries and wages	46,813	46,813	46,813	0
Social security	4,582	0	0	0
State retirement	9,630	0	0	0
Life insurance	53	0	0	0
Medical insurance	6,340	0	0	0
Employer medicare liability	1,072	646	645	1
Janitorial services	1,037,292	1,042,292	1,044,364	(2,072)
Operating lease payments	26,475	26,475	0	26,475
Other contracted services	111,547	136,547	114,288	22,259
Electricity	1,116,428	1,116,428	1,020,371	96,057
Natural gas	115,395	115,395	58,573	56,822
Water and sewer	198,695	198,695	194,213	4,482
Other supplies and materials	25,000	25,000	22,431	2,569
Boiler insurance	11,925	12,442	12,442	0
Building and contents insurance	235,728	232,861	232,861	0
Total operation of plant	<u>\$ 2,974,064</u>	<u>\$ 2,953,594</u>	<u>\$ 2,747,001</u>	<u>\$ 206,593</u>
Maintenance of plant:				
Supervisor	\$ 89,807	\$ 89,807	\$ 89,807	\$ 0
Maintenance personnel	514,491	514,491	498,020	16,471
Other salaries and wages	35,000	35,000	0	35,000
Social security	39,334	39,334	32,538	6,796
State retirement	103,818	103,818	99,642	4,176
Life insurance	687	975	934	41
Medical insurance	122,208	122,208	116,987	5,221
Employer medicare liability	9,270	9,270	7,610	1,660
Maintenance and repair services - building	90,140	90,140	95,799	(5,659)
Maintenance and repair services - equipment	2,000	2,000	79,058	(77,058)
Other contracted services	101,000	101,000	135,264	(34,264)
Equipment and machinery parts	5,200	5,200	17,382	(12,182)

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Maintenance of plant - (Continued):				
Other supplies and materials	\$ 190,000	\$ 190,000	\$ 122,780	\$ 67,220
Other charges	5,000	5,000	6,327	(1,327)
Administration Equipment	0	93,351	92,937	414
Maintenance equipment	2,500	2,500	9,611	(7,111)
Total maintenance of plant	<u>\$ 1,310,455</u>	<u>\$ 1,404,094</u>	<u>\$ 1,404,696</u>	<u>\$ (602)</u>
Total operation and maintenance	<u>\$ 4,284,519</u>	<u>\$ 4,357,688</u>	<u>\$ 4,151,697</u>	<u>\$ 205,991</u>
Transportation:				
Supervisor	\$ 42,611	\$ 42,611	\$ 44,026	\$ (1,415)
Mechanics	79,721	69,478	91,287	(21,809)
Bus drivers	591,398	591,398	578,828	12,570
Social security	44,251	44,251	43,969	282
State retirement	21,017	19,500	19,727	(227)
Life insurance	158	219	219	0
Medical insurance	26,419	27,512	27,512	0
Employer medicare	10,349	10,349	10,283	66
Contracts with parents	1,000	1,000	536	464
Medical and dental services	3,500	3,500	3,909	(409)
Travel	1,100	1,100	0	1,100
Other contracted services	22,500	22,500	45,623	(23,123)
Diesel fuel	189,088	189,088	88,657	100,431
Gasoline	20,000	20,000	17,084	2,916
Lubricants	2,000	2,000	5,110	(3,110)
Tires and tubes	17,290	17,290	19,986	(2,696)
Vehicle parts	79,440	79,440	75,181	4,259
Other supplies and materials	2,000	2,000	34,249	(32,249)
Vehicle and equipment insurance	67,047	67,047	67,046	1
Other charges	15,550	15,550	20,189	(4,639)
Total transportation	<u>\$ 1,236,439</u>	<u>\$ 1,225,833</u>	<u>\$ 1,193,421</u>	<u>\$ 32,412</u>
Food service:				
Other salaries and wages	\$ 50,487	\$ 60,038	\$ 60,038	\$ 0
Social security	3,130	3,130	3,356	(226)
State retirement	8,674	10,542	10,315	227
Life insurance	53	75	75	0
Medical insurance	9,540	9,540	9,539	1
Employer medicare liability	732	785	785	0
Total food service	<u>\$ 72,616</u>	<u>\$ 84,110</u>	<u>\$ 84,108</u>	<u>\$ 2</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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Community services:				
Other contracted services	\$ 25,000	\$ 25,000	\$ 25,000	\$ 0
Total community services	\$ 25,000	\$ 25,000	\$ 25,000	\$ 0
Early Childhood Education:				
Contracts with other public agencies	\$ 925,849	\$ 922,453	\$ 922,452	\$ 1
Total early childhood education	\$ 925,849	\$ 922,453	\$ 922,452	\$ 1
Other Programs				
On-behalf payments of opeb	\$ 0	\$ 0	\$ 165,952	\$ (165,952)
Total other programs	\$ 0	\$ 0	\$ 165,952	\$ (165,952)
Total education	\$ 49,777,111	\$ 49,567,938	\$ 48,408,701	\$ 1,159,237
Capital Outlay				
Building improvements	\$ 0	\$ 400,000	\$ 272,806	\$ 127,194
Total capital outlay	\$ 0	\$ 400,000	\$ 272,806	\$ 127,194
Debt Service				
Principal on bonds	\$ 0	\$ 255,000	\$ 303,150	\$ (48,150)
Interest on bonds	0	106,019	115,480	(9,461)
Interest on notes	0	471,503	0	471,503
Total debt service	\$ 0	\$ 832,522	\$ 418,630	\$ 413,892
Total expenditures	\$ 49,777,111	\$ 50,800,460	\$ 49,100,137	\$ 1,700,323
Excess (deficiency) of revenues over expenditures	\$ (4,717,881)	\$ (5,832,000)	\$ (3,684,974)	\$ 2,147,026
Other Financing Sources (Uses)				
Transfers in	\$ 5,432,000	\$ 5,432,000	\$ 5,433,008	\$ 1,008
Transfers out	(555,519)	0	(555,719)	(555,719)
Notes issued	0	400,000	400,000	0
Total other financing sources(uses)	\$ 4,876,481	\$ 5,832,000	\$ 5,277,289	\$ (554,711)
Net change in fund balances	\$ 158,600	\$ 0	\$ 1,592,315	\$ 1,592,315
Fund balance at beginning of year	\$ 4,338,602	\$ 4,338,602	\$ 4,338,602	\$ 0
Prior period adjustment	0	0	94,879	94,879
Fund balance at beginning of year (restated)	\$ 4,338,602	\$ 4,338,602	\$ 4,433,481	\$ 94,879
Fund balance at end of year	\$ 4,497,202	\$ 4,338,602	\$ 6,025,796	\$ 1,687,194

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Enterprise Funds				Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Stormwater Management Fund	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 10,816,303	\$ 18,468,560	\$ 2,315,242	\$ 31,600,105	\$ 1,331,070
Cash and cash equivalents - restricted	4,362	4,527	0	8,889	0
Accounts receivable - net	3,893,431	14,088,921	129,400	18,111,752	0
Inventories	328,079	2,168,234	0	2,496,313	0
Prepays	161,070	167,312	0	328,382	0
Total current assets	<u>\$ 15,203,245</u>	<u>\$ 34,897,554</u>	<u>\$ 2,444,642</u>	<u>\$ 52,545,441</u>	<u>\$ 1,331,070</u>
Noncurrent assets:					
Receivable - conservation loans	\$ 0	\$ 1,307,124	\$ 0	\$ 1,307,124	\$ 0
Other assets	0	1,524,480	0	1,524,480	0
Capital assets:					
Land and construction in progress	14,804,396	5,669,574	1,641,855	22,115,825	0
Other capital assets, net of depreciation	123,380,637	70,595,834	784,899	194,761,370	0
Total noncurrent assets	<u>\$ 138,185,033</u>	<u>\$ 79,097,012</u>	<u>\$ 2,426,754</u>	<u>\$ 219,708,799</u>	<u>\$ 0</u>
Total assets	<u>\$ 153,388,278</u>	<u>\$ 113,994,566</u>	<u>\$ 4,871,396</u>	<u>\$ 272,254,240</u>	<u>\$ 1,331,070</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	\$ 419,496	\$ 10,977	\$ 0	\$ 430,473	\$ 0
Deferred outflows - pensions	2,866,678	3,670,637	36,534	6,573,849	0
Deferred outflows - opeb	696,382	508,687	66,691	1,271,760	0
Total deferred outflows of resources	<u>\$ 3,982,556</u>	<u>\$ 4,190,301</u>	<u>\$ 103,225</u>	<u>\$ 8,276,082</u>	<u>\$ 0</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 1,524,021	\$ 10,062,046	\$ 357,079	\$ 11,943,146	\$ 439,258
Customer deposits	0	3,710,346	0	3,710,346	0
Due to other funds	0	131,333	0	131,333	0
Current maturities of long-term debt	4,687,336	1,215,605	0	5,902,941	0
Other current liabilities	1,972,428	1,469,893	21,670	3,463,991	0
Total current liabilities	<u>\$ 8,183,785</u>	<u>\$ 16,589,223</u>	<u>\$ 378,749</u>	<u>\$ 25,151,757</u>	<u>\$ 439,258</u>
Noncurrent liabilities:					
Post-employment benefits payable	\$ 7,928,670	\$ 5,784,004	\$ 510,752	\$ 14,223,426	\$ 0
Pension benefits payable	6,157,920	6,714,104	53,086	12,925,110	0
Conservation advances from TVA	0	1,355,226	0	1,355,226	0
Due to other funds	0	1,062,668	0	1,062,668	0
Notes payable	26,847,910	4,347,250	0	31,195,160	0
Revenue bonds payable net of discount	22,224,596	8,173,843	0	30,398,439	0
Total noncurrent liabilities	<u>\$ 63,159,096</u>	<u>\$ 27,437,095</u>	<u>\$ 563,838</u>	<u>\$ 91,160,029</u>	<u>\$ 0</u>
Total liabilities	<u>\$ 71,342,881</u>	<u>\$ 44,026,318</u>	<u>\$ 942,587</u>	<u>\$ 116,311,786</u>	<u>\$ 439,258</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred charge on refunding	\$ 128,951	\$ 34,932	\$ 0	\$ 163,883	\$ 0
Deferred inflows - pensions	167,862	165,715	5,228	338,805	0
Deferred inflows - opeb	1,546,400	1,099,195	33,720	2,679,315	0
Total deferred inflows of resources	<u>\$ 1,843,213</u>	<u>\$ 1,299,842</u>	<u>\$ 38,948</u>	<u>\$ 3,182,003</u>	<u>\$ 0</u>
NET POSITION					
Net investment in capital assets	\$ 84,720,098	\$ 62,509,282	\$ 2,426,754	\$ 149,656,134	\$ 0
Unrestricted	(535,358)	10,349,425	1,566,332	11,380,399	891,812
Total net position	<u>\$ 84,184,740</u>	<u>\$ 72,858,707</u>	<u>\$ 3,993,086</u>	<u>\$ 161,036,533</u>	<u>\$ 891,812</u>

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

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2020

	Enterprise Funds				Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Stormwater Management Fund	Total	
Operating Revenues:					
Charges for services	\$ 28,365,233	\$ 98,706,646	\$ 1,532,721	\$ 128,604,600	\$ 4,547,010
Other operating revenues	2,613,225	1,636,398	0	4,249,623	0
Total operating revenues	\$ 30,978,458	\$ 100,343,044	\$ 1,532,721	\$ 132,854,223	\$ 4,547,010
Operating Expenses:					
Power purchased	\$ 0	\$ 73,773,799	\$ 0	\$ 73,773,799	\$ 0
Operation expenses	15,732,890	7,631,321	743,874	24,108,085	4,468,252
Maintenance expense	3,236,904	5,059,141	0	8,296,045	0
Depreciation and amortization	6,567,128	4,943,437	83,339	11,593,904	0
Total operating expenses	\$ 25,536,922	\$ 91,407,698	\$ 827,213	\$ 117,771,833	\$ 4,468,252
Operating income (loss)	\$ 5,441,536	\$ 8,935,346	\$ 705,508	\$ 15,082,390	\$ 78,758
Non Operating Revenues (Expenses):					
Interest income	\$ 160,679	\$ 274,554	\$ 43,976	\$ 479,209	\$ 14,214
Interest expense	(1,310,451)	(502,141)	0	(1,812,592)	0
Plant cost recovered through contributions	0	(111,134)	0	(111,134)	0
Other income (expense)	(16,011)	246,756	4,812	235,557	0
Total nonoperating revenues (expenses)	\$ (1,165,783)	\$ (91,965)	\$ 48,788	\$ (1,208,960)	\$ 14,214
Income before contributions and transfers	\$ 4,275,753	\$ 8,843,381	\$ 754,296	\$ 13,873,430	\$ 92,972
Capital contributions	1,020,815	111,134	0	1,131,949	0
Transfers out	(463,103)	(2,401,292)	0	(2,864,395)	0
Change in net position	\$ 4,833,465	\$ 6,553,223	\$ 754,296	\$ 12,140,984	\$ 92,972
Total net position - beginning	79,351,275	66,305,484	3,238,790	148,895,549	798,840
Total net position - ending	\$ 84,184,740	\$ 72,858,707	\$ 3,993,086	\$ 161,036,533	\$ 891,812

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2020

	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	\$ 31,931,656	\$ 100,964,586	\$ 1,530,125	\$ 134,426,367	\$ 0
Receipts from interfund charges	0	0	0	0	4,547,010
Payments to suppliers	(12,880,968)	(77,759,817)	(107,983)	(90,748,768)	(4,206,060)
Payments to employees for services	(5,928,338)	(9,415,513)	(194,969)	(15,538,820)	0
Net cash provided by (used in) operating activities	<u>\$ 13,122,350</u>	<u>\$ 13,789,256</u>	<u>\$ 1,227,173</u>	<u>\$ 28,138,779</u>	<u>\$ 340,950</u>
Cash flows from noncapital financing activities:					
Transfers out	\$ (463,103)	\$ (2,401,292)	\$ 0	\$ (2,864,395)	\$ 0
Net cash provided by (used in) financing activities	<u>\$ (463,103)</u>	<u>\$ (2,401,292)</u>	<u>\$ 0</u>	<u>\$ (2,864,395)</u>	<u>\$ 0</u>
Cash flows from capital and related financing activities:					
Additions to plants	\$ (9,759,717)	\$ (5,888,790)	\$ (1,565,194)	\$ (17,213,701)	\$ 0
Proceeds received for contributions in aid of construction	1,020,815	111,134	0	1,131,949	0
Removal cost	0	(497,669)	0	(497,669)	0
Salvage	52,535	205,436	0	257,971	0
Proceeds from issuance of debt	1,082,477	0	0	1,082,477	0
Payment of principal on long-term debt	(3,898,145)	(1,158,422)	0	(5,056,567)	0
Payment of interest on long-term debt	(1,522,402)	(560,693)	0	(2,083,095)	0
Net cash provided by (used in) capital and related financing activities	<u>\$ (13,024,437)</u>	<u>\$ (7,789,004)</u>	<u>\$ (1,565,194)</u>	<u>\$ (22,378,635)</u>	<u>\$ 0</u>
Cash flows from investing activities:					
Interest received	\$ 160,679	\$ 274,554	\$ 43,976	\$ 479,209	\$ 14,214
Other non-operating revenue (expense)	(16,011)	246,756	4,812	235,557	0
Net cash provided by investing activities	<u>\$ 144,668</u>	<u>\$ 521,310</u>	<u>\$ 48,788</u>	<u>\$ 714,766</u>	<u>\$ 14,214</u>
Net increase (decrease) in cash and cash equivalents	\$ (220,522)	\$ 4,120,270	\$ (289,233)	\$ 3,610,515	\$ 355,164
Cash and cash equivalents, beginning of year	<u>11,041,187</u>	<u>14,352,817</u>	<u>2,604,475</u>	<u>27,998,479</u>	<u>975,906</u>
Cash and cash equivalents, end of year	<u><u>\$ 10,820,665</u></u>	<u><u>\$ 18,473,087</u></u>	<u><u>\$ 2,315,242</u></u>	<u><u>\$ 31,608,994</u></u>	<u><u>\$ 1,331,070</u></u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2020

(Continued)

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

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

Operating income (loss)	\$ 5,441,536	\$ 8,935,346	\$ 705,508	\$ 15,082,390	\$ 78,758
revenues to net cash provided by operating activities:					
Depreciation	6,805,518	5,180,996	83,339	12,069,853	0
Changes in operating assets and liabilities					
Accounts receivable	953,198	658,850	(2,596)	1,609,452	0
Allowance for doubtful accounts	0	(21,440)	0	(21,440)	0
Inventories	6,633	(145,292)	0	(138,659)	0
Receivable from customers for conservation loans	0	(86,897)	0	(86,897)	0
Prepays	(77,001)	(31,401)	0	(108,402)	0
Other assets	0	63,194	0	63,194	0
Accounts payable	543,433	(354,262)	350,271	539,442	262,192
Customer deposits	0	49,589	0	49,589	0
Other current liabilities	(66,887)	29,297	10,749	(26,841)	0
Pension benefits payable	(228,837)	(414,764)	(27,450)	(671,051)	0
Post-employment benefits payable	(255,243)	(167,301)	107,352	(315,192)	0
Conservation loans	0	93,341	0	93,341	0
Net cash provided by operating activities	\$ 13,122,350	\$ 13,789,256	\$ 1,227,173	\$ 28,138,779	\$ 340,950

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF NET POSITION - FIDUCIARY FUND
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND - CLEVELAND UTILITIES
June 30, 2020

ASSETS

Current assets:

Cash and cash equivalents	\$ 50,780
Interest receivable	1,090
Investments, at fair value:	
Equity mutual funds	1,770,698
Total current assets	<u>\$ 1,822,568</u>
 Total assets	 <u><u>\$ 1,822,568</u></u>

NET POSITION

Net position restricted for other post-employment benefits	<u><u>\$ 1,822,568</u></u>
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CITY OF CLEVELAND, TENNESSEE
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND - CLEVELAND UTILITIES
For the Fiscal Year Ended June 30, 2020

ADDITIONS

Employer contributions	\$ 1,361,034
Net investment income:	
Interest and dividend income	60,632
Net change in the fair value of assets	<u>(11,789)</u>
Total Additions	<u>\$ 1,409,877</u>

DEDUCTIONS

Benefits paid	\$ <u>676,531</u>
Total Deductions	<u>\$ 676,531</u>
Change in Net Position Held in Trust for Other Post-Employment Benefits	\$ 733,346
Net position, held in trust beginning of year	<u>1,089,222</u>
Net position, held in trust end of year	<u><u>\$ 1,822,568</u></u>

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NOTES

CITY OF CLEVELAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Cleveland, Tennessee, ("the City") 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.

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

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.

Additionally, the government reports the following fund types:

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

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

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

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.

E. Investments - (Cont.)

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

F. Receivables and Payables

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

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

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

G. Inventories and Prepaid Items

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

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

H. Restricted Assets

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

Restricted assets also consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the Cleveland City School Department's Teacher Retirement Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the school system in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of the Cleveland City School System to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Cleveland City School System has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the school department.

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

I. Capital Assets - (Cont.)

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 2020 rates for the Electric Division and Water Divisions were 3.5% and 2.8% respectively. When property subject to depreciation is retired or otherwise disposed of in the normal course of business, its costs, together with the cost of removal less salvage, is charged to the reserve for depreciation. Replacements of property (exclusive of minor items of property) for Cleveland Utilities are charged to utility plant accounts.

Cleveland Utilities Electric and Water Divisions charge a portion of depreciation on certain transportation equipment to other expense classifications based on relative usage. Depreciation charged to other accounts was \$237,559, and \$238,390, 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	\$ 11,593,904
Depreciation charged to clearing account	<u>475,949</u>
Depreciation and amortization per statement of cash flows	<u>\$ 12,069,853</u>

J. Deferred outflows/inflows of resources

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

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

These amounts will be recognized as a reduction (increase) in the following measurement period. The third item relates to pension plans and other post employment benefits and results from differences between actual and expected experience and earnings on both plans.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. Unavailable revenue is reported in the governmental funds balance sheet and also the government-wide statement of net position as deferred revenue. This is comprised of current property taxes (2020 levy) at the government-wide level. The governmental funds report unavailable revenue from property taxes, sales tax and other state taxes and are recognized as an inflow of resources in the period that they become available. The second item is the deferred charge on refunding (gain) resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The third item relates to pension and opeb liability and differences between actual and expected experience and earnings on both plans.

K. Compensated Absences

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

L. Long-term obligations

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

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

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

M. Net Position and Fund Equity

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

Net investment in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of June 30, 2020, outstanding debt proceeds totaled \$8,889.

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

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.
3. Prior to July 1, the budget and property tax rate are due for passage by ordinance.

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

N. Budgets and Budgetary Accounting - (Cont.)

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 \$10,162,385, increase budgeted expenditures by \$24,177,030, and increase budgeted expenses by \$1,085,437. The increase in revenues is primarily from federal grants and tax revenues 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, 2020, and January 15, 2021, 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.

	Cost	Investment Maturities	
		Less than One Year	One to Five Years
Certificates of Deposit	\$ 724,438	\$ 0	\$ 724,438
Local Government Investment Pool	28,203	28,203	0
	<u>\$ 752,641</u>	<u>\$ 28,203</u>	<u>\$ 724,438</u>

Note 2 - DEPOSITS AND INVESTMENTS - (Cont.)

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

Credit risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. The City has no investment policy that would further limit its investment choices.

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, 2020, 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, 2020.

Clearbridge International Growth	\$	133,451
Federated Total Return Bond Fund		96,914
John Hancock Fund III - International Growth Fund		128,135
Lord Abbett Short Duration Income Fund		166,239
T. Rowe Price Emerging Markets Stock Fund		95,147
The Hartford Small Cap Growth I Fund		96,581
Thornburg Limited Term Income Fund		194,506
Vanguard Growth Index Fund		264,994
Vanguard High Dividend Yield Index Fund		211,415
Victory Sycamore Established Value I Fund		104,153

For the year ended June 30, 2020, the annual money-weighted rate of return on opeb plan investment expense was 2.92 %. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

INVESTMENTS - TCRS Stabilization Reserve Trust

Legal Provisions - The Cleveland City Schools are a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The Schools have placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated* (TCA), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the school department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Cleveland City School Board may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances - Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participants shares during the fiscal year. There's are no restrictions on the sale or redemption of shares.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2020, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1 - Unadjusted quoted prices for identical assets and liabilities in active markets that can be accessed at the measurement date.

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted process for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to principal market; an Level 1 assets or liabilities that are adjusted.

Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments where fair value is measured using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Note 2 - DEPOSITS AND INVESTMENTS - (Cont.)

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active market that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are value with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level are value using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are value using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraisers with the professional designation of Member of the Appraisal Institute ("MAI"), or its equivalent, every three years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investments reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

On June 30, 2020, Cleveland City Schools had the following investments held by the trust on its behalf.

	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 64,583
Developed Market International Equity	N/A	N/A	29,167
Emerging Market International Equity	N/A	N/A	8,333
U.S. Fixed Income	N/A	N/A	41,667
Real Estate	N/A	N/A	20,833
Short-term Securities	N/A	N/A	2,083
NAV - Private Equity and Strategic Lending	N/A	N/A	<u>41,667</u>
 Total			 <u><u>\$ 208,333</u></u>

Note 2 - DEPOSITS AND INVESTMENTS - (Cont.)

Investment by Fair Value Level	Fair Value	Level 1	Level 2	Level 3	NAV
U.S. Equity	\$ 64,583	\$ 64,583	\$ 0	\$ 0	\$ 0
Developed Market			0	0	0
International Equity	29,167	29,167			
Emerging Market			0	0	0
International Equity	8,333	8,333			
U.S. Fixed Income	41,667	0	41,667	0	0
Real Estate	20,833	0	0	20,833	0
Short-term Securities	2,083	0	2,083	0	0
Private Equity & Strategic Lending	41,667	0	0	0	41,667
	<u>\$ 208,333</u>	<u>\$ 102,083</u>	<u>\$ 43,750</u>	<u>\$ 20,833</u>	<u>\$ 41,667</u>

Risk and Uncertainties - The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Investment Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Cleveland City Schools do not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Cleveland City Schools do not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the School's investment in a single issuer. The Cleveland City Schools places no limit on the amount the School may invest in 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 School will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Cleveland City Schools to pay retirement benefits of the Cleveland City Schools employees.

For further information concerning the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag19091.pdf>.

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- govern- mental	Taxes	Customer Accounts	Other	Allowance for Uncollectibles	Net Receivables
General	\$ 15,564	\$ 32,256,602	\$ 0	\$ 880,453	\$ (502,865)	\$ 32,649,754
School	8,243,599	1,165,637	0	185,450	(81,027)	9,513,659
Water	0	0	3,893,431	0	0	3,893,431
Electric	0	0	14,231,578	0	(142,657)	14,088,921
Stormwater	0	0	129,400	0	0	129,400
Nonmajor	2,854,422	0	0	533,178	0	3,387,600
Totals	\$ 11,113,585	\$ 33,422,239	\$ 18,254,409	\$ 1,599,081	\$ (726,549)	\$ 63,662,765

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, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 37,347,873	\$ 195,281	\$ 0	\$ 37,543,154
Construction in progress	28,089,143	2,946,193	(19,491,972)	11,543,364
Total capital assets not being depreciated	\$ 65,437,016	\$ 3,141,474	\$ (19,491,972)	\$ 49,086,518
Capital assets, being depreciated:				
Buildings	\$ 133,719,881	\$ 15,614,003	\$ 0	\$ 149,333,884
Improvements other than buildings	21,541,852	3,359,502	0	24,901,354
Infrastructure	70,421,006	3,318,501	0	73,739,507
Furniture, fixtures, equipment and vehicles	40,106,532	1,174,475	(1,952,853)	39,328,154
Total capital assets being depreciated	\$ 265,789,271	\$ 23,466,481	\$ (1,952,853)	\$ 287,302,899
Less accumulated depreciation for:				
Buildings	\$ (44,724,007)	\$ (3,418,525)	\$ 0	\$ (48,142,532)
Improvements other than buildings	(7,752,201)	(709,886)	0	(8,462,087)
Infrastructure	(26,983,431)	(1,628,582)	0	(28,612,013)
Furniture, fixtures, equipment and vehicles	(30,595,198)	(2,630,864)	1,935,750	(31,290,312)
Total accumulated depreciation	\$ (110,054,837)	\$ (8,387,857)	\$ 1,935,750	\$ (116,506,944)
Total capital assets being depreciated, net	\$ 155,734,434	\$ 15,078,624	\$ (17,103)	\$ 170,795,955
Governmental activities capital assets, net	\$ 221,171,450	\$ 18,220,098	\$ (19,509,075)	\$ 219,882,473

Note 4 - CAPITAL ASSETS - (Cont.)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land and land rights, easements	\$ 2,203,310	\$ 972,160	\$ 0	\$ 3,175,470
Construction work-in-progress	13,671,071	5,269,284	0	18,940,355
Total capital assets not being depreciated	<u>\$ 15,874,381</u>	<u>\$ 6,241,444</u>	<u>\$ 0</u>	<u>\$ 22,115,825</u>
Capital assets being depreciated:				
Plant in service	\$ 383,093,938	\$ 10,696,652	\$ (1,975,499)	\$ 391,815,091
Equipment	852,864	130,793	(4,354)	979,303
Total capital assets being depreciated	<u>\$ 383,946,802</u>	<u>\$ 10,827,445</u>	<u>\$ (1,979,853)</u>	<u>\$ 392,794,394</u>
Less accumulated depreciation for:				
Plant in service	\$ (188,101,635)	\$ (11,712,251)	\$ 1,975,267	\$ (197,838,619)
Equipment	(114,764)	(83,995)	4,354	(194,405)
Total accumulated depreciation	<u>\$ (188,216,399)</u>	<u>\$ (11,796,246)</u>	<u>\$ 1,979,621</u>	<u>\$ (198,033,024)</u>
Total capital assets being depreciated, net	<u>\$ 195,730,403</u>	<u>\$ (968,801)</u>	<u>\$ (232)</u>	<u>\$ 194,761,370</u>
Business-type activities capital assets	<u>\$ 211,604,784</u>	<u>\$ 5,272,643</u>	<u>\$ (232)</u>	<u>\$ 216,877,195</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 136,086
Development and engineering	29,698
Public safety	1,049,668
Public works	2,541,932
Health and welfare	12,672
Culture and recreation	1,074,156
Education	3,543,645
Total depreciation expense - governmental activities	<u>\$ 8,387,857</u>

Note 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2020, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service Fund	Cleveland Utilities - Electric	<u>\$ 1,194,001</u>
		<u>\$ 1,194,001</u>

Of the total interfund receivable/payable balances, \$131,333, 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	Nonmajor Governmental	
General fund	\$ 0	\$ 5,432,000	\$ 8,660,501	\$ 14,092,501
School fund	0	0	555,719	555,719
Cleveland Utilities - Electric	2,401,292	0	0	2,401,292
Cleveland Utilities - Water	463,103	0	0	463,103
Stormwater Management	0	0	0	0
Nonmajor Governmental	0	1,008	451,126	452,134
	<u>\$ 2,864,395</u>	<u>\$ 5,433,008</u>	<u>\$ 9,667,346</u>	<u>\$ 17,964,749</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The City does not designate property taxes when levied but supports education, debt service, capital outlay and other departments through transfers from the general fund. Cleveland Utilities Electric and Water Divisions remit tax equivalent payments to the general fund through transfers. Other transfers from and to nonmajor funds are primarily to support debt service.

Note 6 - LONG-TERM DEBT

Capital Leases - Direct Borrowing

On August 8, 2018, the City entered into a two-year lease-purchase agreement for equipment. The terms of the agreement require total lease payments of \$30,697 plus interest of \$2,916. The lease payments are being made through the General fund.

On November 5, 2018, the City entered into a two-year lease-purchase agreement for equipment. The terms of the agreement require total lease payments of \$38,778 plus interest of \$2,245. The lease payments are being made through the General fund.

On February 28, 2018 the City entered into a twenty-year lease purchase agreement to fund construction improvements to Cleveland City Schools. The terms of the agreement require total lease payments of \$8,222,294 plus interest of \$2,989,028. The lease payments are being made through the School fund. As of June 30, 2019, all improvements have been completed.

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	\$ 9,270,292
Less: Accumulated depreciation	(1,170,759)
Total book value	<u>\$ 8,099,533</u>

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

Future payments on capital leases are as follows:

Fiscal Year <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2021	\$ 343,651	\$ 242,338	\$ 585,989
2022	330,646	229,920	560,566
2023	341,075	219,491	560,566
2024	351,832	208,734	560,566
2025	362,929	197,637	560,566
2026-2030	1,993,741	809,089	2,802,830
2031-2035	2,328,623	474,208	2,802,831
2036-2040	1,580,940	100,758	1,681,698
	<u>\$ 7,633,437</u>	<u>\$ 2,482,175</u>	<u>\$ 10,115,612</u>

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have also been issued to refund older issues of general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as a 20-year serial bonds with increasing amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.00 to 5.00%	\$ 9,135,000
Governmental activities - refunding	2.00 to 5.00%	\$ 41,002,000

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

Fiscal Year <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2021	\$ 3,460,000	\$ 2,057,780	\$ 5,517,780
2022	3,579,000	1,919,207	5,498,207
2023	3,664,000	1,804,144	5,468,144
2024	3,776,000	1,685,584	5,461,584
2025	3,958,000	1,504,337	5,462,337
2026-2030	22,350,000	4,411,660	26,761,660
2031-2035	7,285,000	776,787	8,061,787
2036-2040	2,065,000	131,371	2,196,371
	<u>\$ 50,137,000</u>	<u>\$ 14,290,870</u>	<u>\$ 64,427,870</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%	\$ 23,870,374
Cleveland Utilities - Electric Division	1.00-5.75%	8,744,626

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

Debt service requirements to maturity for revenue bonds of Cleveland Utilities are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2021	\$ 3,750,000	\$ 1,193,537	\$ 4,943,537
2022	3,770,000	1,030,343	4,800,343
2023	3,465,000	903,514	4,368,514
2024	2,930,000	801,768	3,731,768
2025	2,805,000	686,967	3,491,967
2026-2030	9,725,000	2,031,765	11,756,765
2031-2035	4,180,000	786,103	4,966,103
2036-2040	1,990,000	171,816	2,161,816
	<u>\$ 32,615,000</u>	<u>\$ 7,605,813</u>	<u>\$ 40,220,813</u>

Notes Payable - Direct Borrowing - Governmental

The City issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes and other loans are direct obligations and pledge the full faith, credit and taxing authority of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to 20 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes and loans included in the long-term debt of governmental activities are being retired from the Debt Service Fund and the Sales Tax Fund.

Capital outlay notes and other loans outstanding as of June 30, 2020, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6/30/2020
Direct Borrowing:				
Notes Payable - TN Municipal Bond Fund	Variable	8/1/2037	26,615,900	18,769,279
Other Loans	1.15 to 1.50%	8/1/2033	4,560,000	1,985,860

Principal requirements to maturity for notes payable accounted for in the governmental activities for the fiscal year ended June 30, 2020, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2021	\$ 1,672,810	\$ 721,186	\$ 2,393,996
2022	1,743,053	672,651	2,415,704
2023	1,787,485	621,464	2,408,949
2024	1,833,918	568,665	2,402,583
2025	1,883,362	514,094	2,397,456
2026-2030	7,005,398	1,479,560	8,484,958
2031-2035	4,571,834	561,202	5,133,036
2036-2040	1,305,000	52,912	1,357,912
	<u>\$ 21,802,860</u>	<u>\$ 5,191,734</u>	<u>\$ 26,994,594</u>

Notes Payable - Direct Borrowing - Business Type

The City issues other loans to provide funds for the acquisition and construction of major improvements to the Electric and Water Divisions of Cleveland Utilities. The notes 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. Repayment terms are generally structured with increasing amount of principal maturing as interest requirements decrease over the term of the debt. All notes and loans were issued for original terms of 20 years for repayment. Notes will be retired from the Electric and Water Division enterprise funds.

Capital outlay notes and other loans outstanding as of June 30, 2020, for business-type activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6/30/2020
Direct Borrowing:				
Notes Payable - TN Municipal Bond Fund	.75 to 3.0%	05/25/35	15,875,000	11,147,500
TN State Revolving Loan Fund	.88 to 2.08%	06/01/39	31,574,268	22,200,601

Principal requirements to maturity for notes payable accounted for in the business-type activities for the fiscal year ended June 30, 2020, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2021	\$ 2,152,941	\$ 747,651	\$ 2,900,592
2022	2,176,127	702,448	2,878,575
2023	2,197,557	656,916	2,854,473
2024	2,221,331	611,000	2,832,331
2025	2,244,364	564,742	2,809,106
2026-2030	11,585,301	2,117,309	13,702,610
2031-2035	11,104,453	937,963	12,042,416
2036-2040	5,814,234	180,725	5,994,959
	<u>\$ 39,496,308</u>	<u>\$ 6,518,754</u>	<u>\$ 46,015,062</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 53,217,000	\$ 0	\$ (3,080,000)	\$ 50,137,000	\$ 3,460,000
Notes payable	21,279,120	1,105,731	(1,629,712)	20,755,139	1,672,810
Capital leases	8,103,790	0	(470,353)	7,633,437	343,651
Compensated absences	2,323,312	1,670,373	(1,376,371)	2,617,314	261,731
Less bond discount/premium	6,018,005	0	(394,759)	5,623,246	0
Total	<u>\$ 90,941,227</u>	<u>\$ 2,776,104</u>	<u>\$ (6,951,195)</u>	<u>\$ 86,766,136</u>	<u>\$ 5,738,192</u>

As of June 30, 2020, a balance of \$1,047,721, is available in loan proceeds to be drawn down on notes as follows:

Public Building Authority of Clarksville Series 2015	\$ 403,721
Public Building Authority of Clarksville Series 2017	644,000
	<u>\$ 1,047,721</u>

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

On February 25, 2016, the City of Cleveland entered into a loan agreement with the Public Building Authority of the City of Clarksville, TN for a loan in the amount of \$1,000,000, for the purpose of making improvements to the Jetport. The variable rate loan was obtained through the Tennessee Municipal Bond Fund and is amortized over 20 years. At June 30, 2020, \$596,279 of the loan proceeds have been drawn down.

On September 30, 2016, the City of Cleveland entered into a loan agreement with the Public Building Authority of the City of Clarksville, TN for a loan in the amount of \$5,200,000, for the purpose of making improvements to various departments. The variable rate loan was obtained through the Tennessee Municipal Bond Fund and is amortized over 20 years. At June 30, 2020, \$4,556,000, of the loan proceeds have been drawn down.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	\$ 36,025,000	\$ 0	\$ (3,410,000)	\$ 32,615,000	\$ 3,750,000
Notes payable	11,922,750	0	(775,250)	11,147,500	778,250
State revolving loan fund	21,989,441	1,082,477	(871,317)	22,200,601	1,374,691
Conservation advances	1,519,297	520,620	(427,279)	1,612,638	257,412
Less bond discount/premiums	1,709,430	0	(175,991)	1,533,439	0
	<u>\$ 73,165,918</u>	<u>\$ 1,603,097</u>	<u>\$ (5,659,837)</u>	<u>\$ 69,109,178</u>	<u>\$ 6,160,353</u>

As of June 30, 2020, a balance of \$6,148,207, is available in loan proceeds to be drawn down on notes as follows:

State revolving loan fund SRF 2018-415	\$ 15,793
State revolving loan fund SRF 2018-416	238,610
State revolving loan fund SRF 2018-417	5,893,804
	<u>\$ 6,148,207</u>

On March 13, 2018, the City of Cleveland on behalf of the Wastewater Division of Cleveland Utilities entered into a revolving loan agreement with the Tennessee State Revolving Loan Fund, "SRF CW6 2018-417", to finance the wastewater rehabilitation plan of 2018. The SRF CW6 2018-417 loan agreement was for \$10,000,000, in the form of a loan of \$10,000,000. The loan is to be paid back over a 20-year period with a fixed interest rate of 1.58 percent. As of June 30, 2020, the Division has drawn down \$4,106,196, of the loan proceeds.

On June 19, 2018, the City of Cleveland on behalf of the Wastewater Division of Cleveland Utilities entered into a revolving loan agreement with the Tennessee State Revolving Loan Fund, "SRF CW6 2018-415", to finance the construction of wastewater collection plant for the annexed properties of Durkee Road. The SRF CW6 2018-415 loan agreement was for \$1,000,000, in the form of a loan of \$900,000, and principal forgiveness of \$100,000. The loan is to be paid back over a 20-year period with a fixed interest rate of 1.56 percent. As of June 30, 2020, the Division has drawn down \$982,452 of the total proceeds.

On June 19, 2018, the City of Cleveland on behalf of the Wastewater Division of Cleveland Utilities entered into a revolving loan agreement with the Tennessee State Revolving Loan Fund, "SRF CW6 2018-416", to finance the construction of wastewater collection plant for the annexed properties of Durkee Road. The SRF CW6 2018-416 loan agreement was for \$350,500, in the form of a loan. During the fiscal year ended June 30, 2019, the loan was increased by another \$379,500 for a total of \$730,000. The loan is to be paid back over a 20-year period with a fixed interest rate of 1.56 percent. As of June 30, 2020, the Division has drawn down \$491,390 of the total proceeds.

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 - 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 8 - 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 \$144,273,376, are as follows:

Bonds payable	\$ 50,137,000
Notes payable	20,755,139
Capital leases	7,633,437
Compensated absences	2,617,314
Postemployment benefits	52,938,241
Net pension asset	(6,837,591)
Net pension liability	11,235,044
Interest payable	171,546
Premium on bonds payable	<u>5,623,246</u>
Net adjustment	<u>\$ 144,273,376</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances for total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this (\$1,271,876), difference are as follows:

Capital outlay	\$ 7,115,984
Depreciation expense	<u>(8,387,860)</u>
Net adjustment	<u>\$ (1,271,876)</u>

Note 8 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - (Cont.)

Another element of that reconciliation states that "Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position." The details of this \$5,180,065, difference are as follows:

Principal repayments:		
General obligation bonds	\$	3,080,000
Notes payable		1,629,712
Capital leases payable		<u>470,353</u>
Net adjustment	\$	<u>5,180,065</u>

Note 9 - 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 10 - 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 11 - 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 12 - 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, 2020, is \$575,895. 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 6/30/19	\$ 137,546	\$ 177,066	\$ 314,612
Current year claims and estimate changes	3,202,723	3,700,988	6,903,711
Claims paid	<u>(3,203,632)</u>	<u>(3,438,796)</u>	<u>(6,642,428)</u>
Claims liability at 6/30/20	<u>\$ 136,637</u>	<u>\$ 439,258</u>	<u>\$ 575,895</u>

Note 13 - 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 14 - 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 15 - TAX ABATEMENTS

In recent years the City has entered into PILOT Programs with various industries as a way to stimulate the local economy, promote industrial expansion and create jobs. The Payment in Lieu of Taxes (PILOT) is designed as an incentive program which allows an industry to pay less than what is owed in property taxes for a period of time. This frees up funds which the business or industry agrees to invest in the local community. This PILOT Program is authorized under Tennessee Code Annotated 7-53-305. For each year the PILOT Program is in effect, businesses are billed based upon an agreed upon percentage of the total tax they would have paid. For the current fiscal year, three businesses paid taxes totaling \$440,895 based on a total potential tax of \$1,368,173.

Note 16 - RETIREMENT COMMITMENTS

THE TCRS PENSION PLAN

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

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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	479
Inactive employees entitled to but not yet receiving benefits	373
Active employees	739
	<u>1,591</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The City of Cleveland makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2020, employer contributions were 6,765,831, based on a rate of 20.68 percent of covered payroll for public safety employees and 17.18 percent of covered payroll for all other employees under the plan. By law, employer contributions are required to be paid. The TCRS may intercept Cleveland City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

THE TCRS PENSION PLAN - (Cont.)

Net Pension Liability

Cleveland City's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.75 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.25 percent

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

The actuarial assumptions used in the June 30, 2019, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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 6/30/18	\$ 155,432,056	\$ 136,865,510	\$ 18,566,546
Changes for the year:			
Service cost	\$ 2,842,378	\$ 0	\$ 2,842,378
Interest	11,237,054	0	11,237,054
Difference between expected and actual experience	1,089,026	0	1,089,026
Changes in assumptions	0	0	0
Contributions - employer	0	6,489,131	(6,489,131)
Net Investment income	0	10,185,877	(10,185,877)
Benefit payments	(6,561,174)	(6,561,174)	0
Administrative expenses	0	(64,454)	64,454
Net changes	<u>\$ 8,607,284</u>	<u>\$ 10,049,380</u>	<u>\$ (1,442,096)</u>
Balance at 6/30/19	<u>\$ 164,039,340</u>	<u>\$ 146,914,890</u>	<u>\$ 17,124,450</u>

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Cleveland City's net pension liability	\$ 38,991,593	\$ 17,124,450	\$ (1,128,362)

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

Pension expense. For the year ended June 30, 2020, Cleveland City recognized pension expense of \$6,659,003.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2020, 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	\$ 3,201,108	\$ 0
Net difference between projected and actual earnings on pension plan investments	0	1,686,521
Change in assumptions	1,818,193	0
Contributions subsequent to the measurement date of June 30, 2019	<u>6,765,831</u>	<u>0</u>
Total	<u>\$ 11,785,132</u>	<u>\$ 1,686,521</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2019," will be recognized as a reduction to net pension liability in the following measurement period.

THE TCRS 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:	
2021	\$ 1,533,605
2022	344,429
2023	1,017,250
2024	255,988
2025	181,504
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, 2020, the City of Cleveland did not have a payable balance of contribution to the plan.

CLEVELAND UTILITIES - CSA PENSION PLAN

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

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

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

Employees covered by benefit term. At the measurement date of October 1, 2019, 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	12
	<u>91</u>

Note 16 - RETIREMENT COMMITMENTS - (Cont.)

CLEVELAND UTILITIES - CSA PENSION PLAN - (Cont.)

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, 2019, 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, 2019, 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 60% of the prior year's level.
Funding method	Individual Entry Age Normal
Mortality	RP-2000 Generational with Scale AA
Incident of Disability	50% 1952 Disability Table, Period 2, Benefit 5, with a 6 month wait.
Assumed retirement age	50% at Plan Retirement/50% at age 65
Marriage	It is assumed that 80% of participants are married and that a male is 3 years older than his female spouse.
Termination	Males: Termination Table T-5 from the Actuary's Handbook Females: Termination Table T-5 from the Actuary's Handbook with a five year setback
Cost-of-living increases	N/A
Date of participation freeze	10/14/1993

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

Changes in assumptions. The projection of overtime year to year has been changed from assuming that overtime will continue to be earned at 60% of the prior year's level of 80%.

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 10/01/18	\$ 34,758,273	\$ 27,321,397	\$ 7,436,876
Changes for the year:			
Service cost	\$ 63,605	\$ 0	\$ 63,605
Interest	2,351,768	0	2,351,768
Difference between expected and actual experience	75,248	0	75,248
Assumption Changes	51,789	0	51,789
Contributions - employer	0	1,840,214	(1,840,214)
Net Investment income	0	1,103,368	(1,103,368)
Benefit payments	(2,450,385)	(2,450,385)	0
Other charges	0	0	0
Net changes	\$ 92,025	\$ 493,197	\$ (401,172)
Balance at 10/01/19	\$ 34,850,298	\$ 27,814,594	\$ 7,035,704

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	\$ 10,470,446	\$ 7,035,704	\$ 4,083,905

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

Pension expense. For the year ended June 30, 2019, Cleveland Utilities recognized pension expense of \$1,236,959.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2020 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	\$ 953,317	\$ 88,861
Changes of assumption	104,579	0
Net difference between projected and actual earnings on pension plan investments	330,081	0
Contributions subsequent to the measurement date of October 1, 2019	1,443,041	0
Total	\$ 2,831,018	\$ 88,861

The amount shown above for "Contributions subsequent to the measurement date of October 1, 2019," 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:	
2021	\$ 432,434
2022	333,154
2023	350,581
2024	182,947
2025	0
Thereafter	0

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

Payable to Pension Plan

At June 30, 2020, no contributions were payable to the plan.

TEACHERS LEGACY PENSION PLAN OF TCRS

Plan description. The Tennessee Consolidated Retirement System (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 public ally available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by Cleveland City Schools with membership in the TCRS before July 1, 2014, 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.

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.

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, 2020 to the Teacher Legacy Pension Plan were \$2,274,144, which is 10.63 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension asset. At June 30, 2020, The Cleveland City Schools reported an asset of \$6,604,306, for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, Cleveland City Schools' proportion was 0.642330 percent. The proportion measured as of June 30, 2018, was 0.613389 percent.

Pension expense. For the year ended June 30, 2020, Cleveland City Schools recognized pension expense of \$970,615.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2020, 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	\$ 321,547	\$ 4,034,041
Change in assumptions	889,964	0
Net difference between projected and actual earnings on pension plan investments	0	1,886,977
Changes in proportion of Net Pension Liability (Asset)	214,005	18,414
Contributions subsequent to the measurement date of June 30, 2019	2,274,144	0
Total	<u>\$ 3,699,660</u>	<u>\$ 5,939,432</u>

Cleveland City Schools employer contributions of \$2,274,144, 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, 2021. 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:	
2021	\$ (1,258,299)
2022	(1,800,396)
2023	(824,170)
2024	(631,050)
2025	0
Thereafter	0

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

TEACHERS LEGACY PENSION PLAN OF TCRS - (Cont.)

Actuarial assumptions. The total pension liability as of the June 30, 2019, the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.75 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.25 percent

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

The actuarial assumptions used in the June 30, 2019, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents Cleveland City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what Cleveland City Schools' proportionate share of the net pension liability (asset) would be

TEACHERS LEGACY PENSION PLAN OF TCRS - (Cont.)

if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Cleveland City Schools' proportionate share of the net pension liability (asset)	\$ 13,503,898	\$ (6,604,306)	\$ (22,599,824)

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, 2020, no payments were payable to the plan.

TEACHERS RETIREMENT PLAN OF TCRS

Plan description. The Tennessee Consolidated Retirement System (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 public ally available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by Cleveland City Schools with membership in the TCRS before July 1, 2014, 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.

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 with an unreduced benefit 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.

Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. 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 Retirement Plan, benefit terms and conditions, including COLAs, 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 or by automatic cost controls set out in law. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined

TEACHERS RETIREMENT PLAN OF TCRS - (Cont.)

by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 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, 2020 to the Teacher Retirement Plan were \$111,296, 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, 2020, The Cleveland City Schools reported an asset of \$233,285, for its proportionate share of net pension asset. The net pension liability was measured as of June 30, 2018, and the total pension asset used to calculate the net pension asset was determined by an actuarial value as of that date. Cleveland City Schools' proportion of the net pension asset 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, 2019, Cleveland City Schools' proportion was 0.413270 percent. The proportion measured as of June 30, 2018 was 0.417866 percent.

Pension expense. For the year ended June 30, 2020, Cleveland City Schools recognized pension expense of \$72,816.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2020, 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	\$ 9,673	\$ 40,725
Net difference between projected and actual earnings on pension plan investments	0	9,863
Change in assumptions	8,106	0
Changes in proportion of net pension liability (Asset)	2,569	6,775
Contributions subsequent to the measurement date of June 30, 2019	<u>111,296</u>	<u>0</u>
Total	<u>\$ 131,644</u>	<u>\$ 57,363</u>

Cleveland City Schools employer contributions of \$111,296, 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, 2021. 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:	
2021	\$ (5,342)
2022	(6,851)
2023	(4,085)
2024	(2,674)
2025	(2,273)
Thereafter	(15,789)

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, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.75 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses,
Cost-of-living adjustment	2.25 percent

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

The actuarial assumptions used in the June 30, 2019, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents Cleveland City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what Cleveland City Schools' proportionate share of the net pension liability (asset) would be

TEACHERS RETIREMENT PLAN OF TCRS - (Cont.)

if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Cleveland City Schools' proportionate share of the net pension liability (asset)	\$ 73,914	\$ (233,285)	\$ (460,363)

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, 2020, no payments were payable to the plan.

AGGREGATION OF ALL PENSION PLANS

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,485,645	\$ 4,163,627
Net difference between projected and actual earnings on pension plan investments	0	3,253,280
Change in assumptions	2,820,842	0
Changes in proportion of net pension liability	216,574	25,189
Contributions subsequent to the measurement date	10,594,312	0
Total	\$ 18,117,373	\$ 7,442,096

Deferred outflows of resources related to 2020 contributions to pension plans subsequent to the measurement date (June 30, 2019 and October 1, 2019) will be recognized as a reduction of the net pension liability for the year ended June 30, 2021.

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

Year ended June 30:	
2021	\$ 702,398
2022	(1,129,664)
2023	539,576
2024	(194,789)
2025	179,231
Thereafter	(15,789)

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

Note 16 - RETIREMENT COMMITMENTS - (Cont.)

AGGREGATION OF ALL PENSION PLANS - (Cont.)

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

	Net Pension Asset	Net Pension Liability
Teachers Legacy Pension Plan	\$ 6,604,306	\$ 0
Teachers Retirement Plan of TCRS	233,285	0
TCRS Pension Plan	0	17,124,450
CSA Pension Plan	0	7,035,704
	<u>\$ 6,837,591</u>	<u>\$ 24,160,154</u>

Pension expense related to all plans were as follows:

Teachers Legacy Pension Plan	\$ 970,615
Teachers Retirement Plan of TCRS	72,816
TCRS Pension Plan	6,659,003
CSA Pension Plan	1,236,959
	<u>\$ 8,939,393</u>

Note 17 - POSTEMPLOYMENT BENEFITS

CITY EMPLOYEES OTHER THAN CITY SCHOOLS AND CLEVELAND UTILITIES

PLAN DESCRIPTION

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

The following schedule applies to employees with over 10 years of service. If the retiree has family coverage the City will pay half the difference between the cost of the family plan and the cost of the individual plan. No separate report is issued for this plan.

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

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

Plan Membership. At July 1, 2019, plan membership consisted of the following:

Inactive employees currently receiving benefit payments	107
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	340
	<u>447</u>

Actuarial assumptions. The total opeb liability in the June 30, 2019, actuarial valuation (updated for 2019) was determined using the actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age actuarial cost method
Salary increases	4.00%
Payroll growth	2.50%
Inflation	2.50%
Discount rate	2.21%
Healthcare cost trend rates	7.50% decreasing to an ultimate rate of 4.50% in 2025.
Mortality	RPH-2014 headcount weighted mortality table with projection scale MP-2019

Discount rate. The discount rate used to measure the OPEB liability was 2.21 percent. This rate reflects the Bond Buyer's 20 Bond Index.

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	<u>\$ 41,352,983</u>
Changes for the year:	
Service cost	\$ 1,265,001
Interest	1,231,461
Changes in Benefit Terms	0
Differences between expected and actual experience	(3,298,512)
Changes in assumptions and other inputs	5,689,737
Benefit payments	(878,586)
Net changes	<u>\$ 4,009,101</u>
Balance at June 30, 2020	<u>\$ 45,362,084</u>

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

1% Decrease (6.50% decreasing to 3.50%)	Current (7.50% decreasing to 4.50)	1% Increase (8.50% decreasing to 5.50%)
<u>\$ 36,316,711</u>	<u>\$ 45,362,084</u>	<u>\$ 57,802,446</u>

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

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

1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
\$ 54,899,593	\$ 45,362,084	\$ 37,844,118

Changes in assumptions. The discount rate was changed from 3.50% as of June 30, 2019, to 2.21% as of June 30, 2020. The healthcare cost trend rate was reset at 7.50% for 2020, grading down to an ultimate trend rate of 4.5% in 2025.

Opeb expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Opeb:

Opeb expense. For the fiscal year ended June 30, 2020, the plan had opeb expense of \$2,786,497.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2020, the plan reported deferred outflows of resources and deferred inflows of resources related to opeb from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 2,994,782
Net difference between projected and actual earnings on opeb plan investments	0	0
Change in assumptions	5,923,105	0
Total	\$ 5,923,105	\$ 2,994,782

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

Year ended June 30:	
2021	\$ 290,035
2022	290,035
2023	290,035
2024	290,035
2025	290,035
Thereafter	1,478,148

Payable to the opeb Plan. At June 30, 2020, there was no outstanding payable to the plan.

CLEVELAND UTILITIES - POSTEMPLOYEMENT BENEFIT PLAN

PLAN DESCRIPTION

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

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

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

Monthly premiums effective August 1, 2019, are as follows:

	Medical	Dental
Pre-65 Retiree	\$ 659.72	\$ 26.09
Pre-65 Retiree and Spouse	1,739.49	63.02
Post-65 Retiree	301.00	26.09
Post-65 Retiree and Spouse	602.00	63.02

Plan description of the life insurance plan:

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

Plan Membership. At July 1, 2019, plan membership consisted of the following:

Inactive plan members	107
Active plan members	201
	<u>308</u>

CLEVELAND UTILITIES - POSTEMPLOYMENT BENEFIT PLAN - (Cont.)

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

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

Net opeb liability. Cleveland Utilities Net Opeb Liability was measured as of June 30, 2020, and the total opeb liability used to calculate net opeb liability was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions. The total Opeb liability was determined by an actuarial valuation as of July 1, 2017 and updated for June 30, 2019. The total Opeb liability in the June 30, 2019 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Salary increases	4.00%
Payroll growth	2.50%
Inflation	2.50%
Investment rate of return	7.50%
Healthcare cost trend rates	9.00% initially, decreasing to an ultimate rate of 5.0%
Mortality	RP2000 fully generational with scale BB

Changes in assumptions. The discount rate changed from 7.30% as of June 30, 2019, to 7.00% as of June 30, 2020.

Discount rate. The discount rate used to measure the total opeb liability was 7.00%. The Board has not adopted a formal written funding policy. A contribution of \$684,503, was made during the fiscal year ended June 30, 2020. Future contributions at the Actuarial Determined Contribution (including direct benefit payments), are expected to generate a level funding that cash flow projections indicate will meet the funding requirements. This assumption will be reviewed as of the next measurement date and modified as appropriate.

Changes in the Net Opeb Liability:

	Actuarial Accrued Liability (a)	Plan Assets (b)	Unfunded Actuarial Accrued Liability (a) - (b)
Balance at June 30, 2019	\$ 16,675,728	\$ 1,089,222	\$ 15,586,506
Changes for the year:			
Normal	\$ 228,621	\$ 0	\$ 228,621
Interest	1,038,874	0	1,038,874
Difference between expected and actual experience	(1,355,935)	(30,669)	(1,325,266)
Contributions - employer	0	1,361,034	(1,361,034)
Net Investment income	0	79,512	(79,512)
Changes in assumptions	(375,515)	0	(375,515)
Benefit payments	(676,531)	(676,531)	0
Administrative expenses	0	0	0
Net changes	<u>\$ (1,140,486)</u>	<u>\$ 733,346</u>	<u>\$ (1,873,832)</u>
Balance at June 30, 2020	<u>\$ 15,535,242</u>	<u>\$ 1,822,568</u>	<u>\$ 13,712,674</u>

Note 17 - POSTEMPLOYMENT BENEFITS (Cont.)

CLEVELAND UTILITIES - POSTEMPLOYMENT BENEFIT PLAN - (Cont.)

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

1% Decrease (6.50% decreasing to 3.50%)	Current (7.50% decreasing to 4.50%)	1% Increase (8.50% decreasing to 5.50%)
\$ 11,607,643	\$ 13,712,674	\$ 16,369,797

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 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
\$ 16,041,265	\$ 13,712,674	\$ 11,816,981

Opeb expense. For the year ended June 30, 2020, Cleveland Utilities recognized opeb expense of \$969,158.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2020, Cleveland Utilities reported deferred outflows of resources and deferred inflows of resources related to opeb from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 2,315,579
Net difference between projected and actual earnings on opeb plan investments	32,333	0
Change in assumptions	1,172,736	330,016
Total	<u>\$ 1,205,069</u>	<u>\$ 2,645,595</u>

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

Year ended June 30:

2021	\$ (249,493)
2022	(249,493)
2023	(194,609)
2024	(144,292)
2025	(168,570)
Thereafter	(434,069)

Payable to the opeb plan. At June 30, 2020, there was no outstanding payable to the plan.

CLEVELAND CITY SCHOOLS SYSTEM - Closed Tennessee Plan (TGOP)

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

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

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

Employees covered by benefit terms. At July 1, 2019, the following employees of the City of Cleveland School System were covered by the benefit terms of the TGOP:

Inactive employees currently receiving benefit payments	31
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	492
	<u>523</u>

An insurance committee, created in accordance with the TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premiums rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the City of Cleveland School System paid \$336,345 to the TGOP for OPEB benefits as they came due.

Total Opeb Liability

Actuarial assumptions. The collective total opeb liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent.
Healthcare cost trend rates	6.03% for pre-65 in 2019, decreasing annually over a 10 year period to an ultimate rate of 4.50%. 5.20% for post-65 in 2019, decreasing annually over a 4 year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distribution of members among plans.

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

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2019, valuations were the same as those employed in the July 1, 2018 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by the TCRS based on results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount rate. The discount rate used to measure the total Opeb liability was 3.51 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

Changes in the Collective Total Opeb Liability

	Total Opeb Liability (a)
Balances at June 30, 2018	<u>\$ 9,748,944</u>
Changes for the year:	
Service cost	\$ 696,490
Interest	368,736
Changes of benefit terms	(299,602)
Differences between expected and actual experience	1,283,526
Changes in assumptions and other inputs	(766,891)
Benefit payments	(523,362)
Net changes	<u>\$ 758,897</u>
Balances at June 30, 2019	<u><u>\$ 10,507,841</u></u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 2,420,932
Employer's proportionate share of the collective total opeb liability	\$ 8,086,909
Employer's proportionate share of the collective total opeb liability	76.96%

The Cleveland City School System has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. The School's proportionate share of the collective total opeb liability was based on a projection of the employers long-term share of benefit payments to the opeb plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed -.28% from the prior measurement date. The Cleveland City School System recognized \$142,671, in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for School retirees.

Changes in assumptions. The discount rate was changed from 3.62% as of the beginning of the measurement period to 3.51% as of June 30, 2019. This change in assumption decreased the total opeb liability.

Note 17 - POSTEMPLOYMENT BENEFITS (Cont.)

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

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

	1% Decrease 2.51%	Current Discount Rate 3.51%	1% Increase 4.51%
Proportionate share of collective opeb liability	\$ 8,765,955	\$ 8,086,909	\$ 7,446,848

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

	1% Decrease (5.03%/4.20% decreasing to 3.50%)	Current (6.03%/5.20% decreasing to 4.50%)	1% Increase (7.03%/6.20% decreasing to 5.50%)
Proportionate share of collective total opeb liability	\$ 7,088,094	\$ 8,086,909	\$ 9,280,010

Opeb expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Opeb:

Opeb expense. For the fiscal year ended June 30, 2020, the Cleveland City School System recognized opeb expense of \$530,507.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 887,116	\$ 1,983,780
Changes in assumptions	361,078	843,002
Changes in proportion and differences between amounts paid as benefits came due and proportionate share certain amounts paid by the employer and nonemployer contributors as the benefits came due	0	183,732
Employer payments subsequent to the measurement date	336,345	0
Total	<u>\$ 1,584,539</u>	<u>\$ 3,010,514</u>

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

Year ended June 30:	
2020	\$ (201,394)
2021	(201,394)
2022	(201,394)
2023	(201,394)
2024	(201,394)
Thereafter	(755,350)

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

CLEVELAND CITY SCHOOLS SYSTEM - Closed Tennessee Plan (TNP)

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

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

Employees covered by benefit terms. At July 1, 2019, the following employees of the City of Cleveland School System were covered by the benefit terms of the TNP:

Inactive employees currently receiving benefit payments	116
Inactive employees entitled to but not yet receiving benefit payments	47
Active employees	386
	<u>549</u>

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

Total Opeb Liability

Actuarial assumptions. The collective total opeb liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent.
Healthcare cost trend rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.

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

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2019, valuations were the same as those employed in the July 1, 2017, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by the TCRS based on results of an actuarial experience study for the period July 1, 2012, to June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount rate. The discount rate used to measure the total opeb liability was 3.51 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

Changes in the Collective Total Opeb Liability

	Total Opeb Liability (a)
Balances at June 30, 2018	\$ 1,265,327
Changes for the year:	
Service cost	\$ 21,979
Interest	45,454
Changes of benefit terms	0
Differences between expected and actual experience	145,016
Changes in assumptions	20,174
Benefit payments	<u>(63,886)</u>
Net changes	<u>\$ 168,737</u>
Balances at June 30, 2019	<u>\$ 1,434,064</u>
Nonemployer contributing entities proportionate share of the collective total Opeb liability	\$ 1,434,064
Employer's proportionate share of the collective total opeb liability	\$ 0
Employer's proportionate share of the collective total opeb liability	0.00%

The Cleveland City School System has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. The School's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion of 0% did not change from the prior measurement date. The Cleveland City Schools recognized \$56,725 in revenue for support provided by nonemployer contributing entities for benefits paid to the TNP for retired employees.

Changes in assumptions. The discount rate was changed from 3.62% as of the beginning of the measurement period to 3.51% as of June 30, 2019. This change in assumption decreased the total opeb liability.

Opeb Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Opeb:

Opeb Expense. For the fiscal year ended June 30, 2019, the Cleveland City School System recognized opeb expense of \$56,725.

AGGREGATION OF ALL POSTEMPLOYMENT PLANS

Deferred Outflows of Resources and Deferred Inflows of Resources Related to all opeb plans:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 887,116	\$ 7,294,141
Net difference between projected and actual earnings on opeb plan investments	32,333	0
Change in assumptions	7,456,919	1,173,018
Changes in proportion of net opeb liability	0	183,732
Contributions subsequent to the measurement date	336,345	0
Total	\$ 8,712,713	\$ 8,650,891

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

Year ended June 30:

2021	\$ (160,852)
2022	(160,852)
2023	(105,968)
2024	(55,651)
2025	(79,929)
Thereafter	288,729

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

The opeb plans resulted in the following net opeb liability:

	Net Opeb Liability
City Plan	\$ 45,362,084
Cleveland Utilities Plan	13,712,674
City Schools TGOP Plan	8,086,909
	<u>\$ 67,161,667</u>

Opeb expense related to all plans were as follows:

City Plan	\$ 2,786,497
Cleveland Utilities Plan	969,158
City Schools TGOP Plan	530,507
City Schools TNP Plan	56,725
	<u>\$ 4,342,887</u>

In addition the City Schools TGOP plan and TNP plan recognized revenue in the amount of \$101,549 and \$56,725 respectively.

Note 18 - PRIOR PERIOD ADJUSTMENT

The School Fund reported an adjustment of \$94,879 to reflect the beginning balance from June 30, 2019, for the hybrid retirement stabilization fund. The fund was established in 2019, and the payment into the fund was expensed as part of retirement.

Capital assets reported on the Statement of Net Position for the Governmental Activities was overstated by \$5,946,075, on the prior year statement. This adjustment reduced beginning capital assets and net investment in capital assets.

Note 19 - SUBSEQUENT EVENTS

On November 10, 2020, the City of Cleveland on behalf of the Water and Electric Divisions of Cleveland Utilities, issued debt with a par value of \$22,425,000. The bonds will provide \$6,000,000 in new loan proceeds and currently refund existing debt of \$19,522,500. The bonds are at a fixed rate of 2.0 to 5.0 percent and will mature December 1, 2040. The bonds and notes were currently refunded to reduce the total debt service payments over 20 years by \$1,399,420. The economic gain (difference between the present value of the debt service payments on the old and new debt) is \$1,221,609.

Also on November 10, 2020, the City of Cleveland issued debt in the principal amount of \$27,450,000, to currently refund debt with an outstanding balance of \$30,423,323. The bonds are at a fixed rate of 2.0 to 5.0 percent and will mature December 1, 2037. The debt was currently refunded to reduce the total debt service over 17 years by \$2,316,251. The economic gain (difference between the present value of the debt service payments on the old and new debt) is \$1,998,454.

REQUIRED SUPPLEMENTARY INFORMATION

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,

	2014	2015
Total Pension Liability		
Service cost	\$ 2,222,760	\$ 2,274,025
Interest	8,465,079	8,925,860
Changes in benefit terms	0	0
Differences between actual and expected experience	(254,944)	717,782
Change of assumptions	0	0
Benefit payments	(4,198,654)	(4,482,162)
Net change in total pension liability	\$ 6,234,241	\$ 7,435,505
Total pension liability - beginning	112,744,286	118,978,527
Total pension liability - ending (a)	\$ 118,978,527	\$ 126,414,032
 Plan Fiduciary Net Position		
Contributions - employer	\$ 5,089,188	\$ 5,321,904
Contributions - employee	165	186
Net investment income	15,038,653	3,287,610
Benefit payable	(4,198,654)	(4,482,162)
Administrative expense	(29,562)	(34,427)
Net change in plan fiduciary net position	\$ 15,899,790	\$ 4,093,111
Plan fiduciary net position - beginning	90,319,171	106,218,961
Plan fiduciary net position - ending (b)	\$ 106,218,961	\$ 110,312,072
 Net Pension Liability - ending (a) - (b)	\$ 12,759,566	\$ 16,101,960
 Plan fiduciary net position as a percentage of total pension liability	89.28%	87.26%
 Covered payroll	\$ 28,771,684	\$ 30,014,667
 Net pension liability as a percentage of covered payroll	44.35%	53.65%

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.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	2,363,997	\$ 2,442,734	\$ 2,829,546	\$ 2,842,378
	9,467,115	10,043,766	10,660,549	11,237,054
	0	0	0	0
	1,198,307	2,524,249	768,592	1,089,026
	0	3,636,385	0	0
	<u>(5,099,666)</u>	<u>(5,739,270)</u>	<u>(6,078,280)</u>	<u>(6,561,174)</u>
\$	7,929,753	\$ 12,907,864	\$ 8,180,407	\$ 8,607,284
	<u>126,414,032</u>	<u>134,343,785</u>	<u>147,251,649</u>	<u>155,432,056</u>
\$	<u><u>134,343,785</u></u>	<u><u>147,251,649</u></u>	<u><u>155,432,056</u></u>	<u><u>164,039,340</u></u>
\$	5,426,173	\$ 5,744,012	\$ 6,173,935	\$ 6,489,131
	1,998	0	0	0
	2,936,077	12,875,142	10,488,825	10,185,877
	(5,099,666)	(5,739,270)	(6,078,280)	(6,561,174)
	<u>(51,102)</u>	<u>(57,272)</u>	<u>(67,134)</u>	<u>(64,454)</u>
\$	3,213,480	\$ 12,822,612	\$ 10,517,346	\$ 10,049,380
	<u>110,312,072</u>	<u>113,525,552</u>	<u>126,348,164</u>	<u>136,865,510</u>
\$	<u><u>113,525,552</u></u>	<u><u>126,348,164</u></u>	<u><u>136,865,510</u></u>	<u><u>146,914,890</u></u>
\$	<u><u>20,818,233</u></u>	<u><u>20,903,485</u></u>	<u><u>18,566,546</u></u>	<u><u>17,124,450</u></u>
	84.50%	85.80%	88.05%	89.56%
\$	30,709,795	\$ 32,410,047	\$ 34,163,265	\$ 35,887,908
	67.79%	64.50%	54.35%	47.72%

CITY OF CLEVELAND, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION

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

	2014	2015
Actuarially determined contribution	\$ 5,089,188	\$ 5,207,352
Contributions in relation to the actuarially determined contribution	5,089,188	5,207,352
Contribution deficiency (excess)	\$ 0	\$ 0
Covered payroll	\$ 28,771,684	\$ 29,910,084
Contribution as a percentage of covered payroll	17.69%	17.41%

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 2020 were calculated based on the June 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 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	2.25 percent

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified mortality assumptions.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 5,424,330	\$ 5,744,012	\$ 6,173,128	\$ 6,489,131	\$ 6,756,831
<u>5,424,330</u>	<u>5,744,012</u>	<u>6,173,128</u>	<u>6,489,131</u>	<u>6,756,831</u>
<u>\$ 0</u>				
\$ 30,620,707	\$ 32,410,047	\$ 34,163,265	\$ 35,887,908	\$ 37,050,028
17.71%	17.72%	18.07%	18.08%	18.24%

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,

	2014	2015
Total Pension Liability		
Service cost	\$ 92,532	\$ 95,366
Interest	2,165,875	2,159,798
Changes in benefit terms	0	0
Differences between actual and expected experience	(355,441)	567,883
Change of assumptions	0	0
Benefit payments	(1,940,294)	(2,044,920)
Net change in total pension liability	\$ (37,328)	\$ 778,127
Total pension liability - beginning	31,818,685	31,781,357
Total pension liability - ending (a)	\$ 31,781,357	\$ 32,559,484
 Plan Fiduciary Net Position		
Contributions - employer	\$ 1,507,800	\$ 1,698,192
Contributions - employee	0	0
Net investment income	1,565,864	192,571
Benefit payable	(1,940,294)	(2,044,920)
Administrative expense	(1,829)	(99)
Net change in plan fiduciary net position	\$ 1,131,541	\$ (154,256)
Plan fiduciary net position - beginning	21,813,834	22,945,375
Plan fiduciary net position - ending (b)	\$ 22,945,375	\$ 22,791,119
 Net Pension Liability - ending (a) - (b)	\$ 8,835,982	\$ 9,768,365
 Plan fiduciary net position as a percentage of total pension liability	72.20%	70.00%
 Covered payroll	\$ 2,004,844	\$ 2,104,682
 Net pension liability as a percentage of covered payroll	440.73%	464.13%

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.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	98,869	\$ 88,263	\$ 68,316	\$ 63,605
	2,210,999	2,270,713	2,304,139	2,351,768
	0	0	0	0
	797,655	460,253	645,393	75,248
	27,058	48,168	64,119	51,789
	<u>(2,145,295)</u>	<u>(2,396,553)</u>	<u>(2,343,308)</u>	<u>(2,450,385)</u>
\$	989,286	\$ 470,844	\$ 738,659	\$ 92,025
	32,559,484	33,548,770	34,019,614	34,758,273
\$	<u><u>33,548,770</u></u>	<u><u>34,019,614</u></u>	<u><u>34,758,273</u></u>	<u><u>34,850,298</u></u>
\$	1,703,144	\$ 1,764,776	\$ 1,875,916	\$ 1,840,214
	0	0	26,816	0
	1,908,220	2,454,931	1,681,631	1,103,368
	<u>(2,145,295)</u>	<u>(2,396,553)</u>	<u>(2,343,308)</u>	<u>(2,450,385)</u>
	0	0	0	0
\$	1,466,069	\$ 1,823,154	\$ 1,241,055	\$ 493,197
	22,791,119	24,257,188	26,080,342	27,321,397
\$	<u><u>24,257,188</u></u>	<u><u>26,080,342</u></u>	<u><u>27,321,397</u></u>	<u><u>27,814,594</u></u>
\$	<u><u>9,291,582</u></u>	<u><u>7,939,272</u></u>	<u><u>7,436,876</u></u>	<u><u>7,035,704</u></u>
	72.30%	76.66%	76.66%	79.81%
\$	1,940,346	\$ 1,699,467	\$ 1,548,112	\$ 1,328,225
	478.86%	467.16%	480.38%	529.71%

CITY OF CLEVELAND, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION

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

	2015	2016
Actuarially determined contribution	\$ 1,558,833	\$ 1,567,533
Contributions in relation to the actuarially determined contribution	1,698,192	1,699,430
Contribution deficiency (excess)	\$ (139,359)	\$ (131,897)
Covered payroll	\$ 2,093,809	\$ 1,981,430
Contribution as a percentage covered payroll	81.11%	85.77%

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

Methods and assumptions used to determine contribution rates:

Measurement date	October 1, 2017
Discount rate	7.00%
Cost method	Individual Entry Age Normal
Mortality	RP-2000 Fully Generational with Scale AA
Incident of disability	None
Termination	Males: Termination Table T-5 from the Actuary's Handbook Females: Termination Table T-5 from the Actuary's Handbook with a five year setback.
Salary scale	3.00%
Cost of living increases	N/A
Date of participation freeze	10/14/1993
Overtime	It is assumed that overtime will continue to be earned at 60% of the prior year.
Assumed retirement age	50% at Plan Retirement/50% at age 65
Valuation of Assets:	
GASB 68	Market Value
Funding	Actuarial Value (5-year smoothing)

Note - The discount rate used to measure the total pension liability was 7.0%. 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 benefit 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 benefits payments to determine the total pension liability.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 1,663,122	\$ 1,712,348	\$ 1,773,627	\$ 1,824,417
<u>1,725,980</u>	<u>1,870,153</u>	<u>1,854,331</u>	<u>1,901,746</u>
<u>\$ (62,858)</u>	<u>\$ (157,805)</u>	<u>\$ (80,704)</u>	<u>\$ (77,329)</u>
\$ 1,759,687	\$ 1,585,955	\$ 1,435,507	\$ 1,151,339
98.08%	117.92%	129.18%	165.18%

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,*

	2015	2016
Cleveland City Schools' proportion of the net pension liability (asset)	0.536236%	0.537318%
Cleveland City Schools' proportionate share of the net pension liability (asset)	\$ (87,136)	\$ 220,104
Cleveland City Schools' covered payroll	\$ 21,047,222	\$ 20,114,516
Cleveland City Schools' proportionate share of the net pension asset as a percentage of its covered payroll	-0.41%	1.09%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	99.81%

*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

	2014	2015
Actuarially Determined Contribution (ADC)	\$ 1,868,991	\$ 1,816,962
Contributions in relation to the actuarially determined contribution	1,868,991	1,816,962
Contribution deficiency (excess)	\$ 0	\$ 0
Cleveland City Schools' covered payroll	\$ 21,047,222	\$ 20,114,516
Contribution as a percentage covered payroll	8.88%	9.03%

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.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
0.569952%	0.590148%	0.613389%	0.642330%
\$ 3,561,884	\$ (193,086)	\$ (2,158,465)	\$ (6,604,306)
\$ 20,574,118	\$ 20,803,880	\$ 21,478,886	\$ 21,538,232
17.31%	-0.93%	-10.05%	-30.66%
97.14%	100.14%	101.49%	104.28%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 1,859,723	\$ 1,885,875	\$ 1,954,073	\$ 2,252,900	\$ 2,274,144
<u>1,859,723</u>	<u>1,885,875</u>	<u>1,954,073</u>	<u>2,252,900</u>	<u>2,274,144</u>
<u>\$ 0</u>				
\$ 20,574,118	\$ 20,803,880	\$ 21,478,886	\$ 21,538,232	\$ 21,193,791
9.04%	9.07%	9.10%	10.46%	10.63%

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,*

	2016	2017
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 payroll	\$ 866,121	\$ 1,664,349
Cleveland City Schools' proportionate share 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

	2015	2016
Actuarially Determined Contribution (ADC)	\$ 21,653	\$ 41,662
Contributions in relation to the actuarially determined contribution	34,645	66,574
Contribution deficiency (excess)	\$ (12,992)	\$ (24,912)
Cleveland City Schools' covered payroll	\$ 866,121	\$ 1,664,349
Contribution as a percentage covered payroll	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.

Changes of assumptions. In 2017, the following assumptions were changed; decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified mortality assumptions.

<u>2018</u>	<u>2019</u>	<u>2020</u>
0.393963%	0.417866%	0.413270%
\$ (103,940)	\$ (189,514)	\$ (233,285)
\$ 2,643,292	\$ 3,651,627	\$ 4,373,249
-3.93%	-5.19%	-5.33%
126.81%	126.97%	123.07%

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 105,732	\$ 146,066	\$ 84,841	\$ 111,296
<u>105,732</u>	<u>146,066</u>	<u>84,841</u>	<u>111,296</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 2,643,292	\$ 3,651,627	\$ 4,373,249	\$ 5,457,865
4.00%	4.00%	1.94%	2.04%

CITY OF CLEVELAND, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Opeb Liability			
Service cost	\$ 1,418,428	\$ 1,328,012	\$ 1,265,001
Interest	1,349,197	1,453,222	1,231,461
Changes in benefit terms	0	0	0
Differences between actual & expected experience	0	0	(3,298,512)
Change of assumptions	(2,040,010)	2,750,384	5,689,737
Benefit payments	<u>(752,042)</u>	<u>(795,581)</u>	<u>(878,586)</u>
Net change in total opeb liability	\$ (24,427)	\$ 4,736,037	\$ 4,009,101
Total opeb liability - beginning	<u>36,641,373</u>	<u>36,616,946</u>	<u>41,352,983</u>
Total opeb liability - ending	<u>\$ 36,616,946</u>	<u>\$ 41,352,983</u>	<u>\$ 45,362,084</u>
Covered payroll	\$ 16,988,863	\$ 17,632,943	\$ 18,476,206
Employer's proportionate share of collective total opeb liability as a percentage of covered payroll	215.54%	234.52%	245.52%

Notes to Schedule

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

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

CITY OF CLEVELAND, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Opeb Liability				
Service cost	\$ 295,896	\$ 229,164	\$ 234,893	\$ 228,621
Interest	1,020,431	1,144,551	1,153,072	1,038,874
Differences from experience	(3,991)	(2,102,456)	0	(1,355,935)
Change of assumptions	0	1,470,517	468,861	(375,515)
Benefit payments	<u>(626,601)</u>	<u>(637,980)</u>	<u>(629,622)</u>	<u>(676,531)</u>
Net change in total opeb liability	\$ 685,735	\$ 103,796	\$ 1,227,204	\$ (1,140,486)
Total opeb liability - beginning	13,619,452	15,344,728	15,448,524	16,675,728
Other	1,039,541	0	0	0
Total opeb liability - ending (a)	<u>\$ 15,344,728</u>	<u>\$ 15,448,524</u>	<u>\$ 16,675,728</u>	<u>\$ 15,535,242</u>
 Plan Fiduciary Net Position				
Contributions - employer	\$ 959,681	\$ 637,980	\$ 1,287,545	\$ 1,361,034
Net investment income	25,731	26,910	29,149	79,512
Benefit payable	(626,601)	(637,980)	(629,622)	(676,531)
Difference from experience	0	2,926	13,503	(30,669)
Administrative expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in plan fiduciary net position	\$ 358,811	\$ 29,836	\$ 700,575	\$ 733,346
Plan fiduciary net position - beginning	0	358,811	388,647	1,089,222
Plan fiduciary net position - ending (b)	<u>\$ 358,811</u>	<u>\$ 388,647</u>	<u>\$ 1,089,222</u>	<u>\$ 1,822,568</u>
Net Pension Liability - ending (a) - (b)	<u>\$ 14,985,917</u>	<u>\$ 15,059,877</u>	<u>\$ 15,586,506</u>	<u>\$ 13,712,674</u>
Plan fiduciary net position as a percentage of total opeb liability	2.34%	2.52%	6.53%	11.73%
Covered payroll	\$ 11,561,465	\$ 12,496,462	\$ 12,808,874	\$ 13,195,712
Net opeb liability as a percentage of covered payroll	129.62%	120.51%	121.69%	103.92%
Assumption changes:				
Discount rate	7.50%	7.50%	7.30%	7.00%

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

CITY OF CLEVELAND, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially determined contribution	\$ 959,681	\$ 1,160,104	\$ 1,185,998	\$ 1,157,071
Contributions in relation to the actuarially determined contribution	<u>959,681</u>	<u>637,980</u>	<u>1,287,545</u>	<u>1,361,034</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 522,124</u>	<u>\$ (101,547)</u>	<u>\$ (203,963)</u>
Covered payroll	\$ 11,561,465	\$ 12,496,462	\$ 12,808,874	\$ 13,195,712
Contribution as a percentage of covered payroll	8.30%	5.11%	10.05%	10.31%

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	Entry Age Normal
Amortization method	Level percentage of payroll
Remaining amortization period	27 years
Asset valuation	Market Value
Inflation	2.5 percent
Healthcare trend rates	7.5 initial, decreasing to an ultimate rate of 4.5%.
Salary increases	2.50%
Investment rate of return	7.30%
Average assumed retirement age	61
Mortality	RPH 2014 fully generational with scale MP2019

SCHEDULE OF INVESTMENT RETURNS
FISCAL YEAR ENDING JUNE 30,

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Annual money-weighted rate of return, net of investment expense	10.1%	8.0%	4.3%	2.9%

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

CITY OF CLEVELAND, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Opeb Liability			
Service cost	\$ 828,906	\$ 769,923	\$ 696,490
Interest	359,948	437,462	368,736
Changes in benefit terms	0	(75,172)	(299,602)
Differences between actual & expected experience	0	(3,150,465)	1,283,526
Change of assumptions	(567,167)	573,433	(766,891)
Benefit payments	<u>(553,733)</u>	<u>(649,138)</u>	<u>(523,362)</u>
Net change in total opeb liability	\$ 67,954	\$ (2,093,957)	\$ 758,897
Total opeb liability - beginning	<u>11,774,947</u>	<u>11,842,901</u>	<u>9,748,944</u>
Total opeb liability - ending (a)	<u>\$ 11,842,901</u>	<u>\$ 9,748,944</u>	<u>\$ 10,507,841</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 2,470,228	\$ 2,218,869	\$ 2,420,932
Employer's proportionate share of the collective total opeb liability	\$ 9,372,673	\$ 7,530,075	\$ 8,086,909
Covered payroll	\$ 23,866,594	\$ 22,407,393	\$ 21,905,135
Employer's proportionate share of collective total opeb liability as a percentage of covered payroll	39.27%	33.61%	36.92%

Notes to Schedule

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

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

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

CITY OF CLEVELAND, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Opeb Liability			
Service cost	\$ 30,748	\$ 25,093	\$ 21,979
Interest	43,879	49,439	45,454
Changes in benefit terms	0	0	0
Differences between actual & expected experience	0	(132,665)	145,016
Change of assumptions	(121,774)	(9,326)	20,174
Benefit payments	<u>(60,600)</u>	<u>(61,733)</u>	<u>(63,886)</u>
Net change in total opeb liability	\$ (107,747)	\$ (129,192)	\$ 168,737
Total opeb liability - beginning	<u>1,502,266</u>	<u>1,394,519</u>	<u>1,265,327</u>
Total opeb liability - ending (a)	<u>\$ 1,394,519</u>	<u>\$ 1,265,327</u>	<u>\$ 1,434,064</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 1,394,519	\$ 1,265,327	\$ 1,434,064
Employer's proportionate share of the collective total opeb liability	\$ 0	\$ 0	\$ 0

Notes to Schedule

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

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

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

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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.

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 accounts for city-wide capital projects funded mainly by a transfer from the city's General Fund.

Blythe Sidewalks Diabetes Initiative: This fund accounts for construction of a pedestrian walkway on Chippewa Ave, beginning at 11th street and continuing to 20th Street. project will include amenities such as lighting, trees, and crosswalks. It is funded by the State of Tennessee Department of Health.

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.

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

Permanent Fund

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

CITY OF CLEVELAND, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2020

	Special Revenue			
	State Street Aid Fund	Solid Waste Management Fund	School Federal Projects Fund	School Food Services Fund
ASSETS				
Cash and cash equivalents	\$ 1,669,455	\$ 919,802	\$ 187,672	\$ 445,632
Investments	0	0	0	0
Investments - restricted	0	0	0	0
Accounts receivable	0	257,804	0	0
Due from other government agencies	243,688	0	85,589	0
Due from other funds	0	0	0	0
Prepays	0	0	0	0
Total Assets	\$ 1,913,143	\$ 1,177,606	\$ 273,261	\$ 445,632
LIABILITIES				
Accrued liabilities	\$ 26,372	\$ 32,628	\$ 273,261	\$ 7,946
Accounts payable	86	1,071	0	0
Due to other funds	0	0	0	0
Unearned revenue	0	0	0	15,192
Total Liabilities	\$ 26,458	\$ 33,699	\$ 273,261	\$ 23,138
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	1,886,685	0	0	0
Capital outlay	0	0	0	0
Animal Control	0	0	0	0
Committed to:				
Solid Waste	0	1,143,907	0	0
Assigned to:				
Education	0	0	0	422,494
Library	0	0	0	0
Debt service	0	0	0	0
Capital outlay	0	0	0	0
Total Fund Balances	\$ 1,886,685	\$ 1,143,907	\$ 0	\$ 422,494
Total Liabilities and Fund Balances	\$ 1,913,143	\$ 1,177,606	\$ 273,261	\$ 445,632

Special Revenue

Library Fund	Drug Enforcement Fund	Metropolitan Transportation Planning Organization Fund	Community Development Block Grant Fund
\$ 276,242	\$ 185,105	\$ 35,459	\$ 48,030
259,253	0	0	0
0	0	0	0
0	0	0	0
1,879	2,600	154,771	51,130
0	0	0	0
0	0	0	0
<u>\$ 537,374</u>	<u>\$ 187,705</u>	<u>\$ 190,230</u>	<u>\$ 99,160</u>
\$ 0	\$ 0	\$ 0	\$ 0
6,325	0	72	362
0	0	0	0
0	0	0	0
<u>\$ 6,325</u>	<u>\$ 0</u>	<u>\$ 72</u>	<u>\$ 362</u>
\$ 0	\$ 0	\$ 0	\$ 0
13,700	0	0	0
0	187,705	0	0
0	0	0	98,798
0	0	0	0
0	0	190,158	0
0	0	0	0
0	0	0	0
0	0	0	0
517,349	0	0	0
0	0	0	0
0	0	0	0
<u>\$ 531,049</u>	<u>\$ 187,705</u>	<u>\$ 190,158</u>	<u>\$ 98,798</u>
<u>\$ 537,374</u>	<u>\$ 187,705</u>	<u>\$ 190,230</u>	<u>\$ 99,160</u>

CITY OF CLEVELAND, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 June 30, 2020

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
	E-Ticketing Grant Fund	Debt Service Fund	Sales Tax Capital Projects Fund	Blythe Sidewalks Diabetes Initiative
ASSETS				
Cash and cash equivalents	\$ 26,786	\$ 5,047,635	\$ 3,603,061	\$ 0
Investments	0	0	0	0
Investments - restricted	0	0	0	0
Accounts receivable	0	268,795	0	0
Due from other government agencies	0	0	814,567	46,555
Due from other funds	0	1,194,001	0	0
Prepays	0	0	0	0
Total Assets	\$ 26,786	\$ 6,510,431	\$ 4,417,628	\$ 46,555
LIABILITIES				
Accrued liabilities	\$ 0	\$ 2,097	\$ 0	\$ 0
Accounts payable	0	0	71,654	0
Due to other funds	0	0	0	46,555
Unearned revenue	0	0	0	0
Total Liabilities	\$ 0	\$ 2,097	\$ 71,654	\$ 46,555
FUND BALANCES:				
Nonspendable:				
Prepaid items	\$ 0	\$ 0	\$ 0	\$ 0
Permanent fund principal	0	0	0	0
Restricted for:				
Law enforcement	26,786	0	0	0
Community development - federal grants	0	0	0	0
Street improvements	0	0	0	0
Capital outlay	0	0	4,345,974	0
Animal Control	0	0	0	0
Committed to:				
Solid Waste	0	0	0	0
Assigned to:				
Education	0	0	0	0
Library	0	0	0	0
Debt service	0	6,508,334	0	0
Capital outlay	0	0	0	0
Total Fund Balances	\$ 26,786	\$ 6,508,334	\$ 4,345,974	\$ 0
Total Liabilities and Fund Balances	\$ 26,786	\$ 6,510,431	\$ 4,417,628	\$ 46,555

<u>Capital Projects</u>	<u>Permanent Fund</u>	
Capital Improvement Program Fund	Meiler Estate Animal Shelter Trust Fund	Total Nonmajor Governmental Funds
\$ 4,699,670	\$ 25,005	\$ 17,169,554
28,203	5,249	292,705
0	459,936	459,936
0	6,579	533,178
1,453,643	0	2,854,422
0	0	1,194,001
44,697	0	44,697
<u>\$ 6,226,213</u>	<u>\$ 496,769</u>	<u>\$ 22,548,493</u>
\$ 0	\$ 0	\$ 342,304
504,993	0	584,563
0	0	46,555
0	0	15,192
<u>\$ 504,993</u>	<u>\$ 0</u>	<u>\$ 988,614</u>
\$ 44,697	\$ 0	\$ 44,697
0	459,936	473,636
0	0	214,491
0	0	98,798
0	0	1,886,685
5,639,733	0	10,175,865
36,790	0	36,790
0	0	1,143,907
0	0	422,494
0	0	517,349
0	0	6,508,334
0	36,833	36,833
<u>\$ 5,721,220</u>	<u>\$ 496,769</u>	<u>\$ 21,559,879</u>
<u>\$ 6,226,213</u>	<u>\$ 496,769</u>	<u>\$ 22,548,493</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, 2020

	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	1,467,211	0	3,534,032	2,845,181
Fines and forfeitures	0	0	0	0
Charges for services	0	3,000,021	0	88,122
Interest	24,396	12,883	0	453
Miscellaneous	0	9,997	0	0
Total revenues	\$ 1,491,607	\$ 3,022,901	\$ 3,534,032	\$ 2,933,756
Expenditures:				
Current:				
General government	\$ 0	\$ 0	\$ 0	\$ 0
Community development	0	0	0	0
Public safety	0	0	0	0
Public works	601,963	3,742,771	0	0
Culture and recreation	0	0	0	0
Education	0	0	3,533,024	3,251,778
Capital Outlay	0	0	0	0
Debt Service	0	0	0	0
Total expenditures	\$ 601,963	\$ 3,742,771	\$ 3,533,024	\$ 3,251,778
Excess (deficiency) of revenues over expenditures	\$ 889,644	\$ (719,870)	\$ 1,008	\$ (318,022)
Other financing sources (uses):				
Transfers in	\$ 0	\$ 1,079,381	\$ 0	\$ 0
Transfers out	(447,145)	0	(1,008)	0
Notes issued	0	0	0	0
Total other financing sources sources (uses)	\$ (447,145)	\$ 1,079,381	\$ (1,008)	\$ 0
Net change in fund balances	\$ 442,499	\$ 359,511	\$ 0	\$ (318,022)
Fund balances at beginning of year	1,444,186	784,396	0	740,516
Fund balances at end of year	\$ 1,886,685	\$ 1,143,907	\$ 0	\$ 422,494

Special Revenue

Library Fund	Drug Enforcement Fund	Metropolitan Transportation Planning Organization Fund	Community Development Block Grant Fund
\$ 0	\$ 0	\$ 0	\$ 0
676,774	0	178,012	282,916
0	40,147	0	0
39,785	0	0	0
4,840	2,415	0	0
42,961	0	0	0
<u>\$ 764,360</u>	<u>\$ 42,562</u>	<u>\$ 178,012</u>	<u>\$ 282,916</u>
\$ 0	\$ 0	\$ 209,847	\$ 0
0	0	0	134,087
0	6,015	0	0
0	0	0	0
1,392,752	0	0	0
0	0	0	0
44,383	0	0	158,478
0	0	0	0
<u>\$ 1,437,135</u>	<u>\$ 6,015</u>	<u>\$ 209,847</u>	<u>\$ 292,565</u>
<u>\$ (672,775)</u>	<u>\$ 36,547</u>	<u>\$ (31,835)</u>	<u>\$ (9,649)</u>
\$ 673,600	\$ 0	\$ 44,500	\$ 30,000
0	0	0	0
0	0	0	0
<u>\$ 673,600</u>	<u>\$ 0</u>	<u>\$ 44,500</u>	<u>\$ 30,000</u>
\$ 825	\$ 36,547	\$ 12,665	\$ 20,351
530,224	151,158	177,493	78,447
<u>\$ 531,049</u>	<u>\$ 187,705</u>	<u>\$ 190,158</u>	<u>\$ 98,798</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, 2020

	<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital Projects</u>
	E-Ticketing Grant Fund	Recycling Grant Fund	Debt Service Fund	THDA Cleveland Home Grant
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	0	0	114,034	292,420
Fines and forfeitures	12,690	0	0	0
Charges for services	0	0	0	0
Interest	0	0	120,293	0
Miscellaneous	0	0	0	0
Total revenues	<u>\$ 12,690</u>	<u>\$ 0</u>	<u>\$ 234,327</u>	<u>\$ 292,420</u>
Expenditures:				
Current:				
General government	\$ 0	\$ 0	\$ 0	\$ 0
Community development	0	0	0	0
Public safety	17,773	0	0	0
Public works	0	0	0	0
Culture and recreation	0	0	0	0
Education	0	0	0	0
Capital Outlay	0	0	0	292,420
Debt Service	0	0	7,315,785	0
Total expenditures	<u>\$ 17,773</u>	<u>\$ 0</u>	<u>\$ 7,315,785</u>	<u>\$ 292,420</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (5,083)</u>	<u>\$ 0</u>	<u>\$ (7,081,458)</u>	<u>\$ 0</u>
Other financing sources (uses):				
Transfers in	\$ 0	\$ 0	\$ 6,752,368	\$ 0
Transfers out	0	(3,981)	0	0
Notes issued	0	0	0	0
Total other financing sources (uses)	<u>\$ 0</u>	<u>\$ (3,981)</u>	<u>\$ 6,752,368</u>	<u>\$ 0</u>
Net change in fund balances	<u>\$ (5,083)</u>	<u>\$ (3,981)</u>	<u>\$ (329,090)</u>	<u>\$ 0</u>
Fund balances at beginning of year	<u>31,869</u>	<u>3,981</u>	<u>6,837,424</u>	<u>0</u>
Fund balances at end of year	<u><u>\$ 26,786</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 6,508,334</u></u>	<u><u>\$ 0</u></u>

Capital Projects			Permanent Fund	
Sales Tax Capital Projects Fund	Blythe Sidewalks Diabetes Initiative	Capital Improvement Program Fund	Meiler Estate Animal Shelter Trust Fund	Total Nonmajor Governmental Funds
\$ 4,456,310	\$ 0	\$ 0	\$ 0	\$ 4,456,310
0	150,000	2,145,527	0	11,686,107
0	0	0	0	52,837
0	0	0	0	3,127,928
85,378	0	84,077	15,120	349,855
0	0	141,025	0	193,983
<u>\$ 4,541,688</u>	<u>\$ 150,000</u>	<u>\$ 2,370,629</u>	<u>\$ 15,120</u>	<u>\$ 19,867,020</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 209,847
0	0	0	0	134,087
0	0	0	0	23,788
0	0	0	0	4,344,734
0	0	0	0	1,392,752
0	0	0	0	6,784,802
3,236,995	150,000	4,863,679	0	8,745,955
697,248	0	0	0	8,013,033
<u>\$ 3,934,243</u>	<u>\$ 150,000</u>	<u>\$ 4,863,679</u>	<u>\$ 0</u>	<u>\$ 29,648,998</u>
\$ 607,445	\$ 0	\$ (2,493,050)	\$ 15,120	\$ (9,781,978)
\$ 0	\$ 0	\$ 1,087,497	\$ 0	\$ 9,667,346
0	0	0	0	(452,134)
0	0	705,731	0	705,731
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,793,228</u>	<u>\$ 0</u>	<u>\$ 9,920,943</u>
\$ 607,445	\$ 0	\$ (699,822)	\$ 15,120	\$ 138,965
3,738,529	0	6,421,042	481,649	21,420,914
<u>\$ 4,345,974</u>	<u>\$ 0</u>	<u>\$ 5,721,220</u>	<u>\$ 496,769</u>	<u>\$ 21,559,879</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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
State gas tax	\$ 1,485,000	\$ 1,485,000	\$ 1,467,211	\$ (17,789)
Interest	15,000	15,000	24,396	9,396
Total revenues	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,491,607</u>	<u>\$ (8,393)</u>
Expenditures:				
Current:				
Public works:				
Salaries	\$ 453,500	\$ 453,500	\$ 370,096	\$ 83,404
Overtime wages	7,900	7,900	3,245	4,655
Service awards	500	500	200	300
Longevity	12,800	12,800	12,775	25
Sold vacations	4,600	4,600	2,996	1,604
Christmas bonus	1,200	1,200	975	225
Sick pay incentive	2,000	2,000	1,150	850
Dental insurance	5,200	5,200	4,491	709
Social security	37,100	37,100	28,748	8,352
Health insurance	114,000	114,000	77,417	36,583
Retirement	82,600	82,600	66,706	15,894
Life and disability insurance	6,100	6,100	4,165	1,935
Vision insurance	1,400	1,400	993	407
Worker's compensation claims	1,000	1,000	1,383	(383)
Pre-employment testing	500	500	100	400
Safety shoes	1,700	1,700	1,294	406
Worker's compensation	27,100	27,100	25,229	1,871
Total expenditures	<u>\$ 759,200</u>	<u>\$ 759,200</u>	<u>\$ 601,963</u>	<u>\$ 157,237</u>
Excess of revenues over expenditures	<u>\$ 740,800</u>	<u>\$ 740,800</u>	<u>\$ 889,644</u>	<u>\$ 148,844</u>
Other financing sources (uses):				
Transfers out	<u>\$ (447,145)</u>	<u>\$ (447,145)</u>	<u>\$ (447,145)</u>	<u>\$ 0</u>
Total other financing sources (uses)	<u>\$ (447,145)</u>	<u>\$ (447,145)</u>	<u>\$ (447,145)</u>	<u>\$ 0</u>
Net change in fund balance	\$ 293,655	\$ 293,655	\$ 442,499	\$ 148,844
Fund balance at beginning of year	<u>1,444,186</u>	<u>1,444,186</u>	<u>1,444,186</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 1,737,841</u></u>	<u><u>\$ 1,737,841</u></u>	<u><u>\$ 1,886,685</u></u>	<u><u>\$ 148,844</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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Charges for services:				
Commercial garbage	\$ 1,207,000	\$ 1,207,000	\$ 1,279,683	\$ 72,683
Residential garbage	1,658,000	1,658,000	1,720,338	62,338
Interest	15,000	15,000	12,883	(2,117)
Miscellaneous	0	0	9,997	9,997
Total revenues	\$ 2,880,000	\$ 2,880,000	\$ 3,022,901	\$ 142,901
Expenditures:				
Current:				
Public works:				
Salaries	\$ 602,700	\$ 602,700	\$ 488,115	\$ 114,585
Overtime wages	25,000	25,000	17,860	7,140
Service awards	400	400	350	50
Supplement pay	700	700	606	94
Longevity	18,900	19,300	19,263	37
Sold vacation	7,600	8,150	8,134	16
Christmas bonus	1,600	1,200	1,191	9
Sick pay incentive	3,000	2,450	2,150	300
Dental insurance	6,700	6,700	5,548	1,152
Social security	50,600	50,600	39,464	11,136
Health insurance	146,600	146,600	106,524	40,076
Retirement	112,900	112,900	89,681	23,219
Life and disability insurance	8,300	8,300	5,761	2,539
Vision insurance	2,100	2,100	1,554	546
Unemployment compensation	0	0	2,110	(2,110)
Worker's compensation claims	2,000	2,500	2,529	(29)
Pre-employment testing	600	600	425	175
Safety shoes	2,000	1,500	1,266	234
Postage	100	100	0	100
GPS services	3,900	3,900	1,498	2,402
Printing	200	200	0	200
Subscriptions and memberships	100	100	0	100
Advertising	200	200	197	3
Litter and recycling	10,000	13,981	0	13,981
Training and travel	400	400	0	400
Tire disposal	3,000	3,000	0	3,000
Landfill	485,000	485,000	419,222	65,778
Residential account	1,057,200	1,057,200	1,059,621	(2,421)
Commercial account	1,093,200	1,093,200	1,126,400	(33,200)
Commercial recycling	79,000	79,000	83,394	(4,394)
Office expenditures	2,000	2,000	1,751	249
Operating supplies	4,000	4,000	3,692	308
Safety supplies	800	800	20	780
Janitorial supplies	600	600	525	75

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Public works - (Continued):				
Uniforms	\$ 4,500	\$ 4,500	\$ 2,784	\$ 1,716
Gasoline and oil	62,000	62,000	45,601	16,399
Repairs and parts	90,000	90,000	132,078	(42,078)
Insurance - property	500	500	386	114
Insurance - vehicle	11,100	11,100	12,043	(943)
Insurance - general liability	17,600	17,600	17,307	293
Insurance - workers compensation	26,200	26,200	33,651	(7,451)
Miscellaneous	500	500	0	500
Bradley County recycling	10,000	10,000	10,000	0
Equipment	800	800	0	800
Hardware	800	800	70	730
Total expenditures	<u>\$ 3,955,400</u>	<u>\$ 3,959,381</u>	<u>\$ 3,742,771</u>	<u>\$ 216,610</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,075,400)</u>	<u>\$ (1,079,381)</u>	<u>\$ (719,870)</u>	<u>\$ 359,511</u>
Other financing sources:				
Transfers in	<u>\$ 1,075,400</u>	<u>\$ 1,079,381</u>	<u>\$ 1,079,381</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 1,075,400</u>	<u>\$ 1,079,381</u>	<u>\$ 1,079,381</u>	<u>\$ 0</u>
Net change in fund balance	\$ 0	\$ 0	\$ 359,511	\$ 359,511
Fund balance at beginning of year	<u>784,396</u>	<u>784,396</u>	<u>784,396</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 784,396</u></u>	<u><u>\$ 784,396</u></u>	<u><u>\$ 1,143,907</u></u>	<u><u>\$ 359,511</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, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government	\$ 4,057,292	\$ 4,057,292	\$ 3,534,032	\$ (523,260)
Total revenues	<u>\$ 4,057,292</u>	<u>\$ 4,057,292</u>	<u>\$ 3,534,032</u>	<u>\$ (523,260)</u>
Expenditures:				
Current:				
Education:				
Regular instruction	\$ 1,010,701	\$ 1,010,701	\$ 861,377	\$ 149,324
Special education	873,786	873,786	825,356	48,430
Vocational education	141,912	141,912	141,912	0
Support services	<u>2,029,885</u>	<u>2,029,885</u>	<u>1,704,379</u>	<u>325,506</u>
Total expenditures	<u>\$ 4,056,284</u>	<u>\$ 4,056,284</u>	<u>\$ 3,533,024</u>	<u>\$ 523,260</u>
Excess of revenues over expenditures	\$ 1,008	\$ 1,008	\$ 1,008	\$ 0
Other financing sources (uses):				
Transfers out	<u>\$ (1,008)</u>	<u>\$ (1,008)</u>	<u>\$ (1,008)</u>	<u>\$ 0</u>
Total other financing sources (uses)	<u>\$ (1,008)</u>	<u>\$ (1,008)</u>	<u>\$ (1,008)</u>	<u>\$ 0</u>
Net change in fund balance	\$ 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, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
USDA reimbursements	\$ 3,278,667	\$ 3,164,973	\$ 2,845,181	\$ (319,792)
Charges for services	149,500	123,650	88,122	(35,528)
Interest	500	500	453	(47)
Total revenues	\$ 3,428,667	\$ 3,289,123	\$ 2,933,756	\$ (355,367)
Expenditures:				
Current:				
Education:				
Clerical personnel	\$ 64,500	\$ 64,500	\$ 63,864	\$ 636
Cafeteria personnel	1,200,500	1,196,750	1,090,008	106,742
In-service training	2,000	2,000	0	2,000
Social security	78,500	74,000	67,229	6,771
State retirement	159,000	159,000	150,928	8,072
Life insurance	3,500	3,600	3,621	(21)
Medical insurance	240,000	249,250	255,535	(6,285)
Unemployment compensation	500	500	0	500
Employer medicare liability	18,500	17,275	15,723	1,552
Other fringe benefits	43,000	43,000	42,661	339
Communication	1,300	1,300	801	499
Dues and membership	1,200	1,200	1,109	91
Maintenance and repair services	40,000	36,000	31,556	4,444
Transportation	3,000	3,000	2,152	848
Travel	3,500	3,500	1,425	2,075
Other contracted services	19,000	19,000	18,746	254
Food supplies	1,246,300	1,246,300	1,085,654	160,646
Office supplies	3,000	1,500	840	660
Uniforms	850	850	839	11
In-service staff development	1,000	1,000	200	800
Food commodities	237,667	237,667	242,808	(5,141)
Other supplies and materials	158,700	158,700	122,776	35,924
Applicant investigation	500	775	663	112
Food service equipment	20,000	55,716	52,640	3,076
Total expenditures	\$ 3,546,017	\$ 3,576,383	\$ 3,251,778	\$ 324,605
Excess of revenues over expenditures	\$ (117,350)	\$ (287,260)	\$ (318,022)	\$ (30,762)
Fund balance at beginning of year	740,516	740,516	740,516	0
Fund balance at end of year	\$ 623,166	\$ 453,256	\$ 422,494	\$ (30,762)

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, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal cares grant	\$ 0	\$ 0	\$ 1,879	\$ 1,879
State technology grant	0	0	6,975	6,975
Library Archieve grant	0	0	540	
Bradley County	673,600	673,600	667,380	(6,220)
Charges for services	64,000	64,000	39,785	(24,215)
Interest	0	0	4,840	4,840
Miscellaneous:				
Gifts	70,000	70,000	42,961	(27,039)
Total revenues	<u>\$ 807,600</u>	<u>\$ 807,600</u>	<u>\$ 764,360</u>	<u>\$ (43,780)</u>
Expenditures:				
Current:				
Culture and recreation:				
Salaries	\$ 781,000	\$ 781,000	\$ 727,926	\$ 53,074
Employee benefits	277,300	277,300	262,757	14,543
Supplies	67,200	67,200	79,457	(12,257)
Materials and online	134,900	134,900	147,420	(12,520)
Utilities	88,600	88,600	71,303	17,297
Equipment repair/replacement	15,300	15,300	18,747	(3,447)
Building maintenance	17,200	17,200	18,373	(1,173)
Insurance	28,200	28,200	24,274	3,926
Gift and memorial expenditures	70,000	70,000	33,108	36,892
Grant expenditures	0	0	9,387	(9,387)
Capital Outlay:				
Equipment	0	0	35,498	(35,498)
Building landscaping	0	0	8,429	(8,429)
Furniture	1,500	1,500	456	1,044
Total expenditures	<u>\$ 1,481,200</u>	<u>\$ 1,481,200</u>	<u>\$ 1,437,135</u>	<u>\$ 44,065</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (673,600)</u>	<u>\$ (673,600)</u>	<u>\$ (672,775)</u>	<u>\$ 285</u>
Other financing sources:				
Transfers in	\$ 673,600	\$ 673,600	\$ 673,600	\$ 0
Total other financing sources	<u>\$ 673,600</u>	<u>\$ 673,600</u>	<u>\$ 673,600</u>	<u>\$ 0</u>
Net change in fund balance	\$ 0	\$ 0	\$ 825	\$ 285
Fund balance at beginning of year	530,224	530,224	530,224	0
Fund balance at end of year	<u>\$ 530,224</u>	<u>\$ 530,224</u>	<u>\$ 531,049</u>	<u>\$ 285</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, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 18,500	\$ 18,500	\$ 40,147	\$ 21,647
Interest	100	100	2,415	2,315
Total revenues	<u>\$ 18,600</u>	<u>\$ 18,600</u>	<u>\$ 42,562</u>	<u>\$ 23,962</u>
Expenditures:				
Current:				
Public safety:				
Seized vehicles	\$ 7,500	\$ 7,500	\$ 6,015	\$ 1,485
Investigative funds	10,000	10,000	0	10,000
Equipment	1,100	1,100	0	1,100
Total expenditures	<u>\$ 18,600</u>	<u>\$ 18,600</u>	<u>\$ 6,015</u>	<u>\$ 12,585</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 36,547	\$ 36,547
Fund balance at beginning of year	<u>151,158</u>	<u>151,158</u>	<u>151,158</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 151,158</u></u>	<u><u>\$ 151,158</u></u>	<u><u>\$ 187,705</u></u>	<u><u>\$ 36,547</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, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 178,100	\$ 178,100	\$ 178,012	\$ (88)
Total revenues	<u>\$ 178,100</u>	<u>\$ 178,100</u>	<u>\$ 178,012</u>	<u>\$ (88)</u>
Expenditures:				
Current:				
General government:				
Salaries	\$ 112,000	\$ 112,000	\$ 80,817	\$ 31,183
Consultant services	46,800	83,100	83,099	1
Benefits	33,500	13,200	32,231	(19,031)
Postage and shipping	1,000	200	0	200
Printing and publications	3,000	2,800	2,363	437
Telephone	2,000	3,000	1,281	1,719
Travel and meeting	9,300	4,100	3,281	819
Supplies	3,000	900	872	28
Software	12,000	3,300	3,277	23
Capital purchase	0	0	2,626	(2,626)
Total expenditures	<u>\$ 222,600</u>	<u>\$ 222,600</u>	<u>\$ 209,847</u>	<u>\$ 12,753</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (44,500)</u>	<u>\$ (44,500)</u>	<u>\$ (31,835)</u>	<u>\$ 12,665</u>
Other financing sources:				
Transfers in	<u>\$ 44,500</u>	<u>\$ 44,500</u>	<u>\$ 44,500</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 44,500</u>	<u>\$ 44,500</u>	<u>\$ 44,500</u>	<u>\$ 0</u>
Net change in fund balance	\$ 0	\$ 0	\$ 12,665	\$ 12,665
Fund balance at beginning of year	<u>177,493</u>	<u>177,493</u>	<u>177,493</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 177,493</u></u>	<u><u>\$ 177,493</u></u>	<u><u>\$ 190,158</u></u>	<u><u>\$ 12,665</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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Community Development Block Grant-2017	\$ 0	\$ 132,141	\$ 116,708	\$ (15,433)
Community Development Block Grant-2018	0	229,319	30,314	(199,005)
Community Development Block Grant-2019	375,000	383,338	135,894	(247,444)
THDA Emergency Shelter Grant-2019	161,250	0	0	0
Total revenues	\$ 536,250	\$ 744,798	\$ 282,916	\$ (461,882)
Expenditures:				
Current:				
Community development:				
Administration:				
Salaries	\$ 44,050	\$ 44,050	\$ 45,264	\$ (1,214)
Christmas bonus	77	77	76	1
Sick pay incentive	210	210	175	35
Dental insurance	230	230	234	(4)
Social security	3,392	3,392	3,540	(148)
Health insurance	5,751	5,751	5,413	338
Retirement	7,564	7,564	7,820	(256)
Life insurance and disability	554	554	760	(206)
Vision insurance	70	70	67	3
Printing	600	600	21	579
Advertising	600	600	450	150
Telephone	1,500	1,500	650	850
Travel and training	1,500	1,500	559	941
Office supplies	1,200	1,200	0	1,200
Gasoline	600	600	21	579
Miscellaneous	700	700	3,219	(2,519)
Hardware	0	826	826	0
Codes Enforcement:				
Salaries	39,800	39,800	40,426	(626)
Overtime	0	0	72	(72)
Christmas bonus	100	100	108	(8)
Sick pay incentive	300	300	75	225
Dental insurance	650	650	657	(7)
Social security tax	3,075	3,075	3,148	(73)
Health insurance	16,350	16,350	7,734	8,616
Retirement	6,860	6,860	6,989	(129)
Life insurance	500	500	508	(8)
Vision insurance	180	180	172	8
Printing	500	500	0	500
Advertising	200	200	0	200
Telephone	1,400	1,400	753	647

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Community development - (Continued):				
Codes Enforcement - (Continued):				
Legal services	\$ 300	\$ 300	\$ 0	\$ 300
Vehicle maintenance	500	700	972	(272)
Travel and training	1,000	1,000	0	1,000
Office supplies	300	300	349	(49)
Clothing allowance	500	500	396	104
Gasoline	1,000	1,000	952	48
Insurance - vehicles	500	500	325	175
Miscellaneous	765	565	0	565
Emergency shelter:				
Shelter operations	150,000	0	0	0
Administrative costs	11,250	11,250	1,356	9,894
Capital outlay:				
Projects to be determined	231,612	5,960	0	5,960
Acquisition of property	0	75,000	4,306	70,694
Blythe Bower Fields	0	185,626	117,981	67,645
Down payment assistance	0	96,000	24,000	72,000
Blythe Sidewalks	0	249,913	12,191	237,722
Total Expenditures	<u>\$ 536,240</u>	<u>\$ 767,953</u>	<u>\$ 292,565</u>	<u>\$ 475,388</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 10</u>	<u>\$ (23,155)</u>	<u>\$ (9,649)</u>	<u>\$ 13,506</u>
Other financing sources:				
Transfers in	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 0</u>
Net change in fund balance	\$ 30,010	\$ 6,845	\$ 20,351	\$ 13,506
Fund balance at beginning of year	<u>78,447</u>	<u>78,447</u>	<u>78,447</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 108,457</u></u>	<u><u>\$ 85,292</u></u>	<u><u>\$ 98,798</u></u>	<u><u>\$ 13,506</u></u>

CITY OF CLEVELAND, TENNESSEE
E-TICKETING GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures:				
Citation fee	\$ 0	\$ 12,000	\$ 12,690	\$ 690
Total revenues	\$ 0	\$ 12,000	\$ 12,690	\$ 690
Expenditures:				
Current:				
Public safety:				
Technical fees and materials	\$ 0	\$ 18,312	\$ 17,773	\$ 539
Technical supplies - Court Clerk	0	13,557	0	13,557
Total expenditures	\$ 0	\$ 31,869	\$ 17,773	\$ 14,096
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (19,869)	\$ (5,083)	\$ 14,786
Fund balance at beginning of year	31,869	31,869	31,869	0
Fund balance at end of year	\$ 31,869	\$ 12,000	\$ 26,786	\$ 14,786

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, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other financing sources:				
Transfers out	\$ 0	\$ (3,981)	\$ (3,981)	\$ 0
Total other financing sources	\$ 0	\$ (3,981)	\$ (3,981)	\$ 0
Net change in fund balance	\$ 0	\$ (3,981)	\$ (3,981)	\$ 0
Fund balance at beginning of year	3,981	3,981	3,981	0
Fund balance at end of year	\$ 3,981	\$ 0	\$ 0	\$ 0

CITY OF CLEVELAND, TENNESSEE
 BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 0	\$ 38,036	\$ 0	\$ (38,036)
Total revenues	<u>\$ 0</u>	<u>\$ 38,036</u>	<u>\$ 0</u>	<u>\$ (38,036)</u>
Expenditures:				
Current:				
Public safety:				
Bradley County disparate	\$ 0	\$ 12,821	\$ 0	\$ 12,821
In-car cameras	0	25,215	0	25,215
Total expenditures	<u>\$ 0</u>	<u>\$ 38,036</u>	<u>\$ 0</u>	<u>\$ 38,036</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Bradley County	\$ 146,100	\$ 146,100	\$ 114,034	\$ (32,066)
Interest	5,000	100,000	120,293	20,293
Total revenues	<u>\$ 151,100</u>	<u>\$ 246,100</u>	<u>\$ 234,327</u>	<u>\$ (11,773)</u>
Expenditures:				
Debt service:				
Principal retirement	\$ 4,370,000	\$ 6,355,135	\$ 4,370,135	\$ 1,985,000
Interest and fiscal charges	3,151,126	3,850,623	2,945,650	904,973
Total expenditures	<u>\$ 7,521,126</u>	<u>\$ 10,205,758</u>	<u>\$ 7,315,785</u>	<u>\$ 2,889,973</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (7,370,026)</u>	<u>\$ (9,959,658)</u>	<u>\$ (7,081,458)</u>	<u>\$ 2,878,200</u>
Other financing sources (uses):				
Transfers in	<u>\$ 6,932,181</u>	<u>\$ 9,436,865</u>	<u>\$ 6,752,368</u>	<u>\$ (2,684,497)</u>
Total other financing sources	<u>\$ 6,932,181</u>	<u>\$ 9,436,865</u>	<u>\$ 6,752,368</u>	<u>\$ (2,684,497)</u>
Net change in fund balance	\$ (437,845)	\$ (522,793)	\$ (329,090)	\$ 193,703
Fund balance at beginning of year	<u>6,837,424</u>	<u>6,837,424</u>	<u>6,837,424</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 6,399,579</u></u>	<u><u>\$ 6,314,631</u></u>	<u><u>\$ 6,508,334</u></u>	<u><u>\$ 193,703</u></u>

CITY OF CLEVELAND, TENNESSEE
 THDA CLEVELAND HOME GRANT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 0	\$ 545,362	\$ 292,420	\$ (252,942)
Total revenues	<u>\$ 0</u>	<u>\$ 545,362</u>	<u>\$ 292,420</u>	<u>\$ (252,942)</u>
Expenditures:				
Capital outlay:				
Housing Rehabilitation	\$ 0	\$ 494,907	\$ 257,060	\$ 237,847
Administrative Fees	0	50,455	35,360	15,095
Total expenditures	<u>\$ 0</u>	<u>\$ 545,362</u>	<u>\$ 292,420</u>	<u>\$ 252,942</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE
 SALES TAX CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Local 1/2 cent sales tax	\$ 3,100,000	\$ 2,950,000	\$ 3,322,752	\$ 372,752
School 1/2 cent sales tax	990,365	990,365	1,133,558	143,193
Interest	13,000	86,000	85,378	(622)
Total revenues	\$ 4,103,365	\$ 4,026,365	\$ 4,541,688	\$ 515,323
Expenditures:				
Capital outlay:				
Inman Street road survey	\$ 0	\$ 24,000	\$ 0	\$ 24,000
CMAQ Park and Ride	90,000	240,000	0	240,000
Municipal building improvements	0	50,000	0	50,000
Vehicle replacement program	0	40,000	0	40,000
EDC planning documents	0	12,030	0	12,030
Downtown redevelopment	0	39,403	0	39,403
CSCC contribution	80,000	80,000	80,000	0
Electronic document management	0	5,000	0	5,000
GIS flyover	21,000	64,393	0	64,393
GIS Rover	5,000	15,000	0	15,000
Police vehicles	285,000	285,000	257,952	27,048
Fire Station 4 roof improvements	0	12,500	12,500	0
Fire training center	0	156,706	18,446	138,260
Fire apparatus replacement	400,000	709,249	639,234	70,015
Street paving	1,000,000	1,075,124	1,073,708	1,416
Sidewalk projects	65,000	154,137	74,564	79,573
MPO - 20th and Tasso	0	16,210	0	16,210
MPO - Central Ave 3R Project	0	117,696	3,493	114,203
MPO - 20th St sidewalk project	0	97,000	0	97,000
MPO - 17th Street 3R project	0	103,620	4,816	98,804
MPO - Norman Chapel Road	0	191,623	252,506	(60,883)
MPO - Georgetown Rd @ 25th Street	0	99,152	85,464	13,688
MPO - Planning and overrun	0	11,630	0	11,630
Public works equipment replacement	150,000	182,479	46,030	136,449
Multi-Modal access grant	0	43,975	7,467	36,508
LIC North - City's share	934,000	1,105,717	4,427	1,101,290
Taylor Springs	0	145,499	71,857	73,642
Roadscapes Phase III	0	29,531	0	29,531
Kile Lane @ Veterans Home	0	150,000	0	150,000
MPO-Paul Huff extension - match	0	12,000	0	12,000
LIC North acquisition	0	54,855	0	54,855
MPO- Peerless Road extension	80,000	230,000	53,022	176,978
Highway 60 improvements	0	100,000	0	100,000
Candies Lane improvements	0	49,783	0	49,783
Deer Park renovation	0	8,918	8,918	0
Greenway-Willow/Inman survey	0	19,299	748	18,551
Tinsley Park renovation	0	100,000	0	100,000

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, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Capital outlay - (Continued):				
Willow Street south extension	\$ 0	\$ 10,886	\$ 0	\$ 10,886
Playground equipment	0	56,384	0	56,384
Maintenance for buildings	0	13,838	0	13,838
School capital projects	0	541,843	541,843	0
Jetport GIS	0	5,600	0	5,600
Jetport erosion control	0	8,750	0	8,750
Stream and Wetland monitoring	0	8,500	0	8,500
Mowing equipment	0	2,441	0	2,441
Building and fuel farm repairs	0	3,917	0	3,917
Debt service:				
QSCB principal	260,000	260,000	259,577	423
QSCB interest	63,100	63,100	63,024	76
QSCB fiscal charges	4,160	4,160	4,160	0
Arnold School renovation - principal	80,000	80,000	80,000	0
Arnold School renovation - interest	25,539	25,539	25,539	0
ESG equipment facility - principal	310,736	145,721	145,721	0
ESG equipment facility - interest	249,830	119,227	119,227	0
Total expenditures	<u>\$ 4,103,365</u>	<u>\$ 7,181,435</u>	<u>\$ 3,934,243</u>	<u>\$ 3,247,192</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (3,155,070)	\$ 607,445	\$ 3,762,515
Fund balance at beginning of year	<u>3,738,529</u>	<u>3,738,529</u>	<u>3,738,529</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 3,738,529</u></u>	<u><u>\$ 583,459</u></u>	<u><u>\$ 4,345,974</u></u>	<u><u>\$ 3,762,515</u></u>

CITY OF CLEVELAND, TENNESSEE
 BLYTHE SIDEWALKS DIABETES INITIATIVE
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State grant	\$ 0	\$ 150,000	\$ 150,000	\$ 0
Total revenues	<u>\$ 0</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 0</u>
Expenditures:				
Capital outlay:				
Other services	\$ 0	\$ 6,332	\$ 6,332	\$ 0
Professional fees	0	10,100	10,100	0
Sidewalk improvement projects	0	133,568	133,568	0
Total expenditures	<u>\$ 0</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 0</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE
 CAPITAL IMPROVEMENT PROGRAM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Federal grant - Cares Act Part 4	\$ 0	\$ 0	\$ 53,681	\$ 53,681
Federal grant - Flood Grant	0	90,558	0	(90,558)
Federal grant - 25th St/Georgetown	0	498,976	331,945	(167,031)
Federal grant - 20th St/Tasso	0	216,160	0	(216,160)
Federal grant - Central Avenue	0	881,051	13,747	(867,304)
Federal grant - 17th and 20th	0	1,534,852	15,932	(1,518,920)
Federal grant - Ocoee Greenway	0	120,003	0	(120,003)
Federal grant - Adkisson Drive	0	1,086,144	0	(1,086,144)
Federal grant - Roadscapes phase III	0	117,850	0	(117,850)
Federal grant - Norman Chapel Road	0	627,193	1,006,504	379,311
Federal grant - MPO Gaut Street Improvement	0	43,569	36,530	(7,039)
Federal grant - North Property Development	0	15,909	837	(15,072)
State grant - Multi-Modal Access	0	874,433	55,656	(818,777)
State grant - Peerless sidewalk	0	224,908	0	(224,908)
State grant - Barney Lane Bridge	0	625,000	354,412	(270,588)
State grant - Jetport runway extension	0	173,310	8,457	(164,853)
State grant - Jetport environmental	0	7,125	7,500	375
State grant - Jetport ALP & Exhibit A	0	21,399	12,525	(8,874)
State grant - Jetport land easement	0	10,950	0	(10,950)
State grant - N Property Construction	0	910,758	0	(910,758)
State grant - Taxiway and Runway Extension	0	61,502	57,654	(3,848)
State grant - Ground maintenance equipment	0	68,200	79,990	11,790
State grant - LIC	0	915,089	3,795	(911,294)
State grant - Urban Trees	0	9,660	6,372	(3,288)
State grant - Pickleball Courts	0	50,000	49,990	(10)
Bradley County - Taylor Springs	0	50,000	50,000	0
Bradley County - LIC	0	452,494	0	(452,494)
Interest	0	0	84,077	84,077
Miscellaneous:				
Sale of recreation equipment	0	0	263	263
Sale of police vehicles	0	0	5,128	5,128
TML Reimbursement - vehicles	0	14,881	25,634	10,753
Donations - Candies Greenway	0	110,000	110,000	0
Total revenues	\$ 0	\$ 9,811,974	\$ 2,370,629	\$ (7,441,345)
Expenditures:				
Capital outlay:				
Legislative and judicial:				
Whirlpool Initiative - Restrict	\$ 600,000	\$ 1,631,328	\$ 0	\$ 1,631,328
Downtown Parking lot	0	75,000	0	75,000
Exit 25 signage	0	9,032	2,940	6,092
Downtown development	0	17,352	17,352	0
Contingency	350,000	0	0	0

CITY OF CLEVELAND, TENNESSEE
 CAPITAL IMPROVEMENT PROGRAM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Capital outlay - (Continued)				
Administration and finance:				
City-wide computer system	\$ 0	\$ 705,731	\$ 605,186	\$ 100,545
Miscellaneous equipment	0	2,530	0	2,530
Code Enforcement:				
Vehicles	0	13,741	0	13,741
Planning and inspection:				
Flood mitigation	0	90,558	0	90,558
Building grant - Inman St Corridor	0	41,500	38,878	2,622
Crosswalk Keith and 20th Street	0	30,000	0	30,000
Sidewalks at 25th & Peerless	0	281,136	7	281,129
Police department:				
Paxton access door system	0	17,777	17,777	0
Patrol vehicles	0	71,482	30,670	40,812
Fire department:				
Apparatus replacement	0	18,458	0	18,458
PPE equipment and gear	0	26,000	26,000	0
Public works - street department:				
Street paving	300,000	824,373	580,091	244,282
Sidewalk projects	65,000	195,000	0	195,000
Roof repair @ upstairs/garage	0	79,929	75,000	4,929
Mousecreek intersection widening	0	250,000	0	250,000
Paul Huff/Peerless Intersection	0	300,000	0	300,000
LIC North on APD 40	0	1,829,342	13,281	1,816,061
Roadscapes grant match III	0	147,300	0	147,300
New Indian Hills Road	0	194,031	195,280	(1,249)
25th Street and Georgetown	0	384,573	331,945	52,628
20th Street and Tasso Road	0	251,360	0	251,360
Multi Modal Access	0	951,933	43,514	908,419
Central Avenue project	0	907,242	13,747	893,495
17th and 20t Street project	35,000	1,742,231	14,985	1,727,246
Ocoee Greenway connector	0	150,004	7,729	142,275
Adkisson Road project	0	1,152,346	0	1,152,346
20th St and Barney Ln/ Culvert	0	619,883	339,018	280,865
MPO: Gaut Improv	0	54,460	46,011	8,449
MPO: Norman Chapel Road	0	706,982	964,018	(257,036)
Public works - State Street Aid:				
25th Street & Peerless	0	327,531	0	327,531
Animal Shelter:				
Capital needs	0	45,572	8,782	36,790
Cleveland Regional Jetport:				
Land easement	0	6,000	0	6,000
Taxiway and runway repair	0	66,952	57,292	9,660
Environmental monitoring	0	7,500	7,500	0

CITY OF CLEVELAND, TENNESSEE
 CAPITAL IMPROVEMENT PROGRAM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2020

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Capital outlay - (Continued)				
Cleveland Regional Jetport - (Continued)				
ALP & Exhibit A	\$ 0	\$ 22,525	\$ 12,525	\$ 10,000
Ground maintenance equipment	0	88,200	79,990	8,210
Runway extension construction	0	157,012	1,733	155,279
North Property - design	0	16,746	0	16,746
North Property - construction	0	958,693	0	958,693
Parks and recreation:				
Donation - Dog Park at Blythe Bower	0	24,838	24,838	0
Vehicle replacement	0	28,000	26,225	1,775
Deer Park Renovation	0	209,265	224,092	(14,827)
Blythe Bower School Park	0	47,759	10,272	37,487
Blythe Bower Park trees	0	1,900	1,900	0
Greenway trailhead at Inman	0	30,000	5,788	24,212
Deer Park trees	0	19,320	4,460	14,860
Pickleball courts at Tinsley Park	0	180,000	182,485	(2,485)
Tinsley Park paving	0	148,912	6,151	142,761
Candies Greenway	0	110,000	1,618	108,382
Tinsley improvements	100,000	100,000	0	100,000
Education:				
New elementary	0	1,247,134	844,599	402,535
Total expenditures	<u>\$ 1,450,000</u>	<u>\$ 17,616,473</u>	<u>\$ 4,863,679</u>	<u>\$ 12,752,794</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,450,000)</u>	<u>\$ (7,804,499)</u>	<u>\$ (2,493,050)</u>	<u>\$ 5,311,449</u>
Other financing sources (uses):				
Transfers in	\$ 1,450,000	\$ 1,087,497	\$ 1,087,497	\$ 0
Notes issued	0	1,753,452	705,731	(1,047,721)
Total other financing sources (uses)	<u>\$ 1,450,000</u>	<u>\$ 2,840,949</u>	<u>\$ 1,793,228</u>	<u>\$ (1,047,721)</u>
Net change in fund balance	\$ 0	\$ (4,963,550)	\$ (699,822)	\$ 4,263,728
Fund balance at beginning of year	6,421,042	6,421,042	6,421,042	0
Fund balance at end of year	<u><u>\$ 6,421,042</u></u>	<u><u>\$ 1,457,492</u></u>	<u><u>\$ 5,721,220</u></u>	<u><u>\$ 4,263,728</u></u>

CITY OF CLEVELAND, TENNESSEE
 MEILER ESTATE ANIMAL SHELTER TRUST FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 500	\$ 6,700	\$ 15,120	\$ 8,420
Total revenues	<u>\$ 500</u>	<u>\$ 6,700</u>	<u>\$ 15,120</u>	<u>\$ 8,420</u>
Excess of revenues over expenditures	\$ 500	\$ 6,700	\$ 15,120	\$ 8,420
Fund balance at beginning of year	<u>481,649</u>	<u>481,649</u>	<u>481,649</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 482,149</u></u>	<u><u>\$ 488,349</u></u>	<u><u>\$ 496,769</u></u>	<u><u>\$ 8,420</u></u>

INTERNAL SERVICE FUND

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

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

CITY OF CLEVELAND, TENNESSEE
HEALTH INSURANCE TRUST FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for services	\$ 4,177,416	\$ 4,177,416	\$ 4,547,010	\$ 369,594
Total operating revenues	<u>\$ 4,177,416</u>	<u>\$ 4,177,416</u>	<u>\$ 4,547,010</u>	<u>\$ 369,594</u>
Operating Expenses:				
General and administrative:				
Health insurance claims	\$ 3,311,487	\$ 3,311,487	\$ 3,700,988	\$ (389,501)
Administrative services	722,003	722,003	767,264	(45,261)
Total operating expenses	<u>\$ 4,033,490</u>	<u>\$ 4,033,490</u>	<u>\$ 4,468,252</u>	<u>\$ (434,762)</u>
Operating income	<u>\$ 143,926</u>	<u>\$ 143,926</u>	<u>\$ 78,758</u>	<u>\$ (65,168)</u>
Non Operating Revenues (Expenses):				
Interest income	\$ 5,000	\$ 5,000	\$ 14,214	\$ 9,214
Total non operating revenues (expenses)	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 14,214</u>	<u>\$ 9,214</u>
Change in net position	\$ 148,926	\$ 148,926	\$ 92,972	\$ (55,954)
Total net position - beginning	<u>798,840</u>	<u>798,840</u>	<u>798,840</u>	<u>0</u>
Total net position - ending	<u><u>\$ 947,766</u></u>	<u><u>\$ 947,766</u></u>	<u><u>\$ 891,812</u></u>	<u><u>\$ (55,954)</u></u>

CAPITAL ASSETS

CITY OF CLEVELAND, TENNESSEE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULE BY SOURCE(1)
 June 30, 2020 and 2019

	2020	2019
Governmental funds capital assets:		
Land	\$ 37,543,155	\$ 37,347,873
Buildings	149,333,884	133,719,881
Public improvements other than buildings	24,901,354	21,541,852
Infrastructure	73,739,507	70,421,006
Furniture, fixtures, equipment and vehicles	39,328,154	40,106,532
Total governmental funds capital assets	\$ 324,846,054	\$ 303,137,144
 Investment in governmental funds capital assets:		
Total governmental funds capital assets	\$ 324,846,054	\$ 303,137,144

(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, 2020

Function and Activity	Total Capital Assets	Land	Buildings	Other Improve- ments	Infrastructure	Equipment
General Government:						
Administration and finance	\$ 1,394,747	\$ 1,800	\$ 401,565	\$ 263,343	\$ 0	\$ 728,039
General government	977,504	180,600	185,251	410,985	0	200,668
Community development	933,103	101,746	417,664	52,566	0	361,127
Library	9,852,469	324,286	5,477,659	77,676	0	3,972,848
Total General Government	\$ 13,157,823	\$ 608,432	\$ 6,482,139	\$ 804,570	\$ 0	\$ 5,262,682
Public Safety:						
Police	\$ 11,659,116	\$ 290,097	\$ 5,179,696	\$ 85,412	\$ 0	\$ 6,103,911
Fire	14,173,941	461,500	6,213,972	314,327	0	7,184,142
911 Center	867,618	0	867,618	0	0	0
Total Public Safety	\$ 26,700,675	\$ 751,597	\$ 12,261,286	\$ 399,739	\$ 0	\$ 13,288,053
Public Works:						
Street department	\$ 6,010,364	\$ 444,997	\$ 318,738	\$ 165,681	\$ 0	\$ 5,080,948
Engineering	238,271	0	0	47,301	0	190,970
Fleet	1,603,063	108,291	1,207,137	74,216		213,419
Old City Landfill	92,500	63,500	25,000	4,000	0	0
Jetport	45,444,945	26,899,869	4,940,117	12,761,296	0	843,663
Primary roads	11,170,880	67,965	0	0	11,102,915	0
Secondary roads	49,989,845	378,887	0	0	49,610,958	0
Drainage	5,340,816	12,147	0	0	5,328,669	0
Detention ponds	3,613,911	770,558	0	0	2,843,353	0
Sidewalks	4,656,620	0	0	0	4,656,620	0
Bridges	196,992	0	0	0	196,992	0
Total Public Works	\$ 128,358,207	\$ 28,746,214	\$ 6,490,992	\$ 13,052,494	\$ 73,739,507	\$ 6,329,000
Parks and Recreation:						
Recreation office	\$ 2,816,026	\$ 0	\$ 0	\$ 864,245	\$ 0	\$ 1,951,781
Tinsley Park	3,650,538	211,980	165,860	3,049,676	0	223,022
Waterville Golf Course	2,274,022	256,816	521,641	1,268,122	0	227,443
College Hill Center	1,328,271	76,890	231,658	858,040	0	161,683
Cleveland Community Center	854,728	47,000	421,769	248,964	0	136,995
Johnston Park	425,000	175,000	0	250,000	0	0
Deer Park	268,735	90,000	0	175,740	0	2,995
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	27,263	0	17,732	9,531	0	0
E.L. Ross Craigmile Park	9,880	0	0	9,880	0	0
East Cleveland Neighborhood	83,698	10,000	3,577	70,121	0	0
Greenway Project	2,963,224	0	319,839	2,446,101	0	197,284
Fletcher Park	663,076	64,373	118,973	479,730	0	0
1st Street Square Park	535,363	174,595	0	360,768	0	0
Soccer Complex	403,382	50,000	3,930	349,452	0	0
Total Parks and Recreation	\$ 16,413,790	\$ 1,166,528	\$ 1,819,779	\$ 10,526,280	\$ 0	\$ 2,901,203

CITY OF CLEVELAND, TENNESSEE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY(1)
 June 30, 2020

(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	357,641	0	95,301	73,147	0	189,193
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	18,976	0	1,074	17,902	0	0
Seventh and Church Street parking lot	21,202	13,780	0	7,422	0	0
Total Miscellaneous Properties	\$ 863,285	\$ 448,110	\$ 107,711	\$ 118,271	\$ 0	\$ 189,193
Cleveland City Schools:						
School property	\$ 137,977,454	\$ 5,822,274	\$ 122,171,977	\$ 0	\$ 0	\$ 9,983,203
Food Service	1,374,820	0	0	0	0	1,374,820
Total City Schools	\$ 139,352,274	\$ 5,822,274	\$ 122,171,977	\$ 0	\$ 0	\$ 11,358,023
Total Capital Assets	\$ 324,846,054	\$ 37,543,155	\$ 149,333,884	\$ 24,901,354	\$ 73,739,507	\$ 39,328,154

(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, 2020

<u>Function and Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
General Government:				
Administration and finance	\$ 1,760,028	\$ 59,119	\$ 424,400	\$ 1,394,747
General government	813,413	171,817	7,726	977,504
Community development	958,858	8,370	34,125	933,103
Library	9,837,698	44,792	30,021	9,852,469
Total General Government	\$ 13,369,997	\$ 284,098	\$ 496,272	\$ 13,157,823
Public Safety:				
Police	\$ 12,398,998	\$ 408,803	\$ 1,148,685	\$ 11,659,116
Fire	13,563,818	613,074	2,951	14,173,941
911 Center	867,618	0	0	867,618
Total Public Safety	\$ 26,830,434	\$ 1,021,877	\$ 1,151,636	\$ 26,700,675
Public Works:				
Street department	\$ 5,677,689	\$ 338,045	\$ 5,370	\$ 6,010,364
Engineering	264,461	8,286	34,476	238,271
Fleet	1,610,699	4,995	12,631	1,603,063
Old City Landfill	92,500	0	0	92,500
Jetport	43,074,305	2,371,502	862	45,444,945
Primary roads	10,782,474	388,406	0	11,170,880
Secondary roads	48,671,430	1,318,415	0	49,989,845
Drainage	5,340,816	0	0	5,340,816
Detention ponds	3,613,911	0	0	3,613,911
Sidewalks	3,044,940	1,611,680	0	4,656,620
Bridges	196,992	0	0	196,992
Total Public Works	\$ 122,370,217	\$ 6,041,329	\$ 53,339	\$ 128,358,207
Parks and Recreation:				
Recreation office	\$ 2,088,184	\$ 738,442	\$ 10,600	\$ 2,816,026
Tinsley Park	3,468,053	182,485	0	3,650,538
Waterville Golf Course	2,284,931	0	10,909	2,274,022
College Hill Center	1,315,390	19,449	6,568	1,328,271
Cleveland Community Center	856,372	4,060	5,704	854,728
Johnston Park	425,000	0	0	425,000
Deer Park	265,740	2,995	0	268,735
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	27,263	0	0	27,263
E.L. Ross Craigmile Park	9,880	0	0	9,880
East Cleveland Neighborhood	83,698	0	0	83,698
Greenway Project	2,963,224	0	0	2,963,224
Fletcher Park	663,076	0	0	663,076
1st Street Square Park	535,363	0	0	535,363
Soccer Complex	394,492	8,890	0	403,382
Total Parks and Recreation	\$ 15,491,250	\$ 956,321	\$ 33,781	\$ 16,413,790

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, 2020

<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	350,111	13,013	5,483	357,641
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	18,976	0	0	18,976
Seventh and Church Street parking lot	21,202	0	0	21,202
Total Miscellaneous Properties	\$ 855,755	\$ 13,013	\$ 5,483	\$ 863,285
Cleveland City Schools:				
School property	\$ 122,904,447	\$ 15,436,347	\$ 363,340	\$ 137,977,454
Food Service	1,315,044	59,776	0	1,374,820
Total City Schools	\$ 124,219,491	\$ 15,496,123	\$ 363,340	\$ 139,352,274
Total Capital Assets	\$ 303,137,144	\$ 23,812,761	\$ 2,103,851	\$ 324,846,054

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

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STATISTICAL SECTION

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

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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.	167
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.	177
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.	189
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.	196
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.	200

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

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities				
Net investment in capital assets	\$ 66,391,099	\$ 66,979,125	\$ 68,705,499	\$ 108,313,394
Restricted	2,926,017	6,449,583	4,903,327	3,627,607
Unrestricted	<u>12,436,686</u>	<u>14,134,054</u>	<u>13,058,791</u>	<u>9,398,036</u>
Total governmental activities net assets	<u>\$ 81,753,802</u>	<u>\$ 87,562,762</u>	<u>\$ 86,667,617</u>	<u>\$ 121,339,037</u>
Business-type activities				
Net investment in capital assets	\$ 132,342,820	\$ 143,097,174	\$ 161,335,056	\$ 124,523,849
Unrestricted	<u>13,179,002</u>	<u>10,789,348</u>	<u>3,654,232</u>	<u>8,413,181</u>
Total business-type activities	<u>\$ 145,521,822</u>	<u>\$ 153,886,522</u>	<u>\$ 164,989,288</u>	<u>\$ 132,937,030</u>
Primary government				
Net investment in capital assets	\$ 198,733,919	\$ 210,076,299	\$ 230,040,555	\$ 232,837,243
Restricted	2,926,017	6,449,583	4,903,327	3,627,607
Unrestricted	<u>25,615,688</u>	<u>24,923,402</u>	<u>16,713,023</u>	<u>17,811,217</u>
Total primary government net assets	<u>\$ 227,275,624</u>	<u>\$ 241,449,284</u>	<u>\$ 251,656,905</u>	<u>\$ 254,276,067</u>

Source: Official record of Office of City Clerk.

2015	2016	2017	2018	2019	2020
\$ 115,117,684	\$ 118,815,347	\$ 119,211,701	\$ 128,504,578	\$ 138,614,753	\$ 135,819,612
4,230,289	3,960,956	4,509,812	5,292,915	14,863,506	19,972,043
(6,550,745)	(1,239,172)	392,152	(22,478,971)	(22,786,778)	(22,493,225)
<u>\$ 112,797,228</u>	<u>\$ 121,537,131</u>	<u>\$ 124,113,665</u>	<u>\$ 111,318,522</u>	<u>\$ 130,691,481</u>	<u>\$ 133,298,430</u>
\$ 124,243,205	\$ 126,677,290	\$ 132,437,432	\$ 141,210,570	\$ 140,264,453	\$ 149,656,134
(1,508,685)	2,226,781	5,868,185	(191,774)	8,631,096	11,380,399
<u>\$ 122,734,520</u>	<u>\$ 128,904,071</u>	<u>\$ 138,305,617</u>	<u>\$ 141,018,796</u>	<u>\$ 148,895,549</u>	<u>\$ 161,036,533</u>
\$ 239,360,889	\$ 245,492,637	\$ 251,649,133	\$ 269,715,148	\$ 278,879,206	\$ 285,475,746
4,230,289	3,960,956	4,509,812	5,292,915	14,863,506	19,972,043
(8,059,430)	987,609	6,260,337	(22,670,745)	(14,155,682)	(11,112,826)
<u>\$ 235,531,748</u>	<u>\$ 250,441,202</u>	<u>\$ 262,419,282</u>	<u>\$ 252,337,318</u>	<u>\$ 279,587,030</u>	<u>\$ 294,334,963</u>

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

	2011	2012	2013
EXPENSES			
Governmental activities:			
General government	\$ 3,396,302	\$ 3,463,066	\$ 6,338,456
Development and Engineering	1,373,602	1,481,745	1,140,908
Public safety	18,488,592	18,523,073	18,702,183
Public works	9,725,715	10,047,079	9,539,339
Health and welfare	699,095	725,353	829,343
Culture and recreation	3,864,303	4,638,754	4,734,464
Education	46,137,209	46,792,601	46,972,946
Interest on long-term debt	2,814,385	2,822,451	2,878,690
Total governmental activities	<u>\$ 86,499,203</u>	<u>\$ 88,494,122</u>	<u>\$ 91,136,329</u>
Business-type activities:			
Water and sewer	\$ 21,254,266	\$ 21,547,173	\$ 22,183,642
Electric	92,666,017	91,125,591	93,526,162
Stormwater management	0	0	0
Airport	62,617	51,203	573,288
Total business-type activities expenses	<u>\$ 113,982,900</u>	<u>\$ 112,723,967</u>	<u>\$ 116,283,092</u>
Total primary government expenses	<u>\$ 200,482,103</u>	<u>\$ 201,218,089</u>	<u>\$ 207,419,421</u>
PROGRAM REVENUES			
Governmental activities:			
Charges for services	\$ 7,618,007	\$ 7,308,364	\$ 6,394,007
Operating grants and contributions	42,206,859	42,136,892	42,650,493
Capital grants and contributions	5,806,175	2,823,302	1,622,538
Total governmental activities program revenues	<u>\$ 55,631,041</u>	<u>\$ 52,268,558</u>	<u>\$ 50,667,038</u>
Business-type activities:			
Charges for services:			
Water and sewer	\$ 21,846,514	\$ 23,391,403	\$ 23,006,832
Electric	96,353,160	94,456,322	96,146,039
Stormwater management	0	0	0
Airport	11,645	15,719	123,841
Operating grants and contributions	5,569	174,663	45,097
Capital grants and contributions	9,401,737	4,800,720	9,622,580
Total business-type activities program revenues	<u>\$ 127,618,625</u>	<u>\$ 122,838,827</u>	<u>\$ 128,944,389</u>
Total primary government program revenues	<u>\$ 183,249,666</u>	<u>\$ 175,107,385</u>	<u>\$ 179,611,427</u>
Net (Expense) Revenue			
Governmental activities	\$ (30,868,162)	\$ (36,225,564)	\$ (40,469,291)
Business-type activities	13,635,725	10,114,860	12,661,297
Total primary government net expense	<u>\$ (17,232,437)</u>	<u>\$ (26,110,704)</u>	<u>\$ (27,807,994)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental activities:			
Property taxes	\$ 16,629,270	\$ 16,497,090	\$ 16,598,001
Interest and penalty on taxes	275,607	270,429	232,829
In lieu of taxes	77,898	281,289	247,400
Local sales tax	10,173,414	11,726,645	11,842,883
Wholesale beer tax	1,303,212	1,490,010	1,514,062
Gross receipts tax	962,609	1,103,755	1,139,178
Franchise tax	843,753	790,234	874,574
State sales tax	2,505,215	2,803,138	2,857,391
Other state taxes	1,685,668	2,046,650	1,955,994
Grants and contributions not restricted	605,104	708,181	566,435
Unrestricted investment earnings	50,070	58,173	79,556
Gain on sale of capital assets	(22,362)	4,085	49,317
Transfers	1,792,723	1,893,518	1,616,526
Total governmental activities	<u>\$ 36,882,181</u>	<u>\$ 39,673,197</u>	<u>\$ 39,574,146</u>
Business-type activities:			
Unrestricted investment earnings	\$ 244,982	\$ 143,358	\$ 55,945
Transfers	(1,792,723)	(1,893,518)	(1,616,526)
Total business-type activities	<u>\$ (1,547,741)</u>	<u>\$ (1,750,160)</u>	<u>\$ (1,560,581)</u>
Total primary government	<u>\$ 35,334,440</u>	<u>\$ 37,923,037</u>	<u>\$ 38,013,565</u>
CHANGE IN NET POSITION			
Governmental activities	\$ 6,014,019	\$ 3,447,633	\$ (895,145)
Business-type activities	12,087,984	8,364,700	11,100,716
Total primary government	<u>\$ 18,102,003</u>	<u>\$ 11,812,333</u>	<u>\$ 10,205,571</u>

Source: Official record of Office of City Clerk.

	2014	2015	2016	2017	2018	2019	2020
\$	3,285,177	\$ 3,356,106	\$ 3,765,394	\$ 4,442,261	\$ 8,987,210	\$ 4,756,220	\$ 4,659,380
	1,498,726	1,473,844	1,940,024	2,166,719	2,621,363	2,302,965	2,332,324
	19,610,293	18,688,453	19,057,323	20,587,764	21,827,824	23,014,134	24,420,737
	10,767,515	11,340,866	11,240,255	9,882,476	13,599,981	10,091,513	11,587,164
	740,903	638,456	671,684	659,284	710,483	690,927	691,826
	5,150,586	4,397,406	4,371,397	5,328,380	3,814,500	5,572,087	5,534,056
	49,017,773	46,678,450	49,400,437	53,648,372	54,436,127	47,636,980	58,580,908
	2,999,643	3,356,042	3,296,175	3,198,147	3,216,493	3,183,652	2,900,897
\$	<u>93,070,616</u>	<u>\$ 89,929,623</u>	<u>\$ 93,742,689</u>	<u>\$ 99,913,403</u>	<u>\$ 109,213,981</u>	<u>\$ 97,248,478</u>	<u>\$ 110,707,292</u>
\$	22,606,739	\$ 22,015,051	\$ 23,781,528	\$ 24,601,946	\$ 25,034,761	\$ 26,551,551	\$ 26,863,384
	95,535,206	96,987,194	94,002,316	95,625,776	95,471,898	97,751,476	92,020,973
	0	0	422,576	510,855	598,400	452,761	827,213
	0	0	0	0	0	0	0
\$	<u>118,141,945</u>	<u>\$ 119,002,245</u>	<u>\$ 118,206,420</u>	<u>\$ 120,738,577</u>	<u>\$ 121,105,059</u>	<u>\$ 124,755,788</u>	<u>\$ 119,711,570</u>
\$	<u>211,212,561</u>	<u>\$ 208,931,868</u>	<u>\$ 211,949,109</u>	<u>\$ 220,651,980</u>	<u>\$ 230,319,040</u>	<u>\$ 222,004,266</u>	<u>\$ 230,418,862</u>
\$	5,719,960	\$ 5,792,117	\$ 5,546,286	\$ 5,088,039	\$ 5,577,962	\$ 5,715,943	\$ 6,220,987
	42,755,489	45,485,420	47,705,172	49,701,112	52,477,210	53,644,483	54,514,548
	2,805,953	1,459,698	4,452,957	1,885,608	8,548,702	2,745,004	2,571,298
\$	<u>51,281,402</u>	<u>\$ 52,737,235</u>	<u>\$ 57,704,415</u>	<u>\$ 56,674,759</u>	<u>\$ 66,603,874</u>	<u>\$ 62,105,430</u>	<u>\$ 63,306,833</u>
\$	24,232,749	\$ 25,710,183	\$ 27,147,284	\$ 28,942,827	\$ 28,950,628	\$ 29,178,469	\$ 30,978,458
	98,249,509	99,094,672	97,005,448	101,077,357	100,914,277	103,154,714	100,343,044
	0	0	865,814	1,485,629	1,502,917	1,522,529	1,532,721
	0	0	0	0	0	0	0
	48,977	47,532	55,537	57,620	108,040	226,316	251,568
	961,210	515,643	1,494,135	828,652	648,269	619,693	1,131,949
\$	<u>123,492,445</u>	<u>\$ 125,368,030</u>	<u>\$ 126,568,218</u>	<u>\$ 132,392,085</u>	<u>\$ 132,124,131</u>	<u>\$ 134,701,721</u>	<u>\$ 134,237,740</u>
\$	<u>174,773,847</u>	<u>\$ 178,105,265</u>	<u>\$ 184,272,633</u>	<u>\$ 189,066,844</u>	<u>\$ 198,728,005</u>	<u>\$ 196,807,151</u>	<u>\$ 197,544,573</u>
\$	(41,789,214)	\$ (37,192,388)	\$ (36,038,274)	\$ (43,238,644)	\$ (42,610,107)	\$ (35,143,048)	\$ (47,400,459)
	5,350,500	6,365,785	8,361,798	11,653,508	11,019,072	9,945,933	14,526,170
\$	<u>(36,438,714)</u>	<u>\$ (30,826,603)</u>	<u>\$ (27,676,476)</u>	<u>\$ (31,585,136)</u>	<u>\$ (31,591,035)</u>	<u>\$ (25,197,115)</u>	<u>\$ (32,874,289)</u>
\$	19,016,017	\$ 19,653,207	\$ 19,607,993	\$ 20,024,551	\$ 26,342,150	\$ 26,096,750	\$ 26,546,377
	215,627	217,448	194,097	218,748	255,801	224,048	203,601
	501,661	239,618	285,008	336,281	445,005	490,530	459,491
	11,976,829	12,516,655	13,138,559	13,693,221	13,610,741	14,495,529	15,616,509
	1,555,503	1,588,040	1,584,441	1,509,444	1,469,337	1,466,678	1,502,653
	956,672	1,176,363	1,244,796	1,315,875	1,323,129	1,353,244	1,426,622
	933,173	989,949	904,420	879,433	925,773	903,349	881,325
	2,953,870	3,130,831	3,342,791	3,424,704	3,580,003	3,714,029	3,816,634
	1,742,735	4,095,349	1,638,355	1,385,722	1,616,480	1,577,116	1,312,117
	407,799	775,098	394,752	494,787	394,864	435,038	500,455
	79,985	96,088	131,389	208,210	539,780	987,484	615,589
	42,835	650,321	14,600	(113,458)	19,814	52,875	112,836
	2,198,373	2,247,105	2,322,340	2,437,660	2,641,293	2,719,337	2,864,395
\$	<u>42,581,079</u>	<u>\$ 47,376,072</u>	<u>\$ 44,803,541</u>	<u>\$ 45,815,178</u>	<u>\$ 53,164,170</u>	<u>\$ 54,516,007</u>	<u>\$ 55,858,604</u>
\$	65,171	\$ 82,174	\$ 104,729	\$ 185,698	\$ 399,322	\$ 650,157	\$ 479,209
	(2,198,373)	(2,247,105)	(2,322,340)	(2,437,660)	(2,641,293)	(2,719,337)	(2,864,395)
\$	<u>(2,133,202)</u>	<u>\$ (2,164,931)</u>	<u>\$ (2,217,611)</u>	<u>\$ (2,251,962)</u>	<u>\$ (2,241,971)</u>	<u>\$ (2,069,180)</u>	<u>\$ (2,385,186)</u>
\$	<u>40,447,877</u>	<u>\$ 45,211,141</u>	<u>\$ 42,585,930</u>	<u>\$ 43,563,216</u>	<u>\$ 50,922,199</u>	<u>\$ 52,446,827</u>	<u>\$ 53,473,418</u>
\$	791,865	\$ 10,183,684	\$ 8,765,267	\$ 2,576,534	\$ 10,554,063	\$ 19,372,959	\$ 8,458,145
	3,217,298	4,200,854	6,144,187	9,401,546	8,777,101	7,876,753	12,140,984
\$	<u>4,009,163</u>	<u>\$ 14,384,538</u>	<u>\$ 14,909,454</u>	<u>\$ 11,978,080</u>	<u>\$ 19,331,164</u>	<u>\$ 27,249,712</u>	<u>\$ 20,599,129</u>

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

Function/Program	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities:				
General government	\$ 234,666	\$ 116,736	\$ 134,104	\$ 122,688
Development and Engineering	1,472,042	1,548,127	1,509,789	993,896
Public safety	3,488,411	3,516,915	2,526,039	1,094,936
Public works	5,889,898	5,431,881	4,909,092	6,529,526
Health and welfare	356,526	353,828	428,573	226,117
Culture and recreation	948,610	1,041,708	933,323	1,139,580
Education	<u>43,240,888</u>	<u>40,259,363</u>	<u>40,226,118</u>	<u>41,174,659</u>
Subtotal governmental activities	<u>\$ 55,631,041</u>	<u>\$ 52,268,558</u>	<u>\$ 50,667,038</u>	<u>\$ 51,281,402</u>
Business-type activities:				
Water and sewer	\$ 22,650,899	\$ 24,677,843	\$ 23,149,324	\$ 25,045,728
Electric	96,353,979	94,477,235	96,521,141	98,446,717
Stormwater management	0	0	0	0
Airport	<u>8,613,747</u>	<u>3,683,749</u>	<u>9,273,924</u>	<u>0</u>
Subtotal business-type activities	<u>\$ 127,618,625</u>	<u>\$ 122,838,827</u>	<u>\$ 128,944,389</u>	<u>\$ 123,492,445</u>
Total primary government	<u>\$ 183,249,666</u>	<u>\$ 175,107,385</u>	<u>\$ 179,611,427</u>	<u>\$ 174,773,847</u>

Source: Official record of Office of City Clerk.

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 167,161	\$ 368,176	\$ 454,229	\$ 398,678	\$ 540,216	\$ 806,993
624,031	743,144	619,475	1,127,552	1,070,335	1,232,575
1,212,259	1,183,264	1,579,472	1,378,931	1,298,804	1,133,704
6,087,104	8,832,654	5,494,157	8,074,094	5,656,523	7,147,789
47,810	36,540	47,057	61,628	51,578	44,015
1,178,229	1,158,832	1,052,964	1,467,632	1,145,555	1,160,288
<u>43,450,641</u>	<u>45,381,805</u>	<u>47,427,405</u>	<u>54,095,359</u>	<u>52,342,419</u>	<u>51,781,469</u>
<u>\$ 52,767,235</u>	<u>\$ 57,704,415</u>	<u>\$ 56,674,759</u>	<u>\$ 66,603,874</u>	<u>\$ 62,105,430</u>	<u>\$ 63,306,833</u>
\$ 26,043,419	\$ 28,337,385	\$ 29,435,064	\$ 29,458,233	\$ 29,526,908	\$ 31,999,273
99,324,611	97,364,119	101,465,440	101,162,981	103,652,284	100,700,934
0	866,714	1,491,581	1,502,917	1,522,529	1,537,533
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 125,368,030</u>	<u>\$ 126,568,218</u>	<u>\$ 132,392,085</u>	<u>\$ 132,124,131</u>	<u>\$ 134,701,721</u>	<u>\$ 134,237,740</u>
<u>\$ 178,135,265</u>	<u>\$ 184,272,633</u>	<u>\$ 189,066,844</u>	<u>\$ 198,728,005</u>	<u>\$ 196,807,151</u>	<u>\$ 197,544,573</u>

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

(modified accrual basis of accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund				
Nonspendable	\$ 4,067	\$ 4,193	\$ 4,079	\$ 47,629
Restricted	0	0	0	0
Assigned	0	0	0	10,666,100
Unassigned	<u>10,152,078</u>	<u>11,955,804</u>	<u>12,388,007</u>	<u>2,098,326</u>
Total general fund	<u>\$ 10,156,145</u>	<u>\$ 11,959,997</u>	<u>\$ 12,392,086</u>	<u>\$ 12,812,055</u>
 All Other Governmental Funds:				
Nonspendable	\$ 473,636	\$ 473,636	\$ 473,636	\$ 473,636
Restricted	2,452,381	3,068,100	3,101,853	3,153,971
Committed	812,939	869,249	728,768	494,210
Assigned	<u>7,165,754</u>	<u>9,287,308</u>	<u>10,357,450</u>	<u>8,854,163</u>
Total all other governmental funds	<u>\$ 10,904,710</u>	<u>\$ 13,698,293</u>	<u>\$ 14,661,707</u>	<u>\$ 12,975,980</u>

Source: Official record of Office of City Clerk.

2015	2016	2017	2018	2019	2020
\$ 53,174	\$ 41,762	\$ 0	\$ 242,025	\$ 230,996	\$ 233,632
26,897	5,148	0	0	9,200	9,200
5,878,509	0	0	0	0	0
<u>3,766,227</u>	<u>10,800,152</u>	<u>11,548,699</u>	<u>13,995,070</u>	<u>16,638,164</u>	<u>20,609,141</u>
<u>\$ 9,724,807</u>	<u>\$ 10,847,062</u>	<u>\$ 11,548,699</u>	<u>\$ 14,237,095</u>	<u>\$ 16,878,360</u>	<u>\$ 20,851,973</u>
\$ 473,636	\$ 673,509	\$ 760,148	\$ 515,305	\$ 497,121	\$ 518,333
3,710,430	3,482,172	4,036,176	4,522,253	12,032,694	12,651,616
614,333	699,329	740,978	913,328	784,396	1,143,907
<u>12,795,459</u>	<u>15,153,991</u>	<u>16,250,478</u>	<u>17,890,590</u>	<u>12,445,305</u>	<u>13,271,819</u>
<u>\$ 17,593,858</u>	<u>\$ 20,009,001</u>	<u>\$ 21,787,780</u>	<u>\$ 23,841,476</u>	<u>\$ 25,759,516</u>	<u>\$ 27,585,675</u>

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

	2011	2012	2013	2014
REVENUES				
Taxes	\$ 30,419,645	\$ 31,817,105	\$ 34,059,819	\$ 35,733,289
Licenses and permits	584,538	427,088	432,178	353,841
Intergovernmental	51,877,725	49,795,300	49,121,532	50,130,677
Fines and forfeitures	872,680	716,361	548,657	537,317
Charges for services	6,160,788	6,164,915	5,412,247	4,832,380
Interest	50,905	58,173	79,614	82,638
Miscellaneous	833,158	689,868	748,627	698,215
Total Revenues	\$ 90,799,439	\$ 89,668,810	\$ 90,402,674	\$ 92,368,357
EXPENDITURES				
General government	\$ 2,376,498	\$ 2,243,393	\$ 2,286,876	\$ 2,436,907
Development and Engineering	760,472	828,940	926,915	1,346,723
Public safety	16,638,957	16,334,062	16,364,461	16,616,921
Public works	8,412,481	8,242,610	7,917,343	8,689,791
Health and welfare	533,470	548,043	654,628	566,625
Culture and recreation	3,254,143	3,352,727	3,864,417	4,077,475
Education	43,728,161	43,685,843	44,673,856	46,062,827
Appropriations	1,070,897	1,070,066	1,074,137	1,185,501
Capital outlay	11,792,319	8,380,283	12,573,516	8,762,567
Debt service:				
Interest	2,282,667	2,477,857	2,691,153	2,699,740
Principal	2,748,022	2,771,273	2,856,470	3,337,925
Total Expenditures	\$ 93,598,087	\$ 89,935,097	\$ 95,883,772	\$ 95,783,002
Excess of revenues over (under) expenditures	\$ (2,798,648)	\$ (266,287)	\$ (5,481,098)	\$ (3,414,645)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 14,513,077	\$ 14,792,877	\$ 14,716,372	\$ 15,329,355
Transfers out	(12,720,354)	(12,899,360)	(13,099,846)	(13,130,982)
Notes issued	312,203	2,615,335	5,260,075	4,600,000
Bonds issued	0	0	0	0
Capital leases issued	394,272	354,870	0	127,220
Refunding bonds issued	0	0	0	25,306,480
Premium on bonds issued	0	0	0	0
Payment to refunding bond escrow agent	0	0	0	(25,173,537)
Total other financing sources (uses)	\$ 2,499,198	\$ 4,863,722	\$ 6,876,601	\$ 7,058,536
Net change in fund balances	\$ (299,450)	\$ 4,597,435	\$ 1,395,503	\$ 3,643,891
Debt service as a percent of noncapital expenditures	6.18%	6.28%	6.43%	6.88%

Source: Official record of Office of City Clerk.

2015	2016	2017	2018	2019	2020
\$ 36,910,848	\$ 37,144,740	\$ 37,905,053	\$ 44,169,660	\$ 45,073,641	\$ 46,522,610
492,000	490,234	628,772	712,300	735,474	1,192,696
53,062,532	57,391,236	56,284,038	65,580,623	61,304,401	61,846,216
665,896	565,843	527,112	636,898	609,350	541,312
4,617,463	4,442,072	3,949,204	4,228,762	4,357,213	4,479,831
96,088	137,225	208,210	539,781	987,484	618,845
2,202,082	862,571	903,685	797,077	622,151	879,473
<u>\$ 98,046,909</u>	<u>\$ 101,033,921</u>	<u>\$ 100,406,074</u>	<u>\$ 116,665,101</u>	<u>\$ 113,689,714</u>	<u>\$ 116,080,983</u>
\$ 2,602,422	\$ 3,084,380	\$ 3,179,666	\$ 3,431,332	\$ 3,936,786	\$ 4,086,659
1,421,401	1,847,168	1,839,944	1,664,882	1,778,770	1,693,780
16,976,679	17,587,413	17,973,900	18,606,166	20,420,104	20,899,995
8,676,635	8,460,640	7,633,818	8,310,518	8,985,878	8,841,930
483,389	501,236	521,479	542,897	518,977	523,006
4,164,402	4,028,549	4,269,135	4,342,420	4,486,157	4,325,735
46,715,950	48,423,074	51,046,808	53,540,925	55,004,608	55,193,503
1,091,983	1,098,651	1,192,403	1,304,181	1,332,364	1,306,305
10,348,141	14,401,524	9,035,158	29,336,764	16,892,485	9,018,761
4,040,333	4,164,233	4,514,324	5,106,995	6,048,024	5,180,065
2,384,230	2,340,075	2,228,124	2,246,893	3,231,706	3,276,477
<u>\$ 98,905,565</u>	<u>\$ 105,936,943</u>	<u>\$ 103,434,759</u>	<u>\$ 128,433,973</u>	<u>\$ 122,635,859</u>	<u>\$ 114,346,216</u>
<u>\$ (858,656)</u>	<u>\$ (4,903,022)</u>	<u>\$ (3,028,685)</u>	<u>\$ (11,768,872)</u>	<u>\$ (8,946,145)</u>	<u>\$ 1,734,767</u>
\$ 21,688,975	\$ 15,751,495	\$ 16,450,779	\$ 21,172,739	\$ 19,927,702	\$ 17,964,749
(19,441,870)	(13,429,155)	(14,013,119)	(18,531,446)	(17,208,365)	(15,100,354)
0	6,040,200	2,628,550	5,408,580	0	1,105,731
0	0	0	0	9,885,000	0
142,181	0	442,891	8,222,294	69,475	0
0	13,057,880	0	0	34,780,000	0
0	0	0	0	6,161,337	0
0	(12,980,000)	0	0	(40,109,699)	0
<u>\$ 2,389,286</u>	<u>\$ 8,440,420</u>	<u>\$ 5,509,101</u>	<u>\$ 16,272,167</u>	<u>\$ 13,505,450</u>	<u>\$ 3,970,126</u>
<u>\$ 1,530,630</u>	<u>\$ 3,537,398</u>	<u>\$ 2,480,416</u>	<u>\$ 4,503,295</u>	<u>\$ 4,559,305</u>	<u>\$ 5,704,893</u>
7.27%	7.02%	7.07%	6.92%	9.67%	7.89%

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
2011	\$ 16,783,152	\$ 275,607	\$ 77,898	\$ 10,173,414	\$ 1,303,212	\$ 962,609	\$ 843,753	\$ 30,419,645
2012	16,701,263	270,429	281,289	11,180,125	1,490,010	1,103,755	790,234	31,817,105
2013	16,628,885	232,828	247,400	13,422,892	1,514,062	1,139,178	874,574	34,059,819
2014	19,024,749	215,627	501,661	12,545,904	1,555,503	956,672	933,173	35,733,289
2015	19,613,707	217,448	239,618	13,085,724	1,588,040	1,176,363	989,948	36,910,848
2016	19,609,561	194,097	285,008	13,322,417	1,584,441	1,244,796	904,420	37,144,740
2017	19,952,051	218,748	336,281	13,693,221	1,509,444	1,315,875	879,433	37,905,053
2018	26,139,874	255,801	445,005	13,610,741	1,469,337	1,323,129	925,773	44,169,660
2019	26,140,263	224,048	490,530	14,495,529	1,466,678	1,353,244	903,349	45,073,641
2020	26,432,409	203,600	459,491	15,616,509	1,502,653	1,426,622	881,326	46,522,610
Change 2011-2020	57.5%	-26.1%	489.9%	53.5%	15.3%	48.2%	4.5%	52.9%

Source: Official record of Office of City Clerk.

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

Fiscal Year	Residential Property	Commercial Industrial Property	Personal Property
2011	\$ 408,183,737	\$ 512,067,105	\$ 170,815,182
2012	413,982,981	509,365,475	162,580,268
2013	410,787,511	522,433,859	168,476,998
2014	400,535,764	488,849,475	164,659,894
2015	404,345,830	510,647,222	171,538,179
2016	412,602,974	507,098,128	166,516,773
2017	419,022,912	518,576,938	173,731,683
2018	460,865,137	602,825,863	192,128,839
2019	473,282,934	594,411,038	187,980,925
2020	475,674,645	605,106,904	189,105,258

Source: Bradley County Assessor of Property.

- (1) The State of Tennessee, Division of Property Assessment conducted a comprehensive reappraisal for tax year 2013, which is reflected in the FY 2014 financial statements. In tax year 2017, the State conducted a comprehensive reappraisal which is reflected in the FY 2018 financial statements.
- (2) Property in Bradley County is reassessed once every four years on average. The county assesses property at approximately 40 percent of actual value for commercial and industrial property and 25 percent for residential property. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per \$100 of assessed value.

	<u>Public Utilities</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
\$	23,460,241	\$ 1,114,526,265	\$ 1.4904	\$ 3,539,367,529	31.5
	22,703,062	1,108,631,786	1.4904	3,526,518,432	31.4
	23,526,358	1,125,224,726	1.4904	3,568,066,432	31.5
	22,049,469	1,076,094,602	1.7655	3,426,781,400	31.4
	22,909,126	1,109,440,357	1.7655	3,521,535,271	31.5
	22,751,495	1,108,969,370	1.7655	3,528,569,562	31.4
	21,491,799	1,132,823,332	1.7655	3,603,931,085	31.4
	20,792,525	1,276,612,364	2.0600	4,041,544,754	31.6
	20,250,570	1,275,925,467	2.0600	4,056,388,839	31.4
	18,239,633	1,288,126,440	2.0600	4,091,415,783	31.5

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	
2011	\$ 1.4904	\$ 0.4570	\$ 0.0277	\$ 0.1263	\$ 0.5740	\$ 0.2695	
2012	1.4904	0.4570	0.0277	0.1263	0.5740	0.2695	
2013	1.4904	0.5269	0.0282	0.1287	0.5734	0.2859	
2014	1.7655	0.5404	0.0289	0.1320	0.5878	0.2935	
2015	1.7655	0.5349	0.0277	0.1276	0.5624	0.2985	
2016	1.7655	0.5349	0.0277	0.1276	0.5624	0.2985	
2017	1.7655	0.5339	0.0250	0.1244	0.5533	0.2941	
2018	2.0600	0.4298	0.0228	0.1135	0.4964	0.2774	
2019	2.0600	0.4993	0.0278	0.1135	0.4994	0.2744	
2020	2.0600	0.4993	0.0278	0.1135	0.4994	0.2744	

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

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

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

Overlapping Rates - Bradley County - Continued						Total Direct and Overlapping Rate
Debt Service	Capital Projects	Education Capital Projects	Community Development	Total Bradley County		
\$ 0.2355	\$ -	\$ 0.0017	\$ 0.1003	\$ 1.7920	\$ 3.2824	
0.2355	-	0.0017	0.1003	1.7920	3.2824	
0.2297	-	0.0017	0.0509	1.8254	3.3158	
0.2356	-	0.0017	0.0522	1.8721	3.6376	
0.2674	-	0.0016	0.0520	1.8721	3.6376	
0.2674	-	0.0016	0.0520	1.8721	3.6376	
0.2414	0.0414	-	0.0580	1.8715	3.6370	
0.3449	0.0236	-	-	1.7084	3.7684	
0.3199	0.0478	-	-	1.7821	3.8421	
0.3199	0.0478	-	-	1.7821	3.8421	

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

Schedule 9

<u>Taxpayer</u>	<u>2019</u>			<u>2010</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>
Mars Snackfoods	\$ 35,349,010	1	2.79%	\$ 32,131,236	2	2.95%
Cleveland Tennessee Hospital	28,341,715	2	2.23	36,186,596	1	3.32
Bayer Healthcare (Merck)	25,515,500	3	2.01	14,511,541	6	1.33
Life Care Centers of America	25,046,270	4	1.97	23,428,172	3	2.15
Duracell Company	15,974,620	5	1.26	20,131,085	5	1.85
Whirlpool	14,277,750	6	1.12	21,181,502	4	1.94
Pinnacle Corner at Paul Huff	11,199,365	7	0.88	-	-	-
Walmart	10,068,682	8	0.79	10,078,288	9	0.92
Peyton's Southeastern	9,914,600	9	0.78	11,650,485	7	1.07
Retreat at Spring Creek	9,710,960	10	0.76	-	-	-
Southeastern Container	-	-	-	10,834,650	8	0.99
Bellsouth	-	-	-	8,695,462	10	0.80
Totals	\$ 185,398,472		14.59%	\$ 188,829,017		17.32%

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
2011	\$ 16,608,494	\$ 15,383,696	92.6 %	\$ 1,194,746	\$ 16,578,442	99.8 %
2012	16,294,716	15,299,096	93.9	972,145	16,271,241	99.9
2013	16,699,031	15,612,473	93.5	1,040,154	16,652,627	99.7
2014	18,859,181	17,898,630	94.9	922,702	18,821,332	99.8
2015	19,550,308	18,561,193	94.9	929,709	19,490,902	99.7
2016	19,557,553	18,745,766	95.8	736,321	19,482,087	99.6
2017	20,008,944	18,941,986	94.7	969,240	19,911,226	99.5
2018	26,305,375	25,026,206	95.1	1,048,150	26,074,356	99.1
2019	26,471,584	25,305,334	95.6	791,332	26,096,666	98.6
2020	26,495,529	25,317,547	95.6	0	25,317,547	95.6

Source: Official records of Office of City Clerk.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Apparel Stores	\$ 22,968,582	\$ 23,696,309	\$ 24,874,164	\$ 25,648,895
General Merchandise Stores	212,408,304	218,850,296	220,486,064	220,277,745
Food Stores	81,734,875	89,648,300	93,245,397	95,135,145
Eating and Drinking Places	115,354,893	125,492,706	136,648,212	138,642,092
Furniture Stores	18,206,730	24,584,741	17,588,750	17,814,109
Building Materials	64,449,914	72,925,808	78,397,949	76,136,640
MV Dealers and Service Stations	63,719,429	69,025,064	71,337,280	74,355,981
Other Retail	56,470,758	59,093,623	61,405,593	63,159,468
All Other Outlets	<u>114,343,520</u>	<u>126,459,065</u>	<u>139,311,618</u>	<u>141,967,597</u>
Total	<u>\$ 749,657,005</u>	<u>\$ 809,775,912</u>	<u>\$ 843,295,027</u>	<u>\$ 853,137,672</u>
City direct sales tax rate	2.75%	2.75%	2.75%	2.75%

Source: Tennessee Department of Revenue, Research Division.

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

2014	2015	2016	2017	2018	2019
\$ 26,695,892	\$ 28,868,016	\$ 28,132,195	\$ 28,076,379	\$ 29,248,857	\$ 30,510,189
222,347,406	233,711,647	234,275,628	235,769,895	240,627,860	244,753,609
106,471,779	112,096,356	113,083,863	119,118,225	128,260,231	131,837,852
147,161,813	158,677,432	160,746,625	166,258,406	172,323,174	185,363,931
17,743,880	16,312,162	16,227,883	20,755,916	21,997,547	21,545,685
72,538,049	60,732,654	84,841,122	97,243,420	98,552,022	102,978,309
83,823,948	96,437,981	101,579,505	98,430,037	102,340,354	109,432,087
65,775,334	69,919,188	70,057,002	67,411,830	64,417,467	71,848,990
152,692,339	164,536,138	158,214,097	160,771,137	168,767,452	179,537,042
<u>\$ 895,250,440</u>	<u>\$ 941,291,574</u>	<u>\$ 967,157,920</u>	<u>\$ 993,835,245</u>	<u>\$ 1,026,534,964</u>	<u>\$ 1,077,807,694</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

<u>Fiscal Year</u>	<u>City of Cleveland and Bradley County Rate</u>
2011	2.75 %
2012	2.75
2013	2.75
2014	2.75
2015	2.75
2016	2.75
2017	2.75
2018	2.75
2019	2.75
2020	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%.

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CITY OF CLEVELAND, TENNESSEE
 LOCAL SALES TAX REVENUE BY INDUSTRY
 FISCAL YEARS 2011 AND 2020

	Fiscal Year 2011			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1 Retail Trade	839	57.66 %	\$ 17,923,507	84.96 %
2 Services	339	23.30	1,483,384	7.03
3 Manufacturing	100	6.86	479,815	2.28
4 Wholesale Trade	73	5.02	623,076	2.95
5 Construction	11	0.76	19,158	0.09
6 Finance Insurance Real Estate	27	1.86	33,536	0.16
7 Transportation and Utilities	11	0.76	144,274	0.68
8 Agriculture	10	0.69	37,515	0.18
9 Other, Non Classified	45	3.09	352,075	1.67
Total	1,455	100.00 %	\$ 21,096,340	100.00 %

Source: Tennessee Department of Revenue, Research Division.

Notes:

1. Figures subject to revision due to amended taxpayer returns.
2. Figures represent local sales tax collected by merchants during the period, not disbursements from the Department of Revenue. Thus, amounts presented above do not match to amounts reflected within the financial report.
3. Does not include Cleveland's share of county clerk or out-of-state taxpayer amounts.

Fiscal Year 2020			
<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>
679	50.60 %	\$ 25,577,943	84.51 %
309	23.03	2,080,118	6.87
99	7.37	429,010	1.43
79	5.89	990,374	3.27
15	1.12	71,327	0.24
23	1.71	67,849	0.22
18	1.34	263,961	0.87
7	0.52	20,547	0.07
113	8.42	763,983	2.52
<u>1,342</u>	<u>100.00 %</u>	<u>\$ 30,265,112</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
2011	\$ 5,580,000	\$ 35,194,326	\$ 27,361,943	\$ 375,238
2012	5,420,000	33,505,542	29,393,873	692,527
2013	5,250,000	31,737,203	33,953,841	653,351
2014	5,075,000	55,369,755	17,975,620	587,468
2015	4,825,000	52,879,673	16,897,282	488,654
2016	0	54,915,950	21,867,578	241,845
2017	0	51,933,508	23,141,751	488,149
2018	0	48,854,946	26,693,400	8,519,859
2019	9,974,170	49,286,033	21,253,921	8,103,790
2020	9,569,815	46,190,431	20,755,139	7,633,437

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
\$ 61,674,516	\$ 792,000	\$ 130,978,023	2.82 %	\$ 3,140
57,968,972	877,265	127,858,179	3.15	3,017
54,251,865	4,903,981	130,750,241	3.15	3,057
51,254,670	5,384,687	135,647,200	3.39	3,141
47,297,712	14,925,753	137,314,074	3.35	3,180
43,399,301	23,383,573	143,808,247	3.05	3,273
39,282,580	26,835,112	141,681,100	3.18	3,147
35,210,501	28,376,767	147,655,473	3.15	3,175
37,734,430	33,912,191	160,264,535	2.96	3,378
34,148,439	33,348,101	151,645,362	3.28	3,047

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
2010	\$ 42,623,110	\$ 3,512,813,977	40,261	1.2 %	\$ 1,059
2011	40,774,326	3,539,367,529	41,285	1.2	988
2012	38,925,542	3,526,518,432	41,723	1.1	933
2013	36,987,203	3,568,066,432	42,386	1.0	873
2014	60,444,755	3,426,781,400	42,774	1.8	1,413
2015	57,704,673	3,521,535,271	43,182	1.6	1,336
2016	54,915,950	3,528,569,562	43,898	1.6	1,251
2017	51,933,508	3,603,931,085	44,337	1.4	1,171
2018	48,854,946	4,041,544,754	44,780	1.2	1,091
2019	59,260,203	4,056,388,839	44,974	1.4	1,318
2020	55,760,246	4,091,415,783	45,504	1.3	1,225

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, 2020

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	\$ 84,148,822	100.00%	\$ 84,148,822
Bradley County, Tennessee	<u>77,697,869</u>	52.50%	<u>40,791,381</u>
Total direct and overlapping debt	<u>\$ 161,846,691</u>		<u>\$ 124,940,203</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt limit	\$ 111,465,762	\$ 109,359,910	\$ 112,073,394	\$ 107,609,460
Total net debt applicable to limit	<u>65,804,739</u>	<u>66,667,364</u>	<u>69,103,328</u>	<u>75,438,027</u>
Legal debt margin	<u>\$ 45,661,023</u>	<u>\$ 42,692,546</u>	<u>\$ 42,970,066</u>	<u>\$ 32,171,433</u>
Total net debt applicable to limit as a percentage of debt limit	59.04%	60.96%	61.66%	70.10%

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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 108,653,123	\$ 108,621,788	\$ 113,282,233	\$ 125,581,984	\$ 125,567,490	\$ 126,988,681
<u>71,174,432</u>	<u>72,563,860</u>	<u>70,824,771</u>	<u>78,741,687</u>	<u>75,737,287</u>	<u>72,017,242</u>
<u>\$ 37,478,691</u>	<u>\$ 36,057,928</u>	<u>\$ 42,457,462</u>	<u>\$ 46,840,297</u>	<u>\$ 49,830,203</u>	<u>\$ 54,971,439</u>
65.51%	66.80%	62.52%	62.70%	60.32%	56.71%

Legal Debt Margin Calculation for Fiscal Year 2020

Total assessed value		<u>\$ 1,269,886,807</u>
Legal debt margin:		
Debt limitation - 10% of total assessed value as adopted by resolution		\$ 126,988,681
Debt applicable to limit:		
Total bonded debt	\$ 144,488,677	
Less: Revenue bonds	65,963,101	
Amount available for repayment of general obligation bonds	<u>6,508,334</u>	
Total debt applicable to limit		<u>72,017,242</u>
Legal debt margin		<u>\$ 54,971,439</u>

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

Fiscal Year	Gross (1) Revenue	Direct Operating (2) Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	(3) Interest	Total	
2011	\$ 21,846,514	\$ 14,496,608	\$ 7,349,906	\$ 2,605,000	\$ 1,942,720	\$ 4,547,720	1.62
2012	23,545,153	14,742,103	8,803,050	2,928,418	1,888,023	4,816,441	1.83
2013	23,149,324	15,292,780	7,856,544	3,121,629	1,681,401	4,803,030	1.64
2014	25,045,728	15,695,140	9,350,588	3,182,356	1,700,224	4,882,580	1.92
2015	26,043,419	15,044,789	10,998,630	3,345,599	1,534,811	4,880,410	2.25
2016	28,337,385	16,622,259	11,715,126	3,555,604	1,554,694	5,110,298	2.29
2017	29,435,064	17,383,154	12,051,910	3,921,451	1,433,130	5,354,581	2.25
2018	29,458,233	17,764,229	11,694,004	4,095,825	1,407,090	5,502,915	2.13
2019	29,526,908	18,602,302	10,924,606	3,505,000	1,545,084	5,050,084	2.16
2020	31,999,273	18,985,805	13,013,468	3,898,145	1,522,402	5,420,547	2.40

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
2010	41,285	\$ 3,473,120	\$ 29,949	37
2011	41,723	3,688,881	31,620	38
2012	42,386	4,031,075	34,246	38
2013	42,774	4,123,064	34,783	38
2014	43,182	4,601,591	38,441	34
2015	43,898	4,392,733	36,344	35
2016	44,337	4,502,889	37,134	34
2017	44,780	4,650,000	38,016	34
2018	44,974	4,743,600	38,371	35
2019	45,504	4,977,562	39,839	35

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>
82 %	25 %	4,965	9.3 %
83	24	5,009	9.0
83	24	5,423	7.7
84	24	5,440	7.5
85	23	5,575	6.5
85	23	5,302	4.8
83	24	5,638	2.8
83	24	5,747	3.8
84	24	5,528	3.4
84	25	5,814	5.1

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

Employer	2020		
	Employees	Rank	Percentage of Total Labor Force Bradley County
Whirlpool/Maytag	1,480	1	2.54 %
Bradley County Schools	1,200	2	2.06
Tennova	1,100	3	1.89
Peyton's Southeastern	1,100	4	1.89
Jackson Furniture Industries	894	5	1.53
Wal-Mart	850	6	1.46
Bradley County Government	620	7	1.06
Mars Chocolate	575	8	0.98
Schering-Plough Inc.	535	9	0.92
Lee University	501	10	0.86
City Government	N/A	N/A	N/A
Total	8,855		15.19 %

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.

2011		
<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Labor Force Bradley County</u>
1,386	1	2.89 %
1,200	2	2.50
1,063	3	2.21
950	5	1.98
-	-	-
640	7	1.33
620	8	1.29
495	10	1.03
537	9	1.12
816	6	1.70
989	4	2.06
<u>8,696</u>		<u>18.11 %</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General government										
City Council and legislative	1	1	1	1	1	1	1	1	1	1
Administration and finance	15	14	14	14	14	23	24	25	26	25
Community development	8	8	8	14	14	15	15	15	15	17
Cleveland Regional Jetport	0	0	0	1	1	1	1	1	1	1
Police										
Officers	94	95	85	91	91	92	91	97	97	101
Civilians	12	12	11	12	12	12	12	12	12	12
Fire										
Firefighters and officers	94	94	89	91	91	91	91	104	104	106
Civilians	1	1	1	1	1	1	1	1	1	1
Public works										
Operations	26	26	20	21	21	21	21	25	25	25
Engineering	7	5	4	0	0	0	0	0	0	0
Landscaping maintenance	0	0	0	0	0	0	0	0	0	0
Solid waste management	14	14	13	13	13	13	13	13	13	13
Stormwater management fund	2	2	2	2	2	3	3	3	2	2
State street aid	11	11	10	11	11	11	11	11	11	11
Fleet management	8	8	8	7	7	6	6	6	6	6
Brush chipping	0	0	0	0	0	0	0	0	0	0
Parks and recreation										
Administration and maintenance	9	9	9	9	9	10	10	10	10	11
Landscaping maintenance	7	7	7	7	7	9	10	10	10	9
College Hill Recreation Center	3	3	3	3	3	4	4	4	4	4
Cleveland Community Center	4	4	4	4	4	4	4	4	4	4
Waterville Golf Course	6	6	6	6	6	0	0	0	0	0
Animal control										
Administration and operations	8	8	8	8	6	6	6	6	6	6
Community development block grant	2	2	2	2	2	2	2	1	2	2
Subtotal	332	330	305	318	316	325	326	349	350	357
Cleveland Utilities										
Electric division	89	88	84	83	82	76	83	83	85	85
Water/wastewater division	102	98	98	103	100	108	114	115	116	122
City schools										
Certificated staff	387	397	407	423	432	434	445	454	449	462
Non-certificated personnel	270	274	277	283	290	294	308	294	296	292
Library	10	11	11	11	11	11	11	11	11	11
Total	1,190	1,198	1,182	1,221	1,231	1,248	1,287	1,306	1,307	1,329

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government				
Building permits issued	217	360	350	379
Value of construction permitted	\$43,490,568	\$63,587,030	\$59,121,927	\$37,240,586
Police				
Parking violations	1,669	1,130	974	1,309
Traffic violations	8,771	5,603	4,060	4,410
Fire				
Emergency responses (city only)	2,969	2,939	2,429	2,872
Fires extinguished (city only)	245	136	169	242
Fire inspections	3,162	2,454	2,208	2,055
Public works				
Street resurfacing (tonnage)	8,669	9,967	18,898	12,107
Utility cut permits (number excavations)	293	228	229	226
Drainage pipe installed (linear ft.)	5,054	3,901	5,919	4,690
Tons of brush chipped	8,523	6,446	8,282	8,644
Parks and recreation				
Softball league participants	1,155	1,440	1,500	1,455
Basketball league participants	200	216	230	204
Football league participants	150	74	80	70
Soccer league participants	950	950	1,000	850
Rounds of golf played	3,500	4,000	5,000	8,289
Library				
Volumes in collection	152,407	156,934	161,836	164,078
Circulation	389,603	421,792	409,206	401,430
Attendants	269,262	307,291	270,860	277,185
City Schools				
Average Daily Membership				
High School	1,254	1,297	1,339	1,398
Middle School	1,124	1,147	1,200	1,231
Elementary Schools	2,514	2,567	2,884	2,811
Ungraded - Special Education	81	81	81	81
ACT composite scores	21	20	20	20
Percent of High School graduates	81	82	86	84
Electric				
Class of Service number of Customers				
Residential	25,003	25,170	25,420	25,806
Small lighting and power	3,669	3,706	3,720	3,789
Large lighting and power	647	609	608	613
Street and outdoor lighting	108	188	189	188
Kilowatt-hours purchased	1,118,790,042	1,090,315,133	1,103,372,115	1,124,822,813
Kilowatt-hours sold	1,095,719,182	1,051,139,979	1,072,904,012	1,092,325,754
Line losses and kilowatt-hours unaccounted for	23,070,860	39,175,154	30,468,103	32,497,059
Percentage of losses and unaccounted for kilowatt-hours to purchases	2.06%	3.59%	2.76%	2.89%

2015	2016	2017	2018	2019	2020
403	289	415	370	337	401
\$65,893,431	\$70,217,886	\$61,147,619	\$96,885,426	\$79,375,008	\$156,691,994
1,631	975	939	959	1,409	686
5,766	4,744	3,906	4,759	4,061	3,046
2,665	2,909	2,898	2,891	3,173	3,414
126	173	249	221	137	131
2,263	1,634	3,078	3,154	2,168	3,468
9,176	17,795	12,598	12,790	10,852	18,130
244	185	234	270	177	178
6,936	6,706	5,529	5,340	6,173	6,316
12,117	8,633	10,721	14,028	13,353	15,243
1,650	450	425	430	150	0
202	220	220	196	76	402
65	150	150	146	150	230
1,045	2,067	2,169	2,092	2,206	3,471
3,236	0	0	0	0	0
168,061	174,614	179,345	180,495	185,981	187,723
402,064	404,869	384,655	394,960	417,433	409,484
241,778	225,411	223,416	210,914	199,230	134,538
1,448	1,451	1,586	1,578	1,639	1,682
1,227	1,269	1,310	1,320	1,331	1,343
2,850	2,582	2,500	2,753	2,370	2,457
81	103	96	96	131	130
19	20	20	20	21	20
86	90	89	89	90	88
26,190	26,487	26,872	27,052	27,191	27,329
3,809	3,829	3,846	3,897	3,931	3,932
624	621	612	605	587	592
185	181	177	172	167	166
1,124,645,838	1,092,690,922	1,093,318,270	1,081,144,905	1,069,273,479	1,030,326,623
1,093,701,541	1,059,898,637	1,059,807,534	1,056,079,493	1,040,483,760	1,003,639,362
30,944,297	32,792,285	33,510,736	25,065,412	28,789,719	26,687,261
2.75%	3.00%	3.07%	2.32%	2.69%	2.59%

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

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Water				
Class of Service number of Customers				
Residential	26,096	26,327	26,496	26,811
Commercial & Industrial	3,611	3,639	3,671	3,707
Gallons purchased	1,860,475,140	1,845,875,000	1,759,640,000	1,717,178,040
Gallons pumped	1,785,496,000	1,874,042,670	1,789,485,000	1,965,420,000
Gallons sold	2,937,399,663	2,959,307,166	2,814,193,000	2,706,972,750
Line losses and gallons unaccounted for	708,571,477	760,610,504	709,217,000	902,184,898
Percentage of losses and unaccounted for gallons to total provided	19.43%	20.45%	19.98%	24.50%
Average daily water consumption (gallons)	8,047,670	7,904,814	7,710,118	7,416,364
Wastewater				
Class of Service number of Customers				
Residential	14,989	15,156	15,267	15,469
Commercial & Industrial	2,543	2,553	2,592	2,626
Capacity daily (thousands of gallons)	21,600	21,600	21,600	21,600
Treatment during fiscal year (gallons)	3,499,120,000	3,615,480,000	3,995,860,000	3,684,650,000

Sources: Various city departments.

2015	2016	2017	2018	2019	2020
27,200	27,514	27,874	28,144	28,427	38,691
3,728	3,708	3,712	3,745	3,776	3,776
1,737,814,650	1,781,982,285	1,830,881,097	1,553,131,140	1,753,470,750	1,754,822,000
1,919,504,751	1,985,954,794	2,269,121,474	2,438,184,139	2,344,888,000	2,350,714,727
2,733,381,750	2,838,000,000	3,076,149,000	2,892,261,750	2,950,904,238	2,844,021,750
923,937,651	929,937,079	1,023,853,571	1,099,053,529	1,147,454,512	1,261,514,977
25.26%	24.68%	24.97%	27.54%	28.00%	30.73%
7,488,717	7,775,343	8,427,805	7,924,005	8,084,669	7,791,840
15,785	15,981	16,197	16,382	16,612	16,780
2,655	2,637	2,635	2,674	2,688	2,704
21,600	21,600	21,600	21,600	21,600	21,600
3,285,830,000	4,005,970,000	3,350,999,000	2,599,430,000	4,302,393,000	4,474,130,000

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

Schedule 23

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</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	95	112	120	118	120	120	120	120	110	107
Fire										
Stations	5	5	5	5	5	5	5	5	6	6
Fire Trucks (pumpers, ladders & tankers)	14	14	14	14	14	14	12	14	14	15
Public works										
Street (miles)	346	347	348	348	349	352	356	356	359	362
Knucklebooms	6	6	6	8	9	9	9	9	8	7
Parks and recreation										
Acreage	289	289	289	289	289	289	289	289	289	289
Playgrounds	8	8	8	8	8	8	9	9	10	10
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	7	7	7
Community centers	2	2	2	2	2	2	2	2	2	2
Swimming pools	3	3	3	3	3	3	3	3	3	3
Golf courses	1	1	1	1	0	0	0	0	0	0
Schools										
Elementary schools	6	6	6	6	6	6	6	6	7	7
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)	528	534	537	539	540	543	542	567	570	555
Substations	15	15	15	15	15	15	15	15	15	17
Street lights	5,734	5,844	5,801	5,882	6,099	6,098	6,061	6,006	6,003	6,105
Traffic signals	599	604	613	619	646	656	676	678	693	694
Pedestrians signals	70	70	72	80	80	80	88	88	96	96
Water										
Water mains (miles)	741	743	750	760	767	754	753	757	763	771
Fire hydrants	2,565	2,571	2,575	2,627	2,657	2,700	2,732	2,764	2,810	2,840
Storage capacity (millions of gal)	15,300	15,300	15,300	15,300	15,300	15,300	15,300	15,300	15,800	15,800
Wastewater										
Sanitary sewers (miles)	355	356	359	359	360	364	364	365	371	371
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, 2020

<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	9/1/2019 to 8/31/2020	Buildings, contents, boilers, fired vessels electric steam generators. Theft, disappearance and destruction. Radio, video equipment, mobile equip- ment, police dogs.	\$ 73,163,943	\$ 106,130
Comprehensive Liability TML Risk Management Pool	TML-026R	7/1/2019 to 6/30/2020	General and public officials liability, auto liability, auto physical damage, personal injury. Excess auto physical damage. Airport liability	As per schedule	\$ 543,998
Worker's Compensation TML Risk Management Pool	TWC-0187	7/1/2019 to 6/30/2020	Job related injuries, employees	\$ 1,000,000 \$ 1,000 ded.	\$ 528,865
Property (School Buildings and Contents, Boiler, Vehicles) Tennessee Risk Management Trust	TNRMT	7/1/2019 to 7/1/2020	Property Equipment Liability	Various	\$ 388,516
Worker's Compensation Tennessee Risk Management Trust	TNRMT	7/1/2019 to 7/1/2020	Job related injuries, employees	\$ 1,000,000	\$ 217,199

CITY OF CLEVELAND, TENNESSEE
INSURANCE IN FORCE
CLEVELAND UTILITIES
For the Fiscal Year Ended June 30, 2020

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
Illinois Union	Pollution Liability	\$ 6,000,000
Affiliated FM	Real property	\$ 143,000,000
Hartford	Machinery and equipment breakdown	\$ 50,000,000
Distributors Insurance Co.	General liability (primary)	\$ 750,000 (1)
Chubb	General liability (excess)	\$ 250,000 (1)
Chubb	Auto liability and physical damage	\$ 1,000,000
Navigators	Excess Liability - Primary Layer	\$ 5,000,000
Westchester	Excess Liability - Excess Layer	\$ 10,000,000
Global Aerospace	Drone Liability	\$ 5,000,000
Travelers Casualty & Surety Co.	Commercial crime	\$ 1,000,000
Chubb	Management Liability	\$ 5,000,000
Chubb	Fiduciary Liability	\$ 5,000,000
Lloyd's	Cyber and Privacy Protection	\$ 2,000,000

(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, 2020

Table 3

<u>Property Taxes</u>	<u>Balance 7/1/2019</u>	<u>Levies</u>	<u>Collections & Adjustments</u>	<u>Balance 6/30/2020</u>
2019	\$ 0	\$ 26,495,529	\$ 25,317,547	\$ 1,177,982
2018	1,166,250	0	791,332	374,918
2017	433,113	0	202,094	231,019
2016	135,663	0	37,945	97,718
2015	90,555	0	15,089	75,466
2014	65,899	0	6,493	59,406
2013	39,983	0	2,134	37,849
2012	46,672	0	268	46,404
2011	23,484	0	9	23,475
2010	30,774	0	722	30,052
2009	42,422	0	42,422	0
	<u>\$ 2,074,815</u>	<u>\$ 26,495,529</u>	<u>\$ 26,416,055</u>	<u>\$ 2,154,289</u>

Note - Property taxes receivable also include the 2020 levy reported as deferred revenue in the amount of \$25,956,873.

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN LONG-TERM DEBT BY ISSUE
 June 30, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
GOVERNMENTAL ACTIVITIES				
<u>BONDS PAYABLE</u>				
<u>Payable through the Debt Service Fund:</u>				
General Obligation, Refunding, Series 2015	8,470,520	2.80%	07/03/15	06/01/24
General Obligation, Refunding, Series 2016A	4,587,360	3.14%	07/01/16	06/01/36
General Obligation, Series 2018	9,885,000	2 to 5%	07/24/18	06/01/38
General Obligation, Refunding, Series 2019	34,780,000	2 to 5%	03/26/19	12/01/33
Total Bonds Payable				
<u>NOTES PAYABLE</u>				
<u>Payable through Debt Service Fund:</u>				
Public Building Authority Clarksville, TN - TMBF Series 2008	1,812,700	Variable	11/25/08	05/25/28
Public Building Authority Clarksville, TN - TMBF Series 2012	1,006,000	Variable	04/18/12	05/25/26
Public Building Authority Clarksville, TN - TMBF Series 2012	6,000,000	Variable	12/19/12	05/25/28
Public Building Authority Clarksville, TN - TMBF Series 2012	1,509,000	Variable	03/30/12	05/25/27
Public Building Authority Clarksville, TN - TMBF Series 2015 (1)	1,000,000	Variable	02/25/16	05/21/36
Public Building Authority Clarksville, TN - TMBF Series 2015	5,734,200	Variable	08/31/15	05/25/35
Public Building Authority Clarksville, TN - TMBF Series 2015	3,000,000	3.89%	08/02/17	08/01/37
Public Building Authority Clarksville, TN - TMBF Series 2017 (2)	5,200,000	Variable	09/30/16	09/01/36
Total Notes Payable through Debt Service Fund				
<u>Payable through the Sales Tax Fund:</u>				
Public Building Authority Clarksville, TN - TMBF Series 2012	1,354,000	Fixed for 5 yrs	04/18/17	04/01/32
Qualified School Construction Loan (QSCB) Series 2009	4,160,000	1.15%	03/01/10	07/01/26
Energy Efficient Schools Initiative Loan	400,000	1.50%	06/01/20	08/01/33
Total Notes Payable through Sales Tax Fund				
Total Notes Payable				
<u>CAPITAL LEASES PAYABLE</u>				
<u>Payable through the General Fund:</u>				
John Deere	38,779	5.75%	11/05/18	11/05/20
KS Bank	30,697	9.82%	08/08/18	08/08/20
Total Capital Leases Payable through the General Fund				
<u>Payable through the General Purpose School Fund</u>				
Excel Energy Group	393,451	4.20%	08/01/10	08/01/19
Apple, Inc.	442,891	2.79%	04/06/17	04/06/20
Bank of America - ESG Series 2018	8,222,294	3.14%	02/16/18	02/16/38
Total Capital Leases Payable through the General Purpose School Fund				
Total Capital Leases				

Notes to Schedule

- (1) \$403,721 of loan proceeds have not been drawn down at June 30, 2020.
 (2) \$644,000 of loan proceeds have not been drawn down at June 30, 2020.

Table 4

Outstanding 7/1/2019	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2020
\$ 5,242,000	\$ -	\$ 966,000	\$ -	\$ 4,276,000
3,705,000	-	314,000	-	3,391,000
9,490,000	-	355,000	-	9,135,000
34,780,000	-	1,445,000	-	33,335,000
<u>\$ 53,217,000</u>	<u>\$ -</u>	<u>\$ 3,080,000</u>	<u>\$ -</u>	<u>\$ 50,137,000</u>
\$ 1,042,000	\$ -	\$ 94,000	\$ -	\$ 948,000
508,135	-	66,135	-	442,000
4,011,000	-	379,000	-	3,632,000
914,000	-	99,000	-	815,000
504,279	-	47,000	-	457,279
4,910,000	-	282,000	-	4,628,000
2,898,000	-	106,000	-	2,792,000
3,447,269	705,731	217,000	-	3,936,000
<u>\$ 18,234,683</u>	<u>\$ 705,731</u>	<u>\$ 1,290,135</u>	<u>\$ -</u>	<u>\$ 17,650,279</u>
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,199,000	\$ -	\$ 80,000	\$ -	\$ 1,119,000
1,845,437	-	259,577	-	1,585,860
-	400,000	-	-	400,000
<u>\$ 3,044,437</u>	<u>\$ 400,000</u>	<u>\$ 339,577</u>	<u>\$ -</u>	<u>\$ 3,104,860</u>
<u>\$ 21,279,120</u>	<u>\$ 1,105,731</u>	<u>\$ 1,629,712</u>	<u>\$ -</u>	<u>\$ 20,755,139</u>
\$ 25,104	\$ -	\$ 12,192	\$ -	\$ 12,912
19,492	-	9,290	-	10,202
<u>\$ 44,596</u>	<u>\$ -</u>	<u>\$ 21,482</u>	<u>\$ -</u>	<u>\$ 23,114</u>
\$ 25,931	\$ -	\$ 25,931	\$ -	\$ -
112,204	-	112,204	-	-
7,921,059	-	310,736	-	7,610,323
<u>\$ 8,059,194</u>	<u>\$ -</u>	<u>\$ 448,871</u>	<u>\$ -</u>	<u>\$ 7,610,323</u>
<u>\$ 8,103,790</u>	<u>\$ -</u>	<u>\$ 470,353</u>	<u>\$ -</u>	<u>\$ 7,633,437</u>

CITY OF CLEVELAND, TENNESSEE
CHANGES IN LONG-TERM DEBT BY ISSUE
June 30, 2020

Description of Indebtedness	Division	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
BUSINESS-TYPE ACTIVITIES					
<u>BONDS PAYABLE</u>					
<u>Payable through the Electric Division:</u>					
General Obligation, Series 2010	Electric	6,500,000	1 to 5.75%	12/15/10	06/01/31
General Obligation, Refunding Series 2016B	Electric	885,283	3.14%	05/27/16	06/01/36
General Obligation, Series 2018B	Electric	2,385,000	3 to 5%	12/07/18	06/01/39
General Obligation, Refunding Series 2019	Electric	2,510,000	2 to 5%	03/26/19	06/30/28
Total Bonds Payable Electric Division					
<u>Payable through the Water Division:</u>					
General Obligation, Series 2010	Water	2,250,000	1 to 5.75%	12/15/10	06/01/31
General Obligation, Series 2014	Water/Wastewater	8,835,000	3.45%	03/18/14	09/01/28
General Obligation, Series 2016B	Water/Wastewater	6,599,357	3.14%	05/27/16	06/01/36
General Obligation, Series 2018B	Water	3,335,000	3 to 5%	12/07/18	06/01/39
General Obligation, Refunding, Series 2019	Water/Wastewater	11,360,000	2 to 5%	03/26/19	06/30/28
Total Bonds Payable Water Division					
Total Bonds Payable					
<u>NOTES PAYABLE</u>					
<u>Payable through Electric Division:</u>					
Tennessee Municipal Bond Fund - 2014 TMBF	Electric	3,625,000	.75 to 3%	02/27/14	05/25/34
Tennessee Municipal Bond Fund - 2015 TMBF	Electric	2,750,000	.75 to 3%	12/30/14	05/25/35
Total Notes Payable Electric Division					
<u>Payable through Water Division:</u>					
Tennessee Municipal Bond Fund - 2012 TMBF	Water	3,750,000	.75 to 3%	09/12/12	06/01/32
Tennessee Municipal Bond Fund - 2014 TMBF	Water	2,750,000	.75 to 3%	05/01/14	05/25/34
Tennessee Municipal Bond Fund - 2015 TMBF	Water	3,000,000	.75 to 3%	12/30/14	05/25/35
State Revolving Loans - SRF	Wastewater	679,499	.75 to 3%	05/01/10	06/01/31
State Revolving Loans - ARRA	Wastewater	135,900	2.08%	05/01/10	06/01/31
State Revolving Loans - CWO 13-319	Wastewater	1,374,972	1.15%	12/05/13	02/20/37
State Revolving Loans - CWO 13-320	Wastewater	8,174,000	1.15%	12/05/13	06/20/37
State Revolving Loans - DG2 14-151	Water	2,000,000	1.50%	10/21/14	06/01/36
State Revolving Loans - CG4 15-349	Water	2,325,000	1.38%	02/26/15	06/01/36
State Revolving Loans - DWF 16-172	Water	3,725,000	1.10%	06/09/16	06/20/37
State Revolving Loans - CG3 17-379	Water	104,897	0.88%	01/09/17	06/20/37
State Revolving Loans - DW6 17-192	Water	800,000	1.60%	06/22/17	06/20/37
State Revolving Loans - DWF 17-193	Water	195,000	1.60%	06/22/17	06/20/37
State Revolving Loans - DWF 18-205	Water	430,000	1.31%	01/25/18	06/20/38
State Revolving Loans - CW618-415 (1)	Wastewater	900,000	1.56%	06/19/18	06/01/38
State Revolving Loans - SRF 18-416 (2)	Wastewater	730,000	1.56%	02/08/19	06/01/39
State Revolving Loans - SRF 18-417 (3)	Wastewater	10,000,000	1.58%	03/13/18	06/01/38
Total Notes Payable Water Division					
Total Notes Payable					

Notes to Schedule

- (1) \$15,793, of loan proceeds have not been drawn down at June 30, 2020.
- (2) \$238,610, of loan proceeds have not been drawn down at June 30, 2020.
- (3) \$5,893,804, of loan proceeds have not been drawn down at June 30, 2020.

Table 4
(Continued)

Outstanding 7/1/2019	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2020
\$ 3,900,000	\$ -	\$ 325,000	\$ -	\$ 3,575,000
797,798	-	43,172	-	754,626
2,385,000	-	75,000	-	2,310,000
2,510,000	-	405,000	-	2,105,000
\$ 9,592,798	\$ -	\$ 848,172	\$ -	\$ 8,744,626
1,530,000	-	105,000	-	1,425,000
4,260,000	-	445,000	-	3,815,000
5,947,202	-	321,828	-	5,625,374
3,335,000	-	110,000	-	3,225,000
11,360,000	-	1,580,000	-	9,780,000
\$ 26,432,202	\$ -	\$ 2,561,828	\$ -	\$ 23,870,374
\$ 36,025,000	\$ -	\$ 3,410,000	\$ -	\$ 32,615,000
\$ 2,718,750	\$ -	\$ 181,250	\$ -	\$ 2,537,500
2,250,000	-	129,000	-	2,121,000
\$ 4,968,750	\$ -	\$ 310,250	\$ -	\$ 4,658,500
\$ 2,437,500	\$ -	\$ 187,500	\$ -	\$ 2,250,000
2,062,500	-	137,500	-	1,925,000
2,454,000	-	140,000	-	2,314,000
427,946	-	32,964	-	394,982
85,589	-	6,593	-	78,996
1,230,364	-	63,168	-	1,167,196
7,987,210	-	367,524	-	7,619,686
1,684,290	-	91,176	-	1,593,114
2,015,796	-	105,936	-	1,909,860
2,659,135	-	130,872	-	2,528,263
93,589	-	4,920	-	88,669
790,254	-	34,356	-	755,898
192,236	-	8,388	-	183,848
423,716	-	19,020	-	404,696
773,509	110,698	6,400	-	877,807
7,500	483,890	-	-	491,390
3,618,307	487,889	-	-	4,106,196
\$ 28,943,441	\$ 1,082,477	\$ 1,336,317	\$ -	\$ 28,689,601
\$ 33,912,191	\$ 1,082,477	\$ 1,646,567	\$ -	\$ 33,348,101

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CITY OF CLEVELAND, TENNESSEE
 UNCOLLECTED DELINQUENT PROPERTY TAXES FILED
 June 30, 2020

Table 5

<u>Tax Year</u>	<u>Original Amount Filed</u>	<u>Unpaid Balance</u>	<u>Percentage Collected</u>
2010	\$ 501,912	\$ 30,052	94.0 %
2011	371,448	23,475	93.7
2012	396,806	46,404	88.3
2013	335,054	37,849	88.7
2014	427,004	59,406	86.1
2015	340,650	75,466	77.8
2016	311,659	97,718	68.6

CITY OF CLEVELAND, TENNESSEE
 BOND PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR GOVERNMENTAL ACTIVITIES
 June 30, 2020

Fiscal Year	2015 Series		2016A Series		2018 Series	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,006,000	\$ 119,728	\$ 329,000	\$ 106,477	\$ 365,000	\$ 331,637
2022	1,056,000	91,560	343,000	96,147	375,000	320,688
2023	1,081,000	61,992	358,000	85,377	390,000	309,437
2024	1,133,000	31,724	363,000	74,135	400,000	297,738
2025			383,000	62,737	410,000	285,737
2026			390,000	50,711	425,000	273,438
2027			415,000	38,465	445,000	252,187
2028			80,000	25,434	470,000	229,938
2029			85,000	22,922	490,000	206,437
2030			85,000	20,253	515,000	181,938
2031			85,000	17,584	535,000	161,337
2032			90,000	14,915	560,000	139,938
2033			90,000	12,089	580,000	117,537
2034			95,000	9,263	595,000	100,138
2035			100,000	6,280	615,000	82,287
2036			100,000	3,140	635,000	63,069
2037					655,000	43,225
2038					675,000	21,937
Total	\$ 4,276,000	\$ 305,004	\$ 3,391,000	\$ 645,929	\$ 9,135,000	\$ 3,418,643

Table 6

2019 Series		Total	
Principal	Interest	Principal	Interest
\$ 1,760,000	\$ 1,499,938	\$ 3,460,000	\$ 2,057,780
1,805,000	1,410,812	3,579,000	1,919,207
1,835,000	1,347,338	3,664,000	1,804,144
1,880,000	1,281,987	3,776,000	1,685,584
3,165,000	1,155,863	3,958,000	1,504,337
3,265,000	995,112	4,080,000	1,319,261
3,755,000	819,613	4,615,000	1,110,265
3,735,000	632,362	4,285,000	887,734
4,205,000	433,863	4,780,000	663,222
3,990,000	228,987	4,590,000	431,178
3,195,000	77,319	3,815,000	256,240
240,000	21,500	890,000	176,353
245,000	12,700	915,000	142,326
260,000	3,900	950,000	113,301
		715,000	88,567
		735,000	66,209
		655,000	43,225
		675,000	21,937
\$ 33,335,000	\$ 9,921,294	\$ 50,137,000	\$ 14,290,870

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR GOVERNMENTAL ACTIVITIES
 June 30, 2020

Fiscal Year	Note Payable - Public Building Authority of Clarksville TN 2008 TMBF Series		Note Payable - Public Building Authority of Clarksville, TN 2012 Series		Note Payable - Public Building Authority of Clarksville, TN 2012 Series	
	Principal	Interest	Principal	Interest	Principal	Interest
	2021	\$ 99,000	\$ 47,400	\$ 69,000	\$ 21,720	\$ 82,000
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	70,000	6,840	92,000	15,985
2027	133,000	13,650		3,480	94,000	13,850
2028	140,000	7,000			96,000	11,670
2029					98,000	9,442
2030					101,000	7,169
2031					103,000	4,825
2032					105,000	2,436
2033						
2034						
2035						
2036						
2037						
2038						
	<u>\$ 948,000</u>	<u>\$ 225,600</u>	<u>\$ 442,000</u>	<u>\$ 90,240</u>	<u>\$ 1,119,000</u>	<u>\$ 175,693</u>

- (1) Variable rates of 4% have been assumed on loans through Blount Counties and Clarksville, TN.
 (2) \$428,920 of loan proceeds have not been drawn down at June 30, 2019.
 (3) \$1,349,730 of loan proceeds have not been drawn down at June 30, 2019.

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR GOVERNMENTAL ACTIVITIES
 June 30, 2020

Fiscal Year	Note Payable - Public Building Authority of Clarksville, TN 2015 (Jetport) Series (2)		Note Payable - Public Building Authority of Clarksville, TN 2015 (Schools) Series		Note Payable - Public Building Authority of Clarksville, TN 2017 Series (3)	
	Principal	Interest	Principal	Interest	Principal	Interest
	2021	\$ 48,000	\$ 25,830	\$ 285,000	\$ 138,840	\$ 222,000
2022	49,000	24,390	288,000	130,290	227,000	99,746
2023	49,000	22,920	291,000	121,650	233,000	94,341
2024	50,000	21,450	295,000	112,920	238,000	88,807
2025	51,000	19,950	298,000	104,070	244,000	83,143
2026	52,000	18,420	301,000	95,130	250,000	77,339
2027	52,000	16,860	305,000	86,100	256,000	71,393
2028	53,000	15,300	308,000	76,950	261,000	65,318
2029	54,000	13,710	312,000	67,710	268,000	59,103
2030	55,000	12,090	315,000	58,350	274,000	52,734
2031	56,000	10,440	319,000	48,900	280,000	46,224
2032	57,000	8,760	322,000	39,330	287,000	39,562
2033	58,000	7,050	326,000	29,670	294,000	32,736
2034	58,000	5,310	330,000	19,890	301,000	25,744
2035	59,000	3,570	333,000	9,990	308,000	18,589
2036	60,000	1,800			315,000	11,269
2037					322,000	3,784
2038						
	<u>\$ 861,000</u>	<u>\$ 227,850</u>	<u>\$ 4,628,000</u>	<u>\$ 1,139,790</u>	<u>\$ 4,580,000</u>	<u>\$ 974,854</u>

Table 7
(Continued)

Note Payable - Public Building Authority of Clarksville, TN 2017 (Spring Branch) Series		Note Payable - Energy Efficient School Initiative Loan 2020 Series		Total	
Principal	Interest	Principal	Interest	Principal	Interest (1)
\$ 110,000	\$ 106,469	\$ 22,862	\$ 4,880	\$ 1,672,810	\$ 721,186
114,000	102,113	28,476	5,460	1,743,053	672,651
119,000	97,581	28,908	5,028	1,787,485	621,464
123,000	92,874	29,340	4,596	1,833,918	568,665
128,000	87,992	29,784	4,152	1,883,362	514,094
133,000	82,915	30,228	3,708	1,945,358	457,681
138,000	77,644	30,696	3,240	1,663,168	338,469
144,000	72,159	31,152	2,784	1,552,152	271,941
149,000	66,461	31,620	2,316	912,620	218,742
155,000	60,548	32,100	1,836	932,100	192,727
161,000	54,402	32,592	1,344	951,592	166,135
167,000	48,022	33,084	852	971,084	138,962
174,000	41,390	33,576	360	885,576	111,206
181,000	34,485	2,823	14	872,823	85,443
188,000	27,308	2,759		890,759	59,456
195,000	19,858			570,000	32,927
203,000	12,117			525,000	15,901
210,000	4,084			210,000	4,084
<u>\$ 2,792,000</u>	<u>\$ 1,088,422</u>	<u>\$ 400,000</u>	<u>\$ 40,570</u>	<u>\$ 21,802,860</u>	<u>\$ 5,191,734</u>

CITY OF CLEVELAND, TENNESSEE
 BOND PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR BUSINESS-TYPE ACTIVITIES
 June 30, 2020

Electric, Water and Sewer Revenue and Tax Bonds

Fiscal Year	2010		2014		2016B	
	Series		Series		Series	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 435,000	\$ 161,552	\$ 440,000	\$ 124,028	\$ 375,000	\$ 200,332
2022	435,000	150,102	435,000	108,934	395,000	188,557
2023	440,000	138,084	435,000	93,926	410,000	176,154
2024	445,000	125,358	430,000	79,005	430,000	163,280
2025	450,000	111,908	425,000	64,256	445,000	149,778
2026	455,000	97,721	420,000	49,680	345,000	135,805
2027	460,000	82,934	415,000	35,276	350,000	124,972
2028	465,000	67,535	410,000	21,045	355,000	113,982
2029	465,000	51,516	405,000	6,986	375,000	102,835
2030	475,000	35,043			380,000	91,060
2031	475,000	17,753			405,000	79,128
2032					410,000	66,411
2033					415,000	53,537
2034					420,000	40,506
2035					430,000	27,318
2036					440,000	13,816
2037						
2038						
2039						
Total	\$ 5,000,000	\$ 1,039,506	\$ 3,815,000	\$ 583,136	\$ 6,380,000	\$ 1,727,471

Table 8

2018B		2019		Total	
Series		Series		Principal	Interest
Principal	Interest	Principal	Interest		
\$ 195,000	\$ 229,950	\$ 2,305,000	\$ 477,675	\$ 3,750,000	\$ 1,193,537
205,000	220,200	2,300,000	362,550	3,770,000	1,030,343
215,000	209,950	1,965,000	285,400	3,465,000	903,514
220,000	203,500	1,405,000	230,625	2,930,000	801,768
230,000	196,900	1,255,000	164,125	2,805,000	686,967
235,000	190,000	980,000	108,250	2,435,000	581,456
245,000	178,250	905,000	61,125	2,375,000	482,557
260,000	166,000	770,000	19,250	2,260,000	387,812
270,000	153,000			1,515,000	314,337
285,000	139,500			1,140,000	265,603
300,000	125,250			1,180,000	222,131
310,000	113,250			720,000	179,661
325,000	100,850			740,000	154,387
340,000	87,850			760,000	128,356
350,000	74,250			780,000	101,568
365,000	62,000			805,000	75,816
380,000	47,400			380,000	47,400
395,000	32,200			395,000	32,200
410,000	16,400			410,000	16,400
<u>\$ 5,535,000</u>	<u>\$ 2,546,700</u>	<u>\$ 11,885,000</u>	<u>\$ 1,709,000</u>	<u>\$ 32,615,000</u>	<u>\$ 7,605,813</u>

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR BUSINESS-TYPE ACTIVITIES
 June 30, 2020

Fiscal Year	Tennessee Municipal Bond Fund Series 2012		Tennessee Municipal Bond Fund Series 2014		Tennessee Municipal Bond Fund Series 2015	
	Principal	Interest	Principal	Interest	Principal	Interest
	2021	\$ 187,500	\$ 90,000	\$ 318,750	\$ 178,500	\$ 272,000
2022	187,500	82,500	318,750	165,750	276,000	88,256
2023	187,500	75,000	318,750	153,000	278,000	82,404
2024	187,500	67,500	318,750	140,250	282,000	76,512
2025	187,500	60,000	318,750	127,500	285,000	70,536
2026	187,500	52,500	318,750	114,750	289,000	64,488
2027	187,500	45,000	318,750	102,000	292,000	58,357
2028	187,500	37,500	318,750	89,250	295,000	52,173
2029	187,500	30,000	318,750	76,500	299,000	45,918
2030	187,500	22,500	318,750	63,750	303,000	39,579
2031	187,500	15,000	318,750	51,000	306,000	33,157
2032	187,500	7,500	318,750	38,250	309,000	26,663
2033			318,750	25,500	313,000	20,116
2034			318,750	12,750	316,000	13,486
2035					320,000	6,785
2036						
2037						
2038						
2039						
2040						
	<u>\$ 2,250,000</u>	<u>\$ 585,000</u>	<u>\$ 4,462,500</u>	<u>\$ 1,338,750</u>	<u>\$ 4,435,000</u>	<u>\$ 772,454</u>

State of Tennessee Revolving Loan Fund		State of Tennessee Revolving Loan Fund 13-319		State of Tennessee Revolving Loan Fund 13-320	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 40,399	\$ 9,612	\$ 63,900	\$ 13,092	\$ 371,772	\$ 85,668
41,261	8,750	64,644	12,348	376,068	81,372
42,139	7,872	65,388	11,604	380,412	77,028
43,037	6,974	66,144	10,848	384,816	72,624
43,954	6,058	66,912	10,080	389,268	68,172
44,891	5,120	67,680	9,312	393,756	63,684
45,847	4,164	68,472	8,520	398,316	59,124
46,824	3,187	69,264	7,728	402,912	54,528
47,821	2,190	70,056	6,936	407,580	49,860
48,840	1,171	70,872	6,120	412,296	45,144
28,965	204	71,688	5,304	417,060	40,380
		72,516	4,476	421,872	35,568
		73,356	3,636	426,756	30,684
		74,208	2,784	431,688	25,752
		75,060	1,932	436,680	20,760
		75,936	1,056	441,720	15,720
		51,100	223	446,832	10,608
				451,992	5,448
				227,890	766
<u>\$ 473,978</u>	<u>\$ 55,302</u>	<u>\$ 1,167,196</u>	<u>\$ 115,999</u>	<u>\$ 7,619,686</u>	<u>\$ 842,890</u>

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR BUSINESS-TYPE ACTIVITIES
 June 30, 2020

Fiscal Year	State of Tennessee Revolving Loan Fund DG2		State of Tennessee Revolving Loan Fund CG4 15-349		State of Tennessee Revolving Loan Fund DWF 16-172	
	Principal	Interest	Principal	Interest	Principal	Interest
	2021	\$ 92,556	\$ 23,256	\$ 107,412	\$ 25,679	\$ 132,324
2022	93,948	21,864	108,900	24,192	133,800	25,920
2023	95,364	20,448	110,412	22,680	135,300	24,420
2024	96,804	19,008	111,948	21,144	136,812	22,908
2025	98,268	17,544	113,508	19,584	138,336	21,384
2026	99,756	16,056	115,080	18,012	139,872	19,848
2027	101,256	14,556	116,676	16,416	141,432	18,288
2028	102,792	13,020	118,296	14,796	143,016	16,704
2029	104,340	11,472	119,940	13,152	144,612	15,108
2030	105,912	9,900	121,608	11,484	146,220	13,500
2031	107,520	8,292	123,300	9,792	147,852	11,868
2032	109,140	6,672	125,016	8,076	149,508	10,212
2033	110,784	5,028	126,744	6,348	151,176	8,544
2034	112,464	3,348	128,508	4,584	152,856	6,864
2035	114,156	1,656	130,296	2,796	154,560	5,160
2036	48,054	180	132,216	957	156,288	3432
2037					158,028	1692
2038					66,271	184
2039						
2040						
	<u>\$ 1,593,114</u>	<u>\$ 192,300</u>	<u>\$ 1,909,860</u>	<u>\$ 219,692</u>	<u>\$ 2,528,263</u>	<u>\$ 253,432</u>

Table 9
(Cont.)

State of Tennessee Revolving Loan Fund CG3 17-379		State of Tennessee Revolving Loan Fund DW6 17-192		State of Tennessee Revolving Loan Fund DWF 17-193	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 4,968	\$ 756	\$ 34,908	\$ 11,856	\$ 8,520	\$ 2,880
5,004	720	35,472	11,292	8,652	2,748
5,052	672	36,036	10,728	8,796	2,604
5,100	624	36,624	10,140	8,940	2,460
5,136	588	37,212	9,552	9,084	2,316
5,184	540	37,812	8,952	9,228	2,172
5,232	492	38,424	8,340	9,372	2,028
5,280	444	39,036	7,728	9,528	1,872
5,328	396	39,672	7,092	9,684	1,716
5,376	348	40,308	6,456	9,840	1,560
5,424	300	40,956	5,808	9,996	1,404
5,472	252	41,616	5,148	10,164	1,236
5,520	204	42,288	4,476	10,320	1,080
5,568	156	42,972	3,792	10,488	912
5,616	108	43,656	3,108	10,656	744
5,664	60	44,364	2,400	10,836	564
3,745	14	45,072	1,692	11,004	396
		45,804	960	11,184	216
		33,666	237	7,556	43
<u>\$ 88,669</u>	<u>\$ 6,674</u>	<u>\$ 755,898</u>	<u>\$ 119,757</u>	<u>\$ 183,848</u>	<u>\$ 28,951</u>

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR BUSINESS-TYPE ACTIVITIES
 June 30, 2020

Fiscal Year	State of Tennessee Revolving Loan Fund DWF 18-205		State of Tennessee Revolving Loan Fund CW6 18-415 (1)		State of Tennessee Revolving Loan Fund DWF 18-416 (2)	
	Principal	Interest	Principal	Interest	Principal	Interest
	2021	\$ 19,272	\$ 5,184	\$ 38,748	13,668	\$ 31,344
2022	19,524	4,932	39,360	13,056	31,848	10,668
2023	19,776	4,680	39,972	12,444	32,340	10,176
2024	20,040	4,416	40,608	11,808	32,844	9,672
2025	20,304	4,152	41,244	11,172	33,372	9,144
2026	20,568	3,888	41,892	10,524	33,888	8,628
2027	20,844	3,612	42,552	9,864	34,416	8,100
2028	21,120	3,336	43,224	9,192	34,968	7,548
2029	21,396	3,060	43,896	8,520	35,520	6,996
2030	21,684	2,772	44,592	7,824	36,072	6,444
2031	21,960	2,496	45,288	7,128	36,636	5,880
2032	22,260	2,196	45,996	6,420	37,212	5,304
2033	22,548	1,908	46,728	5,688	37,800	4,716
2034	22,848	1,608	47,460	4,956	38,388	4,128
2035	23,148	1,308	48,204	4,212	39,000	3,516
2036	23,448	1,008	48,960	3,456	39,612	2,904
2037	23,760	696	49,728	2,688	40,236	2,280
2038	24,072	384	50,508	1,908	40,860	1,656
2039	16,124	79	51,312	1,104	41,508	1,008
2040			43,328	312	42,136	356
	<u>\$ 404,696</u>	<u>\$ 51,715</u>	<u>\$ 893,600</u>	<u>\$ 145,944</u>	<u>\$ 730,000</u>	<u>\$ 120,296</u>

- (1) \$15,793, of loan proceeds have not been drawn down at June 30, 2020.
- (2) \$238,610, of loan proceeds have not been drawn down at June 30, 2020.
- (3) \$5,893,804, of loan proceeds have not been drawn down at June 30, 2020.

Table 9
(Cont.)

State of Tennessee Revolving Loan Fund SRF 18-417 (3)		Total	
Principal	Interest	Principal	Interest
\$ 428,568	\$ 154,908	\$ 2,152,941	\$ 747,651
435,396	148,080	2,176,127	702,448
442,320	141,156	2,197,557	656,916
449,364	134,112	2,221,331	611,000
456,516	126,960	2,244,364	564,742
463,776	119,700	2,268,633	518,174
471,156	112,320	2,292,245	471,181
478,656	104,820	2,316,166	423,826
486,276	97,200	2,341,371	376,116
494,016	89,460	2,366,886	328,012
501,876	81,600	2,370,771	279,613
509,856	73,620	2,365,878	231,593
517,980	65,496	2,203,750	183,424
526,224	57,252	2,228,422	142,372
534,600	48,876	1,935,632	100,961
543,108	40,368	1,570,206	72,105
551,748	31,728	1,381,253	52,017
560,532	22,944	1,251,223	33,700
569,448	14,028	947,504	17,265
578,584	4,970	664,048	5,638
<u>\$ 10,000,000</u>	<u>\$ 1,669,598</u>	<u>\$ 39,496,308</u>	<u>\$ 6,518,754</u>

CITY OF CLEVELAND, TENNESSEE
INVESTMENTS
June 30, 2020

Table 10

Description		Cost	Fair Value
Investment in Certificates of Deposit:			
First Tennessee Bank	0.55%	\$ 13,694	\$ 13,694
First Tennessee Bank	0.55%	25,001	25,001
First Tennessee Bank	0.55%	30,327	30,327
First Tennessee Bank	0.55%	14,993	14,993
First Tennessee Bank	0.55%	29,987	29,987
First Tennessee Bank	1.60%	40,000	40,000
First Tennessee Bank	0.55%	58,733	58,733
First Tennessee Bank	1.60%	5,991	5,991
First Tennessee Bank	0.55%	40,528	40,528
First Tennessee Bank	1.70%	215,184	215,184
Southeast Bank	2.29%	250,000	250,000
Total Certificates of Deposit		<u>\$ 724,438</u>	<u>\$ 724,438</u>
Investment in Local Government Investment Pool:			
State of Tennessee		<u>\$ 28,203</u>	<u>\$ 28,203</u>
Total Local Government Investment Pool		<u>\$ 28,203</u>	<u>\$ 28,203</u>
Total Investments		<u><u>\$ 752,641</u></u>	<u><u>\$ 752,641</u></u>
Investments in Fiduciary Fund:			
Mutual Funds:			
American Beacon Small Cap Value Fund		\$ 113,719	\$ 80,211
Clearbridge International Growth Fund		129,247	133,451
Federated Total Return Bond Fund		90,885	96,914
John Hancock Funds III - International Growth Fund		123,386	128,135
Lord Abbett Short Duration Income Fund		168,845	166,239
MFS Mid Cap Growth Fund		61,191	61,949
Pimco Global Bond Fund		74,707	75,382
T. Rowe Price Emerging Markets Stock Fund		92,732	95,147
The Hartford Small Cap Growth I		104,921	96,581
Thornburg Limited Term Income Fund		184,994	194,506
Vanguard Growth Index Fund		201,819	264,994
Vanguard High Dividend Yield Index Fund		231,851	211,415
Vanguard Mid-Cap Growth Index Fund		51,926	61,621
Victory Sycamore Established Value I		124,354	104,153
Total Fiduciary Fund Investments		<u><u>\$ 1,754,577</u></u>	<u><u>\$ 1,770,698</u></u>

TRANSFERS

For the Fiscal Year Ended June 30, 2020

<u>Transfers In:</u>	<u>Transfers Out:</u>	<u>Amount</u>
Capital Improvement Program Fund	General Fund	\$ 1,087,497
Community Development Block Grant Fund	General Fund	30,000
Debt Service Fund	General Fund	5,749,504
Debt Service Fund	School Fund	555,719
Debt Service Fund	State Street Aid Fund	447,145
General Fund	Cleveland Utilities - Electric Division	2,401,292
General Fund	Cleveland Utilities - Water Division	463,103
Library Fund	General Fund	673,600
Metropolitan Transportation Planning Organization	General Fund	44,500
School Fund	General Fund	5,432,000
School Fund	School Federal Projects Fund	1,008
Solid Waste Management Fund	General Fund	1,075,400
Solid Waste Management Fund	Recycling Grant Fund	<u>3,981</u>
	Total	<u>\$ 17,964,749</u>

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF UNACCOUNTED FOR WATER
 JUNE 30, 2020

TABLE 12

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: **FY2020** **7/2019 - 6/2020**

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

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

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

WATER SUPPLIED

		← Enter grading in column 'E' and 'J' →		Master Meter and Supply Error Adjustments	
		Pcnt:	Value:		
Volume from own sources:	+ ? 8		2,509.979	MG/Yr	
Water imported:	+ ? 8		1,755.822	MG/Yr	
Water exported:	+ ? 8		46.156	MG/Yr	
WATER SUPPLIED:			4,219.645	MG/Yr	

AUTHORIZED CONSUMPTION

Billed metered:	+ ? 9	2,798.425	MG/Yr
Billed unmetered:	+ ? 8		MG/Yr
Unbilled metered:	+ ? 10	136.510	MG/Yr
Unbilled unmetered:	+ ? 8	22.196	MG/Yr
AUTHORIZED CONSUMPTION:		2,957.131	MG/Yr

Click here: for help using option buttons below

Pcnt: () () Value: MG/Yr

Use buttons to select percentage of water supplied OR value

Pcnt: 0.25% () () Value: MG/Yr

5.00% () () Value: MG/Yr

0.25% () () Value: MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

1,262.515 MG/Yr

Apparent Losses

Unauthorized consumption:	+ ?	10.549	MG/Yr
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed			
Customer metering inaccuracies:	+ ? 8	154.470	MG/Yr
Systematic data handling errors:	+ ? 8	6.996	MG/Yr
Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed			
Apparent Losses:	?	172.015	MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses:	?	1,090.499	MG/Yr
WATER LOSSES:		1,262.515	MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: **?** **1,421.220** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	+ ? 9	764.3	miles
Number of active AND inactive service connections:	+ ? 8	32,467	
Service connection density:	?	42	conn./mile main

Are customer meters typically located at the curbstop 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: **+ ? 7** **95.0** psi

COST DATA

Total annual cost of operating water system:	+ ? 10	\$15,626,869	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+ ? 8	\$5.49	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+ ? 9	\$1,020.00	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

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

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

PRIORITY AREAS FOR ATTENTION:

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

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

AWWA Free Water Audit Software: System Attributes and Performance Indicators		WAS v5.0 American Water Works Association Copyright © 2014. All Rights Reserved.
Water Audit Report for: Cleveland Utilities (TN0000117)		
Reporting Year: FY2020 7/2019 - 6/2020		
*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 82 out of 100 ***		
System Attributes:		
	Apparent Losses:	172.015 MG/Yr
	+ Real Losses:	1,090.499 MG/Yr
	= Water Losses:	1,262.515 MG/Yr
	? Unavoidable Annual Real Losses (UARL):	312.25 MG/Yr
	Annual cost of Apparent Losses:	\$945,099
	Annual cost of Real Losses:	\$1,112,309
		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:	33.7%
	Non-revenue water as percent by cost of operating system:	14.2% Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	14.52 gallons/connection/day
	Real Losses per service connection per day:	92.02 gallons/connection/day
	Real Losses per length of main per day*:	N/A
	Real Losses per service connection per day per psi pressure:	0.97 gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	1,090.50 million gallons/year
	? Infrastructure Leakage Index (ILI) [CARL/UARL]:	3.49
* 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, 2020

Table 13

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

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF CASH SHORTAGES AND OTHER THEFTS
 For the Year Ended June 30, 2020

Table 14

<u>Fiscal</u> <u>Year</u> <u>First</u> <u>Reported</u>	<u>Department</u>	<u>Original</u> <u>Audit</u> <u>Finding</u> <u>Number</u>	<u>Original</u> <u>Amount of</u> <u>Shortage</u>	<u>Beginning/</u> <u>Carry-</u> <u>Forward</u> <u>Balance</u>	<u>Current</u> <u>Year</u> <u>Shortage</u>	<u>Current</u> <u>Year</u> <u>Reductions</u>	<u>End of</u> <u>Year</u> <u>Balance</u>
1 2020	Information Technology Cleveland Utilities	2020-001	\$4,270	\$0	\$4,270	\$0	\$4,270

Explanation of Cash Shortages

1 Cleveland Utilities conducted an investigation in conjunction with the Cleveland Police Department and the District Attorney General and determined that a former information technology employee misappropriated utilities computer equipment with a value estimated at \$4,270. The former employee denies all charges and the case will go to court in the Spring of 2021.

Disposition: As of June 30, 2020, the reported shortage is subject of the court findings.

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, 2020

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
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
HOME Investment Partnership Program	14.239	N/A
Total U.S. Department of Housing and Urban Development		
U.S. DEPARTMENT OF JUSTICE		
Protective vests	16.607	N/A
Total U.S. Department of Justice		
U.S. DEPARTMENT OF TRANSPORTATION		
Passed through the TN Department of Transportation		
Cares Act Part 4	20.106	AERO-21183
Cares Act Part 1	20.106	AERO-20265
Subtotal Program 20.106		
Transportation Planning	20.205 *	Z-07036293
Intersection Improvement Georgetown Rd	20.205 *	STP-M-6023
Misc Impr to 17th St	20.205 *	STP-M--4472
Gaut Street Sidewalks	20.205 *	TAP-9203(23)
Resurfacing and Safety Improvements - Central Ave	20.205 *	STP-M-9203(22)
Resurfacing and Safety Improvements - Normal Chapel Rd	20.205 *	STP-2-9203
Subtotal Program 20.205		
High Visibility Enforcement	20.607	Z17THS131
Total U.S. Department of Transportation		
NATIONAL ENDOWMENT FOR THE HUMANITIES		
Passed through the TN State Library and Archives:		
Cares Grant - Digital inclusion	45.310	N/A
Technology Grant	45.310	N/A
Total National Endowment for the Humanities		

(Continued)

Accrued (Unearned) Grant Revenues July 1, 2019	Cash Receipts	Expend- itures	Accrued (Unearned) Grant Revenues June 30, 2020
\$ 0	\$ 920,257	\$ 920,257	\$ 0
0	1,876,212	1,876,212	0
0	48,712	48,712	0
<u>\$ 0</u>	<u>\$ 2,845,181</u>	<u>\$ 2,845,181</u>	<u>\$ 0</u>
\$ (106,134)	\$ 337,920	\$ 282,916	\$ (51,130)
(94,791)	94,791	0	0
<u>(35,692)</u>	<u>328,112</u>	<u>292,420</u>	<u>0</u>
<u>\$ (236,617)</u>	<u>\$ 760,823</u>	<u>\$ 575,336</u>	<u>\$ (51,130)</u>
\$ (11,441)	\$ 15,001	\$ 7,293	\$ (3,733)
<u>\$ (11,441)</u>	<u>\$ 15,001</u>	<u>\$ 7,293</u>	<u>\$ (3,733)</u>
\$ 0	\$ 0	\$ 53,681	\$ (53,681)
0	0	837	(837)
0	\$ 0	\$ 54,518	\$ (54,518)
\$ (128,362)	\$ 151,603	\$ 178,012	\$ (154,771)
(516,511)	488,447	331,945	(360,009)
(52,252)	67,824	15,932	(360)
(15,787)	42,489	36,530	(9,828)
(10,337)	10,337	13,747	(13,747)
(118)	292,080	1,006,385	(714,423)
<u>\$ (723,367)</u>	<u>\$ 1,052,780</u>	<u>\$ 1,582,551</u>	<u>\$ (1,253,138)</u>
<u>\$ (4,566)</u>	<u>\$ 11,635</u>	<u>\$ 7,069</u>	<u>\$ 0</u>
<u>\$ (727,933)</u>	<u>\$ 1,064,415</u>	<u>\$ 1,644,138</u>	<u>\$ (1,307,656)</u>
\$ 0	\$ 0	\$ 1,879	\$ (1,879)
0	6,975	6,975	0
<u>\$ 0</u>	<u>\$ 6,975</u>	<u>\$ 8,854</u>	<u>\$ (1,879)</u>

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
 For the Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	State Grant Number
FEDERAL AWARDS - (Continued):		
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Grants for Clean Water - State Revolving Loan		
- Loan SRF 18-415	66.458 *	N/A
- Loan Forgiveness SRF 18-415	66.458 *	N/A
- Loan SRF 18-416	66.458 *	N/A
- Loan SRF 18-417	66.458 *	N/A
Subtotal Program 66.458		
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
Title IV Student Support and Academic Achievement Grants	84.424	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		
TOTAL FEDERAL AWARDS		
STATE AWARDS		
TN Department of Agriculture:		
Community Tree Planting Project	N/A	57822
TN State Library Archives:		
Archies Development Grant	N/A	N/A
TN Department of Education:		
Safe Schools Act	N/A	N/A
Coordinated School Health	N/A	N/A
School Resource Officer Grant	N/A	N/A
TN Department of Health and Human Services		
Child Safety Grant	N/A	N/A
Pickleball Courts	N/A	GG-1959656
Diabetes Initiative	NA	Z-19195593

(Continued)

Accrued (Unearned) Grant Revenues July 1, 2019	Cash Receipts	Expend- itures	Accrued (Unearned) Grant Revenues June 30, 2020
\$ 0	\$ 110,698	\$ 110,698	\$ 0
0	12,300	12,300	0
0	483,890	483,890	0
0	0	447,889	(447,889)
<u>\$ 0</u>	<u>\$ 606,888</u>	<u>\$ 1,054,777</u>	<u>\$ (447,889)</u>
<u>\$ 0</u>	<u>\$ 606,888</u>	<u>\$ 1,054,777</u>	<u>\$ (447,889)</u>
\$ (1,689)	\$ 1,236,672	\$ 1,254,522	\$ (19,539)
(18,781)	93,261	74,842	(362)
(31,362)	1,528,043	1,542,636	(45,955)
(6,803)	153,953	148,196	(1,046)
(1,654)	68,779	67,125	0
(10,372)	214,821	214,856	(10,407)
0	107,490	115,770	(8,280)
<u>\$ (70,661)</u>	<u>\$ 3,403,019</u>	<u>\$ 3,417,947</u>	<u>\$ (85,589)</u>
<u>\$ (79,481)</u>	<u>\$ 224,571</u>	<u>\$ 145,090</u>	<u>\$ 0</u>
<u>\$ (79,481)</u>	<u>\$ 224,571</u>	<u>\$ 145,090</u>	<u>\$ 0</u>
<u>\$ (1,126,133)</u>	<u>\$ 8,926,873</u>	<u>\$ 9,698,616</u>	<u>\$ (1,897,876)</u>
\$ 0	\$ 0	\$ 6,372	\$ (6,372)
0	540	540	0
\$ (98,585)	\$ 151,752	\$ 116,438	\$ (63,271)
0	54,777	124,760	(69,983)
0	0	35,000	(35,000)
0	4,598	4,598	0
0	49,990	49,990	0
0	103,445	150,000	(46,555)

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
 For the Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	State Grant Number
STATE AWARDS - (Continued)		
TN Department of Transportation:		
Jetport - 700' Runway Extension Construction	N/A	AERO-17224
Jetport - Airport Maintenance	N/A	AERM-191066
Jetport - Airport Maintenance	N/A	AERM-06077020
Jetport - Airport Layout Plan	N/A	AERO-18215
Jetport - Grounds Maintenance equipment	N/A	AERO-20169
Jetport - Taxiway & Repair (State Portion)	N/A	AERO-19254
Jetport - Environmental Monitoring	N/A	AERO-14101
Local Interstate Connector, Stone Lake Road	N/A	113131
Multi-Modal Access Grant	N/A	140160
Barney Lane Bridge	N/A	4615-0.09
2020 Aviation & Education Outreach	N/A	AERO-20228
TN Department of Environment and Conservation:		
Grants for Clean Water State Revolving Loan:		
- Loan SRF 18-417	N/A	N/A

TOTAL STATE AWARDS

TOTAL FEDERAL AND STATE AWARDS

*Denotes major programs

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

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

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

(Continued)

<u>Accrued (Unearned) Grant Revenues July 1, 2019</u>	<u>Cash Receipts</u>	<u>Expend- itures</u>	<u>Accrued (Unearned) Grant Revenues June 30, 2020</u>
\$ (8,804)	\$ 17,261	\$ 8,457	\$ 0
(3,782)	3,782	0	0
0	11,891	15,000	(3,109)
0	12,525	12,525	0
0	68,200	79,990	(11,790)
(2,000)	59,292	57,653	(361)
0	7,500	7,500	0
(74,046)	0	3,795	(77,841)
(119)	16,334	55,656	(39,441)
0	187,940	354,412	(166,472)
0	14,064	45,198	(31,134)
<u>(858,934)</u>	<u>858,934</u>	<u>0</u>	<u>0</u>
<u>\$ (1,046,270)</u>	<u>\$ 1,622,285</u>	<u>\$ 1,120,972</u>	<u>\$ (544,957)</u>
<u>\$ (2,172,403)</u>	<u>\$ 10,549,158</u>	<u>\$ 10,819,588</u>	<u>\$ (2,442,833)</u>

WEDGEWOOD ACCOUNTING, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2020, 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 January 15, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. These items are listed as item 2020-001 and 2020-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Cleveland, Tennessee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs at item 2020-001.

City of Cleveland, Tennessee's Response to Findings

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

Purpose of this Report

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

Wedgewood Accounting, PLLC
WEDGEWOOD ACCOUNTING, PLLC
Certified Public Accountants

January 15, 2021

WEDGEWOOD ACCOUNTING, PLLC
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Cleveland, Tennessee's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City of Cleveland, Tennessee's major federal programs for the year ended June 30, 2020. 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, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Wedgwood Accounting, PLLC
WEDGEWOOD ACCOUNTING, PLLC
Certified Public Accountants

January 15, 2021

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2020

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 two significant deficiencies in internal control. These deficiencies were not considered to be material weaknesses.
3. The audit disclosed one instance of noncompliance that was 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 unmodified 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
Community Development Block Grant	14.218
Grants for Clean Water	66.458
Transportation Grants	20.205

- 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

2020-001 Budget Violation

Condition: In the Health Insurance Trust Fund actual expenditures exceeded budgeted by \$434,762.

	Budget	Actual
Health Insurance Trust Fund	4,033,490	4,468,252

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

Effect: Unauthorized expenditures were incurred by the government.

Recommendation: Management should take steps to make sure that actual expenditures do not exceed budgeted amounts.

Response: Management realized before year end that actual expenditures were going to exceed budgeted amounts, but was not able to process budget amendments before year end. Steps will be taken in the future to ensure that actual expenditures do not exceed budgeted amounts.

2020-002 Misappropriation of Assets

Condition: Cleveland Utilities' management became aware that a former information technology employee had misappropriated computer equipment with an estimated value of \$4,270. An investigation was conducted in conjunction with the Cleveland Police Department and the Office of the District Attorney. The former employee denies all charges and the case will go to court in the Spring of 2021.

Criteria: Controls should be in place to identify and secure all equipment owned by the Utility.

Effect: Lack of controls prevent the safeguarding of assets.

Recommendation: Steps should be taken to secure all equipment of the Utility.

Management Response:

As part of our investigation into the previous fraud perpetrated by the IT Clerk, it was discovered that an IT Manager was found to be selling CU owned equipment that was designated as surplus or beyond its useful life. This manager was responsible for the reporting of these assets and their disposal. It was found that the manager was not properly documenting these disposals and was in turn selling these through his personal business for a profit. CU has since created additional controls as it relates to the tracking of active, retired, and disposed IT assets through a system called WASP. This system is now reviewed and included as part of our operational controls. This system requires that all trackable assets are entered into inventory, assigned to an active employee, and either entered back into inventory or retired at the end of its use by the employee assigned. These transactions are now recorded, and an audit trail is prepared for review at intervals of control testing. Any variances in this process must be approved by the managing area vice president or CEO.

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

U.S. Department of Education:

Title I Grants to Local Educational Agencies	84.010
NONE	

U.S. Housing and Urban Development:

Community Development Block Grant	14.218
NONE	

U.S. Environmental Protection Agency:

Grants for Clean Water	66.458
NONE	

U.S. Department of Transportation:

Highway Planning and Construction	20.205
NONE	

CITY OF CLEVELAND, TENNESSEE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2020

A. FINANCIAL STATEMENT AUDIT

Finding 2019-001 was repeated in the current year finding 2020-001.

Finding 2019-002 was repeated I the current year finding 2020-002.

B. MAJOR FEDERAL AWARD PROGRAMS AUDIT

None from prior year.

City of Cleveland



CLEVELAND
TENNESSEE

EST. 1842

Shawn McKay
Director of Finance/City Clerk
smckay@clevelandtn.gov
Phone (423) 472.4551
Fax (423) 559.3302

Municipal Building
190 Church Street, N.E.
P.O. Box 1519
Cleveland, Tennessee 37364-1519

January 15, 2021

U.S. Department of Education

The City of Cleveland, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2020.

Name and address of independent public accounting firm: Wedgewood Accounting, PLLC,
Certified Public Accountants, 4395 North Ocoee Street, Cleveland, Tennessee, 37312.

Audit Period: July 1, 2019 to June 30, 2020

SIGNIFICANT DEFICIENCIES

2020-001 Budget Violation

Condition: In the General Purpose School Fund and the Debt Service Fund actual expenditures exceeded budgeted expenditures.

	<u>Budget</u>	<u>Actual</u>
Health Insurance Trust Fund	4,033,490	4,468,252

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

Effect: Unauthorized expenditures were incurred by the government.

Recommendation: Management should take steps to make sure that actual expenditures do not exceed budgeted amounts.

Response: Management realized before year end that actual expenditures were going to exceed budgeted amounts, but was not able to process budget amendments before year end. Steps will be taken in the future to ensure that actual expenditures do not exceed budgeted amounts.

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Recommendation: Steps should be taken to secure all equipment of the Utility.

Management Response:

As part of our investigation into the previous fraud perpetrated by the IT Clerk, it was discovered that an IT Manager was found to be selling CU owned equipment that was designated as surplus or beyond its useful life. This manager was responsible for the reporting of these assets and their disposal. It was found that the manager was not properly documenting these disposals and was in turn selling these through his personal business for a profit. CU has since created additional controls as it relates to the tracking of active, retired, and disposed IT assets through a system called WASP. This system is now reviewed and included as part of our operational controls. This system requires that all trackable assets are entered into inventory, assigned to an active employee, and either entered back into inventory or retired at the end of its use by the employee assigned. These transactions are now recorded, and an audit trail is prepared for review at intervals of control testing. Any variances in this process must be approved by the managing area vice president or CEO.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. Department of Education:

Title I Grants to Local Educational Agencies	84.010
NONE	

U.S. Housing and Urban Development:

Community Development Block Grant	14.218
NONE	

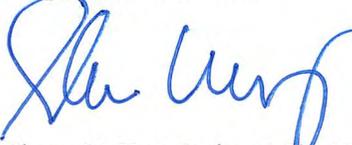
U.S. Environmental Protection Agency:

Grants for Clean Water	66.458
NONE	

U.S. Department of Transportation:

Highway Planning and Construction	20.205
NONE	

Respectfully submitted,



Shawn McKay, Assistant City Manager/CFO
City of Cleveland, Tennessee

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