

Comprehensive Annual Financial Report

City of Cleveland, Tennessee



For the Year Ended
June 30, 2005

CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2005

Prepared by:
Department of Finance

CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2005

TABLE OF CONTENTS

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditors' Report	1
Management Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	22
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - School Fund	44
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Fire Protection Fund	54
Statement of Net Assets - Proprietary Funds	57
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	58
Statement of Cash Flows - Proprietary Funds	59
Notes to Financial Statements	61
Required Supplementary Information:	
Schedule of Funding Progress - Retirement Plans	80
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	85

Schedules of Revenues, Expenditures and Changes in

Fund Balances - Budget and Actual:

State Street Aid Fund	89
Solid Waste Management Fund	90
School Federal Projects Fund	92
School Food Services Fund	93
Library Fund	94
Drug Enforcement Fund	95
Law Enforcement Block Grant Fund - 2004	96
Fletcher Park Trust Fund	97
Greenway Fund	98
Weed and Seed Fund	99
Stormwater Management Fund	101
Metropolitan Transportation Planning Organization Fund	103
Cleveland Municipal Airport Authority	104
Project Safe Neighborhood Fund	105
Community Development Block Grant Fund	106
Debt Service Fund	107
Housing and Community Development Rehab Fund	108
Housing and Community Development UDAG Fund	109
Capital Improvement Program Fund	110
THDA Home Grant Fund	111
2000 Bradley County Capital Outlay Note Fund	112
2001 General Improvement Bond Fund	113
2002 General Improvement Bond Fund	114
2004 Bradley County Capital Outlay Note Fund	115
2005 VI-E-4 General Improvement Bond Fund	116
Meiler Estate Animal Shelter Trust Fund	117

Schedule of Revenues, Expenses and Changes in

Net Assets - Budget and Actual - Brush Chipping Fund	118
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Schedule of Revenues, Expenses and Changes in

Net Assets - Budget and Actual - Fleet Management Fund	119
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Capital Assets Used in the Operation of Governmental Funds:

Comparative Schedule By Source	121
Schedule by Function and Activity	122
Schedule of Changes by Function and Activity	124

STATISTICAL SECTION

Table

General Governmental Expenditures by Function- Last Ten Fiscal Years	1	126
General Revenues by Source - Last Ten Fiscal Years	2	128
General Government Tax Revenues by Source - Last Ten Fiscal Years	2A	128
Property Tax Levies and Collections - Last Ten Fiscal Years	3	130
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	4	132
Property Tax Rates - Direct and Overlapping Governments- Last Ten Fiscal Years	5	134

Computation of Legal Debt Margin	6	135
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita - Last Ten Fiscal Years	7	136
Computation of Direct and Overlapping Debt	8	138
Ratio of Net Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures - Last Ten Fiscal Years	9	139
Revenue Bond Coverage - Water and Sewer Bonds - Last Ten Fiscal Years	10	140
Demographic Statistics - Last Ten Fiscal Years	11	141
Property Value, Construction, and Bank Deposits - Last Ten Fiscal Years	12	142
Principal Taxpayers	13	143
Statement of Tax Rates and Assessments - Last Ten Fiscal Years	14	144
Property Tax Information - Last Ten Fiscal Years	15	145
Cleveland Utilities - Electric Division Data	16	146
Cleveland Utilities - Water Division Data	17	149
Cleveland Utilities - Sanitary Sewer System Data	18	152
Other Statistical Data	19	153

OTHER INFORMATION	<u>Statement/ Schedule</u>	<u>Page</u>
Schedule of Insurance in Force - All Fund Types Excluding Cleveland Utilities	1	155
Schedule of Insurance in Force - Cleveland Utilities	2	156
Schedule of Changes in Property Taxes Receivable	3	157
Schedule of Changes in General Obligation Bonds Payable	4	158
Schedule of Changes in Revenue Bonds Payable	5	159
Schedule of Changes in Notes Payable	6	160
Schedule of Uncollected Delinquent Property Taxes Filed	7	162
Schedule of Bond Principal and Interest Requirements by Fiscal Year for General Obligation Bonds	8	163
Schedule of Note Principal and Interest Requirements by Fiscal Year Excluding Cleveland Utilities	9	165

Schedule of Bond Principal and Interest Requirements by Fiscal Year for Cleveland Utilities	10	167
Schedule of Note Principal and Interest Requirements by Fiscal Year for Cleveland Utilities	11	169
Schedule of Investments	12	170
Schedule of Transfers	13	171
Salaries and Surety Bonds of Principal Officials	14	172

SINGLE AUDIT SECTION

Schedule of Federal and State Financial Assistance Activity		173
Schedule of Non-Cash Assistance		177
Independent Auditors' Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		178
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133		180
Schedule of Findings and Questioned Costs		182
Summary Schedule of Prior Audit Findings		184

City of Cleveland

CLEVELAND, TENNESSEE

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and Administration / City Clerk
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December 14, 2005

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, 2005.

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

The City of Cleveland's financial statements have been audited by Arnett, Kirksey, Kimsey, Sullivan, Lay, and Lusk, 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, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing

the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Cleveland's financial statements, for the fiscal year ended June 30, 2005, 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, having the sixth largest number of manufacturing companies of any community in the state, and being a regional shopping destination and health care provider for surrounding counties. Its proximity to the mountains, whitewater rafting, and Cherokee Indian heritage is increasing the tourism component of the economy.

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

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

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

The annual budget serves as the foundation for the City of Cleveland's financial planning and control. All departments of the city are required to submit capital requests to the city manager by February 1st and operating budget requests to the finance director by March 1st each year. The city manager and finance director make revenue estimates for the upcoming fiscal year. A budget work session is held in mid April, at which time department heads and the city manager make presentations to the council. The finance director and city manager present projections for the current fiscal year's budget and the preliminary 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 fall planning session held by the city council, city manager, and department heads. After much review and debate among the council, the budget is revised to include any recommendations of the city council. A proposed budget is submitted to the city council by June 1st. The council is required to hold public hearings on the proposed budget and to adopt a final budget and tax rate by June 30th each year, which is the close of the city's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Departmental budget officers, with approval of the department head and finance director, may make transfers of appropriations within a department. Transfers of appropriations between funds, however, require approval of the city council. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 22-43 as part of the basic financial statements for the governmental funds. The school fund comparison is presented on pages 44-53, and the fire fund comparison is presented on pages 54-56. For nonmajor governmental funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 81.

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 economic growth of the City of Cleveland has continued to increase, primarily due to its commercial and industrial diversification. The City of Cleveland and parts of Bradley County were declared an Urbanized Area in FY2002, which makes the city eligible for transportation, planning, and construction monies through the Metropolitan Planning Organization (MPO) process. The city was declared a Metropolitan Statistical Area in July 2004 which made Cleveland eligible for other federal funds, such as Community Development Block Grants. This designation will help economic development activities by increasing the appeal of Cleveland to national

franchise companies. Certain federal reimbursements will also increase in the health industry and to individuals.

Several local manufacturers have started or continued expansion projects during FY2005. Among those are Maytag warehouse projects under construction totaling \$1.6 million dollars and the city recently approved an in-lieu-of-tax pilot agreement for Maytag's \$39 million dollar investment in upgrading equipment. Four major commercial projects were permitted in FY05 including the \$5.2 million dollar McKenzie Financial Center, \$2.5 million dollar Check Into Cash addition, a \$1.4 million dollar Walgreen construction project, and \$1.2 million dollar CVS Pharmacy project. EMJ Corporation is constructing Peerless Medical Center estimated at \$6.6 million dollars, Lee University is constructing a \$2 million recreation building, and the city's \$4.3 million dollar Police Service Center and \$836,000 Freewill Road Fire Station are under construction. Voice of Evangelism has a \$2.5 million dollar project under construction, Mt. Olive Church of God began their \$1.1 million dollar building, and Life Care Centers of America is currently undergoing an \$18 million dollar construction project.

New restaurants opened or under construction in the community include Antonio's Corner Restaurant, Zaxby's Restaurant, Moe's Southwest Grill, Brewster's Ice Cream Shop, and Angelo's Rib House.

Long-term financial planning. In October 2005, the city council approved \$25.5 million dollars in variable rate notes for the City of Cleveland and Cleveland Utilities. The \$18.5 million in city projects includes the new police service center, new Freewill Road Fire Station, public works projects and equipment, partial funding of the new Mayfield Elementary, Phase I of the Arnold Elementary renovations, HVAC and roof replacements for various schools, buses and other school equipment. Cleveland Utilities' \$7 million will fund projects for their water, wastewater, and electric divisions. Water projects planned include upgrade to Hiwassee River intake station. Wastewater projects include equalization basin construction, Clearwater interceptor upgrade, and annexation projects. Electric projects include continued expansion of South Cleveland substation and construction of Fletcher substation.

The city council held a long-range planning session in October. Future projects identified by the city council as priorities include: construction of a new airport, police firing range, and APD40 Interchange at Exit 20, improvements to North Ocoee Street, downtown master plan and decorative lighting for East Inman Street. Other priorities included a 5% reduction in department operations to provide funding for increased gasoline prices, development of a strategy for possible loss of state school funding, maintain and improve the city's ISO fire rating, and streamline government management/complaint process.

Cash management policies and practices. Cash temporarily idle during the year was invested in certificates of deposit and the State Treasurer's investment pool. The city bids its banking services and is able to negotiate a higher interest rate on its checking account which allows unrestricted use of city funds while earning a higher yield.

Risk management. A safety committee was formed on the recommendation of the Tennessee Municipal League, and a part-time safety director was hired in FY2005. The safety committee consists of employees from each department and will focus on safety and liability issues citywide. The city has held employee accident prevention training classes. Third-party coverage is currently maintained for individual worker's compensation claims and general liability claims.

Pension and other postemployment benefits. The City of Cleveland sponsors a multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS) for its employees. The city is required to contribute at an actuarially determined rate. The contribution requirement of plan members is set by state statute. The contribution requirement for Cleveland is established and may be amended by the TCRS Board of Trustees.

Employees of the Cleveland Utilities Electric Division hired prior to October 15, 1993 participate in a cost-sharing multiple-employer pension plan administered by the Central Service Association (the "CSA Plan"). Their participants are not required to contribute to the plan.

The Cleveland City Schools contribute to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEPP), a cost-sharing multiple employer defined benefit pension plan administered by the TCRS. Most teachers are required by state statute to contribute 5 percent of their salary to the plan.

The City of Cleveland also provides postretirement health and dental care benefits for certain retirees. These benefits are financed on a pay-as-you-go basis. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information on the City of Cleveland's pension arrangements and postemployment benefits can be found on pages 76-79 in Notes 17 and 18 in the notes to the financial statements.

Awards and Acknowledgements

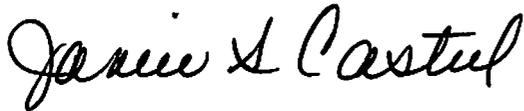
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cleveland for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2004. This was the seventeenth consecutive year that the city 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 seven fiscal years, Fiscal Years 1999, 2000, 2001, 2002, 2003, 2004 and 2005. 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 city's budget officers, department heads, and the employees of the administration and finance department. 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,



Janice S. Casteel
Director of Finance & Administration/City Clerk



Joe Cate
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cleveland,
Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zielle

President

Jeffrey R. Emer

Executive Director

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**CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OFFICIALS
June 30, 2005**

**Tom Rowland
Mayor**

**Richard Banks
Rod Davis
Bambi Hines
Avery Johnson
David May, Jr.
George Poe, Jr.
Bill Robertson**

**Councilman
Councilman
Councilwoman
Councilman/Vice Mayor
Councilman
Councilman
Councilman**

Joe Cate

City Manager

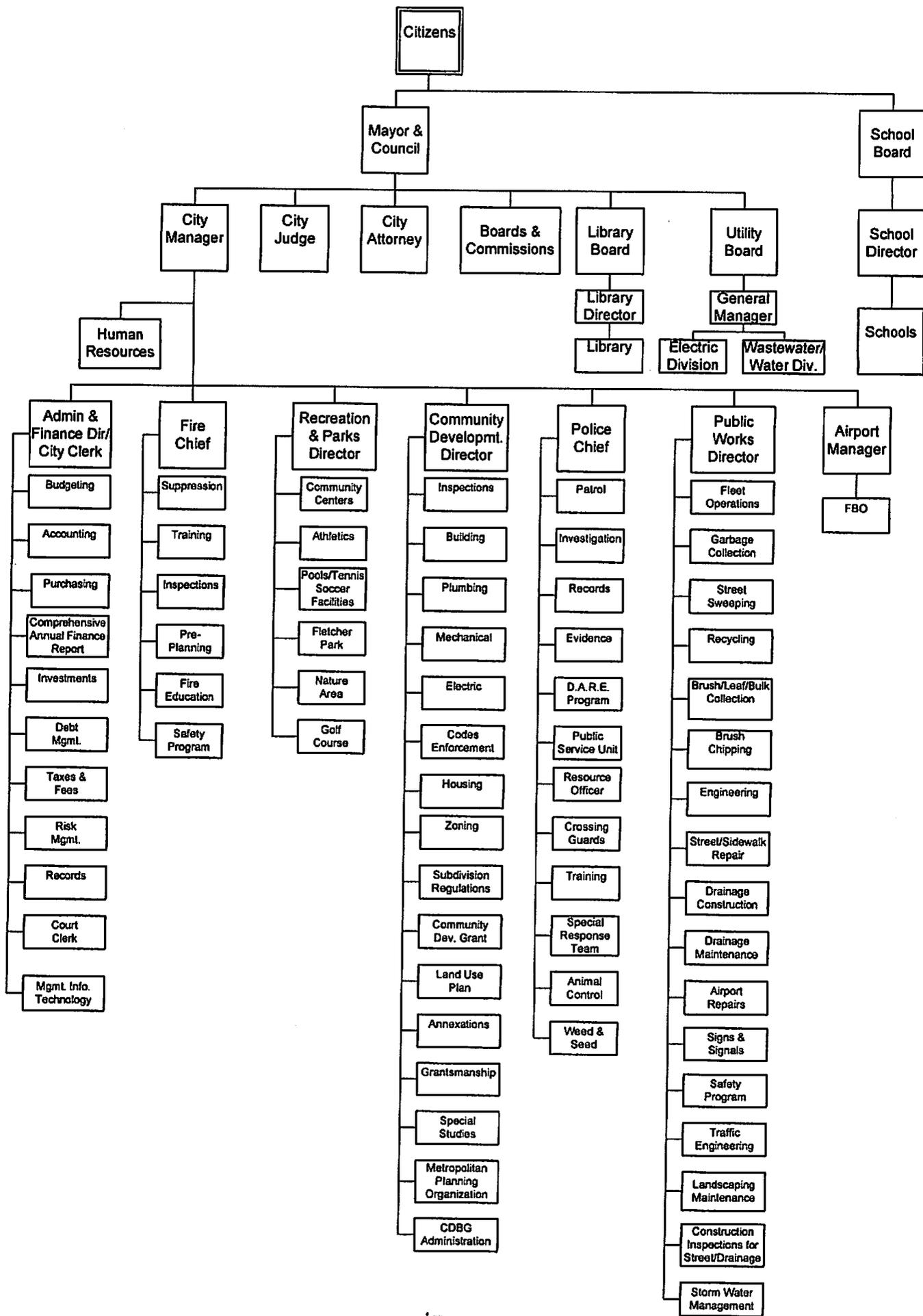
Department Heads

**Patti Pettitt
Tom Grant
Janice S. Casteel
Rick Denning
Robert G. Gaylor
Andrew Hunt
Bill B. Moss
L. Harlen Painter
Wesley Benard Snyder, Jr.
Greg Thomas
Tom Wheeler**

**Parks and Recreation Director
Director of Public Works
Director of Finance and Administration/City Clerk
School Superintendent
Fire Chief
Library Director
City Judge
City Attorney
Police Chief
Planning and Inspection
Manager, Cleveland Utilities**

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Organizational Chart for the City of Cleveland, Tennessee



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

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WILLIAM B. KIRKSEY, CPA
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VICKI PIERCE SULLIVAN, CPA
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CERTIFIED PUBLIC ACCOUNTANTS
TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
NATIONAL ASSOCIATION OF
CERTIFIED VALUATION ANALYSTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Cleveland, Tennessee's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Tennessee, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, School Fund and Fire Protection Fund, for the year ended in conformity with accounting principles generally accepted in the United States of America

In accordance with Government Auditing Standards, we have also issued our report, dated December 9, 2005, on our consideration of the City of Cleveland's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Schedule of Funding Progress-Retirement Plans, and management's discussion and analysis on page 80 and pages 3 through 15 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Cleveland's basic financial statements. The accompanying schedule of federal and state financial assistance activity is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. In addition, the introductory section, the combining and individual nonmajor fund financial statements and schedules, the statistical section and the other information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of federal and state financial assistance activity, the combining and individual nonmajor fund financial statements and schedules, and the other information section have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

December 9, 2005

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, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in pages i-vi of this report.

Financial Highlights

- The assets of the City of Cleveland exceeded its liabilities at June 30, 2005 by \$174,606,499 (net assets). Of this amount, \$30,541,632 (unrestricted net assets) may be used to meet the city's ongoing obligations to citizens and creditors.
- Net assets (defined as the difference in revenues and expenses) increased by \$4,533,054, an increase of 2.7% over FY2004. The City of Cleveland's changes in net assets is detailed in the chart on page seven of this report. Total revenues increased \$5,053,541 which included an additional \$2,406,844 in operational grants and contributions, \$1,275,908 in general revenues, \$836,227 in capital grants and contributions, and \$534,562 in charges for services. Expenses increased \$6,599,070 over last fiscal year with the largest increases in funding (\$4,046,528) in education funding. Other significant increases included (\$1,378,195) in public safety and (\$1,068,266) for the water and sewer division of Cleveland Utilities.
- There was no increase in the city's property tax rate, which remained at \$1.65 per hundred dollars of assessment.
- The city's sanitation fee remained constant at \$6 per month.
- As of the close of the current fiscal year, the City of Cleveland's governmental funds reported combined ending fund balances of \$16,237,062. Only 6.9% is reserved for specific purposes, and the remaining 93.1%, or \$15,119,785, is available for spending at the city's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$6,667,277, or 43.7% of total general fund expenditures. Expenditures do not include transfers to other funds, which totaled \$10,763,198 in the city's general fund.
- Long-term debt was increased with the addition of a new issue of \$2,875,000 during fiscal year 2005, of which \$1.85 million was issued for the electric division of Cleveland Utilities and \$1.025 million for capital improvements to various departments of the city. Additionally, \$9,865,000 of old debt was refinanced through the issuance of \$10,580,000 in refunding bonds with the total debt service savings of \$625,131 over the life of the refunding bonds.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 16-17 of this report.

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

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

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

The City of Cleveland maintains twenty-nine 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 fire fund, which are considered to be major funds. Data from the other twenty-six governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements later in this report beginning on page 81.

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, school fund, and fire fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-56 of this report.

Proprietary funds. The City of Cleveland maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Cleveland uses enterprise funds to account for its Cleveland Utilities Electric and Water operations and the Brush Chipping operation. 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 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 of Cleveland, and the Brush Chipping fund. Individual fund data for the Brush Chipping Fund is located on page 118. Since there is only one internal service fund, it is presented in the proprietary fund financial statement and additional data is located on pages 119-120.

The basic proprietary fund financial statements can be found on pages 57-60 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 61-79 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Cleveland's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 80 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 81-120 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Cleveland, assets exceeded liabilities by \$174,606,499 at the close of this fiscal year.

The largest portion of the City of Cleveland's net assets (82 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any debt used to acquire those assets that is still outstanding. The City of Cleveland uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City of Cleveland's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Cleveland's Net Assets

	Governmental activities		Business-type activities		Total	
	FY2005	FY2004	FY2005	FY2004	FY2005	FY2004
Current and other assets	\$41,241,883	\$38,271,540	\$25,147,280	\$24,821,109	\$66,389,163	\$63,092,649
Deferred Charges	\$94,845	\$0	\$331,205	\$0	\$426,050	\$0
Capital assets	96,126,771	96,432,515	137,337,840	135,028,856	233,464,611	231,461,371
Total assets	137,463,499	134,704,055	162,816,325	159,849,965	300,279,824	294,554,020
Long-term liabilities outstanding	43,617,168	43,931,091	42,416,150	43,014,340	86,033,318	86,945,431
Other liabilities	24,600,127	23,401,033	14,613,830	14,134,111	39,213,957	37,535,144
Total liabilities	68,217,295	67,332,124	57,029,980	57,148,451	125,247,275	124,480,575
Net assets:						
Invested in capital assets, net of related debt	51,571,926	52,526,979	92,033,295	89,150,550	143,605,221	141,677,529
Restricted	459,646	459,646	0	0	459,646	459,646
Unrestricted	17,119,787	14,385,306	13,421,845	13,550,964	30,541,632	27,936,270
Total net assets	\$69,151,359	\$67,371,931	\$105,455,140	\$102,701,514	\$174,606,499	\$170,073,445

Less than one percent of the City of Cleveland's net assets represents resources that are subject to external restrictions on how they may be used. The remaining \$30,541,632 in unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

At June 30, 2005, the City of Cleveland is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

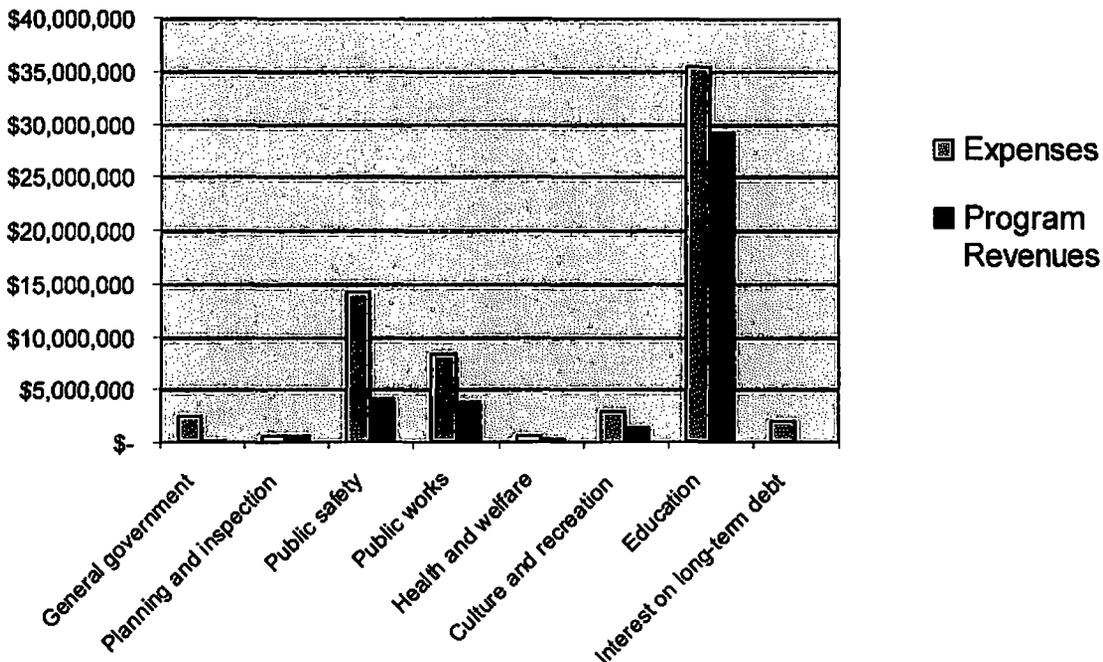
Governmental activities. Governmental activities increased the City of Cleveland's net assets by \$1,779,428, which accounts for 39 percent of the total growth in the net assets of the City of Cleveland. Key elements of this increase are as follows:

City of Cleveland's Changes in Net Assets

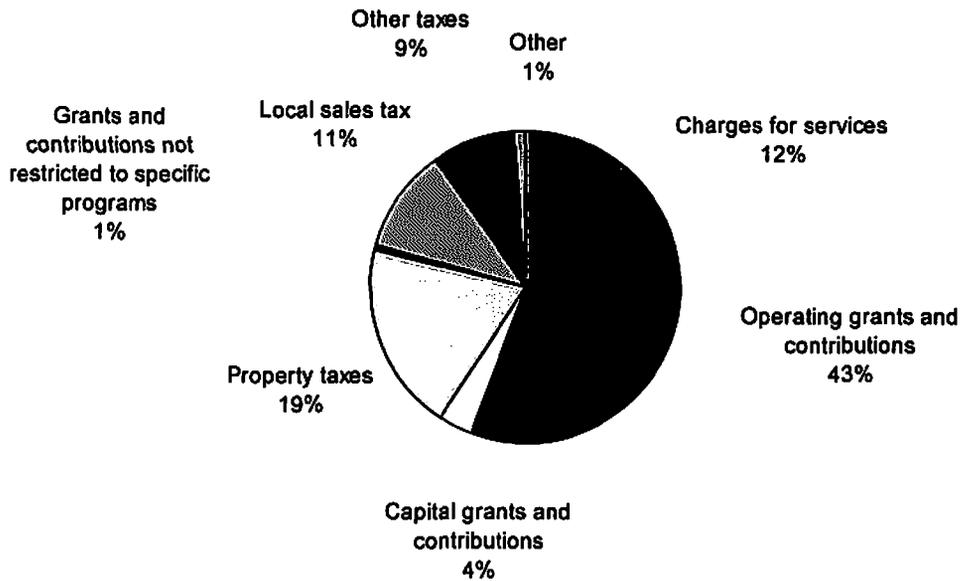
	Governmental Activities		Business-type Activities		Total	
	FY2005	FY2004	FY2005	FY2004	FY2005	FY2004
Revenues:						
Program revenues:						
Charges for services	\$7,706,701	\$7,127,661	\$82,182,373	\$82,226,851	\$89,889,074	\$89,354,512
Operating grants and contributions	29,500,770	27,093,926	0	0	29,500,770	27,093,926
Capital grants and contributions	2,342,151	765,700	708,439	1,448,663	3,050,590	2,214,363
General revenues:						
Property taxes	12,987,076	12,314,539	0	0	12,987,076	12,314,539
Other taxes	13,267,177	13,380,961	0	0	13,267,177	13,380,961
Grants and contributions not restricted to specific programs						
Other	442,832	344,205	0	0	442,832	344,205
Total revenues	66,868,563	61,164,279	83,231,078	83,881,821	150,099,641	145,046,705
Expenses:						
General government	2,391,498	3,325,573	0	0	2,391,498	3,325,573
Planning and inspection	622,028	539,414	0	0	622,028	539,414
Public safety	14,180,863	12,802,668	0	0	14,180,863	12,802,668
Public works	8,429,567	8,019,000	0	0	8,429,567	8,019,000
Health and welfare	538,263	500,734	0	0	538,263	500,734
Culture and recreation	2,952,398	2,559,373	0	0	2,952,398	2,559,373
Education	35,475,697	31,429,169	0	0	35,475,697	31,429,169
Interest on long-term debt	1,992,504	2,094,798	0	0	1,992,504	2,094,798
Water and sewer	0	0	16,105,695	15,037,429	16,105,695	15,037,429
Electric	0	0	62,737,439	62,524,728	62,737,439	62,524,728
Other enterprise	0	0	140,635	134,631	140,635	134,631
Total expenses	66,582,818	61,270,729	78,983,769	77,696,788	145,566,587	138,967,335
Increase in net assets before transfers	285,745	(106,450)	4,247,309	6,185,033	4,533,054	6,078,370
Transfers	1,493,683	1,469,381	(1,493,683)	(1,469,381)	0	0
Increase in net assets	1,779,428	1,362,931	2,753,626	4,715,652	4,533,054	6,078,370
Net assets – beginning	67,371,931	66,009,000	102,701,514	97,985,862	170,073,445	163,997,432
Net assets – ending	\$69,151,359	\$67,371,931	\$105,455,140	\$102,701,514	\$174,606,499	\$170,073,445

- The city's property tax rate remained at \$1.65 per \$100 of assessed value in fiscal year 2005. Property tax revenues increased \$672,537, or 5.5% due to annexation and growth in Cleveland.
- Operating grants and contributions increased \$2,406,844 largely due to increases in school funding from the federal, state and local governments.
- Charges for services increased \$579,040, or 8.1% due to public safety.
- Cleveland's second largest revenue source is local sales tax which increased 4%, or \$273,468, over last fiscal year. In Tennessee, the first half of local sales tax goes to education based upon average daily attendance. The second half is generally distributed between cities and counties based upon whether the sale occurred in the city or the county; however, Cleveland and Bradley County's local sales tax (second half) is distributed according to a local agreement, instead of the state's situs-based formula.
- The most significant increase in expenses was \$4 million in education and \$1.5 million in Public Safety.

Expenses and Program Revenues – Governmental Activities

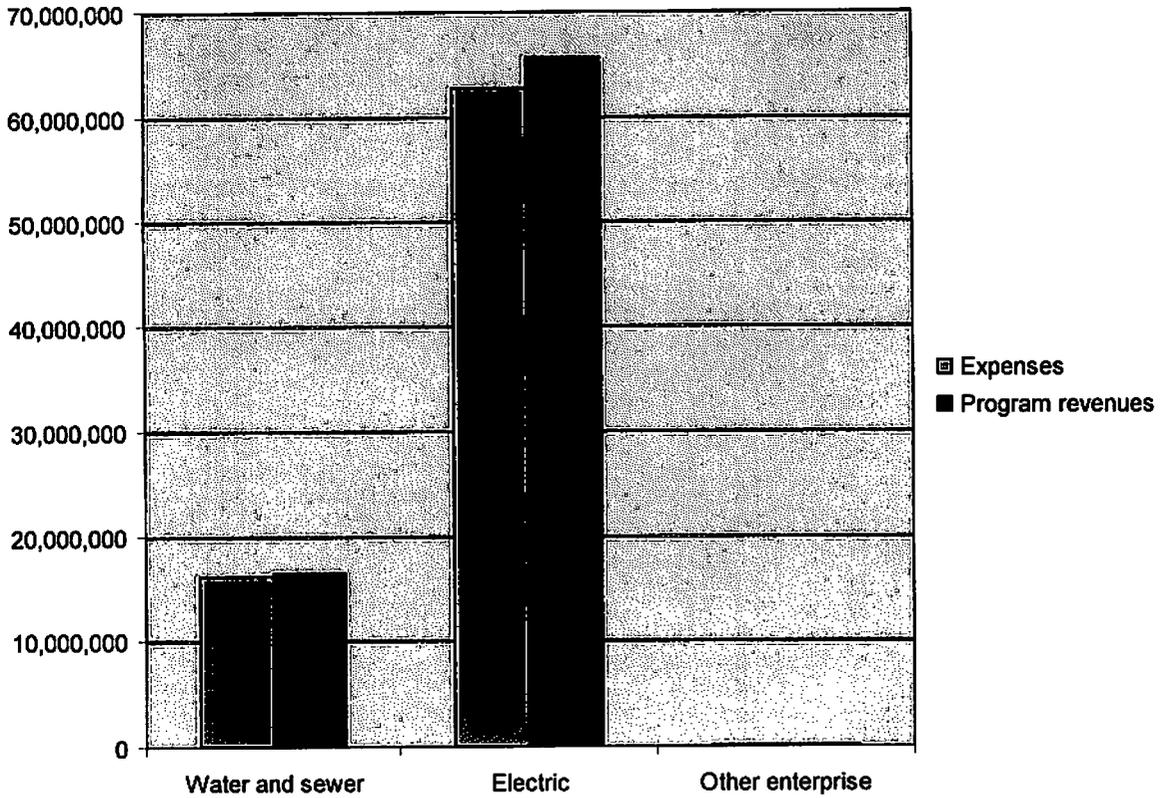


Revenues by Source – Governmental Activities

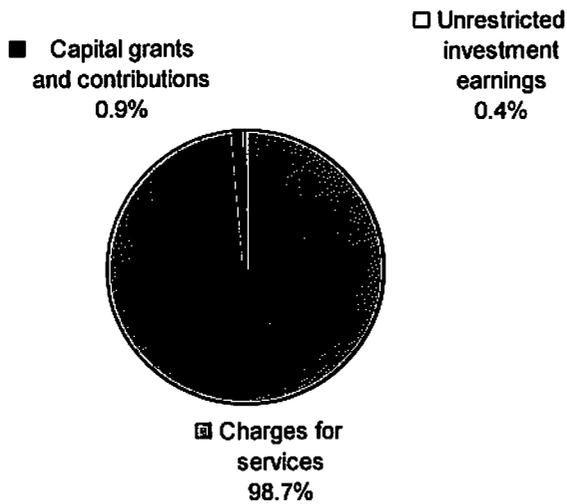


Business-type activities. Business-type activities increased the City of Cleveland's net assets by \$2,753,626, which is 61 percent of the total increase in net assets. The increase is attributed to the electric and water operations of Cleveland Utilities. The change in net assets for the electric division was \$1,766,715 for fiscal year 2005. The total change in net assets was the result of an increase in net assets invested in capital assets (net of related debt) of \$515,815 and an increase in unrestricted net assets of \$1,250,900. The change in net assets for the water division was \$921,657. The total change in net assets was the result of an increase in net assets invested in capital assets (net of related debt) of \$2,228,375 and a decrease in unrestricted net assets of \$1,306,718.

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 unreserved 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 \$16,237,062, an increase of \$1,785,116 in comparison with the prior year. Approximately 94 percent of this total amount (\$15,119,785) constitutes unreserved fund balance. The remainder of fund balance is reserved to indicate that it is not available for spending because it has already been committed. Within the governmental funds, \$210,328 is reserved for capital outlay, \$238,975 for books and equipment, \$207,828 for federal projects, \$500 for noncurrent loans, and \$459,646 for endowment.

The general fund is the chief operating fund of the City of Cleveland. At the end of the current fiscal year, unreserved fund balance of the general fund was \$6,667,277. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total general fund expenditures. Unreserved fund balance represents 44% of total fund expenditures. However, unreserved fund balance only represents 26% when compared to total fund expenditures and transfers to other funds (e.g., debt service and schools).

The fund balance of the City of Cleveland's general fund increased by \$895,696 during the current fiscal year. Key factors include revenues collections more than \$90,000 above the final amended budget, and the good management of city departments to under spend their budgets including general government with \$185,715, planning and inspections with \$40,973, public safety with \$260,446, public works with \$176,828, health and welfare with \$4,872, parks and recreation with \$127,784, and appropriations with \$7,813.

The debt service fund has a total fund balance of \$1,647,744. The net increase in fund balance during the current year in the debt service fund was \$180,261, due to lower interest rates on the city's variable rate loans and improved interest earnings.

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

Unrestricted net assets at the end of the year amounted to \$6,555,995 for the Cleveland Utilities Water Division, \$6,922,531 for Cleveland Utilities Electric Division, (\$56,681) for other enterprise funds (which includes only the Brush Chipping Fund), and \$144,147 for the Fleet Management Fund.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$216,257, and are listed below:

- \$50,150 in increases in general government activities due to \$17,000 in state litigation taxes due to increased citations, \$12,125 for implementation of the city-wide flex spending program, \$8,500 for city-wide professional liability insurance, \$7,500 for municipal building maintenance, \$6,500 for office expenses, and \$4,000 for additional costs associated with legal advertisements and postage required for delinquent tax collection, and miscellaneous decreases in other line items
- \$89,458 in decreases in planning and inspection due to moving the salary of one staff person, Historic Zoning Commission expenses, and the lot clearing budget to another fund
- \$235,451 in increases for public safety mainly due to Homeland Security grants in the amount of \$165,000 for a bomb robot and command post enhancements, \$45,000 for video cameras, and private donations for the D.A.R.E. program for \$15,585, and other miscellaneous adjustments
- \$43,591 in increases in public works activities due mainly to \$11,607 in street operations, \$7,429 for landscaping, and \$28,733 for signs and signals
- \$22,659 in increases in animal shelter activities largely due to adoption and veterinary fees and equipment purchased from special donations
- \$44,586 in miscellaneous decreases in parks and recreation activities
- \$1,550 in miscellaneous decreases allocated for jointly-funded agencies

Departmental budget officers closely monitored expenditures during the fiscal year in order to minimize budget amendments.

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, 2005, amounts to \$232,520,915 (net of accumulated depreciation), which is a \$1,958,316 increase over last fiscal year. This investment in capital assets includes land, buildings, other improvements, equipment, and infrastructure.

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

- Governmental activities decreased \$400,589 in capital assets largely due to construction projects underway at the end of last fiscal year and other changes explained below.
- General government's \$679,997 in additions was primarily due to the donation of an historic home valued at approximately \$500,000 to the Cleveland Public Library and approximately \$167,000 of equipment, new books and materials were purchased for the library.
- Public safety activities added \$328,130 in capital assets including a bomb robot and command post for the police department.
- Public works activities added \$1,215,400 in infrastructure (primary roads, secondary roads, and drainage) \$381,850 for vehicles and major equipment, and \$336,584 for improvements at the Cleveland Municipal Airport.

- Parks and Recreation activities added \$449,982 in capital assets including construction of an additional section of the greenway.
- City schools added \$378,490 in capital assets largely due to the school's vocational plan, technology, and other miscellaneous equipment.
- Business-type activities added \$2,358,905 in total capital assets primarily due to \$4,185,907 in improvements to buildings and systems and a decrease of \$2,347,497 in construction in progress.

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

	Governmental activities		Business-type activities		Total	
	FY2005	FY2004	FY2005	FY2004	FY2005	FY2004
Land	\$6,968,773	\$6,738,773	\$ 1,449,204	\$ 898,921	\$ 8,417,977	\$ 7,637,694
Buildings and systems	49,598,736	49,972,817	133,782,395	129,596,488	183,381,131	179,569,305
Improvements other than buildings	2,336,656	1,709,744	0	0	2,336,656	1,709,744
Furniture, fixtures, equipment & vehicles	5,912,698	6,049,044	138,555	168,343	6,051,253	6,217,387
Infrastructure	31,215,063	30,866,601	0	0	31,215,063	30,866,601
Construction in progress	0	1,095,536	1,118,835	3,466,332	1,118,835	4,561,868
Total	\$96,031,926	\$96,432,515	\$136,488,989	\$134,130,084	\$232,520,915	\$230,562,599

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

Long-term debt. At the end of the current fiscal year, the City of Cleveland had total debt outstanding of \$90,605,000. Of this amount, \$18,925,000 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 \$26,495,000 in revenue bonds outstanding at the end of the fiscal year. The city also finances capital projects through loans from bond proceeds issued by the Public Building Authorities of Sevier and Blount Counties, Tennessee, including \$25,535,000 for city general projects and \$19,650,000 for Cleveland Utilities.

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	
	FY2005	FY2004	FY2005	FY2004	FY2005	FY2004
General obligation bonds	18,925,000	19,360,000	0	0	18,925,000	19,360,000
Long-term notes issued through Sevier & Blount Counties, TN	25,535,000	24,715,000	19,650,000	18,531,307	45,185,000	43,246,307
Revenue bonds	0	0	26,495,000	28,090,000	26,495,000	28,090,000
Less bond discount/premiums	0	0	(3,021,068)	(1,753,121)	(3,021,068)	(1,753,121)
Less Deferred Charges for refunding	(604,812)	0	75,180	(56,996)	(529,632)	(56,996)
Total	43,855,188	44,075,000	43,199,112	44,811,190	87,054,300	88,886,190

During a prior year, the Public Building Authorities, at the request of the city, entered into interest rate swap agreements for all of the outstanding Local Government Improvement Bonds, Series IV-C-3 and A-2-A. During the term of the swap agreements, the city effectively pays a fixed rate on the debt plus or minus the difference between the variable interest due the bondholders and the variable rate received from the counterparty. Additional details about the city's long-term debt are included in Note 6 on pages 70-73.

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

State statutes do not limit the amount of general obligation debt a governmental entity may issue; however, the city has adopted a financial policy which limits long-term debt to 10 percent of its total assessed valuation. This calculation does not include revenue bonds issued for improvements in the electric and water systems. The city's legal debt margin at June 30, 2005 is \$35,872,700, and is calculated on page 135 of this report.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the City of Cleveland is currently 5.3 percent as of June 30, 2005, which is down from 5.6 percent from a year ago. Tennessee's average unemployment rate was 5.5 percent in June and the national average rate was 5 percent.

- In 2003 Cleveland was designated an “Urbanized Area” by the U.S. Census Bureau, which means that the city and the urban area immediately outside the corporate limits have a population in excess of 50,000. This designation is an indication that the city has grown and will continue to grow in the future and makes the city eligible for transportation, planning, and construction monies through the Metropolitan Planning Organization (MPO) process.
- The city qualifies as an Entitlement Community for the CDBG program due to designation as a principal city in a Metropolitan Statistical Area (MSA).
- Local sales tax collections improved during the current fiscal year.

All of these factors were considered in preparing the city’s budget for the 2006 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased \$895,696 largely due to conservative spending by city departments. Management has again been conservative in estimating revenues for 2006. The city’s property tax rate increased nine cents, and the residential sanitation fee was not increased. The property tax increase was necessary to cover debt service for an \$18.5 million bond issue. \$10 million of the bond will be for school projects including partial funding of the new Mayfield Elementary, improvements to Arnold Elementary, HVAC improvements, roof replacements and other school projects; to construct a new police service center; new fire station; miscellaneous public works projects and equipment. No use of general fund balance is projected for the new fiscal year; however, the fire fund will be closed into the general fund in FY2006 and its fund balance will be used to purchase one-time fire equipment. After the preparation of the budget, the Tennessee State Legislature voted to restore state-shared taxes to cities. This will mean approximately \$300,000 in additional revenue which has been recommended for use on residential street paving.

Requests for Information

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

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CITY OF CLEVELAND, TENNESSEE
STATEMENT OF NET ASSETS
June 30, 2005

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 13,529,661	\$ 11,299,408	\$ 24,829,069
Cash and cash equivalents - restricted	459,646	264	459,910
Investments	502,159	0	502,159
Accounts receivable - net	840,593	11,783,863	12,624,456
Property taxes receivable - net	15,498,347	0	15,498,347
Sales tax receivable	1,283,667	0	1,283,667
Due from other government agencies	8,764,315	0	8,764,315
Internal balances	170,000	(170,000)	0
Inventories	125,571	1,938,929	2,064,500
Prepays	61,714	294,816	356,530
Notes receivable - current	6,210	0	6,210
Total current assets	\$ 41,241,883	\$ 25,147,280	\$ 66,389,163
Noncurrent assets:			
Receivable from customers for conservation loans	\$ 0	\$ 465,682	\$ 465,682
Deferred charges	94,845	331,205	426,050
Other noncurrent assets	0	51,964	51,964
Capital assets:			
Land and construction in progress	6,968,773	2,568,039	9,536,812
Other capital assets, net of accumulated depreciation	89,063,153	133,920,950	222,984,103
Total noncurrent assets	\$ 96,126,771	\$ 137,337,840	\$ 233,464,611
Total Assets	\$ 137,368,654	\$ 162,485,120	\$ 299,853,774
LIABILITIES			
Current liabilities:			
Accrued liabilities	\$ 2,127,118	\$ 359,329	\$ 2,486,447
Accounts payable	1,407,525	7,905,631	9,313,156
Customer deposits	0	1,797,113	1,797,113
Matured bonds and interest payable	264,048	0	264,048
Unearned revenue	19,322,133	0	19,322,133
Bonds and notes payable - current	1,380,000	2,515,000	3,895,000
Compensated absences payable - current	99,303	0	99,303
Other current liabilities	0	2,036,757	2,036,757
Total current liabilities	\$ 24,600,127	\$ 14,613,830	\$ 39,213,957
Long-term liabilities:			
Conservation advances from T.V.A.	\$ 0	\$ 475,456	\$ 475,456
Bonds and notes payable	42,475,188	41,940,694	84,415,882
Compensated absences payable	1,141,980	0	1,141,980
Total long-term liabilities	\$ 43,617,168	\$ 42,416,150	\$ 86,033,318
Total Liabilities	\$ 68,217,295	\$ 57,029,980	\$ 125,247,275
NET ASSETS			
Invested in capital assets, net of related debt	\$ 51,571,926	\$ 92,033,295	\$ 143,605,221
Restricted for:			
Perpetual care:			
Nonexpendable	459,646	0	459,646
Unrestricted	17,119,787	13,421,845	30,541,632
Total Net Assets	\$ 69,151,359	\$ 105,455,140	\$ 174,606,499

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2005

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Changes in Net Assets	
					Governmental Activities	Business-type Activities
Primary government:						
Governmental activities:						
General government	\$ 2,391,498	\$ 33,377	\$ 107,985	\$ 0	\$ (2,250,136)	\$ 0
Planning and inspection	622,028	387,823	124,112	87,867	(22,226)	0
Public safety	14,180,863	3,333,655	278,118	435,140	(10,133,950)	0
Public works	8,429,567	2,090,937	1,071,992	698,547	(4,568,091)	0
Health and welfare	538,263	265,624	0	0	(272,639)	0
Culture and recreation	2,952,398	460,257	427,039	520,597	(1,544,505)	0
Education	35,475,697	1,135,028	27,491,524	600,000	(6,249,145)	0
Interest on long-term debt	1,992,504	0	0	0	(1,992,504)	0
Total governmental activities	\$ 66,582,818	\$ 7,706,701	\$ 29,500,770	\$ 2,342,151	\$ (27,033,196)	\$ 0
Business-type activities:						
Water and sewer	\$ 16,105,695	\$ 16,437,866	\$ 0	\$ 708,439	\$ 0	\$ 1,040,610
Electric	62,737,439	65,541,717	0	0	0	2,804,278
Brush Chipping	140,635	202,790	0	0	0	62,155
Total business-type activities	\$ 78,983,769	\$ 82,182,373	\$ 0	\$ 708,439	\$ 0	\$ 3,907,043
Total primary government	\$ 145,566,587	\$ 89,889,074	\$ 29,500,770	\$ 3,050,590	\$ (27,033,196)	\$ (23,126,153)
General revenues:						
Property taxes		\$ 8,967,774			\$ 0	\$ 8,967,774
Property taxes - fire		4,019,302			0	4,019,302
Interest and penalty on taxes		119,841			0	119,841
In lieu of taxes		19,411			0	19,411
Local sales tax		7,186,302			0	7,186,302
Wholesale beer tax		1,088,535			0	1,088,535
Gross receipts tax		943,128			0	943,128
Franchise tax		716,475			0	716,475
State sales tax		2,273,609			0	2,273,609
Other state taxes		919,876			0	919,876
Grants and contributions not restricted to specific programs		442,832			0	442,832
Unrestricted investment earnings		621,856		340,266	0	962,122
Transfers		1,493,683		(1,493,683)	0	0
Total general revenues and transfers		\$ 28,812,624		\$ (1,153,417)	\$ 27,659,207	
Change in net assets		\$ 1,779,428		\$ 2,753,626	\$ 4,533,054	
Net assets - beginning		67,371,931		102,701,514	170,073,445	
Net assets - ending		\$ 69,151,359		\$ 105,455,140	\$ 174,606,499	

CITY OF CLEVELAND, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005

	General Fund	School Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,352,839	\$ 3,037,864	\$ 1,487,440	\$ 4,610,921	\$ 13,489,064
Cash and cash equivalents - restricted	0	0	0	459,646	459,646
Investments	0	0	0	502,159	502,159
Accounts receivable - net	309,970	0	312,851	201,880	824,701
Property taxes receivable - net	15,213,779	0	284,568	0	15,498,347
Sales tax receivable	395,123	888,544	0	0	1,283,667
Due from other government agencies	2,024,415	5,093,329	197,621	1,448,950	8,764,315
Due from other funds	574,305	0	0	175,000	749,305
Inventories	8,502	0	0	0	8,502
Prepays	0	0	61,714	0	61,714
Notes receivable	0	0	0	6,210	6,210
Total Assets	<u>\$ 22,878,933</u>	<u>\$ 9,019,737</u>	<u>\$ 2,344,194</u>	<u>\$ 7,404,766</u>	<u>\$ 41,647,630</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accrued liabilities	\$ 335,153	\$ 1,604,395	\$ 0	\$ 187,570	\$ 2,127,118
Accounts payable	456,120	275,766	6,246	644,983	1,383,115
Due to other funds	0	0	0	574,305	574,305
Matured interest payable	0	0	0	1,097	1,097
Matured bonds payable	0	0	0	1,000	1,000
Unearned revenue	15,420,383	5,352,947	542,470	8,133	21,323,933
Total Liabilities	<u>\$ 16,211,656</u>	<u>\$ 7,233,108</u>	<u>\$ 548,716</u>	<u>\$ 1,417,088</u>	<u>\$ 25,410,568</u>
Fund balances:					
Reserved for:					
Capital outlay	\$ 0	\$ 0	\$ 0	\$ 210,328	\$ 210,328
Books and equipment	0	0	0	238,975	238,975
Federal projects	0	0	0	207,828	207,828
Noncurrent loans	0	0	0	500	500
Endowment	0	0	0	459,646	459,646
Unreserved	6,667,277	1,786,629	1,795,478	0	10,249,384
Unreserved, reported in nonmajor:					
Special revenue	0	0	0	1,215,527	1,215,527
Debt service	0	0	0	1,647,744	1,647,744
Capital projects	0	0	0	1,998,815	1,998,815
Permanent fund	0	0	0	8,315	8,315
Total fund balances	<u>\$ 6,667,277</u>	<u>\$ 1,786,629</u>	<u>\$ 1,795,478</u>	<u>\$ 5,987,678</u>	<u>\$ 16,237,062</u>
Total liabilities and fund balances	<u>\$ 22,878,933</u>	<u>\$ 9,019,737</u>	<u>\$ 2,344,194</u>	<u>\$ 7,404,766</u>	<u>\$ 41,647,630</u>

CITY OF CLEVELAND, TENNESSEE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2005

Total fund balances per governmental funds balance sheet	\$ 16,237,062
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	94,655,221
Long-term liabilities, including bonds, notes payable, compensated absences and interest payable are not due and payable in the current period and therefore are not reported in the funds.	(45,963,234)
Governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	699,657
Internal service funds are used by management to charge the costs of fleet management services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,520,853
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.	2,001,800
Net assets of governmental activities	<u>\$ 69,151,359</u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2005

Revenues:	General Fund	School Fund	Fire Protection Fund	Other Governmental Funds	Total Governmental Funds
Taxes	\$ 19,050,232	\$ 0	\$ 4,000,224	\$ 0	\$ 23,050,456
Licenses and permits	498,359	0	1,050	0	499,409
Intergovernmental	3,590,810	22,318,838	1,960,705	8,237,268	36,107,621
Fines and forfeitures	979,401	0	637	155,784	1,135,822
Charges for services	999,653	332,466	0	2,873,444	4,205,563
Interest	198,634	216,799	51,509	154,916	621,858
Miscellaneous	95,932	481,264	13,675	184,145	775,016
Total revenues	\$ 25,413,021	\$ 23,349,367	\$ 6,027,800	\$ 11,605,557	\$ 66,395,745
Expenditures:					
Current:					
General government	\$ 1,893,992	\$ 0	\$ 0	\$ 141,126	\$ 2,035,118
Planning and inspection	501,939	0	0	61,169	563,108
Public safety	6,822,536	0	5,767,560	543,126	13,133,222
Public works	3,279,157	0	0	3,775,623	7,054,780
Health and welfare	428,047	0	0	0	428,047
Culture and recreation	1,463,654	0	0	950,626	2,414,280
Education	0	27,260,353	0	5,694,665	32,955,018
Appropriations	858,485	0	0	0	858,485
Capital outlay	0	0	0	4,316,712	4,316,712
Debt service:					
Principal retirement	0	70,000	0	1,285,000	1,355,000
Interest and fiscal charges	0	15,525	0	2,071,942	2,087,467
Total expenditures	\$ 15,247,810	\$ 27,345,878	\$ 5,767,560	\$ 18,839,989	\$ 67,201,237
Excess (deficiency) of revenues over expenditures	\$ 10,165,211	\$ (3,996,511)	\$ 260,240	\$ (7,234,432)	\$ (805,492)
Other financing sources (uses):					
Transfers in	\$ 1,493,683	\$ 4,706,858	\$ 464,775	\$ 7,218,025	\$ 13,883,341
Transfers out	(10,763,198)	(381,775)	(204,731)	(1,064,954)	(12,414,658)
Notes issued	0	0	0	1,025,000	1,025,000
Refunding bonds issued	0	0	0	10,580,000	10,580,000
Payment to refunding bond escrow agent	0	0	0	(10,483,075)	(10,483,075)
Total other financing sources (uses)	\$ (9,269,515)	\$ 4,325,083	\$ 260,044	\$ 7,274,996	\$ 2,590,608
Net change in fund balances	\$ 895,696	\$ 328,572	\$ 520,284	\$ 40,564	\$ 1,785,116
Fund balance at beginning of year	5,771,581	1,458,057	1,275,194	5,947,114	14,451,946
Fund balance ending	\$ 6,667,277	\$ 1,786,629	\$ 1,795,478	\$ 5,987,678	\$ 16,237,062

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, 2005

Net change in fund balances for total governmental funds	\$	1,785,116
<p>Governmental funds report capital outlay as expenditures, However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period.</p>		
		(965,376)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		115,252
<p>Donated property not recorded as revenue in governmental funds</p>		
		500,000
<p>Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
		11,220,000
<p>Deferred charges from refunding of debt:</p>		
Deferred charges - issuance cost	\$	96,925
Deferred charges - refunding		<u>618,075</u>
		715,000
<p>Notes issued is reported as a financial resource in the governmental funds. However, this is reported as an increase in long-term liabilities in the statement of net assets. During the current year additional loan proceeds were drawn on notes payable.</p>		
		(11,605,000)
<p>Internal service funds are used by management to charge the costs of fleet management services to individual funds. The net revenue of the internal service fund is reported with governmental activities.</p>		
		39,104
<p>Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:</p>		
Net decrease in accrued interest	\$	13,381
Amortization of debt issuance cost		(15,343)
Increase in compensated absences		<u>(22,706)</u>
Total additional expenditures		(24,668)
Change in net assets of governmental activities	\$	<u><u>1,779,428</u></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, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Taxes:				
Property taxes - real estate	\$ 8,538,407	\$ 8,654,115	\$ 8,728,010	\$ 73,895
Property taxes - utility	256,345	261,312	248,530	(12,782)
Interest and penalty on taxes	92,000	111,000	119,841	8,841
In lieu of taxes	1,420	19,100	19,411	311
Local sales tax	6,810,837	7,258,475	7,186,302	(72,173)
Wholesale beer tax	1,021,508	1,096,000	1,088,535	(7,465)
Gross receipts tax	763,500	840,000	943,128	103,128
Franchise taxes	635,000	611,000	716,475	105,475
Total taxes	\$ 18,119,017	\$ 18,851,002	\$ 19,050,232	\$ 199,230
Licenses and permits:				
Beer licenses	\$ 5,800	\$ 5,800	\$ 5,100	\$ (700)
Beer renewal fee	11,800	11,800	11,917	117
Liquor license	11,000	4,230	8,870	4,640
Liquor license renewals	0	6,770	7,490	720
Building permits	198,500	198,500	208,754	10,254
Electrical permits	81,500	81,500	78,896	(2,604)
Electrical licenses	8,600	9,500	9,435	(65)
Mechanical permits	15,000	15,000	11,859	(3,141)
Mechanical licenses	3,000	3,000	3,793	793
Plumbing permits	37,000	42,000	41,102	(898)
Plumbing licenses	4,100	4,100	3,744	(356)
Street cut permits	51,000	60,000	68,570	8,570
Stormwater permits	0	1,500	8,589	7,089
Rezoning fee	0	1,200	2,600	1,400
Pud rezoning fee	0	4,000	2,650	(1,350)
Zoning appeal fee	0	600	600	0
Zoning letter fee	0	650	1,019	369
Recreation permits and maintenance fee	5,000	6,000	6,750	750
Plat review fee	4,000	5,000	5,317	317
Plans review fee	10,000	10,000	8,629	(1,371)
Certificate of occupancy	1,000	2,500	2,375	(125)
Alley or street abandonment fee	0	300	300	0
Total licenses and permits	\$ 447,300	\$ 473,950	\$ 498,359	\$ 24,409
Intergovernmental revenues:				
Federal grant - TEMA	\$ 0	\$ 20,116	\$ 20,116	\$ 0
Federal grant - protective vest	0	6,227	6,227	0
Police training supplement	48,600	48,600	44,608	(3,992)
Federal - homeland security 2004	0	123,512	122,289	(1,223)
Federal - homeland security	0	40,660	0	(40,660)
State for airport	7,500	0	0	0
State tree grant	0	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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues - (Continued)				
Intergovernmental revenues - (Continued)				
State sales tax	\$ 2,252,800	\$ 2,277,148	\$ 2,273,609	\$ (3,539)
State income tax	485,000	700,000	396,125	(303,875)
State beer tax	20,000	18,500	18,294	(206)
State mixed drink tax	53,500	57,000	60,415	3,415
State gas inspection tax	85,000	84,200	83,912	(288)
State highway maintenance tax	168,000	144,000	148,642	4,642
T.V.A. - In lieu of taxes	246,378	265,000	264,997	(3)
Excise tax	133,764	146,500	146,576	76
Total intergovernmental revenues	\$ 3,500,542	\$ 3,936,463	\$ 3,590,810	\$ (345,653)
Fines and forfeitures:				
Traffic tickets	\$ 576,000	\$ 650,000	\$ 772,207	\$ 122,207
Parking tickets	30,000	36,000	28,189	(7,811)
Animal Shelter	1,500	1,500	294	(1,206)
Code enforcement fines	0	0	1,000	1,000
Garnishments	2,700	4,000	5,419	1,419
Drug fines	46,500	38,000	36,590	(1,410)
Sessions court	53,500	58,000	43,846	(14,154)
Circuit court	26,000	24,000	18,815	(5,185)
Officers - sessions court	65,000	65,000	65,329	329
Officers - circuit court	2,000	3,000	4,132	1,132
State refunds	2,200	2,200	1,840	(360)
Sex offender registry	0	0	1,740	1,740
Total fines and forfeitures	\$ 805,400	\$ 881,700	\$ 979,401	\$ 97,701
Charges for services:				
Police protection	\$ 24,160	\$ 16,300	\$ 0	\$ (16,300)
Police accident reports	17,300	19,000	21,599	2,599
Police department contracted services	40,000	40,000	65,999	25,999
Police - Hamilton Co. Meth Lab	8,000	8,000	5,572	(2,428)
I.T. services for Weed & Seed	0	10,864	10,864	0
Airport maintenance	0	10,000	9,989	(11)
Street fund extra collections	1,300	350	342	(8)
Animal Shelter - sales	33,500	47,000	38,162	(8,838)
Animal Shelter - rabies	2,300	350	0	(350)
Bradley County - animal control	227,168	227,168	227,168	0
Tinsley Pool gate	24,200	15,000	20,823	5,823
Tinsley Pool concessions	8,000	5,000	5,637	637
Tinsley Pool rental	0	0	50	50
Tinsley Park tournament	16,207	7,100	14,340	7,240
Tinsley Park concessions	17,500	13,000	10,106	(2,894)
Tinsley Park rental	0	0	55	55
Cleveland Community Center	5,000	4,000	5,034	1,034

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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Charges for services - (Continued)				
Northeast Recreation	\$ 600	\$ 600	\$ 1,181	\$ 581
Park and recreation miscellaneous	2,667	2,000	1,386	(614)
SRO - City Schools	129,168	245,000	227,136	(17,864)
Cherokee Springs concessions	21,000	20,000	20,854	854
Cherokee Springs permits	67,000	65,000	61,516	(3,484)
Cherokee Springs tournaments	20,000	20,000	21,358	1,358
Cherokee Springs specials	36,000	108,000	122,429	14,429
Cherokee Springs cart rental fee	58,000	30,000	29,047	(953)
Cherokee Springs trail fee	10,400	6,000	5,553	(447)
Cherokee Springs cart shed rental	5,640	5,000	4,910	(90)
Cherokee Springs green fees	64,000	26,500	30,905	4,405
Cherokee Springs pro shop	18,500	17,000	14,978	(2,022)
Cherokee Springs wellness program dues	13,000	15,000	18,332	3,332
Cherokee Springs donations	1,000	0	0	0
Cherokee Springs miscellaneous	5,200	4,500	4,328	(172)
Total charges for services	\$ 876,810	\$ 987,732	\$ 999,653	\$ 11,921
Interest	\$ 36,000	\$ 100,000	\$ 198,634	\$ 98,634
Miscellaneous revenues:				
Central services building rent	\$ 7,200	\$ 7,800	\$ 7,800	\$ 0
Hangar rental	9,572	0	0	0
Taser court reimbursement	0	100	100	0
Sale of equipment	0	1,000	0	(1,000)
Sale of maps - engineering	0	0	168	168
Sale of plans	0	0	450	450
MPO in-kind services	60,000	0	0	0
Cleveland Utilities traffic signals	35,000	35,000	35,000	0
Police contracted services	0	10,200	10,200	0
Sign and decal reimbursement	0	4,998	7,805	2,807
Police department donations	0	416	416	0
D.A.R.E. Program	0	15,125	17,250	2,125
Donations - police dog	0	468	468	0
TML safety grant	0	2,000	2,000	0
Animal Shelter donations	0	3,564	4,349	785
Animal Shelter - pet adoptions	0	770	769	(1)
TML refund	0	4,561	4,561	0
TML property damage reimbursement	0	0	668	668
Miscellaneous	5,000	2,000	3,928	1,928
Total miscellaneous revenues	\$ 116,772	\$ 88,002	\$ 95,932	\$ 7,930
Total revenues	\$ 23,901,841	\$ 25,318,849	\$ 25,413,021	\$ 94,172

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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Current				
General government:				
Legislative and judicial:				
Salaries - administrative	\$ 47,238	\$ 47,238	\$ 47,554	\$ (316)
Salaries - city council	62,400	62,402	62,792	(390)
Salaries - judicial	29,725	29,725	30,832	(1,107)
Part time wages	1,000	1,000	0	1,000
Longevity	4,950	4,950	4,950	0
Sold vacations	1,000	1,000	909	91
Christmas bonus	323	323	300	23
Dental insurance	3,644	3,994	3,992	2
Social Security taxes	11,218	11,218	10,497	721
Health insurance	28,057	38,688	38,199	489
Retirement	21,117	21,117	17,549	3,568
Life and disability insurance	3,505	3,505	2,563	942
Workers' compensation	1,063	1,217	1,103	114
Election	15,000	14,105	14,102	3
Postage	550	550	220	330
Printing	1,500	1,500	1,070	430
Subscriptions and memberships	6,178	5,741	3,655	2,086
Flowers and plaques	900	900	367	533
Advertising	1,800	1,800	1,648	152
City directories	600	0	0	0
Telephone and pager	9,000	10,700	9,670	1,030
Government consulting services	14,000	14,000	12,858	1,142
Equipment repair and replacement	1,575	1,675	1,675	0
Contract maintenance services	2,500	2,525	2,522	3
Emergency repairs - city buildings	20,000	5,248	3,797	1,451
Travel and training	12,302	12,302	9,228	3,074
Council work sessions	2,700	2,700	2,309	391
Complimentary meals	1,000	1,300	1,261	39
Office expenditures and paper	3,100	2,800	2,776	24
Janitorial	360	360	0	360
Insurance - general liability	1,290	839	839	0
Employee bonds	8,400	8,400	40	8,360
Rent - parking lots	3,000	3,000	3,000	0
Service pins - all departments	3,000	500	437	63
Employee Christmas dinner	1,300	1,400	1,398	2
Employee picnic	0	6,000	5,773	227
Fireworks display	5,600	6,869	6,859	10

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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Legislative and judicial - (Continued)				
Miscellaneous	\$ 500	\$ 500	\$ 88	\$ 412
Office machinery and equipment	640	640	478	162
Council room equipment and supplies	1,697	1,697	331	1,366
Total legislative and judicial	\$ 333,732	\$ 334,428	\$ 307,641	\$ 26,787
Administration and finance				
Salaries	\$ 640,037	\$ 647,067	\$ 642,879	\$ 4,188
Overtime wages	8,440	8,639	8,913	(274)
Part time wages	5,100	14,000	14,001	(1)
Service awards	0	750	750	0
Longevity	6,300	6,300	6,300	0
Sold vacations	4,167	6,035	6,034	1
Christmas bonus	1,722	1,600	1,600	0
College pay	4,000	2,560	2,560	0
Dental insurance	7,284	5,965	5,956	9
Social Security tax	51,237	52,647	49,597	3,050
Health insurance	64,477	58,700	57,366	1,334
Retirement	96,377	97,873	98,327	(454)
Life and disability insurance	8,371	8,036	7,970	66
Retirement - medicare supplement	1,450	0	0	0
Worker's compensation	2,836	3,315	3,314	1
Employee assistance program	8,000	9,300	7,791	1,509
Education reimbursement	6,600	5,185	5,184	1
Worker's compensation claims	200	315	314	1
Flex spending program	0	12,125	6,902	5,223
Laundry and dry cleaning	450	600	609	(9)
Postage	13,500	14,000	6,764	7,236
Postage machine lease	1,350	1,650	1,627	23
Printing	11,250	7,000	6,729	271
Printing - property taxes	3,900	3,925	3,923	2
Citizens Newsletter	2,000	2,365	2,365	0
Subscriptions and memberships	4,250	3,700	3,630	70
Advertising	5,700	3,000	2,068	932
Utilities	15,750	14,500	14,334	166
Telephone	20,300	22,500	20,978	1,522
Contracted services - computer systems	146,823	146,000	114,005	31,995
Drug and alcohol tests	3,500	3,500	3,115	385

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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Administration and finance - (Continued)				
Legal fees	\$ 65,000	\$ 66,109	\$ 66,108	\$ 1
Audit fees	43,750	43,750	43,750	0
Reappraisal fee	58,074	58,074	53,033	5,041
Appraisal fee	2,000	700	675	25
Vehicle	750	750	219	531
Small equipment repairs	600	200	71	129
Copier maintenance	3,500	3,600	3,438	162
Building maintenance	15,000	22,500	21,068	1,432
Maintenance - Little building	700	675	703	(28)
Car allowance	8,400	8,400	8,400	0
Training and travel	13,000	14,500	12,480	2,020
Departmental work sessions	900	750	763	(13)
Pest control	750	750	750	0
Office expenditures	21,000	27,500	27,615	(115)
First aid safety supplies	100	100	94	6
Janitorial supplies	1,000	1,700	1,473	227
Gasoline and oil	1,200	1,500	1,334	166
Insurance - buildings and contents	2,539	2,300	2,298	2
Insurance - vehicles	436	500	498	2
Insurance - general liability	6,021	4,150	4,149	1
Insurance - professional liability	20,228	28,726	28,726	0
Insurance - employee bonds	110	50	50	0
Computer software support	16,500	12,000	11,970	30
Contracted services - security	0	1,800	1,250	550
State - business tax	140,500	131,457	57,069	74,388
State - electric fees	75,443	69,000	68,498	502
State - litigation tax	10,000	27,236	32,529	(5,293)
Tax refunds	10,000	6,000	5,826	174
Employee appreciation day	6,000	5,300	5,242	58
Miscellaneous	500	1,800	1,782	18
Bad debt	25,000	40,000	18,341	21,659
Equipment	1,453	250	244	6
Total administration and finance	<u>\$ 1,695,825</u>	<u>\$ 1,745,279</u>	<u>\$ 1,586,351</u>	<u>\$ 187,655</u>
Total general government	<u>\$ 2,029,557</u>	<u>\$ 2,079,707</u>	<u>\$ 1,893,992</u>	<u>\$ 214,442</u>
Planning and Inspection:				
Salaries	\$ 363,579	\$ 314,474	\$ 297,588	\$ 16,886
Overtime wages	2,300	2,050	479	1,571

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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Planning and inspection - (Continued)				
Planning and inspection - (Continued)				
Part time wages	\$ 10,000	\$ 9,050	\$ 8,777	\$ 273
Longevity	1,500	1,750	1,750	0
Sold vacations	2,177	2,177	1,642	535
Christmas bonus	969	969	800	169
Dental insurance	5,860	4,020	3,827	193
Social security taxes	29,110	25,325	23,400	1,925
Health insurance	57,321	43,337	35,018	8,319
Retirement	53,726	46,606	43,946	2,660
Life and disability insurance	4,605	4,605	4,438	167
Worker's compensation	10,442	11,284	11,283	1
Education reimbursement	2,640	0	0	0
Worker's compensation claims	250	250	5	245
Laundry and dry cleaning	1,922	1,922	1,205	717
Postage	1,000	1,000	929	71
Printing and artwork	1,200	1,200	1,070	130
Subscriptions and memberships	2,200	2,836	2,544	292
Retirement and bereavement	0	65	0	65
Advertising	1,000	500	123	377
Utilities	5,300	6,100	5,817	283
Telephone	8,000	8,000	5,968	2,032
Legal services - urban renewal	200	0	0	0
Vehicle maintenance	4,800	7,500	7,178	322
Office equipment maintenance	1,200	1,450	1,317	133
Building maintenance	5,000	1,521	789	732
Car allowance	4,200	4,200	4,200	0
Travel and training	6,000	6,000	4,906	1,094
Complimentary meals	380	180	166	14
Contracted services - pest control	240	240	216	24
Office supplies	6,500	8,000	7,771	229
First aid kits	214	214	192	22
Janitorial supplies	1,100	600	433	167
Uniforms	2,100	2,100	2,047	53
Gasoline and oil	4,500	8,429	8,428	1
Insurance - buildings and contents	736	705	705	0
Insurance - vehicles and equipment	1,234	1,405	1,404	1
Insurance - general liability	1,921	1,477	1,476	1
Insurance - employee bonds	44	44	0	44
Planning commission	3,200	3,550	3,404	146
Board of zoning appeals	2,200	941	694	247

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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Planning and inspection - (Continued)				
Historic zoning commission	\$ 6,000	\$ 650	\$ 476	\$ 174
Miscellaneous	500	235	140	95
Lot clearing	12,000	853	675	178
Office equipment	3,000	5,098	4,713	385
Total planning and inspection	\$ 632,370	\$ 542,912	\$ 501,939	\$ 40,973
Public safety:				
Police department:				
Salaries	\$ 3,708,155	\$ 3,626,249	\$ 3,618,818	\$ 7,431
Overtime wages	124,100	124,100	112,605	11,495
Part time wages	0	1,960	2,665	(705)
Accumulated holiday pay	20,710	20,710	4,984	15,726
Salaries - school patrol	98,692	70,192	61,572	8,620
Supplemental pay	11,050	1,550	1,205	345
State grant - in service training	48,600	48,600	44,608	3,992
Overtime - contracted services	40,000	40,000	49,686	(9,686)
Service awards	0	1,825	1,825	0
Longevity	50,050	46,550	46,550	0
Sold vacations	31,650	31,650	28,569	3,081
Christmas bonus	12,381	11,100	11,100	0
College pay	12,245	11,215	11,215	0
Dental insurance	39,968	39,968	35,700	4,268
Social security taxes	321,811	307,811	294,517	13,294
Health insurance	423,834	415,334	406,238	9,096
Retirement	609,404	573,379	545,994	27,385
Life and disability insurance	46,647	45,147	44,231	916
Worker's compensation	151,587	184,772	184,770	2
Unemployment compensation	7,500	7,500	6,337	1,163
Education reimbursement	17,160	12,160	10,563	1,597
Worker's compensation claims	11,500	11,500	2,482	9,018
Laundry and dry cleaning	23,400	25,900	20,370	5,530
Employee physicals	11,575	11,260	8,887	2,373
Pre-employment tests	1,300	1,795	1,779	16
Uniforms - school patrol	4,500	7,500	5,640	1,860
Postage	4,000	4,000	1,488	2,512
Lease - radio tower	3,750	3,750	2,813	937
Contracted services - vehicles	6,500	6,500	5,000	1,500
Communications - replacement	11,900	19,400	9,590	9,810

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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Police department - (Continued)				
Digital pagers	\$ 4,700	\$ 4,450	\$ 4,024	\$ 426
Printing	10,000	10,000	7,536	2,464
Annual report	0	1,208	0	1,208
Subscriptions and memberships	3,900	3,900	3,340	560
Flowers and plaques	500	1,000	425	575
Advertising	800	800	388	412
Awards program	0	1,566	1,444	122
Utilities	28,000	33,000	32,380	620
Telephone	61,000	61,000	56,482	4,518
NCIC computer line	11,400	11,400	7,970	3,430
Vehicle maintenance	400,000	400,000	348,277	51,723
Small equipment repair	1,000	1,712	1,620	92
Copier maintenance	7,700	7,700	4,745	2,955
Building maintenance	20,000	15,000	10,728	4,272
Travel and training	34,000	38,625	37,597	1,028
Mutual aid meals	1,400	1,410	1,159	251
Police supplies	1,500	2,170	2,169	1
Batteries	2,000	2,220	2,247	(27)
Tapes - video and audio	1,000	1,000	167	833
Detective supplies	3,000	4,500	4,024	476
Film	5,000	6,100	5,505	595
SRT supplies	5,500	5,500	5,301	199
Office expenditures and paper	25,000	24,625	21,778	2,847
Protective vests	12,555	24,187	8,091	16,096
Safety supplies	1,400	1,400	948	452
Janitorial supplies	3,000	3,750	3,747	3
Uniforms reimbursement	47,350	62,350	49,919	12,431
Ammunition	18,200	18,680	18,677	3
Crime prevention	2,550	2,675	2,675	0
Gasoline and oil	111,000	148,300	148,554	(254)
Video maintenance	750	750	536	214
Canine fees	3,000	4,400	4,018	382
Insurance - buildings and contents	4,210	4,126	4,126	0
Insurance - vehicles and equipment	50,900	50,195	50,194	1
Insurance - general liability	61,122	60,988	60,987	1
Insurance - employee bonds	300	425	362	63
Building rent	0	73,500	68,417	5,083
Computer software support	15,000	1,250	530	720

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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Police department - (Continued)				
Miscellaneous	\$ 500	\$ 500	\$ 0	\$ 500
Honor Guard	500	1,062	831	231
Public service unit	9,000	9,106	5,249	3,857
Investigative funds	2,000	2,000	0	2,000
D.A.R.E. program	0	16,585	13,692	2,893
Donations - Trauma Bear Program	0	14	0	14
Donation - child safety seats	0	468	468	0
Handgun replacement	2,000	2,000	2,000	0
Small equipment	0	875	787	88
Video cameras	0	45,000	45,000	0
Office equipment	2,000	5,615	4,865	750
Command post enhancements	0	40,660	40,660	0
Bomb robot	0	123,512	122,302	1,210
Command post local	0	5,521	5,520	1
Total police department	<u>\$ 6,828,706</u>	<u>\$ 7,062,157</u>	<u>\$ 6,804,262</u>	<u>\$ 257,895</u>
Safety program:				
Hazard communications	\$ 500	\$ 500	\$ 500	\$ 0
Confined spaces	3,000	6,100	5,849	251
Respiratory protection	8,400	7,300	7,273	27
Travel and training	2,000	2,000	1,944	56
Infectious disease control	2,425	2,425	2,359	66
Hazmat cleanup	2,000	2,000	200	1,800
Office supplies	500	500	149	351
Total safety program	<u>\$ 18,825</u>	<u>\$ 20,825</u>	<u>\$ 18,274</u>	<u>\$ 2,551</u>
Total public safety	<u>\$ 6,847,531</u>	<u>\$ 7,082,982</u>	<u>\$ 6,822,536</u>	<u>\$ 260,446</u>
Public works:				
Operations division:				
Salaries	\$ 680,750	\$ 620,923	\$ 609,728	\$ 11,195
Overtime wages	9,495	7,495	4,317	3,178
Part time wages	3,600	0	300	(300)
Service awards	0	450	450	0
Accumulated holiday pay	0	0	0	0
Longevity	9,650	9,400	9,400	0
Sold vacation	6,381	5,445	5,445	0
Christmas bonus	2,476	2,000	2,000	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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Operations division - (Continued)				
College pay	\$ 1,340	\$ 905	\$ 905	\$ 0
Dental insurance	8,674	8,674	6,882	1,792
Social security tax	54,598	51,598	45,704	5,894
Health insurance	100,679	100,679	85,221	15,458
Retirement	91,738	91,738	83,967	7,771
Life and disability insurance	8,082	8,082	7,342	740
Worker's compensation	26,032	34,632	34,631	1
Unemployment compensation	0	7,000	6,578	422
Education reimbursement	500	500	500	0
Worker's compensation claims	3,500	5,000	6,166	(1,166)
Laundry and dry cleaning	900	750	316	434
Pre-employment drug testing	300	300	230	70
Safety shoes	2,500	1,700	1,678	22
Postage	200	350	335	15
Printing	300	300	285	15
Subscriptions and memberships	550	550	549	1
Flowers and plaques	500	700	684	16
Advertising	100	450	432	18
Utilities	21,285	24,000	21,778	2,222
Telephone	14,300	14,800	14,663	137
Building maintenance	8,500	8,700	8,551	149
Travel and training	2,000	2,500	2,434	66
Department work sessions	900	900	897	3
Pest control	1,000	1,000	845	155
Office expenditures and paper	4,500	5,800	5,747	53
Operating supplies	2,650	4,000	3,847	153
Safety supplies	1,200	1,200	990	210
Janitorial supplies	900	900	815	85
Uniforms	13,125	13,375	13,250	125
Gasoline and oil	47,500	55,000	54,817	183
Repairs and parts	168,850	206,847	205,089	1,758
Paving and materials	200,000	216,200	201,331	14,869
Insurance - building and contents	6,477	6,703	6,703	0
Insurance - vehicle and equipment	14,582	14,362	14,361	1
Insurance - general liability	12,295	12,583	12,582	1
Insurance - employee bonds	100	100	0	100
Airport maintenance	9,000	0	0	0
Worksessions and Christmas dinner	700	700	696	4

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Operations division - (Continued)				
Miscellaneous	\$ 500	\$ 500	\$ 370	\$ 130
Tree nursery	0	0	0	0
Public works softball sponsor	1,500	1,800	1,785	15
Small equipment	3,000	3,925	3,925	0
Roof repair	0	3,800	3,800	0
Total operations division	<u>\$ 1,547,709</u>	<u>\$ 1,559,316</u>	<u>\$ 1,493,321</u>	<u>\$ 65,995</u>
Engineering :				
Salaries	\$ 365,137	\$ 345,937	\$ 310,749	\$ 35,188
Overtime wages	2,000	1,375	961	414
Part time wages	3,575	12,575	10,407	2,168
Accumulated holiday pay	625	125	0	125
Service awards	0	150	150	0
Longevity	2,550	3,025	3,025	0
Sold vacation	3,522	2,322	1,004	1,318
Christmas bonus	969	909	900	9
Dental insurance	3,632	3,632	3,096	536
Social Security taxes	28,946	29,246	24,114	5,132
Health insurance	41,292	41,292	38,148	3,144
Retirement	54,346	54,346	40,295	14,051
Life and disability insurance	4,415	4,415	3,894	521
Worker's compensation	8,529	9,878	9,463	415
Education reimbursement	500	125	0	125
Worker's compensation claims	0	300	249	51
Clothing allowance and shoes	1,650	1,150	1,115	35
Postage	100	100	66	34
Printing	300	203	203	0
Subscriptions and memberships	1,200	2,537	2,534	3
Retirement and bereavement	300	600	630	(30)
Advertising	900	171	170	1
Utilities	17,600	15,100	13,012	2,088
Telephone	11,550	9,550	6,879	2,671
Vehicle maintenance	6,000	13,250	13,213	37
Office equipment maintenance	3,000	1,650	988	662
Building maintenance	5,000	3,400	2,633	767
Travel and training	2,800	2,238	2,044	194
Complimentary meals	200	300	296	4

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Engineering - (Continued)				
Contracted services - pest control	\$ 120	\$ 180	\$ 144	\$ 36
Office expenditures	5,000	5,800	5,542	258
Operating supplies	500	100	72	28
Janitorial	700	700	547	153
Uniforms	2,600	2,100	1,887	213
Gasoline and oil	4,000	5,200	4,829	371
Insurance - building and contents	1,199	1,442	1,442	0
Insurance - vehicle and equipment	1,838	2,080	2,079	1
Insurance - general liability	2,188	1,371	1,370	1
Insurance - employee bonds	60	60	0	60
Miscellaneous	500	400	180	220
Computer equipment	0	3,926	3,733	193
Equipment	1,000	2,905	2,887	18
Total engineering	\$ 590,343	\$ 586,165	\$ 514,950	\$ 71,215
Sign and signal:				
Street lighting	\$ 541,402	\$ 530,975	\$ 515,358	\$ 15,617
Telephone	3,300	3,200	2,841	359
Traffic light utility service	33,222	33,624	33,565	59
Small equipment maintenance	1,700	900	817	83
Traffic light repair maintenance	118,801	118,801	112,311	6,490
Sign shop supplies	2,300	1,700	1,618	82
Sign parts and supplies	40,000	68,033	67,265	768
Traffic signal supplies	1,800	2,193	1,427	766
Major safety markings	46,000	58,415	58,414	1
Thermoplastic contract	20,200	15,426	15,333	93
Signalization	3,600	5,960	5,859	101
Small equipment	2,200	4,031	4,031	0
Total sign and signal	\$ 814,525	\$ 843,258	\$ 818,839	\$ 24,419
Landscaping maintenance:				
Salaries	\$ 230,236	\$ 206,188	\$ 205,560	\$ 628
Overtime wages	3,366	500	374	126
Part time wages	3,165	4,890	4,889	1
Service awards	0	75	75	0
Longevity	2,600	2,100	2,100	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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Landscaping maintenance - (Continued)				
Sold vacation	\$ 2,714	\$ 1,290	\$ 1,289	\$ 1
Christmas bonus	862	700	700	0
Dental insurance	2,167	1,619	1,608	11
Social security taxes	18,585	16,658	15,709	949
Health Insurance	33,456	28,671	25,431	3,240
Retirement	34,768	27,136	25,140	1,996
Life and disability insurance	2,919	2,388	2,299	89
Worker's compensation	8,956	10,951	10,951	0
Worker's compensation claims	200	314	271	43
Pre-employment testing	80	325	305	20
Postage	25	25	25	0
Printing	70	70	0	70
Subscriptions and memberships	400	400	320	80
Advertising	125	250	187	63
Utilities	0	400	361	39
Telephone	2,200	2,600	2,570	30
Vehicle maintenance	38,500	63,026	63,026	0
Equipment repairs	3,800	3,900	3,813	87
Travel and training	2,500	2,800	2,526	274
Other contracted services	1,200	1,200	145	1,055
Office expenditures	400	600	520	80
Botanical supplies	10,000	10,000	8,570	1,430
Uniforms	5,750	5,750	5,101	649
State grant - trees	0	5,000	4,999	1
Donations - memorial tree fund	0	12,975	11,914	1,061
Gasoline and oil	9,500	14,400	14,384	16
Insurance - vehicle and equipment	2,437	1,374	1,373	1
Insurance - general liability	1,350	1,705	1,704	1
Miscellaneous	500	525	514	11
Small equipment	1,500	955	862	93
Total landscaping maintenance	<u>\$ 424,331</u>	<u>\$ 431,760</u>	<u>\$ 419,615</u>	<u>\$ 12,145</u>
Janitorial services:				
Part time wages	\$ 30,177	\$ 30,177	\$ 28,313	\$ 1,864
Social security taxes	2,309	2,309	2,166	143

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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Janitorial services - (Continued)				
Janitorial and paper supplies	\$ 2,500	\$ 2,500	\$ 1,813	\$ 687
Small equipment	500	500	140	360
Total janitorial services	<u>\$ 35,486</u>	<u>\$ 35,486</u>	<u>\$ 32,432</u>	<u>\$ 3,054</u>
Total public works	<u>\$ 3,412,394</u>	<u>\$ 3,455,985</u>	<u>\$ 3,279,157</u>	<u>\$ 176,828</u>
Health and welfare:				
Animal Shelter:				
Salaries	\$ 194,423	\$ 182,173	\$ 202,764	\$ (20,591)
Overtime wages	25,035	16,712	15,384	1,328
Service awards	0	175	175	0
Longevity	2,700	2,650	2,650	0
Sold vacation	1,000	1,000	526	474
Christmas bonus	754	600	600	0
College pay	0	500	500	0
Dental insurance	2,799	2,799	2,425	374
Social Security tax	17,129	15,869	16,298	(429)
Health insurance	29,337	30,077	32,599	(2,522)
Retirement	32,467	32,467	30,611	1,856
Life and disability insurance	3,655	4,280	2,543	1,737
Worker's compensation	6,300	6,262	6,261	1
Education reimbursement	0	1,063	1,063	0
Worker's compensation claims	500	2,000	1,378	622
Laundry and dry cleaning	2,700	5,200	3,581	1,619
Employee physicals	200	200	33	167
Protective immunizations	900	1,245	1,245	0
Postage	35	35	19	16
Contracted services - vehicles	800	800	800	0
Printing	1,350	1,350	1,149	201
Subscriptions and memberships	200	342	361	(19)
Advertising	540	540	0	540
Utilities and pager	5,600	6,375	7,220	(845)
Telephone	5,000	5,977	6,530	(553)
Adoption and veterinary fees	25,000	44,500	29,565	14,935
Vehicle maintenance	15,000	15,000	13,164	1,836
Grounds improvement	500	1,230	1,213	17

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Health and welfare - (Continued)				
Animal Shelter - (Continued)				
Building maintenance	\$ 5,000	\$ 11,460	\$ 11,007	\$ 453
Training and travel	2,700	2,220	2,179	41
Roof repair	2,900	2,900	2,900	0
Landfill	2,850	2,450	2,090	360
Office supplies and printing	2,500	2,500	2,418	82
Janitorial supplies	1,000	1,015	1,198	(183)
Uniforms and safety shoes	3,000	3,000	2,969	31
Gasoline and oil	5,000	10,400	10,475	(75)
Euthanasia and supplies	5,850	5,450	4,233	1,217
Pet food	1,200	1,200	1,413	(213)
Donations - cages and supplies	0	3,601	1,577	2,024
Insurance - building and contents	315	305	304	1
Insurance - vehicles and equipment	961	1,099	1,099	0
Insurance - general liability	1,450	918	917	1
Insurance - employee bonds	110	110	0	110
Miscellaneous	500	440	181	259
Equipment	1,000	2,430	2,430	0
Total Animal Shelter	<u>\$ 410,260</u>	<u>\$ 432,919</u>	<u>\$ 428,047</u>	<u>\$ 4,872</u>
Total health and welfare	<u>\$ 410,260</u>	<u>\$ 432,919</u>	<u>\$ 428,047</u>	<u>\$ 4,872</u>
Culture and recreation:				
Northeast Recreation Center:				
Salaries	\$ 82,138	\$ 82,138	\$ 81,167	\$ 971
Part time wages	19,319	17,419	16,991	428
Accumulated holiday pay	0	1,850	1,830	20
Longevity	1,650	1,650	1,650	0
Sold vacation	1,564	964	927	37
Christmas bonus	431	431	400	31
Dental insurance	1,114	1,114	766	348
Social security tax	8,040	8,040	7,424	616
Health insurance	11,329	12,329	11,978	351
Retirement	12,439	12,439	12,439	0
Life and disability insurance	911	1,011	974	37
Worker's compensation	1,950	2,426	2,426	0
Unemployment compensation	620	620	41	579
Education reimbursement	750	0	0	0

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Northeast Recreation Center - (Continued)				
Worker's compensation claims	\$ 200	\$ 200	\$ 0	\$ 200
Utilities	24,000	23,300	25,663	(2,363)
Telephone	2,100	1,800	1,741	59
Building maintenance	12,000	17,900	18,638	(738)
Team competition and trips	3,000	3,000	1,691	1,309
Office expenditures and paper	600	600	455	145
Janitorial supplies	600	850	943	(93)
Gasoline	0	0	64	(64)
Pool	4,000	4,000	3,375	625
Athletic supplies	4,000	1,000	377	623
Insurance - building and contents	1,754	2,838	2,838	0
Insurance - general liability	1,114	845	844	1
Miscellaneous	500	500	383	117
Youth achievement program	6,500	3,850	3,056	794
Small equipment	484	1,284	1,256	28
Total Northeast Recreation Center	\$ 203,107	\$ 204,398	\$ 200,337	\$ 4,061
Parks and recreation:				
Salaries	\$ 255,412	\$ 259,412	\$ 237,114	\$ 22,298
Overtime wages	5,803	5,803	5,491	312
Part time wages	50,208	23,708	22,790	918
Service awards	0	500	500	0
Longevity	3,800	4,970	4,963	7
Sold vacation	4,927	2,327	2,309	18
Christmas bonus	862	900	900	0
College pay	125	125	125	0
Dental insurance	3,369	3,369	2,547	822
Social security tax	24,567	22,655	20,222	2,433
Health insurance	35,894	35,894	31,932	3,962
Retirement	39,285	39,285	36,273	3,012
Life and disability insurance	3,126	3,126	2,626	500
Worker's compensation	8,267	7,093	7,092	1
Unemployment compensation	600	600	0	600
Education reimbursement	750	0	0	0
Worker's compensation claims	2,140	2,140	516	1,624
Laundry and dry cleaning	450	450	229	221
Pre-employment testing	75	75	45	30

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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Parks and recreation - (Continued)				
Postage	\$ 200	\$ 200	\$ 87	\$ 113
Advertising	0	45	45	0
Utilities	6,000	6,000	5,991	9
Telephone	5,000	6,054	6,054	0
Vehicle maintenance	34,800	28,800	28,441	359
Equipment and repairs	12,000	8,169	5,734	2,435
Grounds maintenance	28,100	30,700	30,830	(130)
Fletcher building	10,000	10,371	10,761	(390)
Car allowance	4,200	4,200	4,200	0
Training and travel	2,095	2,095	1,601	494
Office expenditures	1,680	1,680	1,608	72
Uniforms	4,000	4,000	3,571	429
Gasoline and oil	7,500	11,601	11,600	1
Insurance - building and contents	1,185	2,406	2,406	0
Insurance - vehicles and equipment	1,704	1,933	1,932	1
Insurance - general liability	2,156	2,540	2,539	1
Miscellaneous	500	690	687	3
Office machinery and equipment	500	150	123	27
Small equipment	1,454	2,454	2,454	0
Total parks and recreation	<u>\$ 562,734</u>	<u>\$ 536,520</u>	<u>\$ 496,338</u>	<u>\$ 40,182</u>
 Cleveland Community Center:				
Salaries	\$ 109,630	\$ 115,630	\$ 114,861	\$ 769
Part time wages	50,106	44,106	35,113	8,993
Accumulated holiday pay	0	95	94	1
Service awards	0	250	250	0
Longevity	3,150	3,150	3,150	0
Sold vacation	2,109	2,109	1,735	374
Christmas bonus	431	431	400	31
Dental insurance	1,097	1,097	812	285
Social security tax	12,655	12,655	11,839	816
Health insurance	11,857	11,857	10,910	947
Retirement	16,721	16,721	15,873	848
Life and disability insurance	1,327	1,332	1,331	1
Worker's compensation	2,579	3,651	3,537	114
Worker's compensation claims	110	110	25	85
Utilities	24,000	24,000	22,322	1,678

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Cleveland Community Center - (Continued)				
Telephone	\$ 3,000	\$ 3,900	\$ 3,498	\$ 402
Vehicle maintenance	600	900	712	188
Building maintenance	5,950	5,950	5,737	213
Team trips and competition	2,000	2,000	841	1,159
Office expenditures and paper	600	600	217	383
Janitorial contract	1,800	1,800	1,547	253
Pool	4,000	4,000	3,598	402
Athletic supplies	1,500	2,000	1,605	395
Ceramic supplies	500	500	124	376
Insurance - building and contents	1,678	2,595	2,594	1
Insurance - general liability	1,014	1,209	1,208	1
Contracted services - floor maintenance	2,700	2,700	1,724	976
Contracted services - security	1,200	1,200	1,164	36
Miscellaneous	500	500	277	223
Junior pro basketball	5,500	3,450	2,623	827
Cardinal account	12,154	8,653	3,452	5,201
Equipment	0	5,000	3,037	1,963
Total Cleveland Community Center	<u>\$ 280,468</u>	<u>\$ 284,151</u>	<u>\$ 256,210</u>	<u>\$ 27,941</u>
Tinsley Park:				
Salaries	\$ 95,497	\$ 75,497	\$ 77,461	\$ (1,964)
Social Security taxes	7,306	7,306	5,926	1,380
Worker's compensation	1,948	2,508	2,394	114
Unemployment compensation	275	275	0	275
Advertising	0	0	22	(22)
Utilities	20,765	20,765	21,343	(578)
Telephone	2,500	2,500	1,016	1,484
Maintenance and repairs	18,000	18,000	17,725	275
Janitorial supplies	630	630	630	0
Tournament	20,000	6,000	5,860	140
Pool	10,000	10,000	9,437	563
Concession supplies	15,000	15,000	11,851	3,149
Insurance - building and contents	433	2,558	2,558	0
Insurance - general liability	729	797	796	1
Total Tinsley Park	<u>\$ 193,083</u>	<u>\$ 161,836</u>	<u>\$ 157,019</u>	<u>\$ 4,817</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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Cherokee Springs - (Continued)				
Salaries	\$ 155,422	\$ 155,422	\$ 139,563	\$ 15,859
Part time wages	25,000	28,120	26,062	2,058
Service awards	0	150	150	0
Longevity	950	950	550	400
Sold vacation	1,720	1,720	957	763
Christmas bonus	540	540	500	40
Dental insurance	1,700	1,797	1,796	1
Social security taxes	14,044	14,283	12,459	1,824
Health insurance	19,704	19,704	19,034	670
Retirement	23,002	23,002	19,452	3,550
Life and disability insurance	2,200	2,200	1,889	311
Worker's compensation	4,850	6,466	6,352	114
Unemployment	1,000	1,000	0	1,000
Worker's compensation claims	100	100	0	100
Printing	1,000	1,000	330	670
Subscriptions and memberships	1,500	1,573	1,572	1
Advertising and marketing	2,000	1,500	746	754
Utilities	21,000	21,000	15,653	5,347
Telephone	4,500	4,909	4,908	1
Vehicle maintenance	0	60	60	0
Equipment parts and maintenance	18,000	21,418	21,417	1
Maintenance and repairs	8,000	8,000	3,640	4,360
Building maintenance	12,000	12,000	10,952	1,048
Golf cart maintenance	12,000	12,000	7,544	4,456
Travel and training	1,000	1,000	449	551
Contracted services - pest control	300	300	168	132
Office expenditures	3,800	3,800	3,458	342
Janitorial	1,500	1,500	1,114	386
Uniform	500	500	500	0
Golf course accessories	1,500	1,500	0	1,500
Gasoline	3,000	3,000	134	2,866
Tires, tubes, etc.	500	1,000	824	176
Irrigation and drainage supplies	5,000	5,000	3,790	1,210
Proshop	14,400	11,000	13,096	(2,096)
Concession supplies	11,550	16,265	15,116	1,149
Small supplies	350	350	0	350
Fertilizer and chemicals	18,000	15,123	14,523	600
Insurance - building and contents	800	1,124	1,124	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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Cherokee Springs - (Continued)				
Insurance - general liability	\$ 1,800	\$ 1,757	\$ 1,756	\$ 1
Contracted services - security	1,900	1,900	1,736	164
Miscellaneous	500	500	376	124
Total Cherokee Springs Golf Course	<u>\$ 396,632</u>	<u>\$ 404,533</u>	<u>\$ 353,750</u>	<u>\$ 50,783</u>
Total culture and recreation	<u>\$ 1,636,024</u>	<u>\$ 1,591,438</u>	<u>\$ 1,463,654</u>	<u>\$ 127,784</u>
Appropriations:				
Jointly funded agencies	\$ 1,000	\$ 0	\$ 0	\$ 0
Regional Museum	33,000	33,000	33,000	0
Municipal League dues	9,102	9,102	9,102	0
Chamber of Commerce	38,000	38,000	38,000	0
Southeast Tennessee Development	7,439	7,439	7,438	1
Mainstreet Cleveland	22,396	22,396	22,396	0
Cemetery Association	11,500	11,500	11,500	0
Court's Community Services	46,000	46,000	39,438	6,562
Keep America Beautiful	24,000	21,450	21,450	0
Juvenile Court match	1,101	1,101	1,101	0
United Way supporters	250	250	0	250
Communications Center	450,000	450,000	450,000	0
Emergency Management	73,115	73,115	73,115	0
Emergency Management debt	2,200	2,200	2,200	0
Child Welfare Service	1,000	1,000	1,000	0
Veterans Affairs Office	12,791	13,791	13,791	0
Behavioral Research	2,000	2,000	2,000	0
Development Services Agency	6,175	6,175	6,175	0
Community Services Agency	82,633	82,633	82,633	0
Emergency Aid	500	500	500	0
Life Challenge of Cleveland	1,000	1,000	0	1,000
Aqua Tigers equipment	2,000	2,000	2,000	0
Midget Football	3,500	3,500	3,500	0
Sports for Youth	6,500	6,500	6,500	0
Cleveland Youth Softball	4,000	4,000	4,000	0
Soccer Association	5,000	5,000	5,000	0
Soccer Association - land	5,000	5,000	5,000	0
Foothills Country Fair	0	1,000	1,000	0
Vocational School	16,646	16,646	16,646	0
Total appropriations	<u>\$ 867,848</u>	<u>\$ 866,298</u>	<u>\$ 858,485</u>	<u>\$ 7,813</u>
Total expenditures	<u>\$ 15,835,984</u>	<u>\$ 16,052,241</u>	<u>\$ 15,247,810</u>	<u>\$ 833,158</u>

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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Excess of revenues over expenditures	\$ 8,065,857	\$ 9,266,608	\$ 10,165,211	\$ 927,330
Other financing sources (uses):				
Transfers in	\$ 1,441,042	\$ 1,493,611	\$ 1,493,683	\$ 72
Transfers out	(9,497,022)	(10,741,721)	(10,763,198)	(21,477)
Total other financing sources(uses)	\$ (8,055,980)	\$ (9,248,110)	\$ (9,269,515)	\$ (21,405)
Net change in fund balances	\$ 9,877	\$ 18,498	\$ 895,696	\$ 905,925
Fund balance at beginning of year	5,771,581	5,771,581	5,771,581	0
Fund balance at end of year	\$ 5,781,458	\$ 5,790,079	\$ 6,667,277	\$ 905,925

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, 2005

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Federal government:				
Education of the handicapped	\$ 50,000	\$ 41,764	\$ 41,764	\$ 0
Other federal through State	0	107,432	107,432	0
Other direct federal revenue	223,000	0	0	0
Total federal government	\$ 273,000	\$ 149,196	\$ 149,196	\$ 0
State of Tennessee:				
Basic Education Program	\$ 12,618,097	\$ 12,881,089	\$ 12,907,944	\$ 26,855
School food service	24,601	24,601	23,738	(863)
Driver education	8,000	8,000	5,865	(2,135)
Other state education funds	72,000	260,272	236,237	(24,035)
Career ladder program	453,825	453,825	302,135	(151,690)
Career ladder extended contract	197,127	197,127	161,214	(35,913)
Vocational work study	1,850	1,850	0	(1,850)
Other vocational	650	650	0	(650)
Other state funds	0	23,732	20,949	(2,783)
State mixed drink tax	30,000	40,000	42,833	2,833
State income tax	25,000	8,942	9,672	730
Total State of Tennessee	\$ 13,431,150	\$ 13,900,088	\$ 13,710,587	\$ (189,501)
Bradley County:				
Property taxes - current	\$ 4,372,239	\$ 4,372,239	\$ 4,630,490	\$ 258,251
Property taxes - prior	256,000	270,557	287,077	16,520
Interest and penalty	28,000	28,000	30,519	2,519
In lieu of taxes - T.V.A.	775	0	0	0
In lieu of taxes - Local Utilities	1,645	1,645	1,702	57
Marriage license	4,187	3,187	2,865	(322)
Bank excise tax	44,500	44,500	30,117	(14,383)
Interstate telecommunications tax	0	0	4,920	4,920
Local sales tax	3,409,395	3,434,395	3,471,365	36,970
Total Bradley County	\$ 8,116,741	\$ 8,154,523	\$ 8,459,055	\$ 304,532
Total Intergovernmental	\$ 21,820,891	\$ 22,203,807	\$ 22,318,838	\$ 115,031
Charges for services:				
Tuition	\$ 90,178	\$ 80,178	\$ 74,684	\$ (5,494)
Tuition - other	0	73,000	82,307	9,307
Community service fees	216,040	216,040	172,115	(43,925)
Criminal background fee	4,800	4,800	3,360	(1,440)
Total charges for services	\$ 311,018	\$ 374,018	\$ 332,466	\$ (41,552)

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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues - (Continued)				
Interest	\$ 50,000	\$ 125,000	\$ 216,799	\$ 91,799
Miscellaneous:				
Contributions	\$ 308,969	\$ 381,969	\$ 332,187	\$ (49,782)
Other	117,088	156,852	148,998	(7,854)
Sale of equipment	1,500	1,500	79	(1,421)
Total miscellaneous	\$ 427,557	\$ 540,321	\$ 481,264	\$ (59,057)
Total revenues	\$ 22,609,466	\$ 23,243,146	\$ 23,349,367	\$ 106,221
Expenditures:				
Current:				
Education:				
Regular instruction:				
Teachers	\$ 9,881,739	\$ 9,901,500	\$ 9,852,030	\$ 49,470
Career ladder program	293,000	293,000	179,950	113,050
Career ladder extended contract	175,000	175,000	132,500	42,500
Homebound teachers	34,489	34,489	37,979	(3,490)
Assistants	874,362	874,362	846,779	27,583
Other salaries and wages	48,386	48,386	47,759	627
Substitute teachers	212,780	222,780	234,988	(12,208)
Social security	699,969	700,219	666,418	33,801
State retirement	697,915	698,090	670,591	27,499
Life insurance	15,607	15,607	19,048	(3,441)
Medical insurance	1,123,023	1,168,205	1,158,114	10,091
Unemployment compensation	2,400	7,400	6,070	1,330
Employer medicare liability	163,701	163,776	155,894	7,882
Other fringe benefits	46,400	56,400	50,324	6,076
Maintenance and repair	13,610	13,610	4,966	8,644
Other contracted services	223,775	315,105	214,234	100,871
Instructional supplies	161,795	161,795	166,910	(5,115)
Textbooks	225,000	225,000	233,462	(8,462)
Other supplies and materials	35,805	176,058	150,198	25,860
Other charges	18,500	37,758	15,129	22,629
Regular instruction equipment	51,645	438,201	81,634	356,567
Total regular instruction	\$ 14,998,901	\$ 15,726,741	\$ 14,924,977	\$ 801,764
Special education:				
Teachers	\$ 1,212,923	\$ 1,310,034	\$ 1,297,668	\$ 12,366
Career ladder program	27,000	27,000	17,765	9,235
Homebound teachers	1,000	1,000	3,560	(2,560)
Assistants	207,289	210,271	206,471	3,800
Substitute teachers	7,000	7,000	11,645	(4,645)

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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Special education - (Continued):				
Social security	\$ 88,790	\$ 89,744	\$ 89,392	\$ 352
State retirement	98,308	98,308	97,928	380
Life insurance	1,956	1,956	1,956	0
Medical insurance	143,715	164,385	164,661	(276)
Employer medicare liability	20,765	20,988	20,906	82
Contracts with private agencies	23,500	23,500	18,234	5,266
Maintenance and other repair services	1,700	1,700	7,934	(6,234)
Other contracted services	8,000	8,000	9,055	(1,055)
Instructional supplies	21,427	21,427	12,757	8,670
Other supplies and materials	7,023	7,023	3,252	3,771
Special education equipment	4,100	4,100	5,879	(1,779)
Total special education	<u>\$ 1,874,496</u>	<u>\$ 1,996,436</u>	<u>\$ 1,969,063</u>	<u>\$ 27,373</u>
Vocational education:				
Teachers	\$ 611,688	\$ 618,213	\$ 622,632	\$ (4,419)
Career ladder program	4,000	4,000	1,000	3,000
Substitute teachers	2,500	2,500	5,224	(2,724)
Social security	37,927	38,332	36,814	1,518
State retirement	33,863	34,222	34,300	(78)
Life insurance	639	639	639	0
Medical insurance	67,076	71,731	71,731	0
Employer medicare liability	8,870	8,965	8,610	355
Maintenance and repair services	11,000	11,000	6,606	4,394
Tuition	0	375	885	(510)
Other contracted services	4,500	4,500	1,068	3,432
Instructional supplies	35,575	35,200	42,429	(7,229)
Other supplies and materials	2,300	2,300	3,008	(708)
Vocational instruction equipment	25,500	67,140	129,631	(62,491)
Total vocational education	<u>\$ 845,438</u>	<u>\$ 899,117</u>	<u>\$ 964,577</u>	<u>\$ (65,460)</u>
Students:				
Attendance:				
Supervisor	\$ 32,051	\$ 32,051	\$ 32,051	\$ 0
Social security	1,987	1,987	1,954	33
State retirement	1,763	1,763	1,762	1
Life insurance	120	120	120	0
Medical insurance	1,825	1,934	1,934	0
Employer medicare liability	464	464	457	7
Other contracted services	20,688	20,688	20,610	78
Total attendance	<u>\$ 58,898</u>	<u>\$ 59,007</u>	<u>\$ 58,888</u>	<u>\$ 119</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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Students - (Continued):				
Health services:				
Medical personnel	\$ 50,185	\$ 49,385	48,187	\$ 1,198
Social security	3,111	3,111	2,910	201
State retirement	7,277	4,277	3,510	767
Life insurance	94	94	94	0
Medical insurance	0	0	1,362	(1,362)
Employer medicare liability	728	728	681	47
Travel	500	500	295	205
Other contracted services	515	515	0	515
Drugs and medical supplies	2,000	2,000	2,039	(39)
Other supplies and materials	2,500	2,500	2,324	176
Total health services	\$ 66,910	\$ 63,110	\$ 61,402	\$ 1,708
Other student support:				
Career ladder program	\$ 13,000	\$ 13,000	\$ 10,000	\$ 3,000
Guidance personnel	484,962	489,355	487,250	2,105
Psychological personnel	72,456	73,388	72,368	1,020
Attendants	40,455	40,455	65,276	(24,821)
Social security	37,577	37,982	37,671	311
State retirement	35,064	35,423	31,329	4,094
Life insurance	867	867	867	0
Medical insurance	44,185	48,435	46,392	2,043
Employer medicare liability	8,857	8,952	8,810	142
Evaluation and testing	14,425	14,425	18,842	(4,417)
Maintenance and repair services	600	600	0	600
Postal charges	1,400	1,400	999	401
Other contracted services	143,283	209,723	229,033	(19,310)
Other supplies and materials	14,415	14,415	4,661	9,754
Other charges	4,966	4,966	2,904	2,062
Other equipment	450	450	0	450
Total other student support	\$ 916,962	\$ 993,836	\$ 1,016,402	\$ (22,566)
Total students	\$ 1,042,770	\$ 1,115,953	\$ 1,136,692	\$ (20,739)
Instructional staff:				
Regular instruction program:				
Supervisor	\$ 403,956	\$ 407,684	\$ 407,685	\$ (1)
Career ladder program	20,000	20,000	25,000	(5,000)
Librarians	354,717	381,775	395,745	(13,970)
Materials supervisor	63,400	63,866	63,867	(1)
Secretaries	82,131	82,551	76,764	5,787
Other salaries and wages	60,420	60,420	59,080	1,340

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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Instructional staff - (Continued)				
Regular instruction program - (Continued)				
Social security	\$ 60,203	\$ 60,723	\$ 60,809	\$ (86)
State retirement	66,984	67,445	66,298	1,147
Life insurance	1,183	1,183	1,183	0
Medical insurance	72,367	82,257	78,237	4,020
Employer medicare liability	14,081	14,203	14,221	(18)
Consultants	28,000	28,000	0	28,000
Dues and subscriptions	0	4,000	1,452	2,548
Travel	20,040	20,040	20,354	(314)
Other contracted services	5,500	16,405	26,350	(9,945)
Library books	43,330	43,330	40,244	3,086
Other supplies and materials	24,250	24,250	23,227	1,023
In-service staff development	125,000	132,000	106,472	25,528
Other charges	0	100	182	(82)
Other equipment	8,000	8,355	6,621	1,734
Total regular instruction program	<u>\$ 1,453,562</u>	<u>\$ 1,518,587</u>	<u>\$ 1,473,791</u>	<u>\$ 44,796</u>
Special education:				
Supervisor	\$ 61,531	\$ 61,997	\$ 61,531	\$ 466
Career ladder program	3,000	3,000	0	3,000
In-service training	700	700	0	700
Social security	2,638	2,667	3,715	(1,048)
State retirement	3,549	3,575	3,384	191
Life insurance	29	29	29	0
Medical insurance	3,649	3,868	3,868	0
Employer medicare liability	925	932	869	63
Consultants	500	500	0	500
Travel	1,500	1,500	1,938	(438)
Other equipment	850	850	0	850
Total special education	<u>\$ 78,871</u>	<u>\$ 79,618</u>	<u>\$ 75,334</u>	<u>\$ 4,284</u>
Vocational education:				
Supervisor	\$ 64,083	\$ 64,549	\$ 64,549	\$ 0
Career ladder program	3,000	3,000	3,000	0
Secretaries	38,843	38,843	38,255	588
Other salaries and wages	40,523	40,523	31,999	8,524
Social security	9,080	9,109	7,831	1,278
State retirement	15,198	15,224	12,956	2,268
Life insurance	72	72	72	0
Medical insurance	16,369	19,276	19,276	0
Employer medicare liability	2,123	2,130	1,832	298
Travel	5,300	5,300	3,867	1,433
Other contracted services	1,500	1,500	720	780

CITY OF CLEVELAND, TENNESSEE
SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Instructional staff - (Continued):				
Vocational education - (Continued):				
Other supplies and materials	\$ 3,500	\$ 3,500	\$ 2,663	\$ 837
In-service training	2,000	2,000	0	2,000
Other charges	159	159	0	159
Other equipment	6,000	6,000	0	6,000
Total vocational education	<u>\$ 207,750</u>	<u>\$ 211,185</u>	<u>\$ 187,020</u>	<u>\$ 24,165</u>
Total instructional staff	<u>\$ 1,740,183</u>	<u>\$ 1,809,390</u>	<u>\$ 1,736,145</u>	<u>\$ 73,245</u>
General administration:				
Board of education:				
Board and committee members fees	\$ 52,800	\$ 52,800	\$ 52,800	\$ 0
Social security	3,274	3,274	3,274	0
Employer medicare	765	765	765	0
Other fringe benefits	0	740	740	0
Audit services	6,250	8,500	8,500	0
Dues and membership	11,753	11,753	15,501	(3,748)
Legal services	10,000	10,000	8,334	1,666
Liability insurance	31,696	29,035	29,035	0
Premiums on corporate surety bonds	5,435	7,039	7,039	0
Trustee's commission	77,000	77,000	82,069	(5,069)
Worker's compensation insurance	112,500	100,500	104,547	(4,047)
Criminal investigation	8,000	8,000	6,440	1,560
Refund for criminal investigation	2,000	2,000	2,244	(244)
Other charges	32,000	32,000	35,959	(3,959)
Total board of education	<u>\$ 353,473</u>	<u>\$ 343,406</u>	<u>\$ 357,247</u>	<u>\$ (13,841)</u>
Office of superintendent:				
Administrative officer	\$ 105,720	\$ 108,461	\$ 107,395	\$ 1,066
Career ladder program	1,000	1,000	500	500
Secretaries	53,114	53,394	53,394	0
Other salaries and wages	0	3,600	4,200	(600)
Social security	9,723	9,723	8,879	844
State retirement	13,571	13,571	13,908	(337)
Life insurance	195	195	195	0
Medical insurance	14,513	15,231	15,231	0
Employer medicare liability	2,274	2,274	2,330	(56)
Other fringe benefits	11,287	5,412	4,725	687
Communication	98,000	98,000	86,473	11,527
Dues and memberships	2,500	2,500	2,877	(377)
Postal charges	6,500	6,500	5,539	961
Travel	4,300	4,300	3,418	882
Other contracted services	14,600	22,600	22,843	(243)

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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
General administration - (Continued):				
Office of the superintendent - (Continued):				
Office supplies	\$ 18,000	\$ 18,000	\$ 13,462	\$ 4,538
Other charges	17,900	17,900	11,300	6,600
Administrative equipment	5,000	38,492	9,297	29,195
Total office of superintendent	<u>\$ 378,197</u>	<u>\$ 421,153</u>	<u>\$ 365,966</u>	<u>\$ 55,187</u>
Total general administration	<u>\$ 731,670</u>	<u>\$ 764,559</u>	<u>\$ 723,213</u>	<u>\$ 41,346</u>
Office of the Principal:				
Principals	\$ 519,981	\$ 535,398	\$ 536,949	\$ (1,551)
Career ladder program	29,000	29,000	20,000	9,000
Assistant principals	237,570	306,435	307,402	(967)
Secretaries	300,804	305,739	305,545	194
Clerical personnel	19,922	19,922	17,437	2,485
Social security	67,410	67,786	70,740	(2,954)
State retirement	89,766	90,099	93,925	(3,826)
Life insurance	1,386	1,386	1,386	0
Medical insurance	95,811	103,418	103,327	91
Employer medicare liability	15,764	15,852	16,544	(692)
Dues and memberships	2,485	2,485	3,219	(734)
Maintenance and repair services	2,900	2,900	13,147	(10,247)
Postal charges	7,220	7,220	5,181	2,039
Travel	5,100	5,100	1,292	3,808
Other contracted services	14,860	14,860	22,401	(7,541)
Office supplies	10,325	10,325	14,367	(4,042)
Administrative equipment	6,330	6,330	12,261	(5,931)
Total office of the principal	<u>\$ 1,426,634</u>	<u>\$ 1,524,255</u>	<u>\$ 1,545,123</u>	<u>\$ (20,868)</u>
Business administration:				
Bookkeepers	\$ 124,588	\$ 125,078	\$ 126,370	\$ (1,292)
Social security	7,724	7,724	7,644	80
State retirement	18,065	18,065	16,581	1,484
Life insurance	163	163	163	0
Medical insurance	4,267	6,192	6,192	0
Employer medicare liability	1,807	1,807	1,788	19
Data processing services	6,578	7,326	7,326	0
Travel	\$ 1,000	\$ 1,000	\$ 317	\$ 683
Total business administration	<u>\$ 164,192</u>	<u>\$ 167,355</u>	<u>\$ 166,381</u>	<u>\$ 974</u>
Operation and maintenance of plant:				
Operation of plant:				
Custodial personnel	\$ 20,659	\$ 20,799	\$ 20,799	\$ 0
Social security	1,281	1,281	996	285
State retirement	2,996	2,996	3,016	(20)

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

CITY OF CLEVELAND, TENNESSEE
SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Operation and maintenance of plant - (Continued)				
Operation of plant - (Continued)				
Life insurance	\$ 84	\$ 84	\$ 84	\$ 0
Medical insurance	6,807	7,215	7,215	0
Employer medicare liability	300	300	233	67
Janitorial services	581,778	581,778	595,401	(13,623)
Rentals	6,000	6,000	6,000	0
Other contracted services	51,270	51,270	52,910	(1,640)
Electricity	840,000	913,291	914,014	(723)
Natural gas	147,000	147,000	157,787	(10,787)
Water and sewer	133,593	149,593	144,037	5,556
Other supplies and materials	25,000	25,000	57,893	(32,893)
Boiler insurance	5,796	5,796	5,631	165
Building and contents insurance	105,592	105,592	102,589	3,003
Total operation of plant	<u>\$ 1,928,156</u>	<u>\$ 2,017,995</u>	<u>\$ 2,068,605</u>	<u>\$ (50,610)</u>
Maintenance of plant:				
Supervisor	\$ 54,570	\$ 55,036	\$ 55,036	\$ 0
Maintenance personnel	306,047	305,581	295,612	9,969
Other salaries and wages	35,000	35,000	6,494	28,506
Social security	24,226	24,226	20,469	3,757
State retirement	52,289	52,289	39,055	13,234
Life insurance	592	592	592	0
Medical insurance	67,005	69,709	68,631	1,078
Employer medicare liability	5,737	5,737	4,787	950
Maintenance and repair services - building	44,000	44,000	76,809	(32,809)
Maintenance and repair services - equipment	2,000	2,000	362	1,638
Other contracted services	86,000	86,000	140,653	(54,653)
Equipment and machinery parts	10,200	0	0	0
Other supplies and materials	200,000	200,000	179,046	20,954
Other charges	5,000	5,000	1,893	3,107
Maintenance equipment	2,500	12,700	14,290	(1,590)
Total maintenance of plant	<u>\$ 895,166</u>	<u>\$ 897,870</u>	<u>\$ 903,729</u>	<u>\$ 5,859</u>
Total operation and maintenance	<u>\$ 2,823,322</u>	<u>\$ 2,915,865</u>	<u>\$ 2,972,334</u>	<u>\$ (56,469)</u>
Transportation:				
Supervisor	\$ 27,930	\$ 27,930	\$ 22,490	\$ 5,440
Mechanics	45,000	45,000	43,810	1,190
Bus drivers	345,767	345,767	352,556	(6,789)
Social security	25,959	25,959	25,751	208
State retirement	10,575	10,575	4,060	6,515
Life insurance	94	94	94	0
Medical insurance	8,000	8,000	18,071	(10,071)

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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Transportation - (Continued)				
Employer medicare	\$ 6,072	\$ 6,072	\$ 6,022	\$ 50
Contracts with parents	1,000	1,000	0	1,000
Medical and dental services	3,500	3,500	1,055	2,445
Travel	1,100	1,100	704	396
Other contracted services	5,000	5,000	5,510	(510)
Diesel fuel	26,000	26,000	60,447	(34,447)
Gasoline	54,000	54,000	33,812	20,188
Lubricants	2,000	2,000	1,912	88
Tires and tubes	0	9,962	7,416	2,546
Vehicle parts	65,940	65,940	62,647	3,293
Other supplies and materials	2,000	2,000	0	2,000
Vehicle and equipment insurance	41,637	31,675	31,675	0
In service staff development	0	3,145	0	3,145
Other charges	15,550	15,550	2,893	12,657
Transportation equipment	145,699	145,699	4,353	141,346
Total transportation	\$ 832,823	\$ 835,968	\$ 685,278	\$ 150,690
Food service:				
Other salaries and wages	\$ 28,161	\$ 28,301	\$ 28,301	\$ 0
Social security	1,746	1,746	1,505	241
State retirement	4,083	4,083	4,104	(21)
Life insurance	47	47	47	0
Medical insurance	6,597	6,894	6,894	0
Employer medicare liability	409	409	352	57
Other charges	2,460	2,460	2,374	86
Total food service	\$ 43,503	\$ 43,940	\$ 43,577	\$ 363
Community services:				
Supervisor	\$ 41,280	\$ 41,280	\$ 47,713	\$ (6,433)
Part-time employees	25,000	25,000	25,000	0
Other salaries and wages	262,228	262,228	222,052	40,176
Social security	20,368	20,368	18,089	2,279
State retirement	2,815	2,815	4,488	(1,673)
Life insurance	34	34	34	0
Medical insurance	4,013	4,013	7,279	(3,266)
Employer medicare liability	4,764	4,764	4,230	534
Advertising	1,075	1,075	0	1,075
Janitorial services	1,000	1,000	0	1,000
Travel	11,150	11,150	16,440	(5,290)
Other contracted services	27,100	27,100	8,740	18,360
Food supplies	29,200	29,200	23,337	5,863
Other supplies and materials	24,802	24,802	9,070	15,732
Refunds	350	350	319	31

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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Community services - (Continued):				
Other charges	\$ 7,231	\$ 7,231	\$ 5,535	\$ 1,696
Other equipment	3,542	3,542	667	2,875
Total community services	<u>\$ 465,952</u>	<u>\$ 465,952</u>	<u>\$ 392,993</u>	<u>\$ 72,959</u>
Total education	<u>\$ 26,989,884</u>	<u>\$ 28,265,531</u>	<u>\$ 27,260,353</u>	<u>\$ 1,005,178</u>
Debt Service:				
Principal	\$ 396,658	\$ 396,658	\$ 70,000	\$ 326,658
Interest and fiscal charges	60,367	60,367	15,525	44,842
Total debt service	<u>\$ 457,025</u>	<u>\$ 457,025</u>	<u>\$ 85,525</u>	<u>\$ 371,500</u>
Total expenditures	<u>\$ 27,446,909</u>	<u>\$ 28,722,556</u>	<u>\$ 27,345,878</u>	<u>\$ 1,376,678</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (4,837,443)</u>	<u>\$ (5,479,410)</u>	<u>\$ (3,996,511)</u>	<u>\$ 1,482,899</u>
Other Financing Sources (Uses)				
Transfers in	\$ 4,837,443	\$ 5,437,770	\$ 4,706,858	\$ (730,912)
Transfers out	0	0	(381,775)	(381,775)
Total other financing sources(uses)	<u>\$ 4,837,443</u>	<u>\$ 5,437,770</u>	<u>\$ 4,325,083</u>	<u>\$ (1,112,687)</u>
Net change in fund balances	\$ 0	\$ (41,640)	\$ 328,572	\$ 370,212
Fund balance at beginning of year	<u>1,458,057</u>	<u>1,458,057</u>	<u>1,458,057</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 1,458,057</u></u>	<u><u>\$ 1,416,417</u></u>	<u><u>\$ 1,786,629</u></u>	<u><u>\$ 370,212</u></u>

CITY OF CLEVELAND, TENNESSEE
FIRE PROTECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues:				
Taxes:				
Property taxes - real estate	\$ 4,138,998	\$ 4,138,998	\$ 4,000,224	\$ (138,774)
Licenses and permits:				
Inspection fees	1,500	1,500	1,050	(450)
Intergovernmental:				
Federal - Homeland security grant - 2005	0	275,000	275,000	0
Federal - Homeland security grant	0	38,580	37,851	(729)
State in-service training	42,000	42,000	27,000	(15,000)
Bradley County - fire tax	1,535,956	1,535,956	1,620,854	84,898
Fines and forfeitures:				
Arson fines	850	850	637	(213)
Interest	2,000	36,000	51,509	15,509
Miscellaneous	1,975	13,840	13,675	(165)
Total revenues	<u>\$ 5,723,279</u>	<u>\$ 6,082,724</u>	<u>\$ 6,027,800</u>	<u>\$ (54,924)</u>
Expenditures:				
Current:				
Public safety:				
Salaries	\$ 3,594,178	\$ 3,594,178	\$ 3,354,378	\$ 239,800
Overtime wages	95,000	95,000	86,824	8,176
Accumulated holiday pay	5,000	5,000	0	5,000
Fire runs	68,000	41,717	25,734	15,983
Supplemental pay	26,000	26,000	20,125	5,875
State grant - in-service training	42,000	42,000	27,000	15,000
Service awards	0	3,225	3,225	0
Longevity	67,000	67,000	63,450	3,550
Sold vacation	22,000	22,000	17,784	4,216
Christmas bonus	8,936	8,936	8,400	536
College pay	3,210	3,210	3,085	125
Dental insurance	35,463	35,463	32,126	3,337
Social security taxes	300,746	300,746	267,716	33,030
Health insurance	378,369	378,369	371,067	7,302
Retirement	555,218	555,218	482,265	72,953
Life and disability insurance	59,677	59,677	42,552	17,125
Worker's compensation	117,225	128,374	128,359	15
Education reimbursement	7,200	7,200	5,083	2,117
Worker's compensation claims	6,000	6,000	2,694	3,306
Laundry and dry cleaning	13,500	13,500	9,766	3,734
Immunizations and physicals	8,000	6,000	3,045	2,955
Postage	450	450	190	260
Communications replacement	5,000	5,000	647	4,353
Pager	3,300	3,300	2,634	666
Printing	900	900	54	846
Subscriptions and memberships	2,400	2,569	2,537	32
Flowers and plaques	1,000	1,000	100	900

CITY OF CLEVELAND, TENNESSEE
 FIRE PROTECTION FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Public safety - (Continued):				
Advertising	\$ 500	\$ 500	\$ 188	\$ 312
Utilities	72,000	73,563	73,563	0
City directories	750	750	0	750
Telephone	36,000	43,000	40,538	2,462
Apparatus - equipment	3,900	3,900	1,496	2,404
Vehicle maintenance	65,000	63,437	45,040	18,397
Small equipment repair	2,400	2,400	198	2,202
Copier maintenance	2,800	2,800	2,362	438
Building maintenance	35,500	42,900	29,059	13,841
Vehicle body repair	2,000	2,000	250	1,750
Training and travel	8,000	8,000	4,167	3,833
Training and testing	8,000	8,000	4,718	3,282
Mutual aid meals	2,000	2,000	370	1,630
Towels and cloths	720	720	159	561
Batteries	2,000	2,000	709	1,291
Electronic camera supplies	800	400	0	400
Service charge	5,000	0	0	0
Office expenditures	5,000	5,000	4,733	267
Arson	4,000	4,000	2,597	1,403
Safety	4,000	4,000	1,254	2,746
Janitorial supplies	10,000	10,000	9,715	285
Bedding	1,000	800	707	93
Uniforms	39,000	39,000	27,320	11,680
Vehicle graphics	400	400	0	400
Housewares	1,000	1,000	57	943
Gasoline	18,000	19,600	18,809	791
Appliances	2,000	4,800	4,716	84
Extinguisher refills	1,000	1,000	395	605
Insurance - building and contents	7,227	7,303	7,303	0
Insurance - vehicles and equipment	21,189	21,189	20,856	333
Insurance - general liability	33,603	39,293	39,292	1
Miscellaneous	500	810	612	198
Public information	800	800	0	800
Bad debts	28,000	28,000	94,492	(66,492)
Honor guard	1,000	1,000	81	919
Honor guard - donations	775	1,490	0	1,490
Fire prevention program	2,500	2,331	2,331	0
Exercise equipment	2,000	0	0	0
Roof repair	0	33,175	2,292	30,883
Pagers Homeland Security	0	4,378	4,378	0
ISO firefighting equipment	25,000	25,000	6,017	18,983
Telephone system	0	25,643	0	25,643
Office equipment	1,500	1,500	0	1,500

CITY OF CLEVELAND, TENNESSEE
 FIRE PROTECTION FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Public safety - (Continued):				
Equipment - breathing apparatus	\$ 7,000	\$ 7,000	\$ 514	\$ 6,486
Furniture	3,000	2,500	2,466	34
Computer equipment	15,000	15,000	10,546	4,454
FEMA grant equipment	0	34,202	33,474	728
Fire pre-emptive device	0	16,185	15,955	230
Hazmat truck	0	325,000	292,000	33,000
Small equipment	0	990	991	(1)
Total expenditures	<u>\$ 5,907,636</u>	<u>\$ 6,350,791</u>	<u>\$ 5,767,560</u>	<u>\$ 583,231</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (184,357)</u>	<u>\$ (268,067)</u>	<u>\$ 260,240</u>	<u>\$ 528,307</u>
Other financing sources (uses):				
Transfers in	\$ 389,132	\$ 464,775	\$ 464,775	\$ 0
Transfers out	(204,731)	(204,731)	(204,731)	0
Total other financing sources (uses)	<u>\$ 184,401</u>	<u>\$ 260,044</u>	<u>\$ 260,044</u>	<u>\$ 0</u>
Net change in fund balances	\$ 44	\$ (8,023)	\$ 520,284	\$ 528,307
Fund balance at beginning of year	<u>1,275,194</u>	<u>1,275,194</u>	<u>1,275,194</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 1,275,238</u></u>	<u><u>\$ 1,267,171</u></u>	<u><u>\$ 1,795,478</u></u>	<u><u>\$ 528,307</u></u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2005

	Enterprise				Internal Service Fund
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Other Enterprise Funds	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 5,974,830	\$ 5,223,969	\$ 100,609	\$ 11,299,408	\$ 40,597
Cash and cash equivalents - restricted	264	0	0	264	0
Accounts receivable - net	2,471,529	9,299,624	12,710	11,783,863	15,892
Inventories	246,130	1,692,799	0	1,938,929	117,069
Prepays	0	294,816	0	294,816	0
Total current assets	\$ 8,692,753	\$ 16,511,208	\$ 113,319	\$ 25,317,280	\$ 173,558
Noncurrent assets:					
Receivable from customer for conservation loans	\$ 0	\$ 465,682	\$ 0	\$ 465,682	\$ 0
Debt issue cost, being amortized	289,306	41,899	0	331,205	0
Other assets	0	51,964	0	51,964	0
Capital assets:					
Land and construction in progress	1,681,341	886,698	0	2,568,039	108,291
Other capital assets, net of accumulated depreciation	86,618,441	47,163,954	138,555	133,920,950	1,268,414
Total noncurrent assets	\$ 88,589,088	\$ 48,610,197	\$ 138,555	\$ 137,337,840	\$ 1,376,705
Total assets	\$ 97,281,841	\$ 65,121,405	\$ 251,874	\$ 162,655,120	\$ 1,550,263
LIABILITIES AND FUND EQUITY					
Current liabilities:					
Accounts payable	\$ 632,630	\$ 7,273,001	\$ 0	\$ 7,905,631	\$ 24,411
Customer deposits	0	1,797,113	0	1,797,113	0
Due to other funds	0	0	170,000	170,000	5,000
Accrued interest	359,329	0	0	359,329	0
Notes payable - current	695,000	200,000	0	895,000	0
Revenue bonds payable - current	1,620,000	0	0	1,620,000	0
Other current liabilities	1,434,105	602,652	0	2,036,757	0
Total current liabilities	\$ 4,741,064	\$ 9,872,766	\$ 170,000	\$ 14,783,830	\$ 29,411
Noncurrent liabilities:					
Conservation advances from TVA	\$ 0	\$ 475,456	\$ 0	\$ 475,456	\$ 0
Notes payable	14,770,000	3,985,000	0	18,755,000	0
Revenue bonds payable (net of unamortized discount)	23,185,694	0	0	23,185,694	0
Total noncurrent liabilities	\$ 37,955,694	\$ 4,460,456	\$ 0	\$ 42,416,150	\$ 0
Total liabilities	\$ 42,696,758	\$ 14,333,222	\$ 170,000	\$ 57,199,980	\$ 29,411
NET ASSETS					
Invested in capital assets, net of related debt	\$ 48,029,088	\$ 43,865,652	\$ 138,555	\$ 92,033,295	\$ 1,376,705
Unrestricted	6,555,995	6,922,531	(56,681)	13,421,845	144,147
Total net assets	\$ 54,585,083	\$ 50,788,183	\$ 81,874	\$ 105,455,140	\$ 1,520,852

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

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2005

	Enterprise Funds				Internal Service Fund
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Other Enterprise Funds	Total	
Operating Revenues:					
Charges for services	\$ 14,866,869	\$ 64,530,445	\$ 202,790	\$ 79,600,104	\$ 752,304
Other operating revenues	1,570,997	1,011,272	0	2,582,269	628
Total operating revenues	\$ 16,437,866	\$ 65,541,717	\$ 202,790	\$ 82,182,373	\$ 752,932
Operating Expenses:					
Power purchased	\$ 0	\$ 53,039,745	\$ 0	\$ 53,039,745	\$ 0
Operation expenses	8,702,066	4,877,049	98,847	13,677,962	662,485
Maintenance expense	2,299,507	2,236,251	0	4,535,758	0
Depreciation and amortization	3,558,352	2,383,772	29,788	5,971,912	52,647
Total operating expenses	\$ 14,559,925	\$ 62,536,817	\$ 128,635	\$ 77,225,377	\$ 715,132
Operating income	\$ 1,877,941	\$ 3,004,900	\$ 74,155	\$ 4,956,996	\$ 37,800
Non Operating Revenues (Expenses):					
Interest income	\$ 163,014	\$ 174,153	\$ 3,099	\$ 340,266	\$ 2,206
Interest expense	(1,545,770)	(97,627)	(12,000)	(1,655,397)	(900)
Loss on sale of land	(102,995)	0	0	(102,995)	0
Total nonoperating revenues (expenses)	\$ (1,485,751)	\$ 76,526	\$ (8,901)	\$ (1,418,126)	\$ 1,306
Income before contributions and transfers	\$ 392,190	\$ 3,081,426	\$ 65,254	\$ 3,538,870	\$ 39,106
Capital contributions	708,439	0	0	708,439	1,195,010
Transfers in	0	0	0	0	25,000
Transfers out	(178,972)	(1,314,711)	0	(1,493,683)	0
Change in net assets	\$ 921,657	\$ 1,766,715	\$ 65,254	\$ 2,753,626	\$ 1,259,116
Total net assets - beginning	53,663,426	49,021,468	16,620	102,701,514	261,738
Total net assets - ending	\$ 54,585,083	\$ 50,788,183	\$ 81,874	\$ 105,455,140	\$ 1,520,854

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2005

	Enterprise Funds				Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Other Enterprise Funds	Total	
Cash flows from operating activities:					
Receipts from customers	\$ 16,581,964	\$ 66,108,906	\$ 192,605	\$ 82,883,475	\$ 764,259
Payments to suppliers	(6,919,783)	(55,381,532)	(76,560)	(62,377,875)	(410,738)
Internal activity - payments to other funds	0	0	(30,000)	(30,000)	(43,000)
Payments to employees for services	(3,750,246)	(5,376,317)	(22,282)	(9,148,845)	(303,265)
Net cash provided by operating activities	\$ 5,911,935	\$ 5,351,057	\$ 63,763	\$ 11,326,755	\$ 7,256
Cash flows from noncapital financing activities:					
Transfers in (out)	\$ (178,972)	\$ (1,314,711)	\$ 0	\$ (1,493,683)	\$ 25,000
Payment of principal on long-term debt	0	(36,307)	0	(36,307)	0
Net cash provided by financing activities	\$ (178,972)	\$ (1,351,018)	\$ 0	\$ (1,529,990)	\$ 25,000
Cash flows from capital and related financing activities:					
Additions to plants	\$ (3,741,636)	\$ (4,971,343)	\$ 0	\$ (8,712,979)	\$ 0
Proceeds received for contributions in aid of construction	708,439	0	0	708,439	0
Removal cost	(92,594)	(57,272)	0	(149,866)	0
Salvage	606	78,663	0	79,269	0
Contributions in aid of construction	0	167,660	0	167,660	0
Proceeds from issuance of debt	0	1,850,000	0	1,850,000	0
Payment of principal on long-term debt	(2,145,000)	(145,000)	0	(2,290,000)	0
Payment of interest on long-term debt	(1,384,097)	(84,686)	(12,000)	(1,480,783)	(900)
Debt issue cost	0	(16,589)	0	(16,589)	0
Net cash provided by (used in) capital and related financing activities	\$ (6,654,282)	\$ (3,178,567)	\$ (12,000)	\$ (9,844,849)	\$ (900)
Cash flows from investing activities:					
Interest received	\$ 163,014	\$ 174,153	\$ 3,099	\$ 340,266	\$ 2,206
Net cash provided by investing activities	\$ 163,014	\$ 174,153	\$ 3,099	\$ 340,266	\$ 2,206
Net increase (decrease) in cash and cash equivalents	\$ (758,305)	\$ 995,625	\$ 54,862	\$ 292,182	\$ 33,562
Cash and cash equivalents, beginning of year	6,733,399	4,228,344	45,747	11,007,490	7,035
Cash and cash equivalents, end of year	\$ 5,975,094	\$ 5,223,969	\$ 100,609	\$ 11,299,672	\$ 40,597

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2005

(Continued)

	Enterprise Funds				Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Other Enterprise Funds	Total	
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 1,877,941	\$ 3,004,900	\$ 74,155	\$ 4,956,996	\$ 37,800
Adjustments to reconcile net operating revenues to net cash provided by operating activities:					
Depreciation	3,629,439	2,597,786	29,788	6,257,013	52,647
Loss on sale of land	(102,995)	0	0	(102,995)	0
Changes in operating assets and liabilities					
Accounts receivable	144,098	391,170	(10,180)	525,088	11,327
Allowance for doubtful accounts	0	13,300	0	13,300	0
Inventories	(13,849)	(236,700)	0	(250,549)	(42,942)
Receivable from customers for conservation loans	0	44,671	0	44,671	0
Prepays	0	(294,819)	0	(294,819)	0
Accounts payable	155,569	(239,518)	0	(83,949)	(8,576)
Customer deposits	0	131,347	0	131,347	0
Due to other funds	0	0	(30,000)	(30,000)	(43,000)
Other current liabilities	221,732	366	0	222,098	0
Conservation loans	0	(61,446)	0	(61,446)	0
Net cash provided by operating activities	\$ 5,911,935	\$ 5,351,057	\$ 63,763	\$ 11,326,755	\$ 7,256

CITY OF CLEVELAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The following is a summary of significant policies:

A. Reporting Entity

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

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

Cleveland Board of Education

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

Cleveland Board of Public Utilities

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

Cleveland Public Library Board

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

B. Government-wide and Fund Financial Statements

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

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

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

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

The City reports the following major governmental funds:

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

School Fund. This fund is used to account for the revenues and expenditures of the City of Cleveland public school system.

Fire Protection Fund. This fund is used to account for the operations of the Cleveland Fire Department which is funded by tax revenues from the citizens of the City of Cleveland and citizens of Bradley County who reside within the Urban Fringe Area.

The City reports the following major enterprise funds:

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

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

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

Additionally, the government reports the following fund type:

Internal Service Fund. This fund is used to account for the maintenance of all vehicles owned by the City of Cleveland and the public school system.

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

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

All governmental and business-type activities and enterprise funds of the City follow FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements, in which case, GASB prevails.

D. Cash and Cash Equivalents

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

E. Investments

Investments are stated at fair value based on quoted market prices, except for non-negotiable certificates of deposit that are reported at cost, which approximates fair value. Legal provisions of the city charter require that all investments be properly insured or collateralized with a federal depository. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and pooled investment funds.

F. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectable. The reserve method is used to estimate the allowance for electric and water service receivables.

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

G. Inventories and Prepaid Items

Inventories are valued at the lower of average cost or market, using the first-in, first-out method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

H. Restricted Assets

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

I. Capital Assets

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

I. Capital Assets - (Cont.)

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

Asset Class	Years
Infrastructure - Roads	50
Infrastructure - Drainage	20
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 2005 rates for the Electric Division and Water Divisions were 3.2% and 2.7% 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 \$334,562 and \$267,515 for Cleveland Utilities Electric Division and Water Division respectively. The following schedule reconciles this allocation of depreciation expense:

	<u>Reconciliation</u>
Depreciation and amortization per statement of revenues, expenses and changes in net assets	\$ 5,942,124
Depreciation charged to clearing account	<u>285,101</u>
Depreciation and amortization per statement of cash flows	<u>\$ 6,227,225</u>

J. Compensated Absences

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

K. Long-term obligations

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

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

L. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

M. Budgets and Budgetary Accounting

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

1. The City holds budget hearings in mid April 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 is due for passage by Ordinance and Tax Rate Ordinance.
4. The City Clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures may not exceed appropriations at the fund level.
5. Formal legally adopted budgets are employed as a management control device during the year for all funds except for Cleveland Utilities - Electric and Water Divisions. Budgeted amounts reflected in the accompanying final budget and actual comparison are as originally adopted and amended by the City Council.
6. All appropriations which are not expended lapse at year end.
7. During the year, supplementary appropriations were necessary. The effect of the amendments were to increase budgeted revenues by \$4,608,006, increase budgeted expenditures by \$8,025,446, and decrease budgeted expenses by \$1,474.

Note 2 - DEPOSITS AND INVESTMENTS

At year end, all deposits of the City of Cleveland were covered by federal depository insurance or by collateral held by the State of Tennessee Collateral Pool for Public Deposits.

At year end, the government's investment balances, other than certificates of deposit, were held in the State of Tennessee Local Government Investment Pool. Investments are valued based upon the value of pool shares. The responsibility for conducting the State's investment program resides with the State Treasurer pursuant to Tennessee Code Annotated, Section 9-4-602 and shall be exercised in accordance with the investment policy and resolutions of the State Funding Board.

	Cost	Fair Value
State Treasurer's investment pool	\$ 108,459	\$ 108,459
Total investments	<u>\$ 108,459</u>	<u>\$ 108,459</u>

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 uncollectable accounts are as follows:

Receivables	Inter-governmental	Taxes	Customer Accounts	Other	Allowance for Uncollectibles	Net Receivables
General	\$ 2,024,415	\$ 15,907,160	\$ 0	\$ 309,970	\$ (298,258)	\$ 17,943,287
School	5,225,495	888,544	0	0	(132,166)	5,981,873
Fire	659,315	296,812	0	0	(161,087)	795,040
Water	0	0	2,473,619	0	(2,090)	2,471,529
Electric	0	0	9,397,293	0	(97,669)	9,299,624
Nonmajor	1,448,950	0	28,602	201,880	0	1,679,432
Totals	<u>\$ 9,358,175</u>	<u>\$ 17,092,516</u>	<u>\$ 11,899,514</u>	<u>\$ 511,850</u>	<u>\$ (691,270)</u>	<u>\$ 38,170,785</u>

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

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Delinquent property taxes receivable (general fund)	\$ 683,629	\$ 0	\$ 683,629
Delinquent property taxes receivable (fire fund)	240,004	0	240,004
Delinquent property taxes receivable (school fund)	175,248	0	175,248
County shared fire tax (fire fund)	302,466	0	302,466
Income tax (general fund)	199,398	0	199,398

Note 3 - RECEIVABLES - (Cont.)

	Unavailable	Unearned	Total
State beer tax (general fund)	\$ 4,939	\$ 0	\$ 4,939
TVA - In-lieu of tax (general fund)	66,249	0	66,249
Sales tax (school fund)	310,853	0	310,853
Income tax (school fund)	19,014	0	19,014
2005 Property tax levy (general fund)	0	14,448,098	14,448,098
2005 County shared revenues (school fund)	0	4,847,832	4,847,832
Fees collected in advance (school food service)	0	8,133	8,133
Fees collected in advance (general fund)	0	18,070	18,070
Total	\$ 2,001,800	\$ 19,322,133	\$ 21,323,933

Note 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,738,773	\$ 230,000	\$ 0	\$ 6,968,773
Construction in progress	1,095,536	0	(1,095,536)	0
Total capital assets not being depreciated	\$ 7,834,309	\$ 230,000	\$ (1,095,536)	\$ 6,968,773
Capital assets, being depreciated:				
Buildings	\$ 62,294,759	\$ 1,501,022	\$ (29,842)	\$ 63,765,939
Improvements other than buildings	4,647,571	1,000,587	(245,190)	5,402,968
Infrastructure	39,764,306	1,215,400	0	40,979,706
Furniture, fixtures, equipment and vehicles	18,980,761	1,840,460	(689,360)	20,131,861
Total capital assets being depreciated	\$ 125,687,397	\$ 5,557,469	\$ (964,392)	\$ 130,280,474
Less accumulated depreciation for				
Buildings	(12,321,942)	(1,859,679)	14,418	(14,167,203)
Improvements other than buildings	(2,937,827)	(155,485)	27,000	(3,066,312)
Infrastructure	(8,897,705)	(866,938)	0	(9,764,643)
Furniture, fixtures, equipment and vehicles	(12,931,717)	(1,806,164)	518,718	(14,219,163)
Total accumulated depreciation	\$ (37,089,191)	\$ (4,688,266)	\$ 560,136	\$ (41,217,321)
Total capital assets being depreciated, net	\$ 88,598,206	\$ 869,203	\$ (404,256)	\$ 89,063,153
Governmental activities capital assets, net	\$ 96,432,515	\$ 1,099,203	\$ (1,499,792)	\$ 96,031,926
Business-type activities:				
Capital assets not being depreciated:				
Land and land rights	\$ 1,449,204	\$ 0	\$ 0	\$ 1,449,204
Construction work-in-progress	3,466,312	0	(2,347,477)	1,118,835
Total capital assets not being depreciated	\$ 4,915,516	\$ 0	\$ 0	\$ 2,568,039

Note 4 - CAPITAL ASSETS - (Cont.)

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Plant in service	\$ 208,284,436	\$ 10,892,794	\$ (1,198,810)	\$ 217,978,420
Equipment	297,470	0	0	297,470
Total capital assets being depreciated	\$ 208,581,906	\$ 10,892,794	\$ (1,198,810)	\$ 218,275,890
Less accumulated depreciation for				
Plant in service	\$ (79,238,211)	\$ (6,227,225)	\$ 1,269,411	\$ (84,196,025)
Equipment	(129,127)	(29,788)	0	(158,915)
Total accumulated depreciation	\$ (79,367,338)	\$ (6,257,013)	\$ 1,269,411	\$ (84,354,940)
Total capital assets being depreciated, net	\$ 129,214,568	\$ 4,635,781	\$ 70,601	\$ 133,920,950
Business-type activities capital assets	\$ 134,130,084	\$ 4,635,781	\$ 70,601	\$ 136,488,989

Depreciation expense was charged to governmental functions as follows:

General government	\$ 78,413
Planning and inspection	43,722
Public safety	518,554
Public works	1,382,159
Health and welfare	17,164
Culture and recreation	339,459
Education	2,256,148
Capital assets held by the government's internal service fund are charged to various functions based on usage	52,647
Total depreciation expense - governmental activities	\$ 4,688,266

Note 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2005, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental	\$ 574,305
Nonmajor governmental	Nonmajor enterprise	170,000
Nonmajor governmental	Internal service fund	5,000
		\$ 749,305

Of the total interfund receivable/payable balances, \$599,305 is expected to be repaid within one year. Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

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

Transfers out:	Transfers in:				Total
	General Fund	School Fund	Fire Fund	Nonmajor Governmental	
General fund	\$ 0	\$ 4,534,900	\$ 389,132	\$ 5,814,166	\$ 10,738,198
School fund	0	0	0	381,775	381,775
Fire Protection fund	0	0	0	204,731	204,731
Cleveland Utilities - Electric	1,314,711	0	0	0	1,314,711
Cleveland Utilities - Water	178,972	0	0	0	178,972
Nonmajor Governmental	0	171,958	75,643	817,353	1,064,954
	<u>\$ 1,493,683</u>	<u>\$ 4,706,858</u>	<u>\$ 464,775</u>	<u>\$ 7,218,025</u>	<u>\$ 13,883,341</u>

Note 6 - LONG-TERM DEBT

General Obligation Bonds

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

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

Purpose	Interest Rates	Amount
Governmental activities	4.80-5.25%	\$ 1,225,000
Governmental activities - refunding	3.00-5.00%	17,700,000
		<u>\$ 18,925,000</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2006	\$ 1,140,000	\$ 826,562	\$ 1,966,562
2007	1,245,000	773,338	2,018,338
2008	1,380,000	714,874	2,094,874
2009	1,435,000	649,678	2,084,678
2010	1,205,000	582,402	1,787,402
2011-2015	4,100,000	2,215,838	6,315,838
2016-2020	4,165,000	1,464,175	5,629,175
2021-2025	4,255,000	468,013	4,723,013
	<u>\$ 18,925,000</u>	<u>\$ 7,694,880</u>	<u>\$ 26,619,880</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>
Wastewater treatment - Cleveland		
Utilities Water Division	2.00-5.00%	\$ 26,495,000

Debt service requirements to maturity for revenue bonds of Cleveland Utilities for the fiscal year ended June 30, 2005, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2006	\$ 1,620,000	\$ 1,012,263	\$ 2,632,263
2007	1,645,000	952,265	2,597,265
2008	1,675,000	892,713	2,567,713
2009	1,970,000	829,006	2,799,006
2010	2,010,000	756,063	2,766,063
2011-2015	9,705,000	2,596,804	12,301,804
2016-2020	4,055,000	1,187,381	5,242,381
2021-2025	2,165,000	595,599	2,760,599
2026-2030	1,650,000	143,283	1,793,283
	<u>\$ 26,495,000</u>	<u>\$ 8,965,377</u>	<u>\$ 35,460,377</u>

Notes Payable

Principal requirements to maturity for notes payable accounted for in the governmental activities for the fiscal year ended June 30, 2005, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2006	\$ 240,000	\$ 1,101,375	\$ 1,341,375
2007	250,000	1,091,588	1,341,588
2008	260,000	1,130,100	1,390,100
2009	270,000	1,118,163	1,388,163
2010	220,000	1,107,800	1,327,800
2011-2015	3,535,000	5,226,550	8,761,550
2016-2020	3,410,000	4,261,700	7,671,700
2021-2025	6,175,000	3,505,500	9,680,500
2026-2030	11,175,000	1,991,025	13,166,025
	<u>\$ 25,535,000</u>	<u>\$ 20,533,801</u>	<u>\$ 46,068,801</u>

Note 6 - LONG-TERM DEBT (Cont.)

Principal requirements to maturity for notes payable accounted for in the business-type activities for the fiscal year ended June 30, 2005, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2006	\$ 895,000	\$ 989,181	\$ 1,884,181
2007	915,000	937,750	1,852,750
2008	945,000	892,000	1,837,000
2009	990,000	844,750	1,834,750
2010	1,015,000	795,250	1,810,250
2011-2015	5,205,000	3,189,501	8,394,501
2016-2020	4,545,000	1,977,750	6,522,750
2021-2025	3,215,000	896,000	4,111,000
2026-2030	1,925,000	298,750	2,223,750
	<u>\$ 19,650,000</u>	<u>\$ 10,820,932</u>	<u>\$ 30,470,932</u>

Changes in Long-Term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 19,360,000	\$ 10,580,000	\$ (11,015,000)	\$ 18,925,000	\$ 1,140,000
Notes payable	24,715,000	1,025,000	(205,000)	25,535,000	240,000
Compensated absences	1,218,577	1,189,613	(1,166,907)	1,241,283	99,303
Less deferred charges: for refunding	0	(618,075)	13,263	(604,812)	0
Total	<u>\$ 45,293,577</u>	<u>\$ 12,176,538</u>	<u>\$ (12,373,644)</u>	<u>\$ 45,096,471</u>	<u>\$ 1,479,303</u>
Business-type activities:					
Revenue bonds	\$ 28,090,000	\$ 0	\$ (1,595,000)	\$ 26,495,000	\$ 1,620,000
Notes payable	18,531,307	1,850,000	(731,307)	19,650,000	895,000
Conservation advances	653,760	141,556	(203,002)	592,314	116,858
Less bond discount/premiums	(1,753,121)	(1,338,930)	70,983	(3,021,068)	0
Less deferred charges	(56,996)	(34,178)	166,354	75,180	0
	<u>\$ 45,464,950</u>	<u>\$ 618,448</u>	<u>\$ (2,291,972)</u>	<u>\$ 43,791,426</u>	<u>\$ 2,631,858</u>

Compensated absences are generally liquidated by the general fund, school fund, fire fund, school federal projects fund, school food service fund, library fund, community development block grant fund, stormwater fund, fleet fund, and solid waste management fund.

On February 10, 2005, the City of Cleveland issued \$10,580,000 in general improvement refunding bonds to advance refund \$9,865,000 of series 1999 general obligation bonds. The refunding bond proceeds were used to purchase and deposit in an irrevocable trust certain U.S. Government Securities for the purpose of generating resources for all future debt payments of the refunded debt. Of the 1999 series, there remains debt of \$1,225,000 outstanding at year end that will mature in 2009. The reacquisition price exceed the net carrying amount of the old debt by \$618,075. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which had the same life. The issuance of refunding bonds at interest rates lower than the rates on the 1999 bonds will cause future aggregate debt service payments to be reduced by \$625,131. The economic gain, the difference between the present value of the old debt and new debt service payments, related to the current refunding will be \$432,190.

Note 6 - LONG-TERM DEBT (Cont.)

On May 5, 2005, the Public Building Authority of Blount County, Tennessee, issued \$2,875,000 in aggregate principal amount of Local Government Public Improvement Bonds, Adjustable Rate Series VI-E-4 for the purpose of making a loan to the City of Cleveland, Tennessee. The proceeds of this loan are being used to finance the costs of improving the electric system of the City of Cleveland and to provide funds for capital improvements to various departments of the City. The loan matures June 1, 2025, and bears interest at a weekly variable rate, as defined, or other rate options available at the time of borrowing (2.30% at June 30, 2005). Payments of interest are due quarterly with principal payments beginning June 1, 2006.

Interest Rate Swap - Notes Payable

The Public Building Authorities of Sevier County and Blount County, at the request of the City, have entered into interest rate swap agreements for all of the outstanding Local Government Improvement Bonds. Based on the loan agreements and swap agreements, the City owes interest at an effective fixed rate of 4.875% on each Series of Bonds. In return, the counterparty owes the City interest based on a variable rate that is calculated at 70% of the 3-month LIBOR (London InterBank Offered Rate). Only the net difference in interest payments is actually exchanged with the counterparty. The bond principal is not exchanged; it is used as the basis on which the interest payments are calculated.

The City, through the Bond Trustee, continues to pay interest to the bondholders at the adjustable rate provided by the bonds. However, during the term of the swap agreements, the City effectively pays a fixed rate on the debt plus or minus the difference between the variable interest due the bondholders and the variable rate received from the counterparty. The debt service requirements to maturity for these bonds (presented in the notes) are based solely on the fixed rate. The City would be exposed to variable rates if the counterparty to the swap defaults, if the variable rate received from the counterparty is less than that due to bondholders or if the swaps are terminated. The IV-C-3 and A-2-A Bonds are pre-payable at any time with 30 days advance notice. If the Bonds are pre-paid prior to maturity and the City decides to terminate the swaps, a termination fee may be owed either to the Counterparty by the City, or to the City by the Counterparty, depending upon current market conditions. Other than the net interest expenditures resulting from these agreements, no other amounts are recorded in the financial statements.

Note 7 - RESTRICTED ASSETS

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

Note 8 - JOINT VENTURES

The City of Cleveland together with Bradley County and the City of Charleston, have created the Cleveland Bradley Communications Center (CBCC) to combine Emergency 911 services that were operated separately by each government. The CBCC's board is comprised of one member appointed by each government and six other Cleveland City and Bradley County employees who are involved in emergency response management. The City has constructed a building and purchased equipment for the CBCC at a total cost of \$1,311,046. The City is financing this endeavor through loans from bond proceeds issued by the Public Authority of Sevier County, Tennessee. The City is receiving impact payments from the CBCC equal to the debt service requirements. Separate financial statements are issued for the CBCC and may be obtained by writing to the CBCC, Guthrie Drive, Cleveland, Tennessee 37312.

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

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

The governmental fund balance includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds, notes payable, compensated absences and interest payable are not due and payable in the current period and therefore are not reported in the funds." The details of this \$45,963,234 difference are as follows:

Bonds payable	\$ 18,925,000
Notes payable	25,535,000
Compensated absences	1,241,283
Interest payable	<u>261,951</u>
Net adjustment	<u>\$ 45,963,234</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances for total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$965,376 difference are as follows:

Depreciation expense	\$ 4,635,619
Capital outlay	<u>(3,670,243)</u>
Net adjustment	<u>\$ 965,376</u>

Another element of that reconciliation states that "Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets." The details of this \$11,220,000 difference are as follows:

Principal repayments:	
General Obligation Bonds	\$ 11,015,000
Notes	<u>205,000</u>
Net adjustment	<u>\$ 11,220,000</u>

Note 10 - COMMITMENTS AND CONTINGENCIES

Cleveland Utilities Board is a party to a contract with TVA dated August 17, 1976, under which the Electric Division purchases its entire requirements for electric power and energy from TVA for resale. The contract may be terminated by either TVA or the Board at any time upon not less than five years' prior written notice. The Board has a purchase commitment with Hiwassee Utilities Commission to purchase an annual quantity of water equal to an average of 2,466,667 gallons of water per day during the term of the contract. The contract was for a period of eight years through September 2002. While the Board has not finalized a renewal of the contract, they intend to seek renewal of the contract while continuing to purchase the committed quantities.

Note 11 - LITIGATION

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

Note 12 - TENNESSEE VALLEY AUTHORITY (TVA) CONSERVATION PROGRAMS

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

Note 13 - RISK MANAGEMENT

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

Note 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Note 15 - DEFERRED COMPENSATION PLAN

During fiscal year ended June 30, 1998, the City of Cleveland implemented GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. This Statement rescinds GASB No. 2, Financial Reporting of Deferred Compensation Plans Adopted under the Provision of Internal Revenue Code Section 457. The effect of the new statement is to eliminate

Note 15 - DEFERRED COMPENSATION PLAN-(Cont.)

the requirement for statement presentation and note disclosure for plans that are held in trust and meet the requirements of Section 457(g).

Note 16 - ESTIMATES

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

Note 17 - RETIREMENT COMMITMENTS

CLEVELAND BOARD OF EDUCATION, CLEVELAND FIRE AND POLICE DEPARTMENTS, CLEVELAND CITY-OTHER DEPARTMENTS, CLEVELAND UTILITIES-WATER DIVISION, CLEVELAND UTILITIES-ELECTRIC DIVISION, CLEVELAND SANITATION DEPARTMENT

PLAN DESCRIPTION

Certain employees of the above Departments of the City of Cleveland are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirements for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after 5 years of service and members joining prior to July 1, 1979 were vested after 4 years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the City of Cleveland participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us.

FUNDING POLICY

The City of Cleveland Plan is noncontributory and has assumed employee contributions up to 5.0 percent of annual covered payroll.

The City of Cleveland is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2005 was 14.50% of annual covered payroll. The contribution requirement of plan members is set by state statute. Contribution requirement for Cleveland City is established and may be amended by the TCRS Board of Trustees.

ANNUAL PENSION COST

For the year ending June 30, 2005, the City's annual pension cost of \$3,044,151 to TCRS was equal to the City's required and actual contributions. The required contributions was determined as part of the July 1, 2003 actuarial valuation using the frozen entry age method. Significant actuarial assumptions used in the

Note 17 - RETIREMENT COMMITMENTS - (Cont.)

valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The City's unfunded actuarial liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003 was 12 years.

Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/05	\$ 3,044,151	100%	\$0.00
6/30/04	2,410,210	100%	\$0.00
6/30/03	2,311,987	100%	\$0.00
6/30/02	1,657,787	100%	\$0.00
6/30/01	1,528,993	100%	\$0.00
6/30/00	1,168,091	100%	\$0.00
6/30/99	1,066,807	100%	\$0.00
6/30/98	1,009,794	100%	\$0.00

CLEVELAND CITY SCHOOLS SYSTEM

PLAN DESCRIPTION

The Cleveland City Schools contribute to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979 are vested after five years of service. Members joining prior to July 1, 1979 are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The maximum annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us.

Note 17 - RETIREMENT COMMITMENTS - (Cont.)

FUNDING POLICY

Most teachers are required by state statute to contribute 5 percent of their salary to the plan. The Cleveland City Schools are required to contribute at an actuarially determined rate. The rate for the fiscal year ending June 30, 2005 was 5.50 percent of annual covered payroll. The contribution requirement of Cleveland City Schools is established and may be amended by the TCRS Board of Trustees. Cleveland City School's contributions to the TCRS for the years ending June 30, 2005, 2004, and 2003, were \$868,646, \$504,253, and \$496,507, respectively, equal to the required contributions for each year.

CLEVELAND UTILITIES - CSA PENSION PLAN

PLAN DESCRIPTION

All employees of the Cleveland Utilities - Electric Division hired prior to October 15, 1993 participate in a cost-sharing multiple-employer pension plan administered by the Central Service Association (the "CSA Plan"). The CSA Plan provides retirement benefits to plan members. Section 8.05 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. 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, 93 South Coley Road, Tupelo, MS 38803-3480 or by calling (662) 842-5962.

FUNDING POLICY

Participants are not required to contribute to the CSA Plan. The Board is required to contribute an actuarially determined amount. The contribution requirements of the Board are established and may be amended by the CSA Board of Directors. The Board's contributions to the CSA Plan for the year ending June 30, 2005, 2004 and 2003 were \$516,537, \$408,357, and \$296,412, respectively, and were equal to the required contribution established by the CSA Board.

Note 18 - POSTRETIREMENT BENEFITS

In addition to the pension benefits described above, Cleveland Utilities-Water and Electric Divisions provide postretirement medical, hospitalization and dental benefits to all employees who retire from the Divisions. At June 30, 2005, 63 retirees were eligible to receive such benefits. Although there exists no statutory, contractual or other authority under which provisions and obligations to contribute are established, the Division has no plans to discontinue these benefits. Expenses for postretirement health care benefits are recognized as retirees' insurance premiums are paid. Such expenses amounted to \$141,883 for 2005.

Retired employees of general government not eligible for Medicare, Medicaid or other employer provided insurance benefits may continue coverage with the City's health insurance plan, and if they meet the minimum requirements, will be eligible for a premium reduction based on years of service, the City paying the reduced amount of premium. The reduction schedule is a 50% reduction for 15 years of service and an additional 3.33% reduction for each additional year of service to a maximum 100% paid for 30 or more years of service. At June 30, 2005, twenty-one retirees were eligible to receive such benefits, and premiums paid for retirees totaled \$56,112.

Note 18 - POSTRETIREMENT BENEFITS-(Cont.)

Beginning July 1, 1997, the Cleveland City Schools began paying a portion of health insurance premiums for employees retiring during the 1998 fiscal year. The employee must reach a minimum age of 55 years or be eligible for disability retirement under the rules of the Tennessee Consolidated Retirement System. The retired employees coverage shall terminate if the retiree becomes eligible for coverage under a plan provided by a new employer or the date of eligibility for coverage with Medicare/Medicaid. During the current fiscal year, \$50,324 was paid in health insurance premiums for 41 eligible retirees.

In June 2004, the Governmental Accounting Standards Board issued Statement No. 45 ("GASB 45"), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 45's objective is to establish standards for the measurement, recognition, and display of post-employment benefit expenses, related liabilities, note disclosures, and required supplementary information. The implementation of GASB 45 will require a significant number of actuarial calculations to determine annual required contributions to be expensed and accrued as liabilities. GASB 45 does not require funding of plan benefits.

The requirements of GASB 45 are effective in three phases based on a government's total annual revenues. The City of Cleveland plans to implement GASB 34 in the year ending June 30, 2008. The adoption could have a material impact on the Board's financial statements.

Note 19 - SUBSEQUENT EVENTS

Effective October 1, 2005, TVA increased the rates charged to Cleveland Utilities for purchased power by approximately 7.5%. The increase was "passed-through" to Cleveland Utilities customers in the form of a retail rate increase of approximately 6% effective October 1, 2005.

On September 13, 2005, the Cleveland Utilities' Board adopted a resolution converting the CSA Pension Plan from a nongovernmental plan to a governmental plan. Plan benefits and other plan specifics were not changed because of the conversion. The effective date of the conversion was October 1, 2005.

Resolutions were approved subsequent to year end to issue new debt in the amount of \$25,500,000. The new debt includes \$2,500,000 for Cleveland Utilities- electric division, \$4,500,000 for Cleveland Utilities- water division and the balance of \$18,500,000, to be spent on public improvements throughout the City.

On September 16, 2005, Cleveland Utilities received a Commissioner's Order from the Tennessee Department of Environment and Conservation. The order deals with violations of Cleveland Utilities' NPDES Permit related to overflows in the sewer collection system. Cleveland Utilities reported all violations listed in the order to TDEC. The Board has authorized the utility to engage the services of legal counsel to appeal the order. The appeal was filed September 21, 2005.

REQUIRED SUPPLEMENTARY INFORMATION

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM(TCRS)
RETIREMENT PLAN

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/03	\$41,234	\$48,856	\$7,622	84.40%	\$19,221	39.65%
07/01/01	\$35,796	\$43,901	\$8,105	81.54%	\$17,071	47.48%
07/01/99	\$30,327	\$35,423	\$5,096	85.61%	\$14,556	35.01%
06/30/97	\$24,843	\$27,004	\$2,161	92.00%	\$12,531	17.25%
06/30/95	\$19,344	\$20,658	\$1,314	93.64%	\$10,664	12.32%
06/30/93	\$16,259	\$16,606	\$347	97.91%	\$9,006	3.85%
06/30/91	\$13,022	\$13,650	\$628	95.40%	\$8,049	7.80%

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.

Law Enforcement Block Grant Fund-2004: This fund is used to account for a grant received from the United States Department of Justice.

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

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

Weed and Seed Fund: This fund is used to account for a grant from the United States Department of Justice to enhance the quality of life for citizens, typically from depressed and crime-ridden areas.

Stormwater Management Fund: This fund is a newly established fund used to meet the National Pollutant Discharge Elimination System requirements. It is funded by a transfer from the general fund.

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.

Cleveland Municipal Airport Authority Fund: This fund is used to account for grants and local funds used to meet the aviation needs of the community.

Project Safe Neighborhood Grant: This fund is used to account for funds received from the United States Department of Justice to reduce gun violence-particularly gun violence among adolescents.

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

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.

Housing and Community Development Rehab Fund: This fund accounts for monies received from repayments of low interest loans for rehabilitation of homes within the community.

Housing and Community Development UDAG Fund: This fund accounts for monies received from repayments of low interest loans for rehabilitation of homes within the community.

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

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

2000 Bradley County Capital Outlay Note Fund: This fund accounts for notes issued by Bradley County to fund the public school system's capital improvement needs.

2001 General Improvement Bond Fund: This fund accounts for bonds issued to finance the public schools systems capital improvement needs; purchase a new fire truck; purchase land for a new fire hall; construct a fire training tower; purchase land for a public works facility and construct a new central garage; transportation projects; and other projects and equipment for city departments.

2002 General Improvement Bond Fund: This fund accounts for bonds issued to finance the renovation of the Central Service Building for the Planning and Inspections operation, to fund an airport study, to purchase equipment for various city departments, to replace roofs at Mayfield Elementary and Cleveland High School, and site preparation for the Public Works complex and construction of the garage facility.

2004 Bradley County Capital Outlay Note Fund: This fund accounts for notes issued by Bradley County to fund the public school system's capital improvement needs.

2005 VI-E-4 General Improvement Bond Fund: This fund is used to account for the proceeds of a \$1,025,000 General Improvement Bond Issue. Funds will be used to purchase land and design the new Fire Station, preliminary work on the new Police Service Center, Public Works Improvements, and various equipments for city's departments.

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.

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CITY OF CLEVELAND, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2005

Special Revenue

	State Street Aid Fund	Solid Waste Management Fund	School Federal Projects Fund	School Food Services Fund	Library Fund	Drug Enforcement Fund
ASSETS						
Cash and cash equivalents	\$ 29,785	\$ 306	\$ 53,806	\$ 102,814	\$ 168,401	\$ 180,076
Cash and cash equivalents - restricted	0	0	0	0	0	0
Investments	0	0	0	0	393,700	0
Investments - restricted	0	0	0	0	0	0
Accounts receivable	0	167,869	0	0	0	0
Due from other government agencies	182,573	0	310,324	99,175	0	2,713
Due from other funds	0	0	0	0	0	0
Notes receivable	0	0	0	0	0	0
Total Assets	\$ 212,358	\$ 168,175	\$ 364,130	\$ 201,989	\$ 562,101	\$ 182,789
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accrued liabilities	\$ 13,977	\$ 18,930	\$ 145,336	\$ 0	\$ 0	\$ 0
Accounts payable	0	235	59,966	1,639	0	814
Due to other funds	0	0	0	0	0	0
Matured interest payable	0	0	0	0	0	0
Matured bonds payable	0	0	0	0	0	0
Deferred revenue	0	0	0	8,133	0	0
Total Liabilities	\$ 13,977	\$ 19,165	\$ 205,302	\$ 9,772	\$ 0	\$ 814
Fund Balances:						
Reserved for capital outlay	\$ 0	\$ 0	\$ 0	\$ 0	\$ 210,328	\$ 0
Reserved for book and equipment	0	0	0	0	238,975	0
Reserved for federal projects	0	0	158,828	0	0	49,000
Reserved for noncurrent loans	0	0	0	0	0	0
Reserved for endowment	0	0	0	0	0	0
Unreserved-undesignated	198,381	149,010	0	192,217	112,798	132,975
Total Fund Balances	\$ 198,381	\$ 149,010	\$ 158,828	\$ 192,217	\$ 562,101	\$ 181,975
Total Liabilities and Fund Balances	\$ 212,358	\$ 168,175	\$ 364,130	\$ 201,989	\$ 562,101	\$ 182,789

Special Revenue

Fletcher Park Trust Fund	Greenway Fund	Weed and Seed Fund	Storm Water Management Fund	Metropolitan Transportation Planning Organization Fund	Cleveland Municipal Airport Authority Fund	Project Safe Neighborhood Grant Fund	Community Development Block Grant Fund
\$ 36,051	\$ 2,280	\$ 15,529	\$ 46,315	\$ 7,003	\$ 57,670	\$ 210	\$ 1,422
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	120	333	0
20,597	566,456	125,000	0	76,796	65,047	0	269
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>\$ 56,648</u>	<u>\$ 568,736</u>	<u>\$ 140,529</u>	<u>\$ 46,315</u>	<u>\$ 83,799</u>	<u>\$ 122,837</u>	<u>\$ 543</u>	<u>\$ 1,691</u>
\$ 0	\$ 0	\$ 4,097	\$ 3,560	\$ 0	\$ 0	\$ 0	\$ 1,670
0	0	1,378	830	4,334	758	0	20
0	490,000	0	0	79,305	5,000	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>\$ 0</u>	<u>\$ 490,000</u>	<u>\$ 5,475</u>	<u>\$ 4,390</u>	<u>\$ 83,639</u>	<u>\$ 5,758</u>	<u>\$ 0</u>	<u>\$ 1,690</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
56,648	78,736	135,054	41,925	160	117,079	543	1
<u>\$ 56,648</u>	<u>\$ 78,736</u>	<u>\$ 135,054</u>	<u>\$ 41,925</u>	<u>\$ 160</u>	<u>\$ 117,079</u>	<u>\$ 543</u>	<u>\$ 1</u>
<u>\$ 56,648</u>	<u>\$ 568,736</u>	<u>\$ 140,529</u>	<u>\$ 46,315</u>	<u>\$ 83,799</u>	<u>\$ 122,837</u>	<u>\$ 543</u>	<u>\$ 1,691</u>

CITY OF CLEVELAND, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 June 30, 2005

	<u>Debt Service</u>	<u>Capital Projects</u>		
	Debt Service Fund	Housing and Community Development Rehab Fund	Housing and Community Development UDAG Fund	Capital Improvement Program Fund
ASSETS				
Cash and cash equivalents	\$ 1,474,841	\$ 4,394	\$ 629	\$ 1,877,221
Cash and cash equivalents - restricted	0	0	0	0
Investments	0	0	0	108,459
Investments - restricted	0	0	0	0
Accounts receivable	0	0	0	33,557
Due from other government agencies	0	0	0	0
Due from other funds	175,000	0	0	0
Notes receivable	0	6,210	0	0
Total Assets	<u>\$ 1,649,841</u>	<u>\$ 10,604</u>	<u>\$ 629</u>	<u>\$ 2,019,237</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accrued liabilities	\$ 0	\$ 0	\$ 0	\$ 0
Accounts payable	0	0	0	449,537
Due to other funds	0	0	0	0
Matured interest payable	1,097	0	0	0
Matured bonds payable	1,000	0	0	0
Deferred revenue	0	0	0	0
Total Liabilities	<u>\$ 2,097</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 449,537</u>
Fund Balances:				
Reserved for capital outlay	\$ 0	\$ 0	\$ 0	\$ 0
Reserved for book and equipment	0	0	0	0
Reserved for federal projects	0	0	0	0
Reserved for noncurrent loans	0	500	0	0
Reserved for endowment	0	0	0	0
Unreserved-undesignated	1,647,744	10,104	629	1,569,700
Total Fund Balances	<u>\$ 1,647,744</u>	<u>\$ 10,604</u>	<u>\$ 629</u>	<u>\$ 1,569,700</u>
Total Liabilities and Fund Balances	<u>\$ 1,649,841</u>	<u>\$ 10,604</u>	<u>\$ 629</u>	<u>\$ 2,019,237</u>

Capital Projects				Permanent Fund	
THDA Home Grant Fund	2002 General Improvement Bond Fund	2004 Bradley County Capital Outlay Note Fund	2005 VI-E-4 General Improvement Bond Fund	Meiler Estate Animal Shelter Trust Fund	Total Nonmajor Governmental Funds
\$ 1,529	\$ 29,189	\$ 123,062	\$ 390,073	\$ 8,315	\$ 4,610,921
0	0	0	0	459,646	459,646
0	0	0	0	0	502,159
0	0	0	0	0	0
0	0	0	1	0	201,880
0	0	0	0	0	1,448,950
0	0	0	0	0	175,000
0	0	0	0	0	6,210
<u>\$ 1,529</u>	<u>\$ 29,189</u>	<u>\$ 123,062</u>	<u>\$ 390,074</u>	<u>\$ 467,961</u>	<u>\$ 7,404,766</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 187,570
0	300	68,803	56,369	0	644,983
0	0	0	0	0	574,305
0	0	0	0	0	1,097
0	0	0	0	0	1,000
0	0	0	0	0	8,133
<u>\$ 0</u>	<u>\$ 300</u>	<u>\$ 68,803</u>	<u>\$ 56,369</u>	<u>\$ 0</u>	<u>\$ 1,417,088</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 210,328
0	0	0	0	0	238,975
0	0	0	0	0	207,828
0	0	0	0	0	500
0	0	0	0	459,646	459,646
1,529	28,889	54,259	333,705	8,315	4,870,401
<u>\$ 1,529</u>	<u>\$ 28,889</u>	<u>\$ 54,259</u>	<u>\$ 333,705</u>	<u>\$ 467,961</u>	<u>\$ 5,987,678</u>
<u>\$ 1,529</u>	<u>\$ 29,189</u>	<u>\$ 123,062</u>	<u>\$ 390,074</u>	<u>\$ 467,961</u>	<u>\$ 7,404,766</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, 2005

	Special Revenue					
	State Street Aid Fund	Solid Waste Management Fund	School Federal Projects Fund	School Food Services Fund	Library Fund	Drug Enforcement Fund
Revenues:						
Intergovernmental	\$ 1,057,992	\$ 0	\$ 3,933,520	\$ 990,442	\$ 427,039	\$ 0
Fines and forfeitures	0	0	0	0	0	155,784
Charges for services	0	1,994,623	0	802,562	67,435	0
Interest	5,905	3,604	2,330	992	8,562	3,602
Miscellaneous	0	22	0	0	55,937	31,878
Total revenues	\$ 1,063,897	\$ 1,998,249	\$ 3,935,850	\$ 1,793,996	\$ 558,973	\$ 191,264
Expenditures:						
Current:						
General government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Planning and inspection	0	0	0	0	0	0
Public safety	0	0	0	0	0	112,806
Public works	494,392	3,116,293	0	0	0	0
Culture and recreation	0	0	0	0	950,626	0
Education	0	0	3,933,625	1,761,040	0	0
Capital Outlay	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0
Total expenditures	\$ 494,392	\$ 3,116,293	\$ 3,933,625	\$ 1,761,040	\$ 950,626	\$ 112,806
Excess (deficiency) of revenues over expenditures	\$ 569,505	\$ (1,118,044)	\$ 2,225	\$ 32,956	\$ (391,653)	\$ 78,458
Other financing sources (uses):						
Transfers in	\$ 0	\$ 1,118,952	\$ 0	\$ 0	\$ 420,417	\$ 0
Transfers out	(663,653)	0	(171,958)	0	0	0
Notes issued	0	0	0	0	0	0
Refunding bonds issued	0	0	0	0	0	0
Payment to refunding bond escrow agent	0	0	0	0	0	0
Total other financing sources sources (uses)	\$ (663,653)	\$ 1,118,952	\$ (171,958)	\$ 0	\$ 420,417	\$ 0
Net change in fund balances	\$ (94,148)	\$ 908	\$ (169,733)	\$ 32,956	\$ 28,764	\$ 78,458
Fund balances at beginning of year	292,529	148,102	328,561	159,261	533,337	103,517
Fund balances at end of year	\$ 198,381	\$ 149,010	\$ 158,828	\$ 192,217	\$ 562,101	\$ 181,975

Special Revenue

Law Enforcement Block Grant Fund - 2004	Fletcher Park Trust Fund	Greenway Fund	Weed and Seed Fund	Storm Water Management Fund	Metropolitan Transportation Planning Organization Fund	Cleveland Municipal Airport Authority Fund	Project Safe Neighborhood Grant Fund	Community Development Block Grant Fund
\$ 14,515	\$ 20,597	\$ 566,456	\$ 137,798	\$ 0	\$ 107,985	\$ 120,391	\$ 27,854	\$ 138,822
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	8,824	0	
180	2,215	2,397	3,627	2,750	0	302	0	
0	0	75	2,951	122	0	0	0	
<u>\$ 14,695</u>	<u>\$ 22,812</u>	<u>\$ 568,928</u>	<u>\$ 144,376</u>	<u>\$ 2,872</u>	<u>\$ 107,985</u>	<u>\$ 129,517</u>	<u>\$ 27,854</u>	<u>\$ 138,822</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 141,126	\$ 0	\$ 0	\$ 61,160
0	0	0	0	0	0	0	0	
16,308	0	0	193,362	193,339	0	0	27,311	
0	0	0	0	0	0	164,938	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
0	29,615	639,677	0	0	0	0	0	77,650
0	0	0	0	0	0	0	0	
<u>\$ 16,308</u>	<u>\$ 29,615</u>	<u>\$ 639,677</u>	<u>\$ 193,362</u>	<u>\$ 193,339</u>	<u>\$ 141,126</u>	<u>\$ 164,938</u>	<u>\$ 27,311</u>	<u>\$ 138,822</u>
<u>\$ (1,613)</u>	<u>\$ (6,803)</u>	<u>\$ (70,749)</u>	<u>\$ (48,986)</u>	<u>\$ (190,467)</u>	<u>\$ (33,141)</u>	<u>\$ (35,421)</u>	<u>\$ 543</u>	<u>\$</u>
\$ 1,613	\$ 0	\$ 12,000	\$ 0	\$ 179,000	\$ 33,301	\$ 152,500	\$ 0	\$
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
<u>\$ 1,613</u>	<u>\$ 0</u>	<u>\$ 12,000</u>	<u>\$ 0</u>	<u>\$ 179,000</u>	<u>\$ 33,301</u>	<u>\$ 152,500</u>	<u>\$ 0</u>	<u>\$</u>
\$ 0	\$ (6,803)	\$ (58,749)	\$ (48,986)	\$ (11,467)	\$ 160	\$ 117,079	\$ 543	\$
0	63,451	137,485	184,040	53,392	0	0	0	
<u>\$ 0</u>	<u>\$ 56,648</u>	<u>\$ 78,736</u>	<u>\$ 135,054</u>	<u>\$ 41,925</u>	<u>\$ 160</u>	<u>\$ 117,079</u>	<u>\$ 543</u>	<u>\$</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, 2005

	Debt Service	Capital Projects		
	Debt Service Fund	Housing and Community Development Rehab Fund	Housing and Community Development UDAG Fund	Capital Improvement Program Fund
Revenues:				
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 20,700
Fines and forfeitures	0	0	0	0
Charges for services	0	0	0	0
Interest	36,738	154	0	44,949
Miscellaneous	67,652	0	0	25,508
Total revenues	\$ 104,390	\$ 154	\$ 0	\$ 91,157
Expenditures:				
Current:				
General government	\$ 0	\$ 0	\$ 0	\$ 0
Planning and inspection	0	0	0	0
Public safety	0	0	0	0
Public works	0	0	0	0
Culture and recreation	0	0	0	0
Education	0	0	0	0
Capital Outlay	0	0	0	1,612,144
Debt Service	3,346,744	0	0	0
Total expenditures	\$ 3,346,744	\$ 0	\$ 0	\$ 1,612,144
Excess (deficiency) of revenues over expenditures	\$ (3,242,354)	\$ 154	\$ 0	\$ (1,520,987)
Other financing sources (uses):				
Transfers in	\$ 3,325,690	\$ 0	\$ 0	\$ 1,974,552
Transfers out	0	0	0	(57,450)
Notes issued	0	0	0	0
Refunding bonds issued	10,580,000	0	0	0
Payment to refunding bond escrow agent	(10,483,075)	0	0	0
Total other financing sources (uses)	\$ 3,422,615	\$ 0	\$ 0	\$ 1,917,102
Net change in fund balances	\$ 180,261	\$ 154	\$ 0	\$ 396,115
Fund balances at beginning of year	1,467,483	10,450	629	1,173,585
Fund balances at end of year	\$ 1,647,744	\$ 10,604	\$ 629	\$ 1,569,700

Capital Projects						Permanent Fund	Total Nonmajor Government Funds
THDA Home Grant Fund	2000 Bradley County Capital Outlay Note Fund	2001 General Improvement Bond Fund	2002 General Improvement Bond Fund	2004 Bradley County Capital Outlay Note Fund	2005 VI-E-4 General Improvement Bond Fund	Meiler Estate Animal Shelter Trust Fund	
\$ 73,152	\$ 0	\$ 0	\$ 0	\$ 600,000	\$ 0	\$ 0	\$ 8,237,
0	0	0	0	0	0	0	155,
0	0	0	0	0	0	0	2,873,
0	782	4,260	9,789	4,387	1,024	16,367	154,
0	0	0	0	0	0	0	184,
<u>\$ 73,152</u>	<u>\$ 782</u>	<u>\$ 4,260</u>	<u>\$ 9,789</u>	<u>\$ 604,387</u>	<u>\$ 1,024</u>	<u>\$ 16,367</u>	<u>\$ 11,605,</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 141,
0	0	0	0	0	0	0	61,
0	0	0	0	0	0	0	543,
0	0	0	0	0	0	0	3,775,
0	0	0	0	0	0	0	950,
0	0	0	0	0	0	0	5,694,
73,152	141,346	283,675	227,197	550,128	682,121	0	4,316,
0	0	0	0	0	10,198	0	3,356,
<u>\$ 73,152</u>	<u>\$ 141,346</u>	<u>\$ 283,675</u>	<u>\$ 227,197</u>	<u>\$ 550,128</u>	<u>\$ 692,319</u>	<u>\$ 0</u>	<u>\$ 18,839,</u>
\$ 0	\$ (140,564)	\$ (279,415)	\$ (217,408)	\$ 54,259	\$ (691,295)	\$ 16,367	\$ (7,234,
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,218,
0	0	0	(161,693)	0	0	(10,200)	(1,064,
0	0	0	0	0	1,025,000	0	1,025,
0	0	0	0	0	0	0	10,580,
0	0	0	0	0	0	0	(10,483,
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (161,693)</u>	<u>\$ 0</u>	<u>\$ 1,025,000</u>	<u>\$ (10,200)</u>	<u>\$ 7,274,</u>
\$ 0	\$ (140,564)	\$ (279,415)	\$ (379,101)	\$ 54,259	\$ 333,705	\$ 6,167	\$ 40,5
1,529	140,564	279,415	407,990	0	0	461,794	5,947,
<u>\$ 1,529</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,889</u>	<u>\$ 54,259</u>	<u>\$ 333,705</u>	<u>\$ 467,961</u>	<u>\$ 5,987,</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, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State gas tax	\$ 1,056,000	\$ 1,056,000	\$ 1,057,992	\$ 1,992
Interest	2,000	2,000	5,905	3,905
Total revenues	\$ 1,058,000	\$ 1,058,000	\$ 1,063,897	\$ 5,897
Expenditures:				
Current:				
Public works:				
Salaries	\$ 315,352	\$ 329,800	\$ 329,711	\$ 89
Overtime wages	7,800	5,500	5,449	51
Supplemental pay	0	475	473	2
Service awards	0	250	250	0
Longevity	5,400	5,400	5,400	0
Sold vacations	3,456	1,396	1,395	1
Christmas bonus	1,185	1,100	1,100	0
College pay	125	125	125	0
Dental insurance	3,870	3,337	2,840	497
Social security tax	25,499	25,300	25,252	48
Health insurance	42,348	42,800	42,738	62
Retirement	48,331	49,200	49,200	0
Life and disability insurance	3,825	3,853	3,830	23
Workers compensation	17,556	21,979	21,978	1
Unemployment compensation	0	1,800	1,800	0
Workers compensation claims	3,000	1,542	1,541	1
Pre-employment testing	200	200	110	90
Safety shoes	1,400	1,400	1,200	200
Total expenditures	\$ 479,347	\$ 495,457	\$ 494,392	\$ 1,065
Excess of revenues over expenditures	\$ 578,653	\$ 562,543	\$ 569,505	\$ 6,962
Other financing sources (uses):				
Transfers out	\$ (663,653)	\$ (663,653)	\$ (663,653)	\$ 0
Total other financing sources (uses)	\$ (663,653)	\$ (663,653)	\$ (663,653)	\$ 0
Net change in fund balances	\$ (85,000)	\$ (101,110)	\$ (94,148)	\$ 6,962
Fund balance at beginning of year	292,529	292,529	292,529	0
Fund balance at end of year	\$ 207,529	\$ 191,419	\$ 198,381	\$ 6,962

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, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Charges for services:				
Commercial garbage	\$ 1,082,685	\$ 1,081,000	\$ 1,080,202	\$ (798)
Residential garbage	947,232	913,800	914,421	621
Interest	1,900	3,500	3,604	104
Miscellaneous	0	0	22	22
Total revenues	\$ 2,031,817	\$ 1,998,300	\$ 1,998,249	\$ (51)
Expenditures:				
Current:				
Public works:				
Salaries	\$ 396,965	\$ 394,965	\$ 393,198	\$ 1,767
Overtime wages	11,998	8,365	7,897	468
Part time wages	21,449	5,391	5,390	1
Service awards	0	225	225	0
Longevity	7,350	6,950	6,950	0
Sold vacation	4,692	2,040	2,039	1
Christmas bonus	1,508	1,400	1,400	0
Dental insurance	6,181	4,824	4,824	0
Social security taxes	33,963	32,205	30,475	1,730
Health insurance	58,548	48,300	47,299	1,001
Retirement	61,264	60,300	59,507	793
Life insurance	5,147	5,292	5,291	1
Workers compensation	19,318	27,361	27,361	0
Unemployment compensation	0	500	400	100
Workers compensation claims	2,000	500	0	500
Safety shoes	1,400	1,400	1,254	146
Postage	225	700	699	1
Printing	200	350	341	9
Subscriptions and memberships	100	100	75	25
Retirement and bereavement	150	150	0	150
Advertising	100	100	36	64
Training and travel	1,000	450	435	15
Landfill	201,250	231,650	231,644	6
Residential account	973,440	995,300	995,297	3
Commercial account	997,884	1,026,978	1,026,978	0
Commercial recycling	63,571	62,000	61,999	1
Office expenditures	1,800	2,000	1,863	137
Operating supplies	1,200	1,500	1,459	41
Safety supplies	1,200	700	639	61
Janitorial supplies	500	500	429	71
Uniforms	5,800	6,000	5,724	276
Gasoline and oil	24,200	28,650	28,595	55
Repairs and parts	88,173	135,600	134,937	663

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, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Public works - (Continued):				
Insurance - vehicle	\$ 2,662	\$ 2,700	\$ 2,699	\$ 1
Insurance - general liability	2,036	7,428	7,427	1
Insurance - employee bonds	60	60	0	60
Computer maintenance and support	1,000	500	0	500
Miscellaneous	500	500	358	142
Bradley County recycling	0	20,000	20,000	0
Office furniture and equipment	1,000	1,150	1,149	1
Total expenditures	<u>\$ 2,999,834</u>	<u>\$ 3,125,084</u>	<u>\$ 3,116,293</u>	<u>\$ 8,791</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (968,017)</u>	<u>\$ (1,126,784)</u>	<u>\$ (1,118,044)</u>	<u>\$ 8,740</u>
Other financing sources:				
Transfers in	\$ 968,017	\$ 1,118,952	\$ 1,118,952	\$ 0
Total other financing sources	<u>\$ 968,017</u>	<u>\$ 1,118,952</u>	<u>\$ 1,118,952</u>	<u>\$ 0</u>
Net change in fund balances	\$ 0	\$ (7,832)	\$ 908	\$ 8,740
Fund balance at beginning of year	<u>148,102</u>	<u>148,102</u>	<u>148,102</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 148,102</u></u>	<u><u>\$ 140,270</u></u>	<u><u>\$ 149,010</u></u>	<u><u>\$ 8,740</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, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government	\$ 4,364,079	\$ 4,409,909	\$ 3,933,520	\$ (476,389)
Interest	0	0	2,330	2,330
Total revenues	\$ 4,364,079	\$ 4,409,909	\$ 3,935,850	\$ (474,059)
Expenditures:				
Current:				
Education:				
Regular instruction	\$ 1,932,261	\$ 2,055,537	\$ 2,123,906	\$ (68,369)
Special education	1,054,535	1,057,795	810,707	247,088
Vocational education	134,313	134,313	134,701	(388)
Support services	1,415,315	1,334,609	864,311	470,298
Total expenditures	\$ 4,536,424	\$ 4,582,254	\$ 3,933,625	\$ 648,629
Excess (deficiency) of revenues over expenditures	\$ (172,345)	\$ (172,345)	\$ 2,225	\$ 174,570
Other financing sources (uses):				
Transfers in	\$ 88,000	\$ 88,000	\$ 0	\$ (88,000)
Transfers out	(244,216)	(244,216)	(171,958)	72,258
Total other financing sources (uses)	\$ (156,216)	\$ (156,216)	\$ (171,958)	\$ (15,742)
Net change in fund balances	\$ (328,561)	\$ (328,561)	\$ (169,733)	\$ 158,828
Fund balance at beginning of year	328,561	328,561	328,561	0
Fund balance at end of year	\$ 0	\$ 0	\$ 158,828	\$ 158,828

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, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
USDA reimbursements	\$ 774,400	\$ 988,600	\$ 990,442	\$ 1,842
Charges for services	871,600	797,400	802,562	5,162
Interest	1,000	1,000	992	(8)
Total revenues	\$ 1,647,000	\$ 1,787,000	\$ 1,793,996	\$ 6,996
Expenditures:				
Current:				
Education:				
Clerical personnel	\$ 36,000	\$ 36,000	\$ 33,694	\$ 2,306
Cafeteria personnel	598,000	638,000	597,973	40,027
In-service training	1,000	1,000	185	815
Social security	35,000	35,000	35,560	(560)
State retirement	65,000	76,000	76,935	(935)
Life insurance	1,700	1,700	2,200	(500)
Medical insurance	155,000	170,000	169,827	173
Dental insurance	0	0	281	(281)
Unemployment compensation	1,000	1,000	30	970
Employer medicare liability	8,000	8,000	8,316	(316)
Other fringe benefits	16,000	16,000	15,358	642
Communication	0	0	225	(225)
Dues and membership	400	400	378	22
Maintenance and repair services	15,000	15,000	13,053	1,947
Payments to schools - lunch	0	0	458	(458)
Travel	3,400	3,400	1,078	2,322
Other contracted services	5,000	5,000	5,737	(737)
Food supplies	603,000	660,000	705,837	(45,837)
Office supplies	0	0	3,514	(3,514)
Utilities	5,000	5,000	4,236	764
Uniforms	400	400	0	400
In-service staff development	100	2,100	691	1,409
Other supplies and materials	82,000	97,000	76,445	20,555
Applicant investigation	1,000	1,000	728	272
Food service equipment	15,000	15,000	8,301	6,699
Total expenditures	\$ 1,647,000	\$ 1,787,000	\$ 1,761,040	\$ 25,960
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 32,956	\$ 32,956
Fund balance at beginning of year	159,261	159,261	159,261	0
Fund balance at end of year	\$ 159,261	\$ 159,261	\$ 192,217	\$ 32,956

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, 2005

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Library archive grant	\$ 0	\$ 0	\$ 800	\$ 800
Library services for the disadvantaged		0	12,000	12,000
Techology grant	0	0	2,113	2,113
Gates Technology grant		5,095	5,095	0
Bradley County	420,417	407,031	407,031	0
Charges for services	50,000	50,000	67,435	17,435
Interest	10,000	10,400	8,562	(1,838)
Miscellaneous:				
Gifts	30,000	72,000	44,139	(27,861)
Rent		0	5,500	5,500
E-Rate Money	6,000	6,000	6,298	298
Total revenues	\$ 516,417	\$ 550,526	\$ 558,973	\$ 8,447
Expenditures:				
Current:				
Culture and recreation:				
Salaries	\$ 523,823	\$ 523,823	\$ 509,337	\$ 14,486
Employee benefits	146,895	146,895	134,923	11,972
Supplies	55,403	55,403	48,521	6,882
Books	125,000	125,000	142,394	(17,394)
Utilities	33,300	33,300	33,076	224
Equipment repair/replacement	2,000	2,000	0	2,000
Building maintenance	8,000	8,000	8,524	(524)
Insurance	11,413	11,413	10,011	1,402
Gift and memorial expenditures	30,000	79,056	41,891	37,165
Family reading room	1,000	2,452	0	2,452
Grant expenditures	0	5,095	0	5,095
CIP equipment	0	3,300	12,127	(8,827)
Technology equipment	0	9,792	9,822	(30)
Lot paving	0	22,000	0	22,000
Total expenditures	\$ 936,834	\$ 1,027,529	\$ 950,626	\$ 76,903
Excess (deficiency) of revenues over expenditures	\$ (420,417)	\$ (477,003)	\$ (391,653)	\$ 85,350
Other financing sources(uses):				
Transfers in	\$ 420,417	\$ 420,417	\$ 420,417	\$ 0
Total other financing sources	\$ 420,417	\$ 420,417	\$ 420,417	\$ 0
Net change in fund balances	\$ 0	\$ (56,586)	\$ 28,764	\$ 85,350
Fund balance at beginning of year	533,337	533,337	533,337	0
Fund balance at end of year	\$ 533,337	\$ 476,751	\$ 562,101	\$ 85,350

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, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 45,000	\$ 128,942	\$ 155,784	\$ 26,842
Interest	500	2,500	3,602	1,102
Miscellaneous	0	27,999	31,878	3,879
Total revenues	\$ 45,500	\$ 159,441	\$ 191,264	\$ 31,823
Expenditures:				
Current:				
Public safety:				
Seized vehicles	\$ 3,000	\$ 5,500	\$ 6,393	\$ (893)
Pager	0	320	318	2
Investigative funds	29,000	48,000	41,072	6,928
Telephone	6,500	6,500	6,364	136
Auto track	1,000	1,000	915	85
Vehicle maintenance	8,000	8,000	11,728	(3,728)
Copier maintenance	700	0	0	0
Building maintenance	1,000	995	176	819
Travel and training	1,500	940	932	8
Equipment maintenance	4,000	3,550	3,536	14
Batteries	600	400	390	10
Audio/video tapes	600	600	600	0
Detective supplies	500	500	468	32
Film	400	0	0	0
Office supplies	1,000	1,000	285	715
OSHA safety supplies	1,000	255	255	0
Uniforms	1,050	175	167	8
Gasoline	4,000	10,700	10,767	(67)
Canine	1,500	500	441	59
DEA funds	0	18,000	18,000	0
Vehicles	0	9,999	9,999	0
Miscellaneous	500	0	0	0
Total expenditures	\$ 65,850	\$ 116,934	\$ 112,806	\$ 4,128
Excess (deficiency) of revenues over expenditures	\$ (20,350)	\$ 42,507	\$ 78,458	\$ 35,951
Fund balance at beginning of year	103,517	103,517	103,517	0
Fund balance at end of year	\$ 83,167	\$ 146,024	\$ 181,975	\$ 35,951

CITY OF CLEVELAND, TENNESSEE
 LAW ENFORCEMENT BLOCK GRANT FUND - 2004
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Block grant	\$ 0	\$ 14,515	\$ 14,515	\$ 0
Interest	0	180	180	0
Total revenues	<u>\$ 0</u>	<u>\$ 14,695</u>	<u>\$ 14,695</u>	<u>\$ 0</u>
Expenditures:				
Current:				
Public Safety:				
Less lethal weapons	\$ 0	\$ 16,308	\$ 16,308	\$ 0
Total expenditures	<u>\$ 0</u>	<u>\$ 16,308</u>	<u>\$ 16,308</u>	<u>\$ 0</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 0</u>	<u>\$ (1,613)</u>	<u>\$ (1,613)</u>	<u>\$ 0</u>
Other financing sources:				
Transfers in	\$ 0	\$ 1,613	\$ 1,613	\$ 0
Total other financing sources	<u>\$ 0</u>	<u>\$ 1,613</u>	<u>\$ 1,613</u>	<u>\$ 0</u>
Net change in fund balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE
 FLETCHER PARK TRUST FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
State grant	\$ 0	\$ 47,000	\$ 20,597	\$ (26,403)
Interest	200	1,500	2,215	715
Total revenues	<u>\$ 200</u>	<u>\$ 48,500</u>	<u>\$ 22,812</u>	<u>\$ (25,688)</u>
Expenditures:				
Capital outlay:				
Fletcher Park	\$ 50,000	\$ 75,000	\$ 29,615	\$ 45,385
Total expenditures	<u>\$ 50,000</u>	<u>\$ 75,000</u>	<u>\$ 29,615</u>	<u>\$ 45,385</u>
Excess (deficiency) of revenues over expenditures	\$ (49,800)	\$ (26,500)	\$ (6,803)	\$ 19,697
Fund balance at beginning of year	<u>63,451</u>	<u>63,451</u>	<u>63,451</u>	<u>0</u>
Fund balance at end of year	<u>\$ 13,651</u>	<u>\$ 36,951</u>	<u>\$ 56,648</u>	<u>\$ 19,697</u>

CITY OF CLEVELAND, TENNESSEE
GREENWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 386,200	\$ 717,139	\$ 566,456	\$ (150,683)
Interest	200	2,400	2,397	(3)
Miscellaneous	0	75	75	0
Total revenues	\$ 386,400	\$ 719,614	\$ 568,928	\$ (150,686)
Expenditures:				
Capital outlay:				
Greenway expenditures	\$ 460,280	\$ 836,337	\$ 639,528	\$ 196,809
Local expenditures	12,000	12,000	149	11,851
Total expenditures	\$ 472,280	\$ 848,337	\$ 639,677	\$ 208,660
Excess (deficiency) of revenues over expenditures	\$ (85,880)	\$ (128,723)	\$ (70,749)	\$ 57,974
Other financing sources:				
Transfers in	\$ 12,000	\$ 12,000	\$ 12,000	\$ 0
Total other financing sources	\$ 12,000	\$ 12,000	\$ 12,000	\$ 0
Net change in fund balance	\$ (73,880)	\$ (116,723)	\$ (58,749)	\$ 57,974
Fund balance at beginning of year	137,485	137,485	137,485	0
Fund balance at end of year	\$ 63,605	\$ 20,762	\$ 78,736	\$ 57,974

CITY OF CLEVELAND, TENNESSEE
WEED AND SEED FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 225,000	\$ 225,000	\$ 137,798	\$ (87,202)
Interest	1,500	1,500	3,627	2,127
Miscellaneous	0	2,016	2,951	935
Total revenues	\$ 226,500	\$ 228,516	\$ 144,376	\$ (84,140)
Expenditures:				
Current:				
Public safety:				
Salaries	\$ 94,667	\$ 125,119	\$ 106,845	\$ 18,274
Christmas bonus	323	0	0	0
Dental insurance	715	487	487	0
Social security tax	7,267	34,022	7,260	26,762
Health insurance	8,900	6,557	8,728	(2,171)
Retirement	13,774	9,667	13,893	(4,226)
Life and disability insurance	1,554	283	1,176	(893)
Worker's compensation	357	0	0	0
Employee physicals	500	0	0	0
Printing	1,500	0	0	0
Subscriptions and memberships	300	300	300	0
Flowers and plaques	500	151	151	0
Public Service Announcements	300	0	0	0
Utilities	10,000	0	0	0
Telephone	4,800	414	414	0
Vehicle maintenance	1,200	0	0	0
Building maintenance	2,000	225	225	0
Travel and training	7,500	11,205	3,619	7,586
Contracted services	10,000	26,180	2,064	24,116
Alarm service	500	0	0	0
Office supplies	7,000	19,373	4,874	14,499
Gasoline and oil	1,200	359	359	0
Building rental	15,000	0	0	0
Miscellaneous	500	28,001	29,613	(1,612)
Youth programs	1,000	18	18	0
National Night Out	1,000	529	529	0
Defy Program	25,000	14,330	10,832	3,498
Senior Citizens Program	1,000	0	0	0
ID System	1,000	0	0	0
Computer equipment	5,000	1,132	1,132	0
Equipment	0	4,000	843	3,157
Total Expenditures	\$ 224,357	\$ 282,352	\$ 193,362	\$ 88,990

CITY OF CLEVELAND, TENNESSEE
 WEED AND SEED FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over expenditures	\$ 2,143	\$ (53,836)	\$ (48,986)	\$ 4,850
Fund balance at beginning of year	184,040	184,040	184,040	0
Fund balance at end of year	\$ 186,183	\$ 130,204	\$ 135,054	\$ 4,850

CITY OF CLEVELAND, TENNESSEE
 STORMWATER MANAGEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 300	\$ 300	\$ 2,750	\$ 2,450
Miscellaneous	0	0	122	122
Total revenues	\$ 300	\$ 300	\$ 2,872	\$ 2,572
Expenditures:				
Current:				
Public safety:				
Salaries	\$ 48,615	\$ 74,318	\$ 75,777	\$ (1,459)
Overtime	500	500	0	500
Christmas bonus	108	200	200	0
Dental insurance	489	571	570	1
Social security tax	3,766	5,739	5,511	228
Health insurance	5,400	6,994	6,993	1
Retirement	7,137	9,536	8,952	584
Life and disability insurance	607	900	614	286
Workers compensation	406	301	301	0
Education Reimbursement	0	319	302	17
Workers compensation claims	50	50	0	50
Postage	0	125	36	89
Printing	0	781	781	0
Public education programs	4,500	4,400	4,335	65
Subscriptions and memberships	400	113	113	0
Advertising	1,200	500	287	213
Telephone	1,200	1,200	939	261
Legal	1,000	900	300	600
Travel and training	1,200	1,625	1,311	314
NPDES permit fee	2,500	2,500	2,500	0
Office supplies	1,200	1,350	1,277	73
Operating supplies	200	800	787	13
Clothing	450	900	727	173
Gasoline	1,600	800	426	374
Repairs and parts	2,500	1,407	1,171	236
Insurance - general liability	614	361	361	0
Miscellaneous	100	800	697	103
Maintenance-minor drainage	50,000	50,000	46,842	3,158
Trash receptacles	0	3,900	3,758	142
Computer software	2,700	2,700	2,632	68
Office furniture and equipment	5,300	3,617	3,521	96
Vehicle	0	20,593	21,318	(725)
Total expenditures	\$ 143,742	\$ 198,800	\$ 193,339	\$ 5,461

CITY OF CLEVELAND, TENNESSEE
 STORM WATER MANAGEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2005

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Excess (deficiency) of revenues over expenditures	\$ (143,442)	\$ (198,500)	\$ (190,467)	\$ 8,033
Other financing sources:				
Transfers in	<u>\$ 174,000</u>	<u>\$ 179,000</u>	<u>\$ 179,000</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 174,000</u>	<u>\$ 179,000</u>	<u>\$ 179,000</u>	<u>\$ 0</u>
Net change in fund balance	\$ 30,558	\$ (19,500)	\$ (11,467)	\$ 8,033
Fund balance at beginning of year	<u>53,392</u>	<u>53,392</u>	<u>53,392</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 83,950</u></u>	<u><u>\$ 33,892</u></u>	<u><u>\$ 41,925</u></u>	<u><u>\$ 8,033</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, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 94,594	\$ 176,716	\$ 105,509	\$ (71,207)
State grant	11,824	3,050	2,476	(574)
Total revenues	\$ 106,418	\$ 179,766	\$ 107,985	\$ (71,781)
Expenditures:				
Current:				
General government:				
Short-range transit plan #2	\$ 7,364	\$ 24,763	\$ 24,763	\$ 0
Short-range transit plan #3	15,958	5,733	0	5,733
MPO Plan #3				
Salaries	0	9,268	9,268	0
Benefits	0	3,785	3,785	0
Postage and shipping	0	8	8	0
Printing and publications	0	0	60	(60)
Telephone	0	235	235	0
Travel and meeting	0	1,678	5,476	(3,798)
Supplies	0	0	100	(100)
MPO Plan #4				
Salaries	67,651	71,673	37,778	33,895
Consultant services	0	57,770	36,107	21,663
Benefits	19,619	29,682	15,430	14,252
Postage and shipping	375	750	0	750
Printing and publications	225	1,450	469	981
Professional fees	0	300	291	9
Telephone	900	900	752	148
Travel and meeting	2,250	3,000	783	2,217
Supplies	900	1,500	11	1,489
Other non-personnel costs	1,875	2,400	995	1,405
Capital purchase	1,125	6,000	4,815	1,185
Total expenditures	\$ 118,242	\$ 220,895	\$ 141,126	\$ 79,769
Excess of revenues over expenditures	\$ (11,824)	\$ (41,129)	\$ (33,141)	\$ 7,988
Other financing sources:				
Transfers in	\$ 11,824	\$ 41,129	\$ 33,301	\$ (7,828)
Total other financing sources	\$ 11,824	\$ 41,129	\$ 33,301	\$ (7,828)
Net change in fund balances	\$ 0	\$ 0	\$ 160	\$ 160
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$ 0	\$ 0	\$ 160	\$ 160

CITY OF CLEVELAND, TENNESSEE
CLEVELAND MUNICIPAL AIRPORT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
State grants	\$ 0	\$ 663,495	\$ 120,391	\$ (543,104)
Charges for services:				
Hangar rental	0	9,600	8,824	(776)
Interest	0	0	302	302
Total revenues	<u>\$ 0</u>	<u>\$ 673,095</u>	<u>\$ 129,517</u>	<u>\$ (543,578)</u>
Expenditures:				
Current:				
Public works:				
Lighting maintenance	\$ 0	\$ 4,500	\$ 4,004	\$ 496
Advertising	0	1,037	1,036	1
Utilities	0	1,000	1,008	(8)
Legal services	0	3,045	3,045	0
NDB contracts	0	2,400	2,400	0
Environmental assessment	0	98,000	0	98,000
Weather satellite fee	0	1,800	1,781	19
Building maintenance	0	11,325	11,309	16
Grounds maintenance	0	10,808	10,807	1
Travel and training	0	361	361	0
Office expenditures	0	1,124	477	647
Insurance	0	110	108	2
Miscellaneous	0	250	201	49
Overlay project	0	500,000	250	499,750
Fencing phase I	0	55,300	55,295	5
Fencing phase II	0	61,335	57,006	4,329
Superunicom	0	15,850	15,850	0
Grant match	0	53,915	0	53,915
Total expenditures	<u>\$ 0</u>	<u>\$ 822,160</u>	<u>\$ 164,938</u>	<u>\$ 657,222</u>
Excess of revenues over expenditures	<u>\$ 0</u>	<u>\$ (149,065)</u>	<u>\$ (35,421)</u>	<u>\$ 113,644</u>
Other financing sources (uses):				
Transfers in	<u>\$ 0</u>	<u>\$ 152,500</u>	<u>\$ 152,500</u>	<u>\$ 0</u>
Total other financing sources (uses)	<u>\$ 0</u>	<u>\$ 152,500</u>	<u>\$ 152,500</u>	<u>\$ 0</u>
Net change in fund balances	\$ 0	\$ 3,435	\$ 117,079	\$ 113,644
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>\$ 0</u>	<u>\$ 3,435</u>	<u>\$ 117,079</u>	<u>\$ 113,644</u>

CITY OF CLEVELAND, TENNESSEE
 PROJECT SAFE NEIGHBORHOOD FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 49,320	\$ 49,320	\$ 27,854	\$ (21,466)
Total revenues	<u>\$ 49,320</u>	<u>\$ 49,320</u>	<u>\$ 27,854</u>	<u>\$ (21,466)</u>
Expenditures:				
Current:				
Public Safety:				
Overtime wages	\$ 18,750	\$ 15,750	\$ 0	\$ 15,750
Awards and prizes	880	880	0	880
Travel and training	0	3,000	2,162	838
Graduate T-shirts	490	490	0	490
Public education supplies	4,000	4,000	521	3,479
Laptop computers	25,200	24,700	24,628	72
Total expenditures	<u>\$ 49,320</u>	<u>\$ 48,820</u>	<u>\$ 27,311</u>	<u>\$ 21,509</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 500	\$ 543	\$ 43
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>\$ 0</u>	<u>\$ 500</u>	<u>\$ 543</u>	<u>\$ 43</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, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Community Development Block Grant	\$ 405,000	\$ 405,000	\$ 138,827	\$ (266,173)
Total revenues	\$ 405,000	\$ 405,000	\$ 138,827	\$ (266,173)
Expenditures:				
Current:				
Planning and inspection:				
Salaries	\$ 40,515	\$ 40,515	\$ 40,513	\$ 2
Christmas bonus	100	100	100	0
Dental insurance	370	370	333	37
Social security tax	3,005	3,005	2,995	10
Health insurance	3,975	3,975	3,972	3
Retirement	3,050	3,050	3,046	4
Advertising	25	25	23	2
Telephone	1,200	1,200	1,190	10
Planning	20,000	20,000	1,500	18,500
Travel and training	3,000	3,000	1,580	1,420
Office supplies	565	565	329	236
Gasoline and oil	500	500	471	29
Miscellaneous	195	195	195	0
Office equipment	1,500	1,500	1,216	284
Computer equipment	2,000	2,000	1,706	294
Capital outlay:				
Northeast Recreation Athletic Field	60,199	60,199	49	60,150
SCCC equipment	7,000	7,000	7,000	0
Blythe Avenue equipment	22,801	22,801	22,801	0
Dalton Pike drainage	20,000	20,000	20,000	0
Sidewalks	180,000	180,000	1,781	178,219
Property acquisition	30,000	30,000	28,026	1,974
Lot clearance	5,000	5,000	0	5,000
Total Expenditures	\$ 405,000	\$ 405,000	\$ 138,826	\$ 266,174
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 1	\$ 1
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$ 0	\$ 0	\$ 1	\$ 1

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, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 5,500	\$ 5,500	\$ 36,738	\$ 31,238
Miscellaneous:				
Other	91,713	91,713	67,652	(24,061)
Total revenues	\$ 97,213	\$ 97,213	\$ 104,390	\$ 7,177
Expenditures:				
Debt service:				
Principal retirement	\$ 1,245,000	\$ 1,245,000	\$ 1,285,000	\$ (40,000)
Interest and fiscal charges	2,190,739	2,190,739	2,061,744	128,995
Total expenditures	\$ 3,435,739	\$ 3,435,739	\$ 3,346,744	\$ 88,995
Excess (deficiency) of revenues over expenditures	\$ (3,338,526)	\$ (3,338,526)	\$ (3,242,354)	\$ 96,172
Other financing sources				
Transfers in	\$ 3,369,590	\$ 3,369,590	\$ 3,325,690	\$ (43,900)
Refunding bonds issued	0	0	10,580,000	10,580,000
Payment to refunding bond escrow agent	0	0	(10,483,075)	(10,483,075)
Total other financing sources	\$ 3,369,590	\$ 3,369,590	\$ 3,422,615	\$ 53,025
Net change in fund balances	\$ 31,064	\$ 31,064	\$ 180,261	\$ 149,197
Fund balance at beginning of year	1,467,483	1,467,483	1,467,483	0
Fund balance at end of year	\$ 1,498,547	\$ 1,498,547	\$ 1,647,744	\$ 149,197

CITY OF CLEVELAND, TENNESSEE
HOUSING AND COMMUNITY DEVELOPMENT REHAB FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 30	\$ 130	\$ 154	\$ 24
Total revenues	\$ 30	\$ 130	\$ 154	\$ 24
Expenditures:				
Capital Outlay:				
Housing rehabilitation	\$ 3,000	\$ 3,000	\$ 0	\$ 3,000
Total expenditures	\$ 3,000	\$ 3,000	\$ 0	\$ 3,000
Excess (deficiency) of revenues over expenditures	\$ (2,970)	\$ (2,870)	\$ 154	\$ 3,024
Fund balance at beginning of year	10,450	10,450	10,450	0
Fund balance at end of year	\$ 7,480	\$ 7,580	\$ 10,604	\$ 3,024

CITY OF CLEVELAND, TENNESSEE
HOUSING AND COMMUNITY DEVELOPMENT UDAG FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Capital Outlay:				
Housing rehabilitation	\$ 428	\$ 428	\$ 0	\$ 428
Total expenditures	<u>\$ 428</u>	<u>\$ 428</u>	<u>\$ 0</u>	<u>\$ 428</u>
Excess (deficiency) of revenues over expenditures	\$ (428)	\$ (428)	\$ 0	\$ 428
Fund balance at beginning of year	<u>629</u>	<u>629</u>	<u>629</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 201</u></u>	<u><u>\$ 201</u></u>	<u><u>\$ 629</u></u>	<u><u>\$ 428</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, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 0	\$ 20,700	\$ 20,700	\$ 0
Interest	4,000	40,000	44,949	4,949
Miscellaneous	0	25,508	25,508	0
Total revenues	\$ 4,000	\$ 86,208	\$ 91,157	\$ 4,949
Expenditures:				
Capital outlay:				
Legislative and judicial	\$ 10,000	\$ 56,592	\$ 12,341	\$ 44,251
Administration and finance	27,000	23,994	21,903	2,091
Planning and inspection	0	34,175	18,825	15,350
City-wide computer info systems	198,140	231,301	216,551	14,750
Police department	229,000	289,498	281,806	7,692
Street department	900,800	1,309,955	900,849	409,106
State Street Aid	168,401	262,269	80,608	181,661
Parks and recreation	130,000	214,499	63,487	151,012
Dalton Pike widening	30,000	0	15,774	(15,774)
Total expenditures	\$ 1,693,341	\$ 2,422,283	\$ 1,612,144	\$ 810,139
Excess (deficiency) of revenues over expenditures	\$ (1,689,341)	\$ (2,336,075)	\$ (1,520,987)	\$ 815,088
Other financing sources (uses):				
Transfers in	\$ 921,401	\$ 1,974,552	\$ 1,974,552	\$ 0
Transfers out	0	(57,450)	(57,450)	0
Total other financing sources (uses)	\$ 921,401	\$ 1,917,102	\$ 1,917,102	\$ 0
Net change in fund balances	\$ (767,940)	\$ (418,973)	\$ 396,115	\$ 815,088
Fund balance at beginning of year	1,173,585	1,173,585	1,173,585	0
Fund balance at end of year	\$ 405,645	\$ 754,612	\$ 1,569,700	\$ 815,088

CITY OF CLEVELAND, TENNESSEE
 THDA HOME GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
THDA Home grant	\$ 0	\$ 210,000	\$ 73,152	\$ (136,848)
Total revenues	\$ 0	\$ 210,000	\$ 73,152	\$ (136,848)
Expenditures:				
Capital outlay:				
Housing inspection	\$ 0	\$ 5,000	\$ 2,874	\$ 2,126
Housing rehabilitation	13,732	200,000	70,278	129,722
Housing administration	0	5,000	0	5,000
Total expenditures	\$ 13,732	\$ 210,000	\$ 73,152	\$ 136,848
Excess (deficiency) of revenues over expenditures	\$ (13,732)	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	1,529	1,529	1,529	0
Fund balance at end of year	<u>\$ (12,203)</u>	<u>\$ 1,529</u>	<u>\$ 1,529</u>	<u>\$ 0</u>

CITY OF CLEVELAND, TENNESSEE
2000 BRADLEY COUNTY CAPITAL OUTLAY NOTE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ 0	\$ 782	\$ 782	\$ 0
Total revenues	\$ 0	\$ 782	\$ 782	\$ 0
Expenditures:				
Capital outlay:				
Bus	\$ 0	\$ 141,346	\$ 141,346	\$ 0
Total expenditures	\$ 0	\$ 141,346	\$ 141,346	\$ 0
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (140,564)	\$ (140,564)	\$ 0
Fund balance at beginning of year	140,564	140,564	140,564	0
Fund balance at end of year	\$ 140,564	\$ 0	\$ 0	\$ 0

CITY OF CLEVELAND, TENNESSEE
2001 GENERAL IMPROVEMENT BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 4,260	\$ 4,260	\$ 0
Total revenues	\$ 0	\$ 4,260	\$ 4,260	\$ 0
Expenditures:				
Capital outlay:				
Public Works building construction	\$ 0	\$ 283,675	\$ 283,675	\$ 0
Total expenditures	\$ 0	\$ 283,675	\$ 283,675	\$ 0
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (279,415)	\$ (279,415)	\$ 0
Fund balance at beginning of year	279,415	279,415	279,415	0
Fund balance at end of year	\$ 279,415	\$ 0	\$ 0	\$ 0

CITY OF CLEVELAND, TENNESSEE
2002 GENERAL IMPROVEMENT BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 9,000	\$ 9,789	\$ 789
Total revenues	\$ 0	\$ 9,000	\$ 9,789	\$ 789
Expenditures:				
Capital outlay:				
Water tanks	\$ 0	\$ 24,357	\$ 24,356	\$ 1
Public Works building construction	0	219,000	202,841	16,159
Contingency	0	11,940	0	11,940
Total expenditures	\$ 0	\$ 255,297	\$ 227,197	\$ 28,100
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (246,297)	\$ (217,408)	\$ 28,889
Other financing sources (uses):				
Transfers out	\$ 0	\$ (161,693)	\$ (161,693)	\$ 0
Total other financing sources (uses)	\$ 0	\$ (161,693)	\$ (161,693)	\$ 0
Net change in fund balances	\$ 0	\$ (407,990)	\$ (379,101)	\$ 28,889
Fund balance at beginning of year	407,990	407,990	407,990	0
Fund balance at end of year	\$ 407,990	\$ 0	\$ 28,889	\$ 28,889

CITY OF CLEVELAND, TENNESSEE
2004 BRADLEY COUNTY CAPITAL OUTLAY NOTE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Bradley County	\$ 346,511	\$ 2,300,000	\$ 600,000	\$ (1,700,000)
Interest	0	3,100	4,387	1,287
Total revenues	\$ 346,511	\$ 2,303,100	\$ 604,387	\$ (1,698,713)
Expenditures:				
Capital outlay:				
Arnold site analysis	\$ 0	\$ 5,000	\$ 5,000	\$ 0
Mayfield site analysis	346,511	1,840,319	90,647	1,749,672
Technology	0	454,681	454,481	200
Total expenditures	\$ 346,511	\$ 2,300,000	\$ 550,128	\$ 1,749,872
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 3,100	\$ 54,259	\$ 51,159
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$ 0	\$ 3,100	\$ 54,259	\$ 51,159

CITY OF CLEVELAND, TENNESSEE
2005 VI-E-4 GENERAL IMPROVEMENT BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 200	\$ 1,024	\$ 824
Total revenues	<u>\$ 0</u>	<u>\$ 200</u>	<u>\$ 1,024</u>	<u>\$ 824</u>
Expenditures:				
Capital outlay:				
Fire station design and site plan	\$ 0	\$ 188,651	\$ 197,896	\$ (9,245)
Fire hall design services	0	75,000	8,913	66,087
Freewill Road Station	0	40,000	0	40,000
Paging equipment	0	80,000	0	80,000
New crew equipment	0	173,665	104,293	69,372
Trailers for mowers	0	39,098	39,098	0
Trash trailer	0	20,000	0	20,000
Chipper	0	26,000	26,000	0
Dump truck - knuckleboom	0	85,830	85,829	1
Dump truck - one ton	0	36,828	36,828	0
Knuckleboom	0	21,239	21,239	0
Georgetown and 25th project	0	65,000	21,402	43,598
Weeks drive project	0	50,000	50,000	0
Document center	0	23,887	23,887	0
Fletcher main building roof	0	20,000	0	20,000
Tinsley siding and roof	0	77,241	66,736	10,505
Tinsley tennis court resurfacing	0	2,761	0	2,761
Debt service:				
Interest and fiscal charges	0	0	10,198	(10,198)
Total expenditures	<u>\$ 0</u>	<u>\$ 1,025,200</u>	<u>\$ 692,319</u>	<u>\$ 332,881</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 0</u>	<u>\$ (1,025,000)</u>	<u>\$ (691,295)</u>	<u>\$ 333,705</u>
Other financing sources (uses):				
Notes issued	<u>\$ 0</u>	<u>\$ 1,025,000</u>	<u>\$ 1,025,000</u>	<u>\$ 0</u>
Total other financing sources (uses)	<u>\$ 0</u>	<u>\$ 1,025,000</u>	<u>\$ 1,025,000</u>	<u>\$ 0</u>
Net change in fund balances	\$ 0	\$ 0	\$ 333,705	\$ 333,705
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>\$ 333,705</u></u>	<u><u>\$ 333,705</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, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 9,925	\$ 11,500	\$ 16,367	\$ 4,867
Total revenues	<u>\$ 9,925</u>	<u>\$ 11,500</u>	<u>\$ 16,367</u>	<u>\$ 4,867</u>
Excess of revenues over expenditures	<u>\$ 9,925</u>	<u>\$ 11,500</u>	<u>\$ 16,367</u>	<u>\$ 4,867</u>
Other financing sources (uses):				
Transfers out	\$ (10,200)	\$ (10,200)	\$ (10,200)	\$ 0
Total other financing sources (uses)	<u>\$ (10,200)</u>	<u>\$ (10,200)</u>	<u>\$ (10,200)</u>	<u>\$ 0</u>
Net change in fund balances	\$ (275)	\$ 1,300	\$ 6,167	\$ 4,867
Fund balance at beginning of year	<u>461,794</u>	<u>461,794</u>	<u>461,794</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 461,519</u></u>	<u><u>\$ 463,094</u></u>	<u><u>\$ 467,961</u></u>	<u><u>\$ 4,867</u></u>

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for the acquisition, operation and maintenance of governmental facilities and services that are entirely or predominantly self-supporting by user charges. The operations of Enterprise Funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

Brush Chipping Fund: This fund accounts for the revenues and expenses for the brush chipping operation funded by the city of Cleveland and the cities of Athens, Collegedale, East Ridge, and Signal Mountain.

CITY OF CLEVELAND, TENNESSEE
NONMAJOR ENTERPRISE FUND - BRUSH CHIPPING FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for services	\$ 176,905	\$ 176,905	\$ 202,790	\$ 25,885
Total operating revenues	\$ 176,905	\$ 176,905	\$ 202,790	\$ 25,885
Operating Expenses:				
Operations:				
Salaries and related expenses	\$ 23,769	\$ 23,769	\$ 22,282	\$ 1,487
Printing	200	0	0	0
Equipment maintenance and repair	75,000	66,428	56,863	9,565
Major repairs	2,000	4,572	4,571	1
Service charges	200	0	0	0
Gasoline and oil	9,350	15,850	13,282	2,568
Safety supplies	300	0	0	0
Insurance - equipment	1,375	404	403	1
Insurance - general liability	475	1,446	1,446	0
Depreciation	30,000	30,000	29,788	212
Total operating expenses	\$ 142,669	\$ 142,469	\$ 128,635	\$ 13,834
Operating income	\$ 34,236	\$ 34,436	\$ 74,155	\$ 39,719
Other Income (Expense)				
Interest income	\$ 800	\$ 800	\$ 3,099	\$ 2,299
Interest expense	(12,000)	(12,000)	(12,000)	0
Total other income (expense)	\$ (11,200)	\$ (11,200)	\$ (8,901)	\$ 2,299
Change in net assets	\$ 23,036	\$ 23,236	\$ 65,254	\$ 42,018
Net assets, beginning of year	16,620	16,620	16,620	0
Net assets, end of year	\$ 39,656	\$ 39,856	\$ 81,874	\$ 42,018

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INTERNAL SERVICE FUND

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

Fleet Management Fund: This fund is used to account for the maintenance of all vehicles owned by the City of Cleveland and the public school system.

CITY OF CLEVELAND, TENNESSEE
INTERNAL SERVICE FUND - FLEET MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Operating Revenues:				
Charges for services	\$ 724,078	\$ 724,078	\$ 752,304	\$ 28,226
Other operating revenue	200	200	628	428
Total operating revenues	\$ 724,278	\$ 724,278	\$ 752,932	\$ 28,654
Operating Expenses:				
General and administrative:				
Salaries	\$ 294,185	\$ 293,185	\$ 293,894	\$ (709)
Overtime	10,392	5,043	5,042	1
Service awards	0	175	175	0
Longevity	1,200	1,050	1,050	0
Sold vacation	2,368	2,368	2,301	67
Christmas bonus	862	800	800	0
Dental insurance	3,549	3,025	2,959	66
Social security taxes	23,639	23,398	22,142	1,256
Health insurance	42,542	39,322	37,109	2,213
Retirement	44,806	44,348	44,100	248
Life and disability insurance	3,602	3,656	3,656	0
Worker's compensation	13,412	12,616	12,616	0
Worker's compensation claims	2,000	1,000	161	839
Postage	450	600	599	1
Printing	200	200	185	15
Advertising	500	200	107	93
Membership dues	700	700	618	82
Utilities	15,500	20,112	18,533	1,579
Telephone	7,000	10,000	9,803	197
Vehicle maintenance	2,500	13,374	13,374	0
Contracted services - vehicle maintenance	165,000	161,000	153,464	7,536
Building maintenance	2,900	1,000	988	12
Central fuel maintenance and supplies	3,000	8,690	8,258	432
Car allowance	4,200	4,200	4,200	0
Travel and training	2,340	340	334	6
Pest control	0	192	48	144
Office expense	2,800	3,750	3,723	27
Waste disposal services	3,500	2,750	2,711	39
Janitorial supplies	2,200	3,300	3,242	58
Uniforms	7,000	6,736	5,965	771
Gasoline and oil	1,500	2,200	1,940	260
Repair supplies	2,500	736	556	180
Insurance - building and contents	2,200	434	433	1
Insurance - vehicles	1,078	614	613	1
Insurance - general liability	2,753	1,734	1,734	0
Depreciation	54,000	54,000	52,647	1,353
Computer software maintenance	4,000	2,400	2,358	42

CITY OF CLEVELAND, TENNESSEE
INTERNAL SERVICE FUND - FLEET MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Operating Expenses (Continued):				
Miscellaneous	\$ 800	\$ 1,500	\$ 1,238	\$ 262
Equipment and tools	2,500	1,456	1,456	0
Total operating expenses	<u>\$ 733,678</u>	<u>\$ 732,204</u>	<u>\$ 715,132</u>	<u>\$ 17,072</u>
Operating income	<u>\$ (9,400)</u>	<u>\$ (7,926)</u>	<u>\$ 37,800</u>	<u>\$ 45,726</u>
Non Operating Revenues (Expenses):				
Interest income	\$ 300	\$ 300	\$ 2,204	\$ 1,904
Interest expense	(900)	(900)	(900)	0
Total non operating revenues (expenses)	<u>\$ (600)</u>	<u>\$ (600)</u>	<u>\$ 1,304</u>	<u>\$ 1,904</u>
Income (loss) before contributions and transfers	\$ (10,000)	\$ (8,526)	\$ 39,104	\$ 47,630
Capital contributions	0	0	1,195,010	1,195,010
Transfers in	25,000	25,000	25,000	0
Change in net assets	<u>\$ 15,000</u>	<u>\$ 16,474</u>	<u>\$ 1,259,114</u>	<u>\$ 1,242,640</u>
Total net assets - beginning	<u>261,738</u>	<u>261,738</u>	<u>261,738</u>	<u>0</u>
Total net assets - ending	<u><u>\$ 276,738</u></u>	<u><u>\$ 278,212</u></u>	<u><u>\$ 1,520,852</u></u>	<u><u>\$ 1,242,640</u></u>

CITY OF CLEVELAND, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE(1)
June 30, 2005 and 2004

	2005	2004
Governmental funds capital assets:		
Land	\$ 6,860,482	\$ 6,690,773
Buildings	62,560,968	62,138,128
Public improvements other than buildings	5,328,751	4,540,192
Infrastructure	40,979,706	39,764,306
Furniture, fixtures, equipment and vehicles	19,960,185	18,777,646
Total governmental funds capital assets	\$ 135,690,092	\$ 131,911,045
 Investment in governmental funds capital assets:		
Total governmental funds capital assets	\$ 135,690,092	\$ 131,911,045

(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, 2005

<u>Function and Activity</u>	<u>Capital Assets</u>	<u>Land</u>	<u>Buildings</u>	<u>Other Improve- ments</u>	<u>Infrastructure</u>	<u>Equipment</u>
General Government:						
Administration and finance	\$ 777,592	\$ 1,800	\$ 392,580	\$ 63,662	\$ 0	\$ 319,550
General government	755,758	75,700	287,551	370,027	0	22,480
Planning and inspection	512,212	56,361	271,086	35,130	0	149,635
Library	2,623,364	302,000	779,945	0	0	1,541,419
Total General Government	\$ 4,668,926	\$ 435,861	\$ 1,731,162	\$ 468,819	\$ 0	\$ 2,033,084
Public Safety:						
Police	\$ 3,143,375	\$ 117,597	\$ 258,561	\$ 124,484	\$ 0	\$ 2,642,733
Fire	4,972,290	311,500	2,146,640	69,684	0	2,444,466
CBCC	867,618	0	867,618	0	0	0
Total Public Safety	\$ 8,983,283	\$ 429,097	\$ 3,272,819	\$ 194,168	\$ 0	\$ 5,087,199
Public Works:						
Street Department	\$ 4,330,817	\$ 244,387	\$ 318,738	\$ 80,401	\$ 0	\$ 3,687,291
Engineering	411,923	0	154,545	0	0	257,378
Old City Landfill	92,500	63,500	25,000	4,000	0	0
Airport	810,021	210,000	212,500	320,031	0	67,490
Primary Roads	6,180,810	67,965	0	0	6,112,845	0
Secondary Roads	33,232,012	378,887	0	0	32,853,125	0
Drainage	1,951,915	12,147	0	0	1,939,768	0
Bridges	73,968	0	0	0	73,968	0
Total Public Works	\$ 47,083,966	\$ 976,886	\$ 710,783	\$ 404,432	\$ 40,979,706	\$ 4,012,159
Parks and Recreation:						
Recreation Office	\$ 373,641	\$ 0	\$ 0	\$ 15,430	\$ 0	\$ 358,211
Tinsley Park	1,810,309	211,980	165,860	1,400,320	0	32,149
Cherokee Springs	904,606	264,000	102,500	229,659	0	308,447
East Cleveland Center	497,991	76,890	231,658	157,413	0	32,030
Cleveland Community Center	579,695	47,000	381,018	120,396	0	31,281
Johnston Park	425,000	175,000	0	250,000	0	0
Deer Park	265,740	90,000	0	175,740	0	0
Arnold Mini Park	14,565	0	0	14,565	0	0
Mayfield Mini Park	14,000	0	0	14,000	0	0
Blythe Mini Park	20,044	9,874	0	10,170	0	0
Bower Mini Park	60,975	0	13,800	47,175	0	0
Stuart Mini Park	9,531	0	0	9,531	0	0
E.L. Ross Craigmile Park	9,880	0	0	9,880	0	0
East Cleveland Neighborhood	83,698	10,000	3,577	70,121	0	0
Greenway Project	820,837	0	0	820,837	0	0
Fletcher Property	631,865	64,373	118,973	448,519	0	0
Soccer Complex	304,279	50,000	0	254,279	0	0
Total Parks and Recreation	\$ 6,826,656	\$ 999,117	\$ 1,017,386	\$ 4,048,035	\$ 0	\$ 762,118

CITY OF CLEVELAND, TENNESSEE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY(1)
 JUNE 30, 2005

(Continued)

<u>Function and Activity</u>	<u>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 Animal Shelter	35,136 208,572	15,000 0	11,336 95,301	8,800 27,918	0 0	0 85,353
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
Police parking lots	37,500	37,500	0	0	0	0
First and Church Street parking lot	135,000	135,000	0	0	0	0
Hill Street building	1,074	0	1,074	0	0	0
Seventh and Church Street parking lot	21,202	13,780	0	7,422	0	0
Total Miscellaneous Properties	\$ 868,814	\$ 620,610	\$ 107,711	\$ 55,140	\$ 0	\$ 85,353
Cleveland City Schools:						
School Property	\$ 66,174,782	\$ 3,398,911	\$ 55,721,107	\$ 158,157	\$ 0	\$ 6,896,607
Food Service	1,083,665	0	0	0	0	1,083,665
Total City Schools	\$ 67,258,447	\$ 3,398,911	\$ 55,721,107	\$ 158,157	\$ 0	\$ 7,980,272
Total Capital Assets	\$ 135,690,092	\$ 6,860,482	\$ 62,560,968	\$ 5,328,751	\$ 40,979,706	\$ 19,960,185

(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, 2005

<u>Function and Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
General Government:				
Administration and finance	\$ 730,927	\$ 54,606	\$ 7,941	\$ 777,592
General government	824,297	4,234	72,773	755,758
Planning and inspection	477,545	55,392	20,725	512,212
Library	1,956,160	678,707	11,503	2,623,364
Total General Government	\$ 3,988,929	\$ 792,939	\$ 112,942	\$ 4,668,926
Public Safety:				
Police	\$ 2,717,213	\$ 483,565	\$ 57,403	\$ 3,143,375
Fire	5,070,322	54,626	152,658	4,972,290
CBCC	867,618	0	0	867,618
Total Public Safety	\$ 8,655,153	\$ 538,191	\$ 210,061	\$ 8,983,283
Public Works:				
Street Department	\$ 4,012,071	\$ 479,140	\$ 160,394	\$ 4,330,817
Engineering	348,819	73,275	10,171	411,923
Old City Landfill	92,500	0	0	92,500
Airport	473,437	336,584	0	810,021
Primary Roads	6,085,359	95,451	0	6,180,810
Secondary Roads	32,565,039	666,973	0	33,232,012
Drainage	1,572,907	379,008	0	1,951,915
Bridges	0	73,968	0	73,968
Total Public Works	\$ 45,150,132	\$ 2,104,399	\$ 170,565	\$ 47,083,966
Parks and Recreation:				
Recreation Office	\$ 362,893	\$ 15,258	\$ 4,510	\$ 373,641
Tinsley Park	1,812,309	0	2,000	1,810,309
Cherokee Springs	1,260,373	5,597	361,364	904,606
East Cleveland Center	493,465	11,325	6,799	497,991
Cleveland Community Center	572,760	9,425	2,490	579,695
Johnston Park	425,000	0	0	425,000
Deer Park	265,740	0	0	265,740
Arnold Mini Park	14,565	0	0	14,565
Mayfield Mini Park	14,000	0	0	14,000
Blythe Mini Park	20,044	0	0	20,044
Bower Mini Park	60,975	0	0	60,975
Stuart Mini Park	9,531	0	0	9,531
E.L. Ross Craigmile Park	9,880	0	0	9,880
East Cleveland Neighborhood	83,698	0	0	83,698
Greenway Project	61,043	759,794	0	820,837
Fletcher Property	606,119	25,746	0	631,865
Soccer Complex	304,279	0	0	304,279
Total Parks and Recreation	\$ 6,376,674	\$ 827,145	\$ 377,163	\$ 6,826,656

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, 2005

(Continued)

<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 Shelter	199,958	8,614	0	208,572
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
Police parking lots	37,500	0	0	37,500
First and Church Street parking lot	135,000	0	0	135,000
Hill Street building	1,074	0	0	1,074
Seventh and Church Street parking lot	21,202	0	0	21,202
Total Miscellaneous Properties	\$ 860,200	\$ 8,614	\$ 0	\$ 868,814
Cleveland City Schools:				
School Property	\$ 65,792,938	\$ 413,424	\$ 31,580	\$ 66,174,782
Food Service	1,087,019	0	3,354	1,083,665
Total City Schools	\$ 66,879,957	\$ 413,424	\$ 34,934	\$ 67,258,447
Total Capital Assets	\$ 131,911,045	\$ 4,684,712	\$ 905,665	\$ 135,690,092

(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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CITY OF CLEVELAND, TENNESSEE
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION*
LAST TEN FISCAL YEARS

EXPENDITURES	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
General government	\$ 1,293,794	\$ 1,338,661	\$ 1,443,908	\$ 1,331,456
Public safety	6,813,928	7,209,067	8,139,300	7,869,042
Public works	4,739,617	4,319,488	4,633,658	4,927,045
Capital outlay	1,466,596	3,302,892	4,197,210	10,522,171
Health and welfare	344,524	362,153	393,999	277,499
Culture and recreation	1,559,211	1,587,685	1,753,342	1,839,527
Education	21,731,500	23,088,045	23,835,453	24,519,655
Debt service	2,144,728	1,936,745	2,145,715	2,456,071
Planning and inspection	337,654	362,916	321,996	343,124
Appropriations	<u>0</u>	<u>0</u>	<u>0</u>	<u>765,720</u>
Total Expenditures	<u>\$ 40,431,552</u>	<u>\$ 43,507,652</u>	<u>\$ 46,864,581</u>	<u>\$ 54,851,310</u>

*Note - Includes General, Special Revenue, Debt Service, Capital Projects Funds
and Expendable Trust Funds

Source: From official records of Office of City Clerk.

Table I

	2000	2001	2002	2003	2004	2005
\$	1,491,709	\$ 1,540,228	\$ 1,701,528	\$ 1,864,227	\$ 1,929,123	\$ 2,035,118
	8,538,529	9,287,332	10,337,152	11,284,364	12,010,132	13,133,222
	5,097,625	5,594,626	5,939,039	6,056,573	6,152,910	7,054,780
	11,760,086	25,428,018	8,238,956	2,650,162	2,970,045	4,316,712
	300,234	333,034	336,875	361,105	379,761	428,047
	2,053,901	1,768,571	2,221,139	2,198,402	2,321,247	2,414,280
	25,084,758	26,423,910	27,628,249	28,817,716	29,924,557	32,955,018
	3,141,188	3,385,060	3,440,109	3,501,674	3,542,091	3,442,467
	380,608	409,503	400,098	477,536	446,997	563,108
	918,643	865,030	879,113	898,681	856,465	858,485
\$	58,767,281	\$ 75,035,312	\$ 61,122,258	\$ 58,110,440	\$ 60,533,328	\$ 67,201,237

CITY OF CLEVELAND, TENNESSEE
GENERAL REVENUES BY SOURCE*
LAST TEN FISCAL YEARS

REVENUES	1996	1997	1998	1999
Taxes	\$ 13,654,099	\$ 14,050,891	\$ 14,235,225	\$ 14,979,278
Licenses and permits	582,080	394,453	490,665	465,474
Intergovernmental	21,531,857	23,203,160	26,538,289	30,549,267
Charges for services	2,686,553	2,675,730	3,254,139	3,730,013
Fines and forfeitures	467,383	477,432	474,264	715,351
Miscellaneous	454,053	645,609	509,018	951,362
Interest	309,285	412,229	474,398	538,590
Total Revenues	\$ 39,685,310	\$ 41,859,504	\$ 45,975,998	\$ 51,929,335

CITY OF CLEVELAND, TENNESSEE
GENERAL GOVERNMENT TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

TAX REVENUES	1996	1997	1998	1999
Property taxes	\$ 5,985,114	\$ 6,000,934	\$ 5,984,537	\$ 6,175,154
Interest and penalty on taxes	114,423	59,586	65,327	57,631
In lieu of taxes	39,515	34,497	40,560	18,521
Tax equivalents	957,565	910,193	992,908	943,726
Local sales tax	4,950,689	5,286,134	5,456,132	5,742,759
Wholesale beer tax	719,926	812,629	834,189	870,746
Gross receipts tax	554,622	624,609	697,831	711,664
Franchise taxes	332,245	322,309	163,741	459,077
Total Tax Revenues	\$ 13,654,099	\$ 14,050,891	\$ 14,235,225	\$ 14,979,278

*Note - Includes General, Special Revenue, Debt Service, Capital Projects and Expendable Trust Funds.

(1) Tax equivalent payments shown as transfers beginning in 2004

Source: From official records of Office of City Clerk.

Table 2

2000	2001	2002	2003	2004	2005
\$ 16,677,873	\$ 17,499,392	\$ 19,243,589	\$ 21,848,950	\$ 21,820,687	\$ 23,050,456
398,414	364,245	395,149	422,002	614,120	499,409
28,343,620	36,411,509	29,584,658	30,546,411	32,780,677	36,107,621
3,956,352	3,919,634	3,153,357	3,770,640	3,969,522	4,205,563
657,900	646,857	633,457	816,304	897,881	1,135,822
985,464	541,301	1,234,576	947,595	795,869	775,016
579,938	701,524	236,900	178,093	137,286	621,858
<u>\$ 51,599,561</u>	<u>\$ 60,084,462</u>	<u>\$ 54,481,686</u>	<u>\$ 58,529,995</u>	<u>\$ 61,016,042</u>	<u>\$ 66,395,745</u>

Table 2A

2000	2001	2002	2003	2004	2005
\$ 7,236,672	\$ 7,852,762	\$ 9,666,823	\$ 11,970,306	\$ 12,397,898	\$ 12,976,764
77,521	81,180	79,345	100,204	110,668	119,841
38,755	50,370	34,949	32,972	26,977	19,411
1,052,354	1,090,380	1,184,132	1,257,907	0	0 (1)
6,185,814	6,139,911	6,138,123	6,319,495	6,912,834	7,186,302
913,332	934,827	975,310	995,889	1,054,330	1,088,535
792,644	782,321	813,185	708,331	823,885	943,128
380,781	567,641	351,722	463,846	494,095	716,475
<u>\$ 16,677,873</u>	<u>\$ 17,499,392</u>	<u>\$ 19,243,589</u>	<u>\$ 21,848,950</u>	<u>\$ 21,820,687</u>	<u>\$ 23,050,456</u>

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

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>
1996	\$ 5,911,565	\$ 5,582,775	94.4 %
1997	5,996,064	5,611,558	93.6
1998	6,012,092	5,637,220	93.8
1999	6,199,404	5,822,694	93.9
2000	7,278,804	6,862,497	94.3
2001	7,912,786	7,378,221	93.2
2002	9,859,603	9,187,496	93.2
2003	11,947,649	11,303,576	94.6
2004	12,465,073	11,671,276	93.6
2005	12,983,018	12,257,261	94.4

*Note - Each amount includes collections for any prior year's delinquent taxes received in the year presented.

Source: From official records of Assessor of Property and Office of City Clerk.

Table 3

<u>De- linquent Tax Collect- ions*</u>	<u>Total Tax Collections</u>	<u>Total Collections as percent of Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as percent of Tax Levy</u>
\$ 447,690	\$ 6,030,465	102.0 %	\$ 686,076	11.6 %
334,996	5,946,554	99.2	701,993	11.7
357,596	5,994,816	99.7	685,669	11.4
305,277	6,127,971	98.8	786,612	12.7
374,854	7,237,351	99.4	823,640	11.3
402,496	7,780,717	98.3	932,695	11.8
498,863	9,686,359	98.2	1,081,578	11.0
611,144	11,914,720	99.7	1,196,736	10.0
633,659	12,304,935	98.7	1,166,234	9.4
769,636	13,026,897	100.3	1,107,207	8.5

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

Tax Year	Real Property		Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1995	\$ 339,648,216	\$ 1,087,605,250	\$ 82,956,311	\$ 276,521,037
1996	355,823,914	1,137,858,031	76,443,064	254,810,213
1997	361,390,135	1,157,729,822	73,556,752	245,189,173
1998	377,855,533	1,205,720,054	72,484,451	241,614,837
1999	495,926,329	1,593,184,619	88,968,155	296,562,517
2000	507,609,401	1,630,096,990	96,802,910	322,676,367
2001	519,335,586	1,666,580,786	90,570,608	301,902,027
2002	579,403,493	1,871,969,410	120,878,490	402,928,300
2003	598,237,020	1,925,129,072	134,726,308	449,087,693
2004	628,128,521	2,007,172,018	136,463,506	454,878,353

Note: (1) Overall assessment ratios and effective rates for 1973 and thereafter are weighted averages due to varying constitutional assessment ratios which became effective statewide January 1, 1973. Assessment ratios are Residential Property, Real at 25% with all bank accounts and \$7,500 of all other items in the hands of a taxpayer are exempt; Commercial and Industrial - Real at 40% and Personal at 30% except that the Personal Property of eligible Banks is 40%; Public Utilities (excluding Railroads) - all property both real and personal at 55%; Railroads - Real and personal at 40%. All taxes were assessed at 50% of market value prior to 1973 based on a comprehensive reappraisal of property value in 1966.

(2) The increase in the 1995 tax year assessment for real property was the result of a comprehensive reappraisal of real property conducted by the State of Tennessee, Division of Property Assessment. The State Board of Equalization has certified that the appraised value of real property represents the actual market value in tax year 1995. The State of Tennessee, Division of Property Assessment has conducted a comprehensive reappraisal for tax year 1999, which is reflected in the fiscal year 2000 financial statements. In tax year 2002, the State performed a current value update which is reflected in the FY 2003 financial statements

(3) Public utility assessments increased in tax year 1999. A statewide court ruling awarded reduction in the assessment ratio from 55% to 40% for specific public utilities. After several years of appeals BellSouth assessments were also reduced.

Table 4

<u>Public Utility Property</u>		<u>Total Assessed Value</u>	<u>Total Estimated Actual Value</u>	<u>Ratio of Total Assessed to Total Estimated Actual Value</u>
<u>Assessed Value</u>	<u>Estimated Actual Value</u>			
\$ 21,874,042	\$ 39,770,985	\$ 444,478,569	\$ 1,403,897,272	31.7 %
18,564,901	33,754,365	450,831,879	1,426,422,609	31.6
17,090,087	41,500,000	452,036,974	1,444,418,995	31.3
15,780,601	38,321,032	466,120,585	1,485,655,923	31.4
21,672,583	52,628,905	606,567,067	1,942,376,041	31.2
23,586,587	57,276,802	627,998,898	2,010,050,158	31.2
22,119,614	53,714,461	632,025,808	2,022,197,273	31.3
23,817,931	56,709,359	724,099,914	2,331,607,069	31.1
22,495,636	54,627,576	755,458,964	2,428,844,341	31.1
22,257,531	54,049,371	786,849,558	2,516,099,742	31.3

Source: From official records of Assessor of Property and Office of City Clerk.

CITY OF CLEVELAND, TENNESSEE
 PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
 (PER \$100 OF ASSESSED VALUE)
 LAST TEN FISCAL YEARS

Table 5

Tax Year	Bradley County, Tennessee		
	City	County	Total
1995	\$ 1.33	\$ 2.33	\$ 3.66
1996	1.33	2.33	3.66
1997	1.33	2.53	3.86
1998	1.33	2.53	3.86
1999	1.20	2.18	3.38
2000	1.26	2.18	3.44
2001	1.56	2.43	3.99
2002	1.65	2.43	4.08
2003	1.65	2.43	4.08
2004	1.65	2.43	4.08

Source: Minutes of City Council and County Commission meetings.

CITY OF CLEVELAND, TENNESSEE
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2005

Table 6

Total assessed value		<u>\$ 786,849,558</u>
Legal debt margin:		
Debt limitation--10 percent of total assessed value as adopted by local resolution		\$ 78,684,956
Debt applicable to limitation:		
Total bonded debt*	\$ 90,605,000	
Less: Revenue bonds	46,145,000	
Amount available for repayment of general obligation bonds	<u>1,647,744</u>	
 Total debt applicable to limitation		 <u>42,812,256</u>
 Legal debt margin		 <u><u>\$ 35,872,700</u></u>

*Note - Amount includes long - term notes payable.

CITY OF CLEVELAND, TENNESSEE
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

<u>Tax Year</u>	<u>Estimated Population (1)</u>	<u>Assessed Value(2)</u>	<u>Total General Obligation Bonds(3)</u>	<u>Supporting Debt(3)</u>	<u>Net Bonded Debt(3)</u>
1995	33,414	\$ 444,478,569	\$ 14,340,000	\$ 77,152	\$ 14,262,848
1996	33,490	450,831,879	13,565,000	247,517	13,317,483
1997	35,454	452,036,974	13,065,000	536,536	12,528,464
1998	36,549	466,120,585	23,900,000	662,391	23,237,609
1999	37,192	606,567,067	22,655,000	1,104,949	21,550,051
2000	37,312	627,998,898	45,490,000	705,666	44,784,334
2001	37,380	632,025,808	44,800,000	1,307,380	43,492,620
2002	37,461	724,099,914	44,801,800	1,406,706	43,395,094
2003	37,829	755,458,964	44,075,000	1,467,483	42,607,517
2004	39,375	786,849,558	44,460,000	1,647,744	42,812,256

- Sources:
- (1) U.T. College of Business Administration Center for Business and Economic Research from U.S. Census Bureau "Population Estimates for Places Annual Time Series July 1, 1990 to July 1, 1998," U.S. Census Bureau 2000 Census, and Planning Department estimates for 1999, 2001, 2002, 2003 and 2004.
 - (2) Assessor of Property
 - (3) Official records of Office of City Clerk

Table 7

<u>Bonded Debt Per Capita Total(3)</u>	<u>Net Bonded Debt Per Capita(3)</u>	<u>Ratio of Bonded Debt to Assessed Value Total(3)</u>	<u>Ratio of Net Bonded Debt to Assessed Value(3)</u>
\$ 429	\$ 427	3.2 %	3.2 %
405	398	3.0	3.0
369	353	2.9	2.8
654	636	5.1	5.0
609	579	3.7	3.6
1,219	1,200	7.2	7.1
1,199	1,164	7.1	6.9
1,196	1,158	6.2	6.0
1,165	1,126	5.8	5.6
1,129	1,087	5.7	5.4

CITY OF CLEVELAND, TENNESSEE
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 June 30, 2005

Table 8

	<u>Net Debt Outstanding</u>	<u>Percentage of Debt Applicable to the City</u>	<u>City's Share of Debt</u>
City of Cleveland - General Obligation Bonds	\$ 44,460,000	100.00%	\$ 44,460,000
*Bradley County, Tennessee	<u>73,850,000</u>	52.53%	<u>38,793,405</u>
Total	<u><u>\$ 118,310,000</u></u>		<u><u>\$ 83,253,405</u></u>

*Does not include \$11,095,000 Hospital Bonds which are completely self-supporting from Hospital Revenues.

Source: Cumberland Securities, Division of Morgan Keegan & Company, Inc., Financial Advisor for City of Cleveland and Bradley County.

CITY OF CLEVELAND, TENNESSEE
RATIO OF NET ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
BONDED DEBT TO TOTAL GENERAL* EXPENDITURES
LAST TEN FISCAL YEARS

Table 9

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Net Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Net Debt Service to General Expenditures</u>	
1996	\$ 1,010,000	\$ 785,709	\$ 1,795,709	\$ 40,431,552	4.4	%
1997	775,000	753,746	1,528,746	43,507,652	3.5	
1998	970,000	542,950	1,512,950	46,864,581	3.2	
1999	805,000	619,021	1,424,021	54,851,310	2.6	
2000	855,000	1,158,488	2,013,488	58,767,281	3.4	
2001	980,000	1,496,729	2,476,729	75,035,312	3.3	
2002	1,575,000	1,865,109	3,440,109	61,122,258	5.6	
2003	1,380,000	2,121,674	3,501,674	58,110,440	6.0	
2004	1,430,000	2,112,091	3,542,091	60,533,328	5.9	
2005	1,355,000	2,087,467	3,442,467	67,201,237	5.1	

*Note - Includes General, Special Revenue, Debt Service, Capital Projects Funds, and Expendable Trust Funds.

Source: From official records of Office of City Clerk.

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

Table 10

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	(3) Interest	Total	
1996	\$ 10,382,173	\$ 6,549,230	\$ 3,832,943	\$ 1,747,000	\$ 1,010,353	\$ 2,757,353	1.39
1997	10,816,586	7,457,520	3,359,062	1,647,000	1,145,828	2,792,828	1.20
1998	11,669,363	7,385,607	4,283,756	1,893,000	1,584,568	3,477,568	1.23
1999	12,824,234	7,462,905	5,361,329	1,323,000	1,809,795	3,132,795	1.71
2000	13,265,399	8,230,707	5,034,692	1,544,000	1,930,960	3,474,960	1.45
2001	13,771,990	8,596,586	5,175,404	1,749,000	1,942,373	3,691,373	1.40
2002	14,081,706	8,873,416	5,208,290	949,000	1,698,569	2,647,569	1.97
2003	15,187,407	9,472,401	5,715,006	1,264,000	1,673,055	2,937,055	1.95
2004	16,152,299	10,030,334	6,121,965	1,875,000	1,547,125	3,422,125	1.79
2005	16,437,866	11,001,573	5,436,293	2,145,000	1,545,770	3,690,770	1.47

Source: From official records of Office of City Clerk.

- (1) All revenues except interest income
- (2) All expenses except depreciation, amortization and interest
- (3) Interest expense for year as reflected in audit report

CITY OF CLEVELAND, TENNESSEE
 DEMOGRAPHIC STATISTICS
 LAST TEN FISCAL YEARS

Table 11

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>School Enrollment (3)</u>	<u>Median Age in Years (4)</u>	<u>Average Unemployment Rate (5)</u>	
1996	33,414	\$ 21,594	4,509	33.8	6.2	%
1997	33,490	22,736	4,424	34.2	6.9	
1998	35,454	23,644	4,430	34.1	4.6	
1999	36,549	24,839	4,316	34.4	4.6	
2000	37,192	24,394	4,329	34.0	4.4	
2001	37,312	Not Available	4,422	Not Available	4.7	
2002	37,380	Not Available	4,266	Not Available	5.6	
2003	37,461	Not Available	4,488	Not Available	5.9	
2004	37,829	Not Available	4,851	Not Available	5.6	
2005	39,375	Not Available	4,850	Not Available	5.3	

Sources: (1) U.T. College of Business Administration Center for Business and Economic Research from U.S. Census Bureau "Population Estimates for Places Annual Time Series July 1, 1990 to July 1, 1998", U. S. Census Bureau 2000 Census, and Planning Department estimates for 1999 through 2005.

(2) U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data Local Area Personal Income, Tennessee, Table CAI-3 Per Capita Personal Income

(3) Cleveland City Schools

(4) U.T. College of Business Administration Center for Business and Economic Research "Population Estimates for Counties by Age and Sex: Annual Time Series July 1, 1990 to July 1, 1999", and U.S. Census Bureau 2000 Census

(5) Department of Employment Security

**CITY OF CLEVELAND, TENNESSEE
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
LAST TEN FISCAL YEARS**

Table 12

<u>Fiscal Year</u>	<u>Residential and Commercial Construction(1)</u>		<u>Bank Deposits(2)</u>	<u>Property Value (3) (4)</u>
	<u>Number of Permits</u>	<u>Value</u>		
1996	214	\$ 46,705,679	\$ (not available)	\$ 1,403,897,272
1997	328	40,090,717	(not available)	1,426,422,609
1998	430	53,974,360	(not available)	1,444,418,995
1999	467	46,277,000	(not available)	1,485,655,923
2000	468	69,932,000	1,056,506,744	1,942,376,041
2001	361	53,391,050	1,398,674,939	2,010,050,158
2002	351	49,057,456	(not available)	2,022,197,273
2003	392	58,922,242	(not available)	2,331,607,069
2004	438	110,607,005	(not available)	2,428,844,341
2005	495	56,689,803	(not available)	2,516,099,742

Source:

- (1) Based on building permits issued by the City's permit office of which values are estimated construction costs
- (2) Local Bank Financial Statements and Tennessee Community Data on combined assets of Cleveland banks
- (3) Estimated Actual Value
- (4) Includes Residential and Commercial

CITY OF CLEVELAND, TENNESSEE
 PRINCIPAL TAXPAYERS
 June 30, 2005

Table 13

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2005 Assessed * Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Maytag Corporation	Appliance Manufacture	\$ 32,808,353	4.30 %
Duracell Company	Battery Manufacture	23,471,156	3.08
Master Foods USA	Candy Manufacture	18,472,066	2.42
Schering-Plough	Healthcare Products	11,625,031	1.52
BellSouth	Phone Company	11,237,678	1.47
Life Care Centers of America	Health Care	8,129,450	1.07
PR Bradley Square LLC	Bradley Square Mall	8,092,591	1.06
Peyton's Southeastern	Distribution Company	6,948,891	0.91
Johnston Coca-Cola	Beverage & Bottling Manufacture	6,164,438	0.81
Friction Materials LLC	Break Linings/Block Manufacture	<u>4,899,217</u>	<u>0.65</u>
Totals		<u>\$ 131,848,871</u>	<u>17.29 %</u>

Source: From official records of Assessor of Property and Office of City Clerk.

*Note - An Equalization Factor has been placed on some personal property taxes by the State of Tennessee and affects the tax levy.

CITY OF CLEVELAND, TENNESSEE
 STATEMENT OF TAX RATES AND ASSESSMENTS
 LAST TEN FISCAL YEARS

Table 14

<u>Tax Year</u>	<u>Tax Rate*</u>	<u>Real and Personal</u>	<u>Utilities</u>	<u>Total</u>
1995	\$1.33	\$ 422,604,527	\$ 21,874,042	\$ 444,478,569
1996	\$1.33	432,266,978	18,564,901	450,831,879
1997	\$1.33	434,946,887	17,090,087	452,036,974
1998	\$1.33	450,339,984	15,780,601	466,120,585
1999	\$1.20	584,894,484	21,672,583	606,567,067
2000	\$1.26	604,412,311	23,586,587	627,998,898
2001	\$1.56	609,906,194	22,119,614	632,025,808
2002	\$1.65	700,281,983	23,817,931	724,099,914
2003	\$1.65	732,963,328	22,495,636	755,458,964
2004	\$1.65	764,592,027	22,257,531	786,849,558

Source: From official records of Assessor of Property and Office of City Clerk.

*Note - Rate per \$100.00 assessment.

**CITY OF CLEVELAND, TENNESSEE
PROPERTY TAX INFORMATION
LAST TEN FISCAL YEARS**

Table 15

The following summary indicates the percentage of tax collected and unpaid balances for the previous ten years:

<u>Tax Year</u>	<u>Tax Levy</u>	<u>Unpaid Taxes*</u>	<u>Percentage Collected</u>
1995	\$ 5,911,565	\$ 17,541	99.7 %
1996	5,996,064	26,856	99.6
1997	6,012,092	42,135	99.3
1998	6,199,404	19,433	99.7
1999	7,278,804	25,772	99.6
2000	7,912,786	16,788	99.8
2001	9,859,603	22,819	99.8
2002	11,947,649	80,644	99.3
2003	12,465,073	129,146	99.0
2004	12,983,018	726,073	94.4

Source: From official records of Assessor of Property and Office of City Clerk.

* Note - Tax years prior to 2004 have been turned over for collection.

CITY OF CLEVELAND, TENNESSEE
 CLEVELAND UTILITIES
 ELECTRIC DIVISION DATA
 For the Fiscal Year Ended June 30, 2005

Table 16

Class of Service	Consumers - June		Electric Sales This Year	
	2005	2004	Kilowatt Hours	Amount
Residential	24,031	23,813	350,304,593	\$ 23,540,019
Small lighting and power	3,382	3,319	69,988,356	5,432,809
Large lighting and power	593	587	643,447,708	34,205,736
Street and outdoor lighting	128	135	11,068,000	1,213,770
Accrued revenue				259,711
	<u>28,134</u>	<u>27,854</u>	<u>1,074,808,657</u>	<u>\$ 64,652,045</u>
Kilowatt hours for own use			<u>1,720,520</u>	
			<u>1,076,529,177</u>	
			Purchased Power This Year	
			Kilowatt Hours	Amount
Power billings for year			<u>1,115,957,513</u>	<u>\$ 53,039,745</u>
Line Losses and Cost Per Kilowatt-Hour Purchased				
Kilowatt-hours purchased (per above)			1,115,957,513	
Kilowatt-hours sold (per above)			<u>1,076,529,177</u>	
Line losses and kilowatt-hours unaccounted for			<u>39,428,336</u>	
Percentage of losses and unaccounted for kilowatt-hours to purchased			<u>3.53%</u>	
Cost per kilowatt-hours purchased			<u>\$ 0.0475</u>	
Other Statistics				
Miles of electric lines			<u>500</u>	
Number of regular street lights			<u>5,738</u>	
Number of private outdoor lights			<u>3,997</u>	

Source: City of Cleveland Utilities Electric, Water and Sewer Divisions.

CITY OF CLEVELAND, TENNESSEE
 CLEVELAND UTILITIES
 ELECTRIC DIVISION DATA
 For the Fiscal Year Ended June 30, 2005

Table 16
 (Continued)

RESIDENTIAL & GENERAL POWER RATE SCHEDULES

Residential Rate Schedule - Schedule RS

Customer charge - per delivery point per month		\$ 7.77
Energy charge - per kwh		\$ 0.06096

General Power Rate Schedule - Schedule GSA

Demand of 0 - 5,000 kw

Part I - If (a) the higher of (i) the customer's currently effective contract demand, if any, or (ii) its highest billing demand during the latest 12-month period is not more than 50 kw and (b) the customer's monthly energy takings for any month during such period do not exceed 15,000 kwh:

Customer charge - per delivery point per month		\$ 15.00
Energy charge - per kwh per month		\$ 0.06909

Part II - If (a) the higher of (i) the customer's currently effective contract demand or (ii) its highest billing demand during the latest 12-month period is greater than 50 kw but not more than 1,000 kw or (b) the customer's billing demand is less than 50 kw and its energy takings for any month during such period exceed 15,000 kwh:

Customer charge - per delivery point per month		\$ 45.00
Demand charge - per kw per month		
First 50 kw		No charge
Additional kw		\$ 10.25
Energy charge - per kwh		
First 15,000 kwh per month		\$ 0.06909
Additional kwh per month		\$ 0.03485

Part III - If (a) the higher of the customer's currently effective contract demand or (b) its highest billing demand during the latest 12-month period is greater than 1,000 kw:

Customer charge - per delivery point per month		\$ 150.00
Demand charge - per kw per month		
First 1,000 kw		\$ 9.66
Excess over 1,000 kw		\$ 11.06
Energy charge - per kwh		\$ 0.03562

CITY OF CLEVELAND, TENNESSEE
 CLEVELAND UTILITIES
 ELECTRIC DIVISION DATA
 For the Fiscal Year Ended June 30, 2005

Table 16
 (Continued)

RESIDENTIAL & GENERAL POWER RATE SCHEDULES

General Power Rate Schedule - Schedule GSB

Demand over 5,000 kw but not more than 15,000 kw	
Customer charge - per delivery point per month	\$ 1,500
Demand charge - per kw per month	\$ 11.58
Energy charge - per kwh	
Up to 620 hours use of metered demand per month	\$ 0.03035
Additional kwh	\$ 0.02477

General Power Rate Schedule - Schedule GSC

Demand over 15,000 kw but not more than 25,000 kw	
Customer charge - per delivery point per month	\$ 1,500
Demand charge - per kw per month	\$ 11.07
Energy charge - per kwh	
Up to 620 hours use of metered demand per month	\$ 0.03035
Additional kwh	\$ 0.02477

General Power Rate Schedule - Schedule GSD

Demand over 25,000 kw	
Customer charge - per delivery point per month	\$ 1,500
Demand charge - per kw per month	\$ 13.50
Energy charge - per kwh	\$ 0.02433

Outdoor Lighting Rate Schedule

Energy charge - per kwh per month	\$ 0.04685
-----------------------------------	------------

CITY OF CLEVELAND, TENNESSEE
 CLEVELAND UTILITIES
 WATER DIVISION DATA
 For the Fiscal Year Ended June 30, 2005

Table 17

Class of Service	Consumers - June		Water Sales Fiscal Year 2005
	2005	2004	2005
Residential	24,870	24,343	\$ 5,050,000
Commercial & Industrial	3,139	3,091	2,517,893
Accrued Revenue @ YE			76,027
Totals	28,009	27,434	\$ 7,643,920

WATER PURCHASED FOR RESALE

	Water Purchased This Year	
	Gallons	Amount
Water purchased from Hiwassee Utility Commission	834,156,065	\$ 911,353
Water purchased from Eastside Utility District	260,576,250	285,870
Water purchased from Savannah Valley Utility District	8,869,000	9,755
Total	1,103,601,315	\$ 1,206,978

LINE LOSSES AND COSTS PER GALLON

Gallons purchased (per above)	1,103,601,315
Gallons pumped	2,569,476,656
Total gallons provided	3,673,077,971
Gallons sold	2,779,692,000
Line losses and gallons unaccounted for	893,385,971
Percentage of losses and unaccounted for gallons to total provided	24.32%
Cost per thousand gallons purchased	\$ 1.09

OTHER STATISTICS

Average daily water consumption (gallons)	7,615,595
Miles of water mains	688
Number of fire hydrants	2,228

Source: City of Cleveland Utilities Electric, Water and Sewer Divisions.

CITY OF CLEVELAND, TENNESSEE
 CLEVELAND UTILITIES
 WATER DIVISION DATA
 For the Fiscal Year Ended June 30, 2005

Table 17
 (Continued)

1. Commodity charge (standard):*			
First 200 cubic feet		\$	3.95
First 15,000 cubic feet			1.3900/100 cubic feet
Next 85,000 cubic feet			1.1500/100 cubic feet
Additional8400/100 cubic feet
2. Minimum monthly billings:*			
For customers using 5/8" meter			\$6.73 per month
For customers using 1" meter			\$15.07 per month
For customers using 1-1/2" meter			\$31.75 per month
For customers using 2" meter			\$59.55 per month
For customers using 3" meter			\$142.95 per month
For customers using 4" meter			\$235.45 per month
For customers using 6" meter			\$545.95 per month
For customers using 8" meter			\$982.95 per month
3. Sprinkler connection charges (billed monthly)			
Minimum 500 heads or less			\$125.00 per year
Over 500 heads			.25 per head
4. Access Fees (Water) (Standard):			
5/8" meter	\$ 500.00	3" meter	\$ 2,575.00
1" meter	\$ 850.00	4" meter	\$ 3,650.00
1 1/2" meter	\$ 1,125.00	6" meter	\$ 6,175.00
2" meter	\$ 1,675.00	8" meter	\$ 8,175.00
5. Charges for sprinkler taps:			
4" tap	\$ 1,500.00		
6" tap	\$ 2,250.00		
8" tap	\$ 3,000.00		
10" tap	\$ 3,750.00		
12" tap	\$ 4,500.00		

*NOTE: Outside City water rates are higher.

CITY OF CLEVELAND, TENNESSEE
CLEVELAND UTILITIES
WATER DIVISION DATA
For the Fiscal Year Ended June 30, 2005

Table 17
(Continued)

6. Customer Deposits \$ Varies (based on service requirements)

7. Subdivision Stub-outs \$ 100.00

8. Access Fees (Sewer) (Standard):

5/8" meter	\$ 800.00
1" meter	\$ 1,390.00
1 1/2" meter	\$ 1,840.00
2" meter	\$ 2,735.00
3" meter	\$ 4,240.00
4" meter	\$ 6,030.00
6" meter	\$ 10,200.00
8" meter	\$ 13,525.00

CITY OF CLEVELAND, TENNESSEE
 CLEVELAND UTILITIES
 SANITARY SEWER SYSTEM DATA
 For the Fiscal Year Ended June 30, 2005

Table 18

Class of Service	Consumers - June		Sewer Fees
	2005	2004	Fiscal Year 2005
Residential	13,903	13,688	\$ 3,247,691
Commercial & Industrial	2,420	2,398	3,967,001
Accrued Revenue @ YE			<u>29,987</u>
Totals	<u>16,323</u>	<u>16,086</u>	<u>\$ 7,244,679</u>

Sewage Treatment

Intermittent Cycle Extended Aeration System (ICEAS)

Capacity daily (gallons)

21,600,000

Treatment during fiscal year 2005 (gallons)

3,778,740,000

Collection System

Miles of sewer mains

326

Sanitary Sewer Rate* (Standard)

Customer Charge \$ 4.41

First 100,000 cubic feet @ 2.5800/100 per cubic feet

Additional..... @ 2.1600/100 cubic feet

*Note: Outside City sewer rates higher.

Source: City of Cleveland Utilities Electric, Water and Sewer Divisions.

CITY OF CLEVELAND, TENNESSEE
OTHER STATISTICAL DATA
June 30, 2005

Table 19

Population (Estimated)	39,375																														
Date of Incorporation	1903																														
Form of Government	Council - Manager (August 1993)																														
Number of Members of Board of Mayor and City Council (elected for four-year terms)	8																														
Mayor and two Council members elected at large																															
Five council members - elected from five districts																															
City employees:	Cleveland Utilities																														
	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;"></th> <th style="width: 15%; border-bottom: 1px solid black;">City</th> <th style="width: 15%; border-bottom: 1px solid black;">Schools</th> <th style="width: 15%; border-bottom: 1px solid black;">Library</th> <th style="width: 15%; border-bottom: 1px solid black;">Cleveland Utilities</th> <th style="width: 15%;"></th> </tr> </thead> <tbody> <tr> <td>Regular Full-time</td> <td style="text-align: center;">315</td> <td style="text-align: center;">587</td> <td style="text-align: center;">11</td> <td style="text-align: center;">193</td> <td style="text-align: right;">1,106</td> </tr> <tr> <td>Regular Part-time</td> <td style="text-align: center;">0</td> <td style="text-align: center;">75</td> <td style="text-align: center;">12</td> <td style="text-align: center;">0</td> <td style="text-align: right;">87</td> </tr> <tr> <td>Seasonal Part-time</td> <td style="text-align: center;">72</td> <td style="text-align: center;">3</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: right;">75</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">387</td> <td style="text-align: center;">665</td> <td style="text-align: center;">23</td> <td style="text-align: center;">193</td> <td style="text-align: right;">1,268</td> </tr> </tbody> </table>		City	Schools	Library	Cleveland Utilities		Regular Full-time	315	587	11	193	1,106	Regular Part-time	0	75	12	0	87	Seasonal Part-time	72	3	0	0	75	Total	387	665	23	193	1,268
	City	Schools	Library	Cleveland Utilities																											
Regular Full-time	315	587	11	193	1,106																										
Regular Part-time	0	75	12	0	87																										
Seasonal Part-time	72	3	0	0	75																										
Total	387	665	23	193	1,268																										
Area of City	26.5 square miles																														
Miles of roads and streets:																															
Asphalt	302																														
Gravel	.05																														
Miles of sidewalks	39																														
Elections - last general election (August 5, 2004):																															
Registered voters	51,384																														
Number of votes cast	7,747																														
Percent of registered voters voting	15.1%																														
Fire Protection:																															
Classification	3																														
Number of stations	4																														
Number of full-time employees	83																														
Number of fire trucks (pumpers and ladders and tankers), radio equipped	10																														
Number of sedans - radio equipped	6																														
Number of Fire Specialist's pickup trucks - radio equipped	2																														
Number of fire hydrants	2,228																														
Per-capita fire loss	\$18.33 (inside city) \$33.65 (outside city)																														
Police Protection:																															
Number of stations	1																														
Number of substations	0																														
Number of full-time sworn officers	90																														
Number of police reserves	15																														
Number of civilian personnel																															
Regular full-time	12																														
Regular part-time	15																														
Number of public service officers	29																														
Criminal offenses:																															
TIBRS - Part A	1,333																														
TIBRS - Part B	2,274																														
Number of vehicles - all radio equipped	110																														

OTHER STATISTICAL DATA - (Continued)
 EDUCATION - PUBLIC SCHOOL SYSTEM:

Table 19
 (Continued)

	Number	ADM	ADA	Teacher- Pupil Ratio
High School (Grades 9, 10, 11 and 12)	1	1,152	1,077	1 to 18
Middle Schools (Grades 6 through 8))	1	1,069	1,002	1 to 20
Elementary Schools (Grades K through 5)	7	2,162	2,051	1 to 20
Ungraded - Special Education		72	66	
Total Students		<u>4,455</u>	<u>4,196</u>	
Certificated Staff	358.5			
Non-Certificated Personnel	<u>253.0</u>			
Total Personnel	<u>611.5</u>			

RECREATION AND CULTURE:

Parks (total acres)	292
Number developed	15
Number of swimming pools	3
Number of tennis courts	12
Number of softball parks	2
Number of gymnasiums	2
Number of golf courses	1
Number of multi-purpose fields	1
Number of soccer parks	1
Number of libraries	1 city/county
Number of volumes	128,491
Number of e-books	24,393
Number of bookmobiles	1

UTILITIES:

- Electric - City-owned (statements and statistics are included in this report).
- Water - City-owned (statements and statistics are included in this report).
- Sewer - City-owned (statements and statistics are included in this report).
- Gas - Natural gas system owned and operated by Chattanooga Gas Company.
- Telephone - Cleveland is served by Bell South Telephone Company.
- Railroads - Cleveland is served by Norfolk and Southern (freight only).
- Bus Service - Cleveland is served by Continental Trailways and Greyhound Bus Lines.
- Airport - Cleveland owns Hardwick Field; runway 3,300 feet.

Source: From official records of Office of City Clerk.

CITY OF CLEVELAND, TENNESSEE
SCHEDULE OF INSURANCE IN FORCE
ALL FUND TYPES EXCLUDING CLEVELAND UTILITIES
For the Fiscal Year Ended June 30, 2005

Schedule 1

<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	9/1/2004 to 8/31/2005	Buildings, contents, boilers, fired vessels electric steam generators. Theft, disappearance and destruction. Radio, video equipment, mobile equip- ment, police dogs.	\$ 21,048,898	\$ 43,545
Comprehensive Liability TML Risk Management Pool	TML-026R	7/1/2004 to 6/30/2005	General and public officials liability, auto liability, auto physical damage, personal injury. Excess auto physical damage. Airport liability	As per schedule	\$ 273,445
Worker's Compensation TML Risk Management Pool	TWC-0187	7/1/2004 to 6/30/2005	Job related injuries, employees	\$ 1,000,000 \$ 1,000 ded.	\$ 480,126
Property (School Buildings and Contents, Boiler, Vehicles) School Boards Liability Trust	CP 65050	7/1/2004 to 7/1/2005	Property Equipment Liability	Various	\$ 175,969
Worker's Compensation School Boards Liability Trust	NXC 0130255-3	7/1/2004 to 7/1/2005	Job related injuries, employees	\$ 1,000,000	\$ 118,184

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF INSURANCE IN FORCE
 CLEVELAND UTILITIES
 For the Fiscal Year Ended June 30, 2005

Schedule 2

Cleveland Utilities - Water and Electric Division

<u>Insurer</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Distributors Self Insurance Fund	Worker's compensation	Statutory
Distributors Self Insurance Fund	Employer's liability	\$ 1,000,000
Affiliated FM	Real property	\$ 83,632,685
Hartford	Machinery and equipment breakdown	\$ 10,000,000
Affiliated FM	Flood and earthquake	\$ 10,000,000
Lexington	General liability (excess)	\$ 2,250,000 (1)
Distributors Insurance Co.	General liability (primary)	\$ 750,000 (1)
Great Northern Insurance Co.	Auto liability and physical damage	\$ 1,000,000
Zurich-American	Public official and employees	\$ 2,000,000
Travelers Casualty & Surety Co.	Commercial crime	\$ 500,000
American International Specialty Lines	Umbrella liability	\$ 15,000,000
Houston Casualty Co.	Professional liability	\$ 2,000,000

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

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
 For the Year Ended June 30, 2005

Schedule 3

<u>Property Taxes</u>	<u>Balance 7/1/2004</u>	<u>Levies</u>	<u>Collections & Adjustments</u>	<u>Balance 6/30/2005</u>
2004	\$	\$ 12,983,018	\$ 12,256,945	\$ 726,073
2003	728,540	0	599,394	129,146
2002	164,534	0	83,890	80,644
2001	71,826	0	49,007	22,819
2000	22,402	0	5,614	16,788
1999	29,137	0	3,365	25,772
1998	21,096	0	1,663	19,433
1997	42,855	0	720	42,135
1996	26,862	0	6	26,856
1995	17,547	0	6	17,541
1994	41,435	0	41,435	0
	<u>\$ 1,166,234</u>	<u>\$ 12,983,018</u>	<u>\$ 13,042,045</u>	<u>\$ 1,107,207</u>

Note - Property taxes receivable also include the 2005 levy reported as deferred revenue in the amount of \$14,448,098

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF CHANGES IN GENERAL
 OBLIGATION BONDS PAYABLE
 For the Year Ended June 30, 2005

Schedule 4

	<u>Interest Rates</u>	<u>Balance 7/1/04</u>	<u>General Obligation</u>		<u>Balance 06/30/05</u>
			<u>New Bonds Issued</u>	<u>Bonds Retired</u>	
General Improvement Refunding Bonds					
Series 1997					
Maturing 2012	3.50-5.00%	\$ 5,310,000	\$ 0	\$ 490,000	\$ 4,820,000
General Improvement Bonds					
Series 1999					
Maturing 2024	4.80-5.25%	11,290,000	0	10,065,000	1,225,000
General Improvement Refunding Bonds					
Series 2001					
Maturing 2011	4.25-4.50%	2,760,000	0	370,000	2,390,000
General Improvement Refunding Bonds					
Series 2005					
Maturing 2024	3.00-4.375%	<u>0</u>	<u>10,580,000</u>	<u>90,000</u>	<u>10,490,000</u>
Total General Obligation Bonds		<u>\$ 19,360,000</u>	<u>\$ 10,580,000</u>	<u>\$ 11,015,000</u>	<u>\$ 18,925,000</u>

CITY OF CLEVELAND, TENNESSEE
SCHEDULE OF CHANGES IN REVENUE BONDS PAYABLE
For the Year Ended June 30, 2005

Schedule 5

	<u>Balance</u> <u>07/01/04</u>	<u>Revenue</u>		<u>Balance</u> <u>06/30/05</u>
		<u>New Bonds</u> <u>Issued</u>	<u>Bonds</u> <u>Retired</u>	
Water and sewer revenue and tax				
bonds, maturing through 2028				
Due September 2004 - 4.1% to 4.6%	\$ 380,000	\$ 0	\$ 380,000	\$ 0
Due September 2012 - 4.25% to 4.50%	4,285,000	0	480,000	3,805,000
Due September 2013 - 2.00% to 3.50%	4,615,000	0	50,000	4,565,000
Due September 2014 - 3.5% to 5.0%	4,665,000	0	340,000	4,325,000
Due September 2006 - 4.1% to 4.875%	690,000	0	230,000	460,000
Due September 2028 - 2.00% to 4.375%	13,455,000	0	115,000	13,340,000
	<u>13,455,000</u>	<u>0</u>	<u>115,000</u>	<u>13,340,000</u>
Total Revenue Bonds	<u>\$ 28,090,000</u>	<u>\$ 0</u>	<u>\$ 1,595,000</u>	<u>\$ 26,495,000</u>

CITY OF CLEVELAND, TENNESSEE
SCHEDULE OF CHANGES IN NOTES PAYABLE
For the Year Ended June 30, 2005

Schedule 6

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 6/30/04</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/05</u>
Cleveland Utilities:						
Electric division, non- interest bearing note	2004	0	\$ 36,307	\$ 0	\$ 36,307	\$ 0
Electric Division:						
Note payable to the public Building Authority Sevier County, TN Series D3	2017	Variable	950,000	0	55,000	895,000
Electric Division:						
Note payable to the public Building Authority Blount County, TN Series A-2-F	2021	Variable	1,530,000	0	90,000	1,440,000
Electric Division:						
Note payable to the public Building Authority Blount County, TN Series VI-E-4	2025	Variable	0	1,850,000	0	1,850,000
Water Division:						
Note payable to the public Building Authority Sevier County, TN Series E4	2014	Variable	2,340,000	0	185,000	2,155,000
Water Division:						
Note payable to the public Building Authority Sevier County, TN Series D2	2017	Variable	3,595,000	0	215,000	3,380,000
Water Division:						
Note payable to the public Building Authority Sevier County, TN Series C4	2021	Variable	2,550,000	0	60,000	2,490,000
Water Division:						
Note payable to the public Building Authority Blount County, TN Series A-2-F	2021	Variable	2,030,000	0	90,000	1,940,000
Water Division:						
Note payable to the public Building Authority Sevier County, TN Series A-7-B	2024	Variable	3,000,000	0	0	3,000,000
Water Division:						
Note payable to the public Building Authority Sevier County, TN Series B-4-C	2030	Variable	2,500,000	0	0	2,500,000

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF CHANGES IN NOTES PAYABLE
 For the Year Ended June 30, 2005

Schedule 6
 (Continued)

	Maturity Date	Interest Rate	Balance 6/30/04	Additions	Retirements	Balance 6/30/05
Public Improvement Loans:						
Note payable to the Public Building Authority						
Sevier County, TN						
Series I-E-5						
	2016	Variable	\$ 1,310,000	\$ 0	\$ 85,000	\$ 1,225,000
Public Improvement Loans:						
Note payable to the Public Building Authority						
Sevier County, TN						
Series IV-C-3						
	2025	Variable	10,000,000	0	0	10,000,000
Public Improvement Loans:						
Note payable to the Public Building Authority						
Sevier County, TN						
Series A-2-A						
	2030	Variable	11,175,000	0	0	11,175,000
Public Improvement Loans:						
Note payable to the Public Building Authority						
Blount County, TN						
Series A-7-B						
	2014	Variable	1,045,000	0	0	1,045,000
Public Improvement Loans:						
Note payable to the Public Building Authority						
Blount County, TN						
Series IV-E-4						
	2025	Variable	0	1,025,000	0	1,025,000
CBCC Capital Outlay						
Note payable to the Public Building Authority						
Sevier County, TN						
Series II-C						
	2016	Variable	805,000	0	50,000	755,000
Capital Outlay Notes						
1998 School Capital Outlay						
	2009	4.50%	380,000	0	70,000	310,000
Totals						
			<u>\$ 43,246,307</u>	<u>\$ 2,875,000</u>	<u>\$ 936,307</u>	<u>\$ 45,185,000</u>

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF UNCOLLECTED DELINQUENT PROPERTY TAXES FILED
 June 30, 2005

Schedule 7

<u>Tax Year</u>	<u>Original Amount Filed</u>	<u>Unpaid Balance</u>	<u>Percentage Collected</u>
1995	\$ 92,911	\$ 17,541	81.1 %
1996	103,311	26,856	74.0
1997	137,819	42,135	69.4
1998	110,795	19,433	82.5
1999	106,041	25,772	75.7
2000	135,051	16,788	87.6
2001	230,435	22,819	90.1
2002	212,633	80,644	62.1
2003	207,721	129,146	37.8

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CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF BOND PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR GENERAL OBLIGATION BONDS
 June 30, 2005

Fiscal Year	1997 Series		1999 Series	
	Principal	Interest	Principal	Interest
2006	\$ 515,000	\$ 225,150	\$ 200,000	\$ 58,987
2007	530,000	199,025	275,000	49,388
2008	555,000	171,900	375,000	36,187
2009	585,000	144,277	375,000	18,188
2010	610,000	115,890		
2011	645,000	85,125		
2012	675,000	52,125		
2013	705,000	17,625		
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
Total	\$ 4,820,000	\$ 1,011,117	\$ 1,225,000	\$ 162,750

2001		2005		Total	
Series		Series		Principal	Interest
Principal	Interest	Principal	Interest		
\$ 380,000	\$ 105,613	\$ 45,000	\$ 436,812	\$ 1,140,000	\$ 826,562
395,000	89,462	45,000	435,463	1,245,000	773,338
405,000	72,675	45,000	434,112	1,380,000	714,874
430,000	54,450	45,000	432,763	1,435,000	649,678
445,000	35,100	150,000	431,412	1,205,000	582,402
335,000	15,075	150,000	426,538	1,130,000	526,738
		215,000	421,287	890,000	473,412
		215,000	412,688	920,000	430,313
		570,000	404,087	570,000	404,087
		590,000	381,288	590,000	381,288
		610,000	351,787	610,000	351,787
		800,000	328,913	800,000	328,913
		870,000	298,912	870,000	298,912
		925,000	261,938	925,000	261,938
		960,000	222,625	960,000	222,625
		1,000,000	184,225	1,000,000	184,225
		1,050,000	139,225	1,050,000	139,225
		1,075,000	95,125	1,075,000	95,125
		1,130,000	49,438	1,130,000	49,438
<u>\$ 2,390,000</u>	<u>\$ 372,375</u>	<u>\$ 10,490,000</u>	<u>\$ 6,148,638</u>	<u>\$ 18,925,000</u>	<u>\$ 7,694,880</u>

CITY OF CLEVELAND, TENNESSEE
SCHEDULE OF NOTE PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR EXCLUDING CLEVELAND UTILITIES
June 30, 2005

Fiscal Year	Notes Payable - Public Building					
	Authority of Sevier & Blount Counties, TN (1)					
	Series II-C Principal	Series I-E-5 Principal	Series IV-C-3 Principal	Series A-2-A Principal	Series A-7-B Principal	Series IV-E-4 Principal
2006	\$55,000	\$90,000				\$25,000
2007	55,000	95,000				25,000
2008	60,000	95,000				25,000
2009	60,000	100,000				25,000
2010	65,000	105,000				50,000
2011	70,000	110,000			\$110,000	50,000
2012	70,000	115,000	\$110,000		305,000	50,000
2013	75,000	120,000	120,000		330,000	50,000
2014	80,000	125,000	505,000		300,000	50,000
2015	80,000	130,000	530,000			50,000
2016	85,000	140,000	575,000			50,000
2017			575,000			50,000
2018			575,000			50,000
2019			590,000			50,000
2020			620,000			50,000
2021			655,000			75,000
2022			680,000			75,000
2023			725,000			75,000
2024			865,000			75,000
2025			2,875,000			75,000
2026						
2027				\$435,000		
2028				3,375,000		
2029				3,575,000		
2030				3,790,000		
	<u>\$755,000</u>	<u>\$1,225,000</u>	<u>\$10,000,000</u>	<u>\$11,175,000</u>	<u>\$1,045,000</u>	<u>\$1,025,000</u>

(1) Does not include interest related to notes from Sevier and Blount Counties, TN that bear interest at a weekly variable rate.

1998B Series		Total	
Principal	Interest	Principal	Interest (1)
\$70,000	\$12,375	\$240,000	\$12,375
75,000	9,113	250,000	9,113
80,000	5,625	260,000	5,625
85,000	1,912	270,000	1,912
		220,000	
		340,000	
		650,000	
		695,000	
		1,060,000	
		790,000	
		850,000	
		625,000	
		625,000	
		640,000	
		670,000	
		730,000	
		755,000	
		800,000	
		940,000	
		2,950,000	
		0	
		435,000	
		3,375,000	
		3,575,000	
		3,790,000	
\$310,000	\$29,025	\$25,535,000	\$29,025

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF BOND PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES
 June 30, 2005

Water and Sewer Revenue and Tax Bonds

Fiscal Year	1997 Refunding Series		1999 Series		2001 Series	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 355,000	\$ 205,335	\$ 230,000	\$ 14,145	\$ 510,000	\$ 156,425
2007	370,000	187,210	230,000	4,715	525,000	134,431
2008	385,000	168,335			550,000	111,588
2009	400,000	149,310			585,000	86,738
2010	420,000	129,830			605,000	59,962
2011	440,000	108,750			445,000	36,337
2012	455,000	86,375			285,000	19,912
2013	480,000	63,000			300,000	6,750
2014	500,000	38,500				
2015	520,000	13,000				
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
Total	\$ 4,325,000	\$ 1,149,645	\$ 460,000	\$ 18,860	\$ 3,805,000	\$ 612,143

2003 Series		2004 Series		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 435,000	\$ 123,587	\$ 90,000	\$ 512,771	\$ 1,620,000	\$ 1,012,263
425,000	114,988	95,000	510,921	1,645,000	952,265
415,000	106,069	325,000	506,721	1,675,000	892,713
665,000	93,087	320,000	499,871	1,970,000	829,006
665,000	74,800	320,000	491,471	2,010,000	756,063
505,000	57,250	420,000	480,371	1,810,000	682,708
500,000	41,550	990,000	456,746	2,230,000	604,583
495,000	24,762	975,000	422,359	2,250,000	516,871
460,000	8,050	970,000	385,896	1,930,000	432,446
		965,000	347,196	1,485,000	360,196
		955,000	308,796	955,000	308,796
		945,000	270,796	945,000	270,796
		710,000	233,697	710,000	233,697
		905,000	199,496	905,000	199,496
		540,000	174,596	540,000	174,596
		440,000	156,676	440,000	156,676
		435,000	138,141	435,000	138,141
		435,000	119,110	435,000	119,110
		430,000	100,188	430,000	100,188
		425,000	81,484	425,000	81,484
		420,000	63,000	420,000	63,000
		415,000	44,735	415,000	44,735
		410,000	26,688	410,000	26,688
		405,000	8,860	405,000	8,860
<u>\$ 4,565,000</u>	<u>\$ 644,143</u>	<u>\$ 13,340,000</u>	<u>\$ 6,540,586</u>	<u>\$ 26,495,000</u>	<u>\$ 8,965,377</u>

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES
 June 30, 2005

Schedule 11

Fiscal Year	Notes Payable - Public Building Authority of Sevier and Blount Counties, TN (1)								Total
	Series D3 Principal	Series E4 Principal	Series D2 Principal	Series C4 Principal	Series A2F Principal	Series A7B Principal	Series B4C Principal	VI-E-4 Principal	Principal
2006	\$ 60,000	\$ 195,000	\$ 225,000	\$ 155,000	\$ 210,000			\$ 50,000	\$ 895,000
2007	60,000	205,000	235,000	155,000	210,000			50,000	915,000
2008	65,000	215,000	245,000	160,000	210,000			50,000	945,000
2009	65,000	225,000	255,000	160,000	210,000			75,000	990,000
2010	70,000	235,000	265,000	160,000	210,000			75,000	1,015,000
2011	75,000	250,000	275,000	160,000	210,000			75,000	1,045,000
2012	75,000	265,000	285,000	160,000	210,000			75,000	1,070,000
2013	80,000	275,000	295,000	160,000	210,000			75,000	1,095,000
2014	80,000	290,000	305,000	160,000	210,000			75,000	1,120,000
2015	85,000		320,000	160,000	210,000			100,000	875,000
2016	90,000		330,000	160,000	210,000			100,000	890,000
2017	90,000		345,000	160,000	210,000			100,000	905,000
2018				160,000	210,000	\$ 385,000		100,000	855,000
2019				140,000	210,000	435,000		100,000	885,000
2020				140,000	210,000	560,000		100,000	1,010,000
2021				140,000	230,000	415,000	\$ 25,000	125,000	935,000
2022						530,000	25,000	125,000	680,000
2023						575,000	125,000	125,000	825,000
2024						100,000	125,000	125,000	350,000
2025							275,000	150,000	425,000
2026							350,000		350,000
2027							350,000		350,000
2028							400,000		400,000
2029							400,000		400,000
2030							425,000		425,000
Total	\$ 895,000	\$ 2,155,000	\$ 3,380,000	\$ 2,490,000	\$ 3,380,000	\$ 3,000,000	\$ 2,500,000	\$ 1,850,000	\$ 19,650,000

(1) Does not include interest related to notes from Sevier and Blount Counties, TN that bear interest at a weekly variable rate.

CITY OF CLEVELAND, TENNESSEE
SCHEDULE OF INVESTMENTS
June 30, 2005

Schedule 12

Description		Cost	Fair Value
Investment in Certificates of Deposit:			
First Tennessee Bank	2.15%	100,000	100,000
First Tennessee Bank	3.10%	57,593	57,593
First Tennessee Bank	2.74%	50,000	50,000
First Tennessee Bank	2.58%	40,548	40,548
First Tennessee Bank	3.03%	35,328	35,328
First Tennessee Bank	3.04%	29,240	29,240
First Tennessee Bank	2.99%	25,000	25,000
First Tennessee Bank	2.91%	25,000	25,000
First Tennessee Bank	3.20%	25,000	25,000
First Tennessee Bank	3.10%	5,991	5,991
Total Certificates of Deposit		\$ 393,700	\$ 393,700
Investment in Local Government Investment Pool:			
State of Tennessee		\$ 13,304	\$ 13,304
State of Tennessee		95,155	95,155
Total Local Government Investment Pool		\$ 108,459	\$ 108,459
Total Investments		\$ 502,159	\$ 502,159

SCHEDULE OF TRANSFERS

For the Fiscal Year Ended June 30, 2005

<u>Transfers In:</u>	<u>Transfers Out:</u>	<u>Amount</u>
Capital Improvement Program	General Fund	\$ 1,806,151
Capital Improvement Program	State Street Aid Fund	168,401
Cleveland Municipal Airport Fund	2002 General Improvement Bond Fund	86,050
Cleveland Municipal Airport Fund	Capital Improvement Program	57,450
Cleveland Municipal Airport Fund	General Fund	9,000
Debt Service Fund	Fire Protection Fund	204,731
Debt Service Fund	General Fund	2,233,732
Debt Service Fund	Meiler Estate Animal Shelter Trust Fund	10,200
Debt Service Fund	School Fund	381,775
Debt Service Fund	State Street Aid Fund	495,252
Fire Protection Fund	2002 General Improvement Bond Fund	75,643
Fire Protection Fund	General Fund	389,132
Fleet Management Fund	General Fund	25,000
General Fund	Cleveland Utilities - Electric Division	1,314,711
General Fund	Cleveland Utilities - Water Division	178,972
Greenway Phase II Fund	General Fund	12,000
Law Enforcement Block Grant - 2004	General Fund	1,613
Library Fund	General Fund	420,417
Metropolitan Transportation Planning	General Fund	33,301
School Fund	General Fund	4,534,900
School Fund	School Federal Projects Fund	171,958
Solid Waste Management Fund	General Fund	1,118,952
Storm Water Management Fund	General Fund	179,000
	Total	\$ 13,908,341

CITY OF CLEVELAND, TENNESSEE
SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS
For the Year Ended June 30, 2005

Schedule 14

<u>Name</u>	<u>Office</u>	<u>Salary</u>	<u>Amount of Bond</u>
Tom Rowland	Mayor	\$ 12,000	\$ 550,000
Avery Johnson, Sr.	Vice Mayor	7,200	550,000
Rod Davis	Councilman	7,200	100,000
Bambi Hines	Councilwoman	7,200	100,000
David May, Jr.	Councilman	7,200	100,000
George Poe	Councilman	7,200	100,000
Bill Robertson	Councilman	7,200	100,000
Joe Cate	City Manager	113,815	550,000
Janice S. Casteel	City Clerk	81,192	694,294

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CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
 For the Fiscal Year Ended June 30, 2005

PROGRAM	Grantor	CFDA Number	State Grant Number
Federal Grants:			
Schools:			
Education Consolidated and Improvement Act Title I	Dept. of Education	84.010 *	N/A
Education Handicapped Act IDEA Part B	Dept. of Education	84.027 *	N/A
Education Handicapped Act IDEA Part B	Dept. of Education	84.027 *	N/A
Vocational Improvement	Dept. of Education	84.048	N/A
School to Work	Dept. of Human Services	84.126	GG-0410216
School to Work	Dept. of Human Services	84.126	GG-008394
Education for Handicapped Preschool Grant	Dept. of Education	84.173 *	N/A
Drug Free Schools and Communities Act	Dept. of Education	84.186	N/A
D.A.R.E. Program	Dept. of Education	84.186	Z-04-019491
After School Learning Center	Dept. of Education	84.287	N/A
Innovative Programs Title V	Dept. of Education	84.298	N/A
Enhancing Education Through Technology Title II-D	Dept. of Education	84.318	N/A
Comprehensive School Reform Project	Dept. of Education	84.332	Z-04-018585-00
Reading Excellence	Dept. of Education	84.338	Z-03-011038-00
Reading Excellence	Dept. of Education	84.338	Z-03-011039-00
Reading First Grant	Dept. of Education	84.357 *	GG-04-11041-00
English Language Acquisition Enhancement Title III	Dept. of Education	84.365	N/A
Teacher and Principal Training & Recruiting Title II-A	Dept. of Education	84.367	N/A
School Lunch Program	Dept. of Agriculture	10.555 *	N/A
School Breakfast Program	Dept. of Agriculture	10.553 *	N/A
Police Department:			
Law Enforcement Block Grant	Dept. of Justice	16.592	N/A
Bulletproof Vest Program	Dept. of Justice	16.607	N/A
Weed & Seed Program	Dept. of Justice	16.595	N/A
Homeland Security Grant	Dept. of Military	97.004 *	Z-03-017727
Homeland Security Grant	Dept. of Military	97.004 *	Z-04-022420
Project Safe Neighborhoods	Dept. of Justice	16.609	GPCX0177
Fire Department:			
Homeland Security Grant	Dept. of Military	97.004 *	Z-03-017727
Homeland Security Grant	Dept. of Military	97.004 *	Z-04-020072
Homeland Security Grant	Dept. of Military	97.004 *	Z-04-022420
Library:			
Technology Grant	Library and Archives	45.310	Z-05-024627
2004 Library Technology Grants	Library and Archives	45.310	N/A
Library Services for the Disadvantaged	Library and Archives	45.310	Z-05-002294
Public Works:			
Presidential Disaster Declaration - FEMA	Dept of Military	83.544	Z-03-017844

(Continued)

Balance July 1, 2004	Cash Receipts	Other Additions	Expend- itures	Paid To Grantor	Transfers Out	Balance June 30, 2005
\$ 91,954	\$ 1,216,514	\$ 2,330	\$ 1,285,774	\$ 0	\$ 6,529	\$ 18,495
114,507	990,550	0	1,013,198	0	0	91,859
0	41,764	0	41,764	0	0	0
(13,604)	142,481	0	139,813	0	0	(10,936)
(12,475)	12,475	0	0	0	0	0
0	36,933	0	47,615	0	0	(10,682)
2,987	61,320	0	56,465	0	0	7,842
980	33,440	0	33,320	0	0	1,100
0	2,125	0	2,125	0	0	0
(15,533)	116,524	0	156,214	0	0	(55,223)
15,972	9,964	0	126,679	0	88,000	(12,743)
(4,615)	36,438	0	31,823	0	0	0
(25,182)	129,077	0	195,282	0	0	(91,387)
(93,979)	105,027	0	11,048	0	0	0
(96,499)	192,883	0	96,384	0	0	0
(83,884)	677,894	0	722,541	0	9,213	(137,744)
4,792	37,261	0	42,220	0	0	(167)
97,366	314,551	0	284,384	0	(88,000)	39,533
(70,198)	739,633	0	738,396	0	0	(68,961)
(20,551)	246,976	0	252,046	0	0	(25,621)
0	14,515	0	14,515	0	0	0
0	6,227	0	6,227	0	0	0
66,398	100,000	0	204,196	87,202	0	(125,000)
(15,993)	15,993	0	0	0	0	0
0	0	0	122,289	0	0	(122,289)
0	27,521	0	27,854	0	0	(333)
(15,500)	15,500	0	0	0	0	0
0	0	0	37,851	0	0	(37,851)
0	0	0	275,000	0	0	(275,000)
0	313	0	313	0	0	0
0	2,695	0	2,695	0	0	0
0	12,000	0	12,000	0	0	0
0	20,116	0	20,116	0	0	0

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
 For the Fiscal Year Ended June 30, 2005

PROGRAM - (Continued)	<u>Grantor</u>	<u>CFDA Number</u>	<u>State Grant Number</u>
Federal Grants:			
Transportation:			
Transportation Planning	Dept of Transportation	20.205 *	Z-04-019872
Transportation Planning	Dept of Transportation	20.205 *	GG-04-10866
Transportation Planning	Dept of Transportation	20.205 *	Z-05-024244
Transportation Planning	Dept of Transportation	20.205 *	CPD201160
Community Development:			
THDA Home Grant	TN Housing Development Agency	14.239	DG9901322
Community Development Block Grant	Dept. of Housing & Urban Development	14.128	N/A
Cleveland Utilities:			
South Bradley Waterline CDBG Grant	Dept. of Economic & Community Develop	14.219	GG-0310082
Recreation:			
Fletcher Park Phase III Grant	Dept. of Park Services	15.916	GG-030983100
Fletcher Park Phase III Grant	Dept. of Park Services	15.916	Z-05-023557
Total Federal Grants			
State Grants:			
Schools:			
Safe and Secure Schools	Dept. of Education	N/A	N/A
Library			
Library Archives Grant appropriation	Library and Archieves	N/A	Z-03013196
Technology grant	Library and Archieves	N/A	Z-05-024627
2004 Library Technology Grants	Library and Archieves	N/A	N/A
Engineering:			
Airport Maintenance	Dept of Transportation	N/A	Z-04-018072
Airport Maintenance	Dept of Transportation	N/A	Z-05-023848
Airport Safety	Dept of Transportation	N/A	Z-04-018979
Airport Safety	Dept of Transportation	N/A	Z-05-024784
Airport Superunicom Upgrade	Dept of Transportation	N/A	Z-03-014169
Transportation:			
Short-range Transit Planning (State Portion)	Dept of Transportation	20.205	GG-04-10866
Tennessee Industrial Infrastructure	Economic & Community Development	N/A	GG-0310279
Recycling Equipment Grant	Dept of Environment & Conservation	N/A	Z-00-015625-02
Total State Grants			
Total Federal and State Financial Assistance Activity			

*Denotes major programs

(Continued)

<u>Balance July 1, 2004</u>	<u>Cash Receipts</u>	<u>Other Additions</u>	<u>Expend- itures</u>	<u>Paid To Grantor</u>	<u>Transfers Out</u>	<u>Balance June 30, 2005</u>
\$ (38,033)	\$ 46,936	\$ 0	\$ 8,903	\$ 0	\$ 0	\$ 0
0	19,810	0	19,810	0	0	0
0	0	0	76,796	0	0	(76,796)
0	0	0	566,456	0	0	(566,456)
0	73,152	0	73,152	0	0	0
0	138,558	0	138,827	0	0	(269)
(33,347)	216,593	0	183,246	0	0	0
(5,250)	5,250	0	0	0	0	0
0	0	0	20,597	0	0	(20,597)
<u>\$ (149,687)</u>	<u>\$ 5,859,009</u>	<u>\$ 2,330</u>	<u>\$ 7,087,934</u>	<u>\$ 87,202</u>	<u>\$ 15,742</u>	<u>\$ (1,479,226)</u>
\$ (18,729)	\$ 27,017	\$ 0	\$ 20,949	\$ 0	\$ 0	\$ (12,661)
0	800	0	800	0	0	0
0	1,800	0	1,800	0	0	0
0	2,400	0	2,400	0	0	0
(9,000)	9,000	0	0	0	0	0
0	5,578	0	9,000	0	0	(3,422)
49,766	0	0	49,766	0	0	0
0	0	0	50,000	0	0	(50,000)
0	0	0	11,625	0	0	(11,625)
0	2,476	0	2,476	0	0	0
0	20,700	0	20,700	0	0	0
(8,000)	8,000	0	0	0	0	0
<u>\$ 14,037</u>	<u>\$ 77,771</u>	<u>\$ 0</u>	<u>\$ 169,516</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (77,708)</u>
<u>\$ (135,650)</u>	<u>\$ 5,936,780</u>	<u>\$ 2,330</u>	<u>\$ 7,257,450</u>	<u>\$ 87,202</u>	<u>\$ 15,742</u>	<u>\$ (1,556,934)</u>

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF NON-CASH ASSISTANCE
 For the Year Ended June 30, 2005

<u>CFDA</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Balance July 1, 2004</u>	<u>Receipts</u>	<u>Expend- itures/ Issues</u>	<u>Balance June 30, 2005</u>
10.550	Commodity Assistance	U.S. Department of Agriculture	<u>\$ 0</u>	<u>\$ 110,972</u>	<u>\$ 110,972</u>	<u>\$ 0</u>

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CERTIFIED PUBLIC ACCOUNTANTS
NATIONAL ASSOCIATION OF
CERTIFIED VALUATION ANALYSTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Tennessee as of and for the year ended June 30, 2005, which collectively comprise the City of Cleveland, Tennessee's basic financial statements and have issued our report thereon dated December 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Cleveland, Tennessee's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

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

This report is intended for the information of management, the Department of Municipal Audit of the State of Tennessee and all federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

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

December 9, 2005

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CERTIFIED PUBLIC ACCOUNTANTS

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NATIONAL ASSOCIATION OF
CERTIFIED VALUATION ANALYSTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of Cleveland, Tennessee with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. The City of Cleveland, Tennessee's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Cleveland, Tennessee's management. Our responsibility is to express an opinion on the City of Cleveland, Tennessee's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Cleveland, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Cleveland, Tennessee's compliance with those requirements.

In our opinion, the City of Cleveland, Tennessee complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

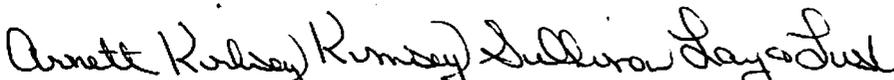
Internal Control Over Compliance

The management of the City of Cleveland, Tennessee is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal

programs. In planning and performing our audit, we considered the City of Cleveland, Tennessee's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Department of Municipal Audit of the State of Tennessee and all federal awarding agencies and should not be used by anyone other than these specified parties.


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

December 9, 2005

CITY OF CLEVELAND, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2005

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Cleveland, Tennessee.
2. No reportable conditions of internal control deficiencies were identified during the audit of the financial statements.
3. No instances of noncompliance were identified during the audit of the financial statements.
4. No reportable conditions relating to the audit of the major federal award programs were reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the City of Cleveland, Tennessee, expresses an unqualified opinion.
6. The programs tested as major programs included:

Title I Grants to Local Educational Agencies	CFDA#84010
Special Education - Preschool Grants and Grants to States (cluster)	CFDA#84.173 & 84.027
Reading First Grant	CFDA#84.357
School Lunch and Breakfast (cluster)	CFDA#10.555 & 10.553
Homeland Security Grant	CFDA#97.004
Transportation Planning	CFDA#20.205

7. The threshold for distinguishing Types A and B programs was \$300,000.
8. The City of Cleveland, Tennessee, was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

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

U.S. Department of Education:

Title I Grants to Local Educational Agencies	CFDA#84010
Special Education - Preschool Grants and Grants to States (cluster)	CFDA#84.173 & 84.027

Reading First Grant	CFDA#84.357
Homeland Security Grant	CFDA#97.004
Transportation Planning	CFDA#20.205

None

U.S. Department of Agriculture:

School Lunch and Breakfast Program	CFDA#10.555 and 10.553
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None

U.S. Department of Military:

Homeland Security Grant	CFDA#97.004
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None

U.S. Department of Transportation

Transportation Planning	CFDA#20.205
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None

CITY OF CLEVELAND, TENNESSEE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2005

A. FINANCIAL STATEMENT AUDIT

1. Reportable condition 2004-1 was corrected in the current year.

B. MAJOR FEDERAL AWARD PROGRAMS AUDIT

None from prior year

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