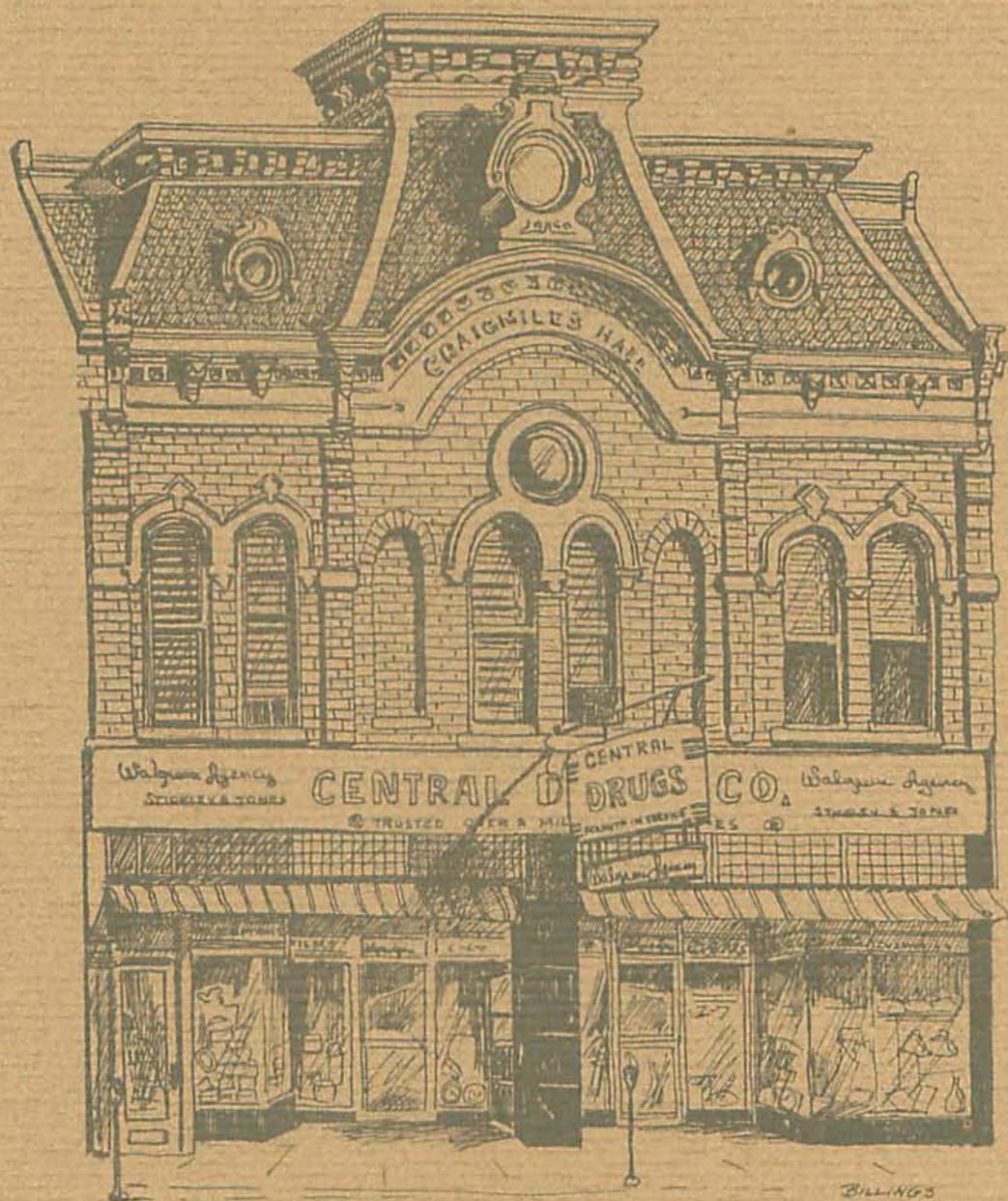


Comprehensive Annual Financial Report City of Cleveland, Tennessee



For the Year Ended
June 30, 2007

CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2007

Prepared by:
Department of Finance

CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2007

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City of Cleveland

CLEVELAND, TENNESSEE



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December 15, 2007

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, 2007.

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 and Lay, 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, 2007, 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, 2007, 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 late March or early April, at which time department heads and the city manager make presentations to the council. The finance director and city manager 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 the first council meeting in May. The council is required to hold public hearings on the proposed budget and to adopt a final budget and tax rate by June 30th each year, which is the close of the city's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Departmental budget officers, with approval of the department head and finance director, may make transfers of appropriations within a department. 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 22-44 as part of the basic financial statements for the governmental funds. The school fund comparison is presented on pages 45-54. For nonmajor governmental funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 80.

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 FY2007. Among those are construction of a \$6 million facility for Schering-Plough and Coca Cola announced a \$13.5 million expansion. Other projects permitted during FY07 included \$2.6 million for a Fairfield Inn, \$3.1 million for additions to the YMCA, \$5 million for a new facility for Toyota of Cleveland and \$4.8 million for a Target store. The Target will be located in the new Cleveland Towne Center, which is expected to include Kohl's, Books-A-Million, Michaels, Bed, Bath & Beyond, Ross and Circuit City. The openings are scheduled for early 2008. In addition to these commercial structures, construction began on the new Mayfield Elementary at a cost in excess of \$15 million and construction of the city's \$6 million dollar Police Service Center was completed during the year.

Long-term financial planning. In January 2007, the city council approved \$14.85 million dollars in bonds for the City of Cleveland and Cleveland Utilities. The \$6.1 million for city projects completed funding for the new Mayfield Elementary and Arnold Elementary renovations. Cleveland Utilities' \$8.75 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 and Parker Street sewer replacement. Electric projects include various line extensions throughout the city. Past growth and projected growth are requiring that all systems be expanded and upgraded to meet demands. Plans are in place to meet these demands in an orderly fashion.

The city council held a long-range planning session in October. Future projects identified by the city council as priorities include: dialogue with Bradley County for renewal of the fire contract for the fringe area, future funding for school projects, consideration of performing paving with city crews, updating of flood maps, and policies regarding buffer zones.

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 Risk Management Pool, and a part-time safety director was hired in FY2005. The safety committee consists of employees from each department and focuses on safety and liability issues citywide. Incentive programs have been implemented for all departments and have been successful in improving the attitudes of employees toward safety matters. 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. Employee training is done by city employees and staff from the Risk Management Pool.

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. An actuary has been hired to determine the liability to be shown in future years as a result of GASB Statement 45.

Additional information on the City of Cleveland's pension arrangements and postemployment benefits can be found on pages 74-78 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, 2006. This was the nineteenth 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.

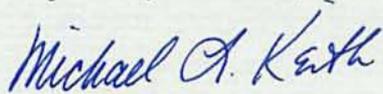
In addition, the city also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the last nine fiscal years, beginning in Fiscal Year 1999. In order to qualify for the Distinguished Budget Presentation Award, the city's

budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

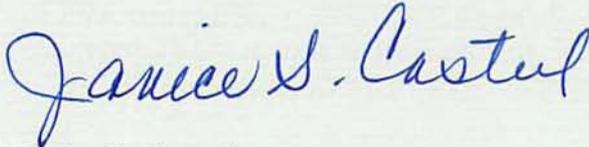
The preparation of this CAFR on a timely basis was made possible by the dedicated service of the city's budget officers, department heads, and the employees of the administration and finance department. Credit must also be given to the mayor and city council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Cleveland's finances.

City Manager Joe Cate retired effective June 30 of this year. We appreciate his years of service to the City. His leadership and guidance produced an organization that is recognized as being one of the best cities in the State of Tennessee. He is a friend to many employees and citizens in our community. We wish him well in his retirement.

Respectfully submitted,



Michael L. Keith
Director of Finance/City Clerk



Janice S. Casteel
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, 2006

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.



President

Executive Director

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**CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OFFICIALS
June 30, 2007**

**Tom Rowland
Mayor**

**Richard Banks
William Estes
Bambi Hines
Avery Johnson, Sr.
David May, Jr.
George Poe, Jr.
Bill Robertson**

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

Joe Cate

City Manager

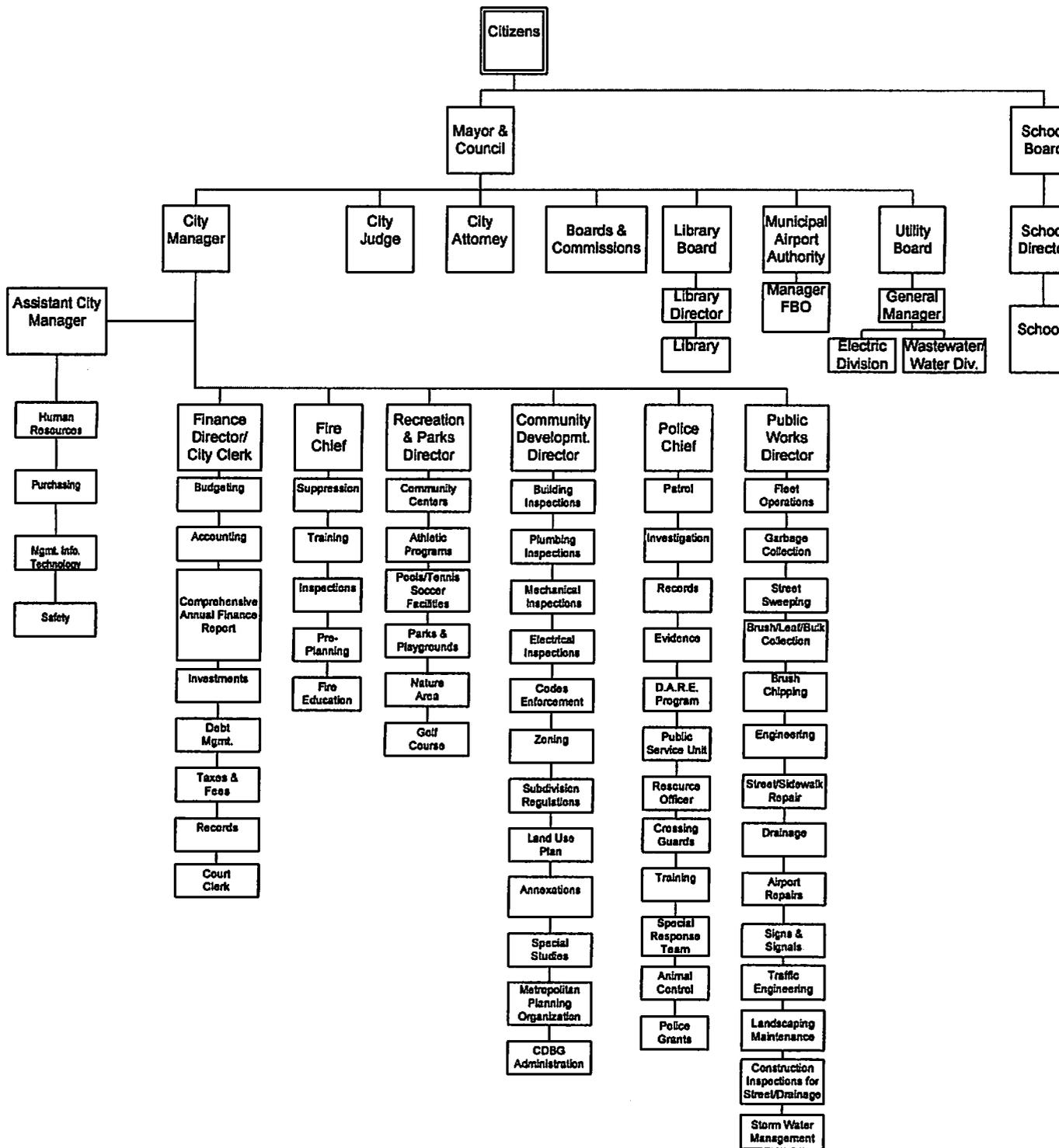
Department Heads

**Chuck Atchley
Janice S. Casteel
Rick Denning
Tom Grant
Andrew Hunt
Michael L. Keith
Bill B. Moss
L. Harlen Painter
Patti Pettit
Wesley Benard Snyder, Jr.
Greg Thomas
Tom Wheeler**

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

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Organizational Chart for the City of Cleveland, Tennessee



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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, 2007, 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.

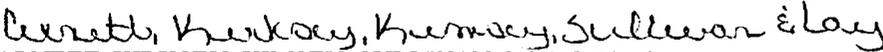
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and School 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 11, 2007, 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 79 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, PLLC
Certified Public Accountants

December 11, 2007

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, 2007. 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, 2007 by \$190,690,262 (net assets). Of this amount, \$36,817,093 (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 \$10,343,118, an increase of 5.7% over FY2006. The City of Cleveland's changes in net assets is detailed in the chart on page seven of this report. Total revenues increased \$11,276,345 which included an additional \$3,277,960 in charges for services, \$4,996,367 in capital grants and contributions, and \$1,320,547 in other taxes and \$1,681,471 in other revenues. Expenses increased \$6,673,872 over last fiscal year with the largest increases consisting of \$2,355,288 in the electric division of Cleveland Utilities for the purchase of power, \$668,418 for education, \$1,037,507 for the water division of Cleveland Utilities and \$745,845 for public safety.
- The city's property tax rate remained at \$1.65 per hundred dollars of assessment.
- The city's residential sanitation fee remained constant at \$6 per month.
- The city and county entered the second year of the fire contract in which the county agreed to pay for fire suppression service for the fringe area.
- As of the close of the current fiscal year, the City of Cleveland's governmental funds reported combined ending fund balances of \$22,578,296. Only 4.3% is reserved for specific purposes, and the remaining 95.7%, or \$21,599,633, 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 \$8,642,201, or 35.7% of total general fund expenditures. Expenditures do not include transfers to other funds, which totaled \$12,635,372 in the city's general fund.
- Long-term debt was increased with the addition of a new issue of \$14.85 million during fiscal year 2007, of which \$6.1 million was issued by the city for the remaining construction costs for the new Mayfield Elementary and renovations at Arnold Elementary and \$8.75 million was issued for the water division of Cleveland Utilities.

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 thirty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and school fund, which are considered to be major funds. Data from the other twenty-eight 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 80.

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

The basic governmental fund financial statements can be found on pages 18-54 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 120. Since there is only one internal service fund, it is presented in the proprietary fund financial statement and additional data is located on pages 121-122.

The basic proprietary fund financial statements can be found on pages 55-58 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 59-78 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 79 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 80-119 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 \$190,690,262 at the close of this fiscal year.

The largest portion of the City of Cleveland's net assets (80 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	
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006
Current assets	\$50,774,855	\$47,587,971	\$29,146,386	\$30,793,623	\$79,921,241	\$78,381,594
Receivables and other noncurrent assets	0	0	757,698	506,052	757,698	506,052
Deferred Charges	110,979	89,853	405,929	351,998	516,908	441,851
Capital assets	120,783,744	101,439,320	153,820,158	141,123,260	274,603,902	242,562,580
Total assets	171,669,578	149,117,144	184,130,171	172,774,933	355,799,749	321,892,077
Long-term liabilities outstanding	65,713,222	52,038,508	52,816,619	46,704,719	118,529,841	98,743,227
Other liabilities	28,368,708	25,729,632	18,210,938	17,072,074	46,579,646	42,801,706
Total liabilities	94,081,930	77,768,140	71,027,557	63,776,793	165,109,487	141,544,933
Net assets:						
Invested in capital assets, net of related debt	54,639,891	48,522,525	98,773,538	92,062,798	153,413,429	140,585,323
Restricted	459,740	459,646	0	0	459,740	459,646
Unrestricted	22,488,017	22,366,833	14,329,076	16,935,342	36,817,093	39,302,175
Total net assets	\$77,587,648	\$71,349,004	\$113,102,614	\$108,998,140	\$190,690,262	\$180,347,144

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 \$36,817,093 in unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

At June 30, 2007, 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.

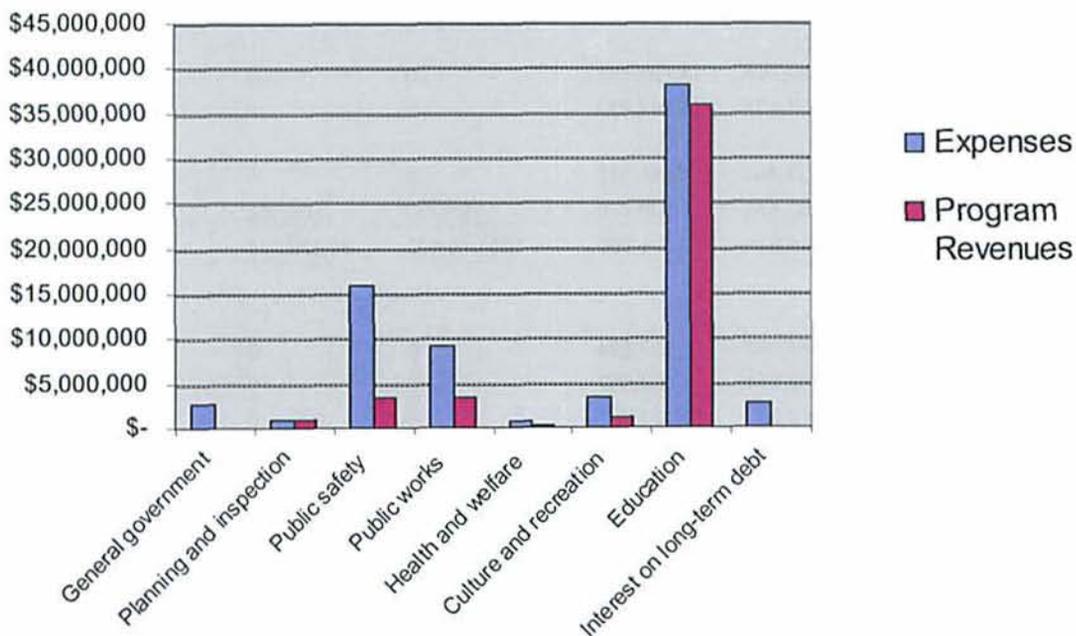
Governmental activities. Governmental activities increased the City of Cleveland's net assets by \$6,238,644, which accounts for 60 percent of the total growth in the net assets of the City of Cleveland. Key elements of this increase are as follows:

City of Cleveland's Changes in Net Assets

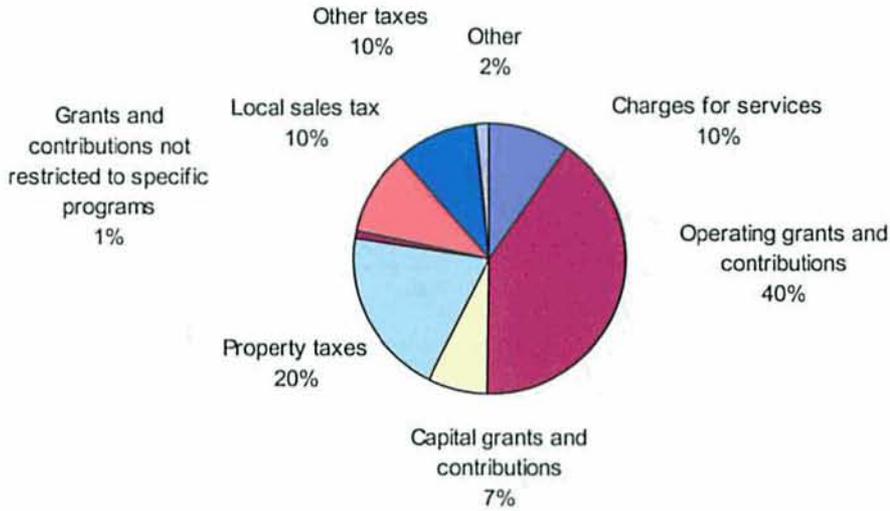
	Governmental Activities		Business-type Activities		Total	
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006
Revenues:						
Program revenues:						
Charges for services	\$7,540,322	\$8,200,575	\$96,924,990	\$92,986,777	\$104,465,312	\$101,187,352
Operating grants and contributions	31,719,118	31,417,297	90324	0	31,809,442	31,417,297
Capital grants and contributions	5,605,567	1,770,080	2,282,693	1,121,813	7,888,260	2,891,893
General revenues:						
Property taxes	15,480,244	14,798,767	0	0	15,480,244	14,798,767
Other taxes	15,763,457	14,442,910	0	0	15,763,457	14,442,910
Grants and contributions not restricted						
to specific programs	633,364	481,343	0	0	633,364	481,343
Other	1,203,574	960,778	781,396	568,364	1,984,970	1,529,142
Total revenues	77,945,646	72,071,750	100,079,403	94,676,954	178,025,049	166,748,704
Expenses:						
General government	2,674,062	2,693,884	0	0	2,674,062	2,693,884
Planning and inspection	882,244	1,054,852	0	0	882,244	1,054,852
Public safety	15,897,312	15,151,467	0	0	15,897,312	15,151,467
Public works	9,080,972	9,265,703	0	0	9,080,972	9,265,703
Health and welfare	607,956	552,573	0	0	607,956	552,573
Culture and recreation	3,451,275	2,962,458	0	0	3,451,275	2,962,458
Education	38,163,992	37,495,574	0	0	38,163,992	37,495,574
Interest on long-term debt	2,637,740	2,297,623	0	0	2,637,740	2,297,623
Water and sewer	0	0	18,626,226	17,588,719	18,626,226	17,588,719
Electric	0	0	75,438,689	71,747,592	75,438,689	71,747,592
Other enterprise	0	0	221,463	197,614	221,463	197,614
Total expenses	73,395,553	71,474,134	94,286,378	89,533,925	167,681,931	161,008,059
Increase in net assets before transfers	4,550,093	597,616	5,793,025	5,143,029	4,533,054	4,533,054
Transfers	1,688,551	1,600,029	(1,688,551)	(1,600,029)	0	0
Increase in net assets	6,238,644	2,197,645	4,104,474	3,543,000	10,343,118	5,740,645
Net assets – beginning	71,349,004	69,151,359	108,998,140	105,455,140	180,347,144	174,606,499
Net assets – ending	\$77,587,648	\$71,349,004	\$113,102,614	\$108,998,140	\$190,690,262	\$180,347,144

- The city's property tax rate remained at \$1.65 per \$100 of assessed value in fiscal year 2007. Property tax revenues increased \$681,477, or 4.6%, due to the sale of the county owned hospital to Ocoee Hospital Corporation and continued growth in Cleveland.
- Capital grants and contributions increased \$3,835,487 largely due to increases in school funding from the federal, state and local governments.
- Other taxes, except for local sales tax as described below, increased \$902,946 due to tax collections from Bradley County allocated for education.
- Cleveland's second largest revenue source is local sales tax which increased 5.5%, or \$417,601, 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 increases in expenditures were \$745,845 for public safety and \$668,418 for education.

Expenses and Program Revenues – Governmental Activities

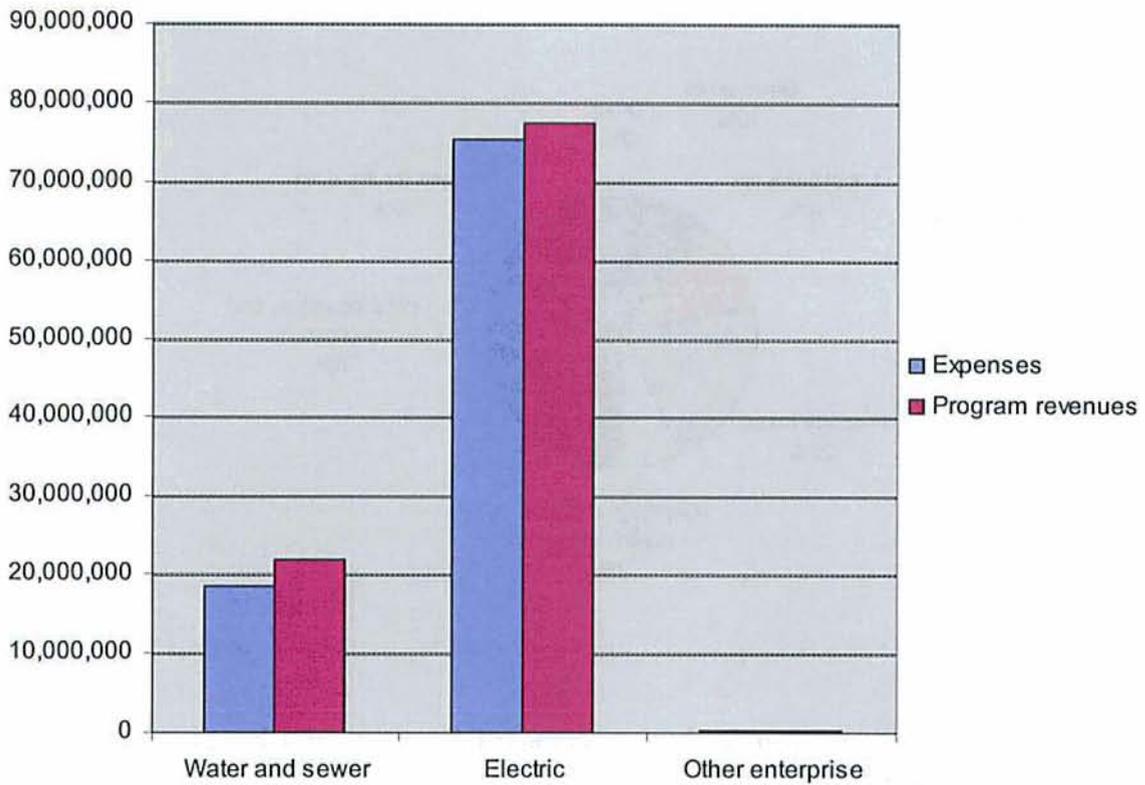


Revenues by Source – Governmental Activities

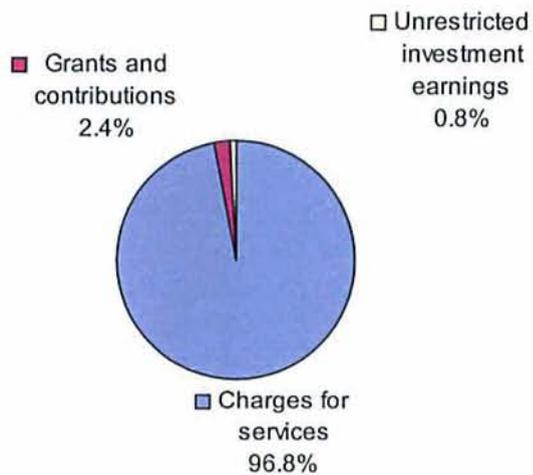


Business-type activities. Business-type activities increased the City of Cleveland's net assets by \$4,104,474, which is 40 percent of the total increase in net assets. The increase is attributed to the electric and water operations of Cleveland Utilities. The change in net assets for the electric division was \$913,643 for fiscal year 2007. The total change in net assets was the result of an increase in net assets invested in capital assets (net of related debt). The change in net assets for the water division was \$3,170,506. This included \$2,282,693 of plant recovered through contributions in aid of construction, increases in net assets invested in capital assets and a decrease in unrestricted net assets.

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 \$22,578,296, an increase of \$1,110,004 in comparison with the prior year. Approximately 96 percent of this total amount (\$21,599,633) 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, \$217,321 is reserved for capital outlay, \$221,643 for books and equipment, \$79,459 for federal projects, \$500 for noncurrent loans, and \$459,740 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 \$8,642,201. 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 36% of total fund expenditures. However, unreserved fund balance only represents 23% 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 \$781,032 during the current fiscal year. Key factors include revenues collections more than \$271,000 above the final amended budget and the good management of city departments to under spend their budgets. The excess revenues over budget can be attributed to the state income tax being approximately \$294,000 over budget. All departments had expenditures under the budgeted amounts and these included general government with \$44,993, planning and inspections with \$43,078, public safety with \$197,461, public works with \$100,272, health and welfare with \$17,637, parks and recreation with \$92,405, and appropriations with \$1,781.

The debt service fund has a total fund balance of \$3,146,620. The net increase in fund balance during the current year in the debt service fund was \$543,998, 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 \$5,828,688 for the Cleveland Utilities Water Division, \$8,473,983 for Cleveland Utilities Electric Division, \$26,405 for other enterprise funds (which includes only the Brush Chipping Fund), and \$349,259 for the Fleet Management Fund.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in a decrease of \$46,613, and are listed below:

- \$94,427 in increases in general government activities due to legal fees, fees related to an audit of the cable franchise tax, and increases for property tax refunds.
- \$1,601 in miscellaneous decreases in the Planning and Inspection Department.
- \$156,949 in decreases in public safety activities largely due to the salary and related fringe benefit savings from some unfilled positions.
- \$5,132 in increases in public works activities due to decreases in personnel and fringe benefit costs and increases in operating expenditures for paving, repairs and maintenance, synchronization of traffic signals, and computer software maintenance.
- \$5,602 in decreases in the Animal Control Department due to the salary and related fringe benefit savings from vacant positions.
- \$32,696 in decreases in recreation activities. Expenditures increased due to building maintenance at one of the community centers and more donations being given to pay for team related expenditures. Decreases resulted from part time salaries, equipment repairs and maintenance, and tournament items being less than expected.

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, 2007 amounts to \$274,603,902 (net of accumulated depreciation), which is a \$32,041,322 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 increased \$19,344,424 in capital assets largely due to 1 large construction project completed during the year, new ones underway at year end and other changes explained below.
- General government's \$443,976 in additions was primarily due to equipment and improvements to the Cleveland Public Library and the purchase of land.
- Public safety activities added \$7,316,128 in capital assets including the completion of construction on the Freewill Road Fire Hall, purchase of two fire pumpers and related equipment, extrication equipment and a command vehicle for the fire department. The \$6 million Cleveland Police Service Center was completed in January.
- Public works activities added \$2,069,339 primarily in infrastructure (primary roads, secondary roads, and drainage).
- Parks and Recreation activities added \$46,875 in capital assets, primarily for equipment to be used at the community centers.
- City schools added \$6,546,877 in capital assets largely due to completing renovations to Arnold Elementary and roofs and heating and air conditioning improvements at several schools.

- Business-type activities added \$12,696,898 in total capital assets primarily due to \$10,547,478 in improvements to buildings and systems and an increase of \$2,175,996 in construction in progress.

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

	Governmental activities		Business-type Activities		Total	
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2005
Land	\$ 8,168,350	\$ 7,843,773	\$ 1,429,564	\$ 1,429,564	\$ 9,597,914	\$ 9,273,337
Buildings and systems	60,665,404	48,457,807	148,070,125	137,522,647	208,735,529	185,980,454
Improvements other than buildings	2,125,129	2,139,772	0	0	2,125,129	2,139,772
Furniture, fixtures, equipment & vehicles	8,403,690	7,655,009	82,190	108,766	8,485,880	7,763,775
Infrastructure	32,375,217	31,573,535	0	0	32,375,217	31,573,535
Construction in progress	9,045,954	3,769,424	4,238,279	2,062,283	13,284,233	5,831,707
Total	\$120,783,744	\$101,439,320	\$ 153,820,158	\$141,123,260	\$274,603,902	\$242,562,580

Additional information on the City of Cleveland's capital assets can be found in Note 4 on pages 66-67 of this report.

Long-term debt. At the end of the current fiscal year, the City of Cleveland had total debt outstanding of \$123,320,000. Of this amount, \$22,640,000 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 \$31,980,000 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 \$44,045,000 for city general projects and \$24,565,000 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	
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006
General obligation bonds	22,640,000	17,785,000	0	0	22,640,000	17,785,000
Long-term notes issued through Sevier & Blount Counties, TN	44,045,000	43,795,000	24,565,000	25,755,000	68,610,000	69,550,000
Revenue bonds	0	0	31,980,000	24,875,000	31,980,000	24,875,000
Less bond discount/premiums	0	0	(76,637)	(38,397)	(76,637)	(38,397)
Less Deferred Charges for refunding	(541,148)	(572,980)	(1,420,151)	(1,531,141)	(1,961,299)	(2,104,121)
Total	66,143,852	61,007,020	55,048,212	49,060,462	121,192,064	110,067,482

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 68-71.

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, 2007 is \$30,242,570, and is calculated on page 154 of this report.

Economic Factors and Next Year's Budget and Rates

- The 2006 annual average adjusted unemployment rate for Bradley County was 6.7 percent, which is up from 5.3 percent from a year ago. Tennessee's average unemployment rate was 5.2 percent and the national average rate was 4.6 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 2008 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased \$781,032 as previously discussed. Management has again been conservative in estimating revenues for 2008. The city's property tax rate did not increase, however, the residential sanitation fee was increased by \$.63 per month in order to have users pay the entire cost of this service. No use of the general fund balance is projected for the new fiscal year.

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, 2007

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 22,191,274	\$ 11,966,731	\$ 34,158,005
Cash and cash equivalents - restricted	459,740	187,028	646,768
Investments	516,010	0	516,010
Accounts receivable - net	840,537	14,689,102	15,529,639
Property taxes receivable - net	16,544,245	0	16,544,245
Sales tax receivable	1,109,066	0	1,109,066
Due from other government agencies	8,862,687	0	8,862,687
Internal balances	110,000	(110,000)	0
Inventories	135,086	2,340,339	2,475,425
Prepays	0	73,186	73,186
Notes receivable - current	6,210	0	6,210
Total current assets	\$ 50,774,855	\$ 29,146,386	\$ 79,921,241
Noncurrent assets:			
Receivable from customers for conservation loans	\$ 0	\$ 709,060	\$ 709,060
Deferred charges	110,979	405,929	516,908
Other noncurrent assets	0	48,638	48,638
Capital assets:			
Land and construction in progress	17,214,304	5,667,843	22,882,147
Other capital assets, net of accumulated depreciation	103,569,440	148,152,315	251,721,755
Total noncurrent assets	\$ 120,894,723	\$ 154,983,785	\$ 275,878,508
Total Assets	\$ 171,669,578	\$ 184,130,171	\$ 355,799,749
LIABILITIES			
Current liabilities:			
Accrued liabilities	\$ 2,648,766	\$ 0	\$ 2,648,766
Accounts payable	3,248,612	10,045,581	13,294,193
Customer deposits	0	2,145,995	2,145,995
Interest payable	313,562	373,412	686,974
Unearned revenue	20,220,836	0	20,220,836
Bonds and notes payable - current	1,816,428	2,955,000	4,771,428
Compensated absences payable - current	120,504	0	120,504
Other current liabilities	0	2,690,950	2,690,950
Total current liabilities	\$ 28,368,708	\$ 18,210,938	\$ 46,579,646
Long-term liabilities:			
Conservation advances from TVA	\$ 0	\$ 723,408	\$ 723,408
Bonds and notes payable	64,327,425	52,093,211	116,420,636
Compensated absences payable	1,385,797	0	1,385,797
Total long-term liabilities	\$ 65,713,222	\$ 52,816,619	\$ 118,529,841
Total Liabilities	\$ 94,081,930	\$ 71,027,557	\$ 165,109,487
NET ASSETS			
Invested in capital assets, net of related debt	\$ 54,639,891	\$ 98,773,538	\$ 153,413,429
Restricted for:			
Perpetual care:			
Nonexpendable	459,740	0	459,740
Unrestricted	22,488,017	14,329,076	36,817,093
Total Net Assets	\$ 77,587,648	\$ 113,102,614	\$ 190,690,262

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2007

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Primary Government		Business-type Activities
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Expenses					Total	
Primary government:						
Governmental activities:						
General government	\$ 2,674,062	\$ 32,729	\$ 61,749	\$ 0	\$ (2,579,584)	\$ 0
Community development	882,244	411,551	313,443	217,805	60,555	0
Public safety	15,897,312	3,096,343	104,314	80,210	(12,616,445)	0
Public works	9,080,972	2,035,271	1,359,712	0	(5,685,989)	0
Health and welfare	607,956	272,474	0	0	(335,482)	0
Culture and recreation	3,451,275	564,260	505,907	53,872	(2,327,236)	0
Education	38,163,992	1,127,694	29,373,993	5,253,680	(2,408,625)	0
Interest on long-term debt	2,637,740	0	0	0	(2,637,740)	0
Total governmental activities	\$ 73,395,553	\$ 7,540,322	\$ 31,719,118	\$ 5,605,567	\$ (28,530,546)	\$ 0
Business-type activities:						
Water and sewer	\$ 18,626,226	\$ 19,411,182	\$ 90,324	\$ 2,282,693	\$ 0	\$ 3,157,973
Electric	75,438,689	77,279,666	0	0	0	1,840,977
Brush Chipping	221,463	234,142	0	0	0	12,679
Total business-type activities	\$ 94,286,378	\$ 96,924,990	\$ 90,324	\$ 2,282,693	\$ 0	\$ 5,011,629
Total primary government	\$ 167,681,931	\$ 104,465,312	\$ 31,809,442	\$ 7,888,260	\$ (28,530,546)	\$ 5,011,629
General revenues:						
Property taxes				\$ 15,480,244	\$ 0	\$ 15,480,244
Interest and penalty on taxes				150,071	0	150,071
In lieu of taxes				30,136	0	30,136
Local sales tax				8,018,692	0	8,018,692
Wholesale beer tax				1,162,392	0	1,162,392
Gross receipts tax				857,958	0	857,958
Franchise tax				1,041,053	0	1,041,053
State sales tax - unrestricted				2,702,704	0	2,702,704
Other state taxes - unrestricted				1,800,451	0	1,800,451
Grants and contributions not restricted to specific programs				633,364	0	633,364
Unrestricted investment earnings				1,203,574	781,396	1,984,970
Transfers				1,688,551	(1,688,551)	0
Total general revenues and transfers				\$ 34,769,190	\$ (907,155)	\$ 33,862,035
Change in net assets				\$ 6,238,644	\$ 4,104,474	\$ 10,343,118
Net assets - beginning				71,349,004	108,998,140	180,347,144
Net assets - ending				\$ 77,587,648	\$ 113,102,614	\$ 190,690,262

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

CITY OF CLEVELAND, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,471,465	\$ 2,479,648	\$ 13,024,249	\$ 21,975,362
Cash and cash equivalents - restricted	0	0	459,740	459,740
Investments	0	0	516,010	516,010
Accounts receivable - net	536,480	0	283,685	820,165
Property taxes receivable - net	16,544,245	0	0	16,544,245
Sales tax receivable	470,186	638,880	0	1,109,066
Due from other government agencies	2,594,446	5,813,805	454,436	8,862,687
Due from other funds	218,495	391,738	135,000	745,233
Inventories	5,257	0	0	5,257
Notes receivable	0	0	6,210	6,210
Total Assets	\$ 26,840,574	\$ 9,324,071	\$ 14,879,330	\$ 51,043,975
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accrued liabilities	\$ 708,969	\$ 1,766,370	\$ 173,427	\$ 2,648,766
Accounts payable	316,069	304,867	2,574,430	3,195,366
Due to other funds	391,738	207,501	30,994	630,233
Matured interest payable	0	0	1,097	1,097
Matured bonds payable	0	0	1,000	1,000
Deferred revenue	16,781,597	5,195,947	11,673	21,989,217
Total Liabilities	\$ 18,198,373	\$ 7,474,685	\$ 2,792,621	\$ 28,465,679
Fund balances:				
Reserved for:				
Capital outlay	\$ 0	\$ 0	\$ 217,321	\$ 217,321
Books and equipment	0	0	221,643	221,643
Federal projects	0	0	79,459	79,459
Noncurrent loans	0	0	500	500
Endowment	0	0	459,740	459,740
Unreserved	8,642,201	1,849,386	0	10,491,587
Unreserved, reported in nonmajor:				
Special revenue	0	0	2,061,441	2,061,441
Debt service	0	0	3,146,620	3,146,620
Capital projects	0	0	5,871,288	5,871,288
Permanent fund	0	0	28,697	28,697
Total fund balances	\$ 8,642,201	\$ 1,849,386	\$ 12,086,709	\$ 22,578,296
Total liabilities and fund balances	\$ 26,840,574	\$ 9,324,071	\$ 14,879,330	\$ 51,043,975

CITY OF CLEVELAND, TENNESSEE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2007

Total fund balances per governmental funds balance sheet	\$ 22,578,296
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	119,479,032
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.	(67,850,640)
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.	1,612,579
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.	1,768,381
Net assets of governmental activities	<u>\$ 77,587,648</u>

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

For the Fiscal Year Ended June 30, 2007

	<u>General Fund</u>	<u>School Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 26,692,073	\$ 0	\$ 0	\$ 26,692,073
Licenses and permits	540,832	0	0	540,832
Intergovernmental	4,439,454	25,181,889	12,148,328	41,769,671
Fines and forfeitures	1,060,734	0	118,872	1,179,606
Charges for services	2,718,703	335,481	2,797,815	5,851,999
Interest	389,846	129,935	683,793	1,203,574
Miscellaneous	106,534	605,881	257,361	969,776
Total revenues	<u>\$ 35,948,176</u>	<u>\$ 26,253,186</u>	<u>\$ 16,006,169</u>	<u>\$ 78,207,531</u>
Expenditures:				
Current:				
General government	\$ 2,171,415	\$ 0	\$ 95,572	\$ 2,266,987
Community development	660,060	0	110,335	770,395
Public safety	14,337,903	0	284,693	14,622,596
Public works	3,763,212	0	3,947,528	7,710,740
Health and welfare	483,957	0	0	483,957
Culture and recreation	1,741,891	0	1,141,796	2,883,687
Education	0	30,241,313	5,054,743	35,296,056
Appropriations	1,061,885	0	0	1,061,885
Capital outlay	0	651,947	24,213,237	24,865,184
Debt service:				
Principal retirement	0	75,000	1,420,000	1,495,000
Interest and fiscal charges	0	9,113	2,583,683	2,592,796
Total expenditures	<u>\$ 24,220,323</u>	<u>\$ 30,977,373</u>	<u>\$ 38,851,587</u>	<u>\$ 94,049,283</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 11,727,853</u>	<u>\$ (4,724,187)</u>	<u>\$ (22,845,418)</u>	<u>\$ (15,841,752)</u>
Other financing sources (uses):				
Transfers in	\$ 1,688,551	\$ 5,060,337	\$ 8,838,984	\$ 15,587,872
Transfers out	(12,635,372)	(438,766)	(825,183)	(13,899,321)
Notes issued	0	0	9,163,205	9,163,205
Bonds issued	0	0	6,100,000	6,100,000
Total other financing sources (uses)	<u>\$ (10,946,821)</u>	<u>\$ 4,621,571</u>	<u>\$ 23,277,006</u>	<u>\$ 16,951,756</u>
Net change in fund balances	\$ 781,032	\$ (102,616)	\$ 431,588	\$ 1,110,004
Fund balance at beginning of year	<u>7,861,169</u>	<u>1,952,002</u>	<u>11,655,121</u>	<u>21,468,292</u>
Fund balance at end of year	<u>\$ 8,642,201</u>	<u>\$ 1,849,386</u>	<u>\$ 12,086,709</u>	<u>\$ 22,578,296</u>

CITY OF CLEVELAND, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2007

Net change in fund balances for total governmental funds	\$	1,110,004
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
		19,371,581
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(261,885)
<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>		
		1,495,000
<p>Notes issued are 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>		
		(15,263,205)
<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>		
		45,250
<p>Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:</p>		
Net increase in accrued interest	\$	(34,237)
Debt issuance cost		26,480
Amortization of debt issuance cost		(37,188)
Increase in compensated absences		(213,156)
Total additional expenditures		(258,101)
Change in net assets of governmental activities	\$	<u><u>6,238,644</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, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Taxes:				
Property taxes - real estate	\$ 14,526,500	\$ 14,900,000	\$ 15,013,269	\$ 113,269
Property taxes - utility	421,650	421,650	418,502	(3,148)
Interest and penalty on taxes	130,000	140,000	150,071	10,071
In lieu of taxes	19,400	28,000	30,136	2,136
Local sales tax	7,772,713	8,130,000	8,018,692	(111,308)
Wholesale beer tax	1,110,000	1,170,000	1,162,392	(7,608)
Gross receipts tax	929,000	850,000	857,958	7,958
Franchise taxes - gas	596,000	670,000	602,185	(67,815)
Franchise taxes - charter	310,000	349,556	359,424	9,868
Franchise audit - charter	0	79,444	79,444	0
Total taxes	\$ 25,815,263	\$ 26,738,650	\$ 26,692,073	\$ (46,577)
Licenses and permits:				
Beer licenses	\$ 4,500	\$ 5,000	\$ 5,000	\$ 0
Beer renewal fee	12,000	12,000	11,509	(491)
Liquor license	1,200	1,200	0	(1,200)
Liquor license renewals	12,000	16,000	16,220	220
Building permits	200,000	230,814	261,004	30,190
Electrical permits	0	8,000	10,314	2,314
Electrical licenses	15,000	15,000	17,563	2,563
Mechanical permits	15,000	15,000	17,799	2,799
Mechanical licenses	6,420	6,420	6,925	505
Plumbing permits	42,000	42,000	46,779	4,779
Plumbing licenses	9,500	10,500	10,925	425
Street cut permits	60,000	64,000	77,617	13,617
Stormwater permits	13,000	19,000	18,935	(65)
Rezoning fee	2,725	2,725	4,650	1,925
Pud rezoning fee	1,000	2,000	2,000	0
Zoning appeal fee	500	500	450	(50)
Zoning letter fee	1,000	1,000	1,650	650
Minor encroachment fee	0	0	100	100
Certificate of appropriateness	0	0	525	525
Recreation permits and maintenance fee	7,000	7,000	7,018	18
Plat review fee	5,000	5,000	5,805	805
Plans review fee	11,000	11,000	13,069	2,069
Certificate of occupancy	2,500	2,500	3,775	1,275
Alley or street abandonment fee	0	0	750	750
Miscellaneous fees	800	800	0	(800)
Wrecker permit fees	0	0	450	450
Total licenses and permits	\$ 422,145	\$ 477,459	\$ 540,832	\$ 63,373
Intergovernmental revenues:				
Federal grant - protective vest	\$ 0	\$ 6,536	\$ 6,537	\$ 1
Police training supplement	46,700	46,700	51,600	4,900
Fire training supplement	48,602	48,602	28,350	(20,252)

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, 2007

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued)				
Intergovernmental revenues - (Continued)				
State - highway safety grant	\$ 0	\$ 5,000	\$ 0	\$ (5,000)
Hazmat equipment - fire	0	6,453	0	(6,453)
Homeland security grant - police	0	19,780	17,208	(2,572)
Homeland security grant - fire	0	22,083	22,083	0
State sales tax	2,750,475	2,668,000	2,702,704	34,704
State income tax	520,000	350,000	644,394	294,394
State beer tax	19,500	19,500	20,029	529
State mixed drink tax	72,000	72,000	98,286	26,286
State gas inspection tax	84,200	84,200	82,219	(1,981)
State highway maintenance tax	184,000	184,000	206,436	22,436
T.V.A. - In lieu of taxes	271,000	310,000	310,384	384
Excise tax	212,000	250,000	249,224	(776)
Total intergovernmental revenues	\$ 4,208,477	\$ 4,092,854	\$ 4,439,454	\$ 346,600
Fines and forfeitures:				
Traffic tickets	\$ 850,000	\$ 825,000	\$ 769,250	\$ (55,750)
Parking tickets	26,000	26,000	37,119	11,119
Animal Shelter	0	0	300	300
Beer fines	0	4,000	8,000	4,000
Garnishments	4,000	1,000	888	(112)
Court clerk fees	2,500	2,500	3,576	1,076
Land disturbance fines	0	0	2,500	2,500
Drug fines	38,000	50,000	64,333	14,333
Sessions court	46,000	50,000	54,657	4,657
Circuit court	22,000	22,000	18,380	(3,620)
Officers - sessions court	75,000	85,000	92,435	7,435
Officers - circuit court	3,000	3,000	4,436	1,436
State refunds	2,000	2,000	1,350	(650)
Sex offender registry	1,200	3,000	3,510	510
Total fines and forfeitures	\$ 1,069,700	\$ 1,073,500	\$ 1,060,734	\$ (12,766)
Charges for services:				
SRO - Education Foundation	\$ 99,766	\$ 98,152	\$ 85,839	\$ (12,313)
Fire inspection fees	1,000	1,000	875	(125)
Police accident reports	19,000	19,000	21,649	2,649
Police department contracted services	0	45,000	36,047	(8,953)
Police - Hamilton Co. Meth Lab	0	0	92	92
Airport maintenance	10,300	5,000	6,989	1,989
Animal Shelter - boarding fees	9,450	8,000	4,320	(3,680)
Bradley County - animal control	268,060	268,060	268,060	0
Bradley County - fire protection	1,706,100	1,706,100	1,553,572	(152,528)
Bradley County - fire tax	0	50,000	79,571	29,571
Tinsley Pool gate	20,000	28,000	26,296	(1,704)
Tinsley Pool concessions	5,000	7,000	6,680	(320)
Tinsley Pool rental	0	0	1,239	1,239

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Charges for services - (Continued)				
Tinsley Park tournament	\$ 20,000	\$ 5,900	\$ 5,930	\$ 30
Tinsley Park concessions	17,000	24,000	26,816	2,816
Tinsley Park rental	1,550	1,550	1,017	(533)
Cleveland Community Center	4,000	5,000	4,574	(426)
Northeast Recreation	2,600	7,128	6,731	(397)
Donations	0	200	400	200
Park and recreation miscellaneous	2,000	2,000	1,399	(601)
SRO - City Schools	170,200	170,200	181,033	10,833
Cherokee Springs concessions	24,000	25,000	28,457	3,457
Cherokee Springs permits	61,000	51,000	50,822	(178)
Cherokee Springs tournaments	24,000	24,000	22,679	(1,321)
Cherokee Springs specials	122,500	158,000	178,048	20,048
Cherokee Springs cart rental fee	31,000	31,000	32,382	1,382
Cherokee Springs trail fee	5,500	5,500	3,869	(1,631)
Cherokee Springs cart shed rental	4,500	2,700	2,890	190
Cherokee Springs green fees	30,000	43,500	36,594	(6,906)
Cherokee Springs pro shop	16,000	13,000	13,977	977
Cherokee Springs miscellaneous	4,500	6,000	5,717	(283)
Wellness program dues	24,700	12,200	24,139	11,939
Total charges for services	\$ 2,703,726	\$ 2,823,190	\$ 2,718,703	\$ (104,487)
Interest	\$ 225,000	\$ 385,000	\$ 389,846	\$ 4,846
Miscellaneous revenues:				
Donations - Memorial tree fund	\$ 5,000	\$ 5,000	\$ 5,125	\$ 125
Old timers banquet	3,000	2,200	2,068	(132)
Sign and decal reimbursement	0	0	7,642	7,642
Police departments - donations	0	2,500	2,500	0
Police DARE donations	0	10,500	10,500	0
Donations - Northeast Recreation	0	4,197	6,213	2,016
TML safety grant	0	2,000	2,000	0
TML package bonus	0	5,000	5,000	0
Miscellaneous Insurance	0	1,920	3,657	1,737
Reimbursements - Public works trucks	0	1,066	1,066	0
Reimbursements - fire truck	0	12,377	12,376	(1)
Animal Shelter donations	0	3,340	3,595	255
TML reimbursement - property damage	0	19,672	19,672	0
TML reimbursement - police vehicles	0	5,500	12,827	7,327
TML reimbursement - workers comp	0	6,777	11,345	4,568
Sundry	4,000	4,087	948	(3,139)
Total miscellaneous revenues	\$ 12,000	\$ 86,136	\$ 106,534	\$ 20,398
Total revenues	\$ 34,456,311	\$ 35,676,789	\$ 35,948,176	\$ 271,387

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, 2007

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures:				
Current				
General government:				
Legislative and judicial:				
Salaries - administrative	\$ 53,712	\$ 53,712	\$ 53,712	\$ 0
Salaries - city council	62,400	62,400	62,698	(298)
Salaries - judicial	31,566	31,566	32,750	(1,184)
Part time wages	1,050	800	0	800
Service awards	250	500	500	0
Longevity	5,250	5,250	5,250	0
Sold vacations	1,050	1,050	1,033	17
Christmas bonus	325	325	325	0
Dental insurance	4,605	4,605	4,209	396
Social Security taxes	11,904	11,904	10,747	1,157
Health insurance	45,118	45,118	46,473	(1,355)
Retirement	25,445	25,445	21,864	3,581
Life and disability insurance	3,680	3,680	1,340	2,340
Election	16,000	10,500	10,378	122
Postage	550	550	225	325
Printing	1,500	1,500	1,008	492
Subscriptions and memberships	6,178	6,178	3,450	2,728
Advertising	3,000	3,000	2,265	735
Telephone and pager	10,700	10,700	12,264	(1,564)
Government consulting services	14,000	24,000	18,220	5,780
Equipment repair and replacement	1,575	1,575	636	939
Contract maintenance services	2,600	3,940	3,931	9
Building maintenance	0	6,478	5,513	965
Emergency repairs - city buildings	20,000	1,365	42	1,323
Travel and training	12,000	12,000	9,153	2,847
Council work sessions	3,000	3,000	2,774	226
Complimentary meals	1,000	1,000	940	60
Office expenditures and paper	4,000	4,000	4,295	(295)
Janitorial	400	400	11	389
Insurance - general liability	1,007	1,080	1,080	0
Insurance - workers compensation	1,038	660	310	350
Rent - parking lots	3,000	3,000	3,000	0
Service pins - all departments	1,000	700	102	598
Employee Christmas dinner	1,500	1,500	1,398	102
Employee picnic	6,000	11,500	13,676	(2,176)
Fireworks display	5,600	5,600	5,130	470
Miscellaneous	500	500	166	334
Office machinery and equipment	1,000	900	300	600
Council room equipment and supplies	1,697	1,697	1,434	263
Total legislative and judicial	<u>\$ 365,200</u>	<u>\$ 363,678</u>	<u>\$ 342,602</u>	<u>\$ 21,076</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, 2007

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Administration and finance				
Salaries	\$ 714,703	\$ 737,000	\$ 732,546	\$ 4,454
Pay plan adjustments	18,545	0	0	0
Overtime wages	7,500	7,500	7,153	347
Part time wages	18,000	15,000	12,988	2,012
Service awards	75	75	75	0
Longevity	7,950	7,950	8,250	(300)
Sold vacations	7,590	9,400	9,362	38
Christmas bonus	1,841	1,625	1,624	1
College pay	2,715	2,715	2,715	0
Dental insurance	6,250	6,250	6,029	221
Social Security tax	59,587	59,587	54,975	4,612
Health insurance	73,100	78,000	77,885	115
Retirement	128,431	128,431	127,073	1,358
Life and disability insurance	9,300	9,300	8,448	852
Employee assistance program	8,940	9,436	9,394	42
Education reimbursement	5,280	3,960	3,960	0
Worker's compensation claims	200	200	0	200
Flex spending program	6,000	8,500	7,301	1,199
Laundry and dry cleaning	500	750	585	165
Postage	18,375	18,375	19,364	(989)
Postage machine lease	4,200	3,500	990	2,510
Printing	11,250	14,500	13,559	941
Printing - property taxes	3,920	3,944	3,944	0
Citizens Newsletter	4,400	3,400	1,321	2,079
Subscriptions and memberships	4,600	5,000	5,036	(36)
Advertising	5,000	5,000	6,627	(1,627)
Utilities	21,060	21,000	17,257	3,743
Telephone	22,500	25,400	30,186	(4,786)
Contracted services - computer systems	201,761	201,761	209,078	(7,317)
Drug and alcohol tests	3,500	3,500	2,383	1,117
Legal fees	73,000	90,000	103,337	(13,337)
Audit fees	45,500	45,500	45,500	0
Reappraisal fee	45,820	45,020	44,160	860
Appraisal fee	2,000	2,000	700	1,300
Actuarial services	0	10,000	0	10,000
Cable audit fee	0	32,361	32,111	250
Vehicle	750	750	225	525
Small equipment repairs	600	600	945	(345)
Copier maintenance	3,900	3,900	3,423	477

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, 2007

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Administration and finance - (Continued)				
Building maintenance	\$ 18,000	\$ 19,500	\$ 18,782	\$ 718
Car allowance	8,400	10,150	9,450	700
Training and travel	15,000	11,100	8,890	2,210
Departmental work sessions	900	1,200	1,238	(38)
Credit card fees	0	8,700	13,049	(4,349)
Pest control	750	800	782	18
Office expenditures	26,000	24,500	24,427	73
First aid safety supplies	100	100	119	(19)
Janitorial supplies	2,000	2,000	1,632	368
Gasoline and oil	1,700	1,700	973	727
Insurance - buildings and contents	2,600	2,180	2,180	0
Insurance - vehicles	628	562	562	0
Insurance - general liability	5,543	5,194	5,194	0
Insurance - workers compensation	6,704	3,089	3,089	0
Insurance - professional liability	31,263	30,765	30,765	0
Insurance - employee bonds	50	0	0	0
Computer software support	29,000	29,000	17,291	11,709
Contracted services - security	1,500	1,500	1,500	0
Tax refunds	15,000	35,000	37,590	(2,590)
Employee appreciation day	6,000	6,000	6,215	(215)
Other charges	0	1,500	1,826	(326)
Miscellaneous	500	500	1,020	(520)
Bad debt	35,000	35,000	30,241	4,759
Equipment	1,500	1,500	1,489	11
Total administration and finance	<u>\$ 1,756,781</u>	<u>\$ 1,852,730</u>	<u>\$ 1,828,813</u>	<u>\$ 23,917</u>
Total general government	<u>\$ 2,121,981</u>	<u>\$ 2,216,408</u>	<u>\$ 2,171,415</u>	<u>\$ 44,993</u>
Community development				
Salaries	\$ 410,551	\$ 410,551	\$ 384,776	\$ 25,775
Overtime wages	2,300	1,500	1,134	366
Part time wages	4,316	6,906	6,303	603
Longevity	2,750	2,750	2,750	0
Sold vacations	2,644	1,644	1,488	156
Christmas bonus	1,083	1,083	1,083	0
Dental insurance	4,913	4,708	4,707	1
Social security taxes	32,426	31,426	28,670	2,756
Health insurance	60,776	60,186	54,881	5,305
Retirement	72,544	72,544	69,718	2,826
Life and disability insurance	5,702	5,702	4,953	749
Education reimbursement	1,500	0	0	0

CITY OF CLEVELAND, TENNESSEE

GENERAL FUND

(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Community development - (Continued)				
Worker's compensation claims	\$ 250	\$ 0	\$ 0	\$ 0
Laundry and dry cleaning	1,500	896	726	170
Postage	1,600	1,600	1,605	(5)
Printing and artwork	1,200	1,404	1,402	2
Subscriptions and memberships	3,300	3,600	3,415	185
Advertising	1,700	200	116	84
Utilities	8,000	8,000	7,965	35
Telephone	7,500	8,500	10,567	(2,067)
Legal services - urban renewal	200	200	12	188
Vehicle maintenance	8,000	8,000	7,140	860
Office equipment maintenance	1,500	1,664	1,664	0
Building maintenance	5,000	3,000	1,635	1,365
Car allowance	4,200	4,200	4,200	0
Travel and training	8,181	3,454	2,659	795
Complimentary meals	500	722	588	134
Credit card fees	0	4,941	4,940	1
Contracted services - pest control	240	240	216	24
Office supplies	8,000	7,490	7,447	43
First aid kits	214	214	133	81
Janitorial supplies	800	800	647	153
Uniforms	2,100	2,100	2,015	85
Educational supplies	0	3,500	3,436	64
Gasoline and oil	10,400	10,400	9,241	1,159
Insurance - buildings and contents	885	724	724	0
Insurance - vehicles and equipment	1,148	1,143	1,143	0
Insurance - general liability	1,879	2,084	2,084	0
Insurance - workers compensation	15,087	14,797	14,797	0
Insurance - employee bonds	50	50	40	10
Planning commission	3,900	5,315	5,060	255
Board of zoning appeals	1,200	1,100	624	476
Historic zoning commission	1,800	1,800	1,781	19
Miscellaneous	500	500	119	381
Office equipment	2,400	1,500	1,456	44
Total community development	\$ 704,739	\$ 703,138	\$ 660,060	\$ 43,078
Public safety:				
Police department:				
Salaries	\$ 4,177,687	\$ 4,102,100	\$ 4,074,923	\$ 27,177
Overtime wages	135,000	140,000	140,923	(923)
Part time wages	10,770	9,500	9,299	201
Accumulated holiday pay	5,000	7,000	7,069	(69)

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

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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, 2007

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Police department - (Continued)				
Salaries - school patrol	67,210	63,600	61,380	2,220
Supplemental pay	1,620	1,620	1,625	(5)
State grant - in service training	46,700	51,000	51,000	0
Overtime - contracted services	0	45,000	40,451	4,549
Service awards	2,625	2,625	2,600	25
Longevity	51,450	50,150	51,650	(1,500)
Sold vacations	33,700	40,600	42,275	(1,675)
Christmas bonus	12,916	12,916	12,777	139
College pay	11,815	10,700	10,690	10
Dental insurance	42,800	42,800	42,234	566
Social security taxes	348,572	341,937	328,998	12,939
Health insurance	542,230	536,000	516,187	19,813
Retirement	763,986	759,244	742,783	16,461
Life and disability insurance	51,965	51,965	51,213	752
Unemployment compensation	7,500	2,000	2,130	(130)
Education reimbursement	10,500	5,000	2,644	2,356
Worker's compensation claims	11,500	5,000	5,271	(271)
Laundry and dry cleaning	25,000	20,000	17,877	2,123
Employee physicals	9,000	5,500	4,492	1,008
Pre-employment tests	2,000	1,500	1,440	60
Uniforms - school patrol	7,000	4,000	2,627	1,373
Postage	2,000	1,500	1,205	295
Lease - radio tower	4,500	3,950	4,212	(262)
Contracted services - vehicles	6,500	5,675	5,600	75
Communications - replacement	10,500	10,500	8,885	1,615
Digital pagers	3,500	3,000	2,977	23
Printing	15,000	14,000	11,985	2,015
Subscriptions and memberships	3,900	3,900	3,471	429
Accreditation	0	10,100	9,887	213
Advertising	500	775	771	4
Awards program	0	122	0	122
Utilities	50,000	50,000	54,754	(4,754)
Telephone	61,000	61,000	85,047	(24,047)
NCIC computer line	8,000	9,500	9,470	30
Vehicle maintenance	410,000	370,000	306,082	63,918
Small equipment repair	1,500	6,000	5,795	205
Copier maintenance	5,500	4,000	3,105	895
Building maintenance	3,000	3,000	3,210	(210)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Police department - (Continued)				
Travel and training	\$ 43,900	\$ 42,400	\$ 40,367	\$ 2,033
Mutual aid meals	1,000	1,850	1,644	206
Janitorial contract	0	11,500	13,710	(2,210)
Police supplies	4,500	5,500	5,272	228
Batteries	2,250	2,000	1,341	659
Tapes - video and audio	2,000	1,200	1,192	8
Detective supplies	4,500	2,000	713	1,287
Film	5,800	300	58	242
Crime scene unit supplies	5,000	2,500	2,348	152
SRT supplies	7,500	6,850	6,212	638
Office expenditures and paper	24,000	26,000	25,880	120
Protective vests - federal grants	0	9,668	0	9,668
Protective vests	12,000	12,000	12,072	(72)
Safety supplies	1,000	525	510	15
Janitorial supplies	5,500	3,500	3,101	399
Uniform reimbursement	57,400	47,500	45,106	2,394
Ammunition	18,800	19,075	19,047	28
Crime prevention	2,550	500	0	500
Gasoline and oil	185,000	196,100	195,870	230
Video maintenance	1,500	2,810	0	2,810
Canine fees	7,000	3,500	2,528	972
Insurance - buildings and contents	13,000	10,700	7,925	2,775
Insurance - vehicles and equipment	57,400	50,450	50,450	0
Insurance - general liability	66,550	65,598	65,598	0
Insurance - workers compensation	175,600	151,133	151,133	0
Insurance - employee bonds	500	0	0	0
Building rent	22,000	22,700	22,680	20
Computer software support	0	2,120	609	1,511
Miscellaneous	500	500	242	258
Honor Guard	500	875	664	211
Volunteer services	8,000	5,900	5,518	382
Investigative funds	2,000	2,000	0	2,000
D.A.R.E. program	0	16,394	12,147	4,247
Sex offender registry	0	6,880	6,141	739
Handgun replacement	5,000	8,500	7,274	1,226
Small equipment	1,250	1,098	943	155
Radar and video	0	5,000	7,738	(2,738)
Office equipment	2,000	2,000	1,807	193
Computer equipment	0	3,327	3,319	8

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, 2007

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Police department - (Continued)				
Bomb robot	\$ 0	\$ 19,780	\$ 17,208	\$ 2,572
Computer services	0	8,115	8,115	0
Total police department	<u>\$ 7,709,446</u>	<u>\$ 7,649,127</u>	<u>\$ 7,487,496</u>	<u>\$ 161,631</u>
Fire department:				
Salaries	\$ 4,207,496	\$ 4,160,000	\$ 4,136,095	\$ 23,905
Overtime wages	95,000	95,000	122,895	(27,895)
Accumulated holiday pay	5,000	1,000	830	170
Fire runs	68,000	40,000	29,709	10,291
Supplemental pay	26,000	26,000	24,075	1,925
State grant - in service training	48,602	48,602	28,950	19,652
Service awards	3,025	2,725	2,725	0
Longevity	67,625	62,950	62,950	0
Sold vacations	25,000	12,000	8,710	3,290
Christmas bonus	10,287	10,000	9,962	38
College pay	3,210	3,000	2,960	40
Dental insurance	36,404	36,404	40,178	(3,774)
Social security taxes	333,556	341,288	322,646	18,642
Health insurance	497,282	497,282	542,818	(45,536)
Retirement	754,317	745,000	727,176	17,824
Life and disability insurance	48,000	48,000	51,434	(3,434)
Education reimbursement	7,200	4,200	5,194	(994)
Worker's compensation claims	6,500	6,500	2,394	4,106
Laundry and dry cleaning	13,500	15,700	14,721	979
Immunization and physicals	8,000	5,800	4,345	1,455
Recruit testing	2,250	2,440	2,439	1
Postage	450	450	392	58
Communications replacement	5,000	3,000	2,076	924
Printing	500	700	687	13
Subscriptions and memberships	2,700	3,100	2,816	284
Advertising	500	500	497	3
Utilities	90,000	90,000	94,380	(4,380)
Telephone	44,000	56,200	70,079	(13,879)
Apparatus equipment testing	3,900	3,900	2,234	1,666
Vehicle maintenance	69,000	67,000	65,928	1,072
Small equipment repair	2,800	800	466	334
Copier maintenance	2,800	2,300	1,776	524
Building maintenance	35,500	35,000	24,680	10,320

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

CITY OF CLEVELAND, TENNESSEE

GENERAL FUND

(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Fire department - (Continued)				
Vehicle body repair	\$ 2,000	\$ 9,377	\$ 9,361	\$ 16
Travel and training	25,000	28,300	28,179	121
Mutual aid meals	2,000	1,000	452	548
Towels and cloths	800	500	268	232
Batteries	2,000	1,000	786	214
Electronics - camera supplies	800	410	350	60
Office supplies	5,800	7,100	7,104	(4)
Arson supplies	4,000	1,500	1,052	448
Safety	4,000	4,200	3,812	388
Janitorial supplies	15,000	15,000	12,208	2,792
Bedding	1,400	1,200	1,104	96
Uniforms	49,000	45,100	36,338	8,762
Vehicle graphics	400	1,215	1,350	(135)
Housewares	1,400	2,205	2,208	(3)
Gasoline	37,500	37,500	40,805	(3,305)
Appliance repair	2,400	4,000	3,697	303
Extinguisher refills	1,000	1,700	1,898	(198)
Insurance - building and contents	10,000	8,882	8,881	1
Insurance - vehicles and equipment	20,000	25,001	25,001	0
Insurance - general liability	42,000	40,216	40,216	0
Insurance - workers compensation	147,000	115,111	115,111	0
Miscellaneous	500	500	342	158
Donations - Honor Guard	1,490	1,677	1,634	43
Public information	1,000	200	0	200
City funded - Honor Guard	1,000	1,000	968	32
Fire prevention program	2,000	1,180	859	321
Hazmat equipment	0	22,083	22,083	0
ISO firefighting equipment	25,000	23,000	22,632	368
Office equipment	1,900	1,000	619	381
Breathing apparatus equipment	7,000	7,000	6,693	307
Furniture	3,200	2,200	1,796	404
Computer equipment	0	1,800	1,720	80
Computer software	0	300	203	97
Small equipment	1,000	372	229	143
Command post local	2,000	8,194	8,193	1
Total fire department	\$ 6,942,994	\$ 6,847,864	\$ 6,817,369	\$ 30,495

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND

(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Safety program:				
Salaries	\$ 12,408	\$ 12,408	\$ 12,404	\$ 4
Christmas bonus	108	108	0	108
Social security taxes	957	957	949	8
Hazard communications	500	492	0	492
Telephone	0	900	687	213
Respiratory protection	7,600	1,647	1,647	0
Travel and training	4,500	4,500	1,794	2,706
Infectious disease control	2,400	0	0	0
Hazmat cleanup	2,000	0	0	0
Safety supplies	1,000	8,353	6,040	2,313
Gasoline and oil	0	500	0	500
TML safety grant	0	4,008	4,007	1
Miscellaneous	0	500	0	500
Incentive program	8,400	4,000	5,510	(1,510)
Total safety program	\$ 39,873	\$ 38,373	\$ 33,038	\$ 5,335
Total public safety	\$ 14,692,313	\$ 14,535,364	\$ 14,337,903	\$ 197,461
Public works:				
Operations division:				
Salaries	\$ 862,012	\$ 817,428	\$ 815,344	\$ 2,084
Overtime wages	7,000	7,900	7,872	28
Part time wages	16,123	19,438	18,316	1,122
Service awards	150	225	200	25
Longevity	11,550	10,250	10,250	0
Sold vacations	5,735	9,000	8,997	3
Christmas bonus	2,599	2,707	2,707	0
College pay	905	625	625	0
Dental insurance	10,422	10,700	10,637	63
Social security tax	69,315	67,145	62,548	4,597
Health insurance	144,326	139,212	135,743	3,469
Retirement	153,805	148,180	142,815	5,365
Life and disability insurance	10,776	8,776	8,223	553
Unemployment compensation	2,000	0	0	0
Education reimbursement	500	0	0	0
Worker's compensation claims	2,000	1,000	0	1,000
Laundry and dry cleaning	750	750	471	279
Pre-employment drug testing	300	200	110	90
Safety shoes	2,800	2,300	2,300	0

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2007

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Operations division - (Continued)				
Postage	\$ 300	\$ 300	\$ 279	\$ 21
Printing	300	75	74	1
Subscriptions and memberships	650	1,200	1,101	99
Advertising	300	800	727	73
Utilities	29,777	31,777	29,596	2,181
Telephone	14,300	18,900	22,629	(3,729)
Surveys	3,000	1,800	1,800	0
Small equipment maintenance - signs	1,700	200	194	6
Building maintenance	9,000	18,000	18,290	(290)
Travel and training	2,500	2,700	2,586	114
Department work sessions	900	1,350	1,145	205
Pest control	1,000	1,000	911	89
Office expenditures and paper	7,000	6,700	6,748	(48)
Operating supplies	4,000	3,700	3,440	260
Safety supplies	1,200	1,200	1,061	139
Janitorial supplies	1,200	1,850	1,807	43
Uniforms	20,500	22,300	22,176	124
Gasoline and oil	68,000	73,800	72,227	1,573
Repairs and parts	216,240	158,500	158,040	460
Sign shop supplies	2,800	3,800	3,663	137
Sign parts and supplies	40,000	26,500	26,329	171
Major safety markings	47,000	70,337	70,336	1
Thermoplastic contract	22,500	13,400	13,357	43
Paving and materials	180,389	226,373	208,010	18,363
Insurance - building and contents	8,409	7,309	7,309	0
Insurance - vehicle and equipment	11,853	11,349	11,349	0
Insurance - general liability	14,504	14,411	14,411	0
Insurance - workers compensation	35,944	33,350	33,350	0
Insurance - employee bonds	100	0	0	0
Computer software maintenance	0	23,400	23,400	0
Worksessions and Christmas dinner	700	1,105	1,104	1
Miscellaneous	500	600	573	27
Softball sponsor	2,000	2,000	1,694	306
Incentive program	0	3,000	2,839	161
Small equipment	4,000	8,200	8,127	73
Small equipment - signs	2,400	1,132	1,132	0
Vehicle	0	3,500	3,500	0
Total operations division	<u>\$ 2,058,034</u>	<u>\$ 2,041,754</u>	<u>\$ 2,002,472</u>	<u>\$ 39,282</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, 2007

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Engineering :				
Salaries	\$ 289,845	\$ 267,319	\$ 260,509	\$ 6,810
Overtime wages	1,000	500	123	377
Part time wages	4,315	10,422	6,664	3,758
Service awards	0	100	100	0
Longevity	800	800	800	0
Sold vacations	1,500	1,500	1,141	359
Christmas bonus	758	650	650	0
Dental insurance	2,930	2,930	2,682	248
Social Security taxes	22,814	22,484	19,799	2,685
Health insurance	38,297	37,481	34,743	2,738
Retirement	50,845	50,845	43,960	6,885
Life and disability insurance	3,624	4,440	4,322	118
Education reimbursement	1,320	580	579	1
Worker's compensation claims	500	0	0	0
Clothing allowance and shoes	1,550	1,650	1,377	273
Postage	125	294	169	125
Printing	300	340	312	28
Subscriptions and memberships	2,500	2,317	1,812	505
Advertising	200	700	480	220
Utilities	17,100	12,000	8,748	3,252
Telephone	7,500	7,000	6,241	759
Vehicle maintenance	7,500	4,600	4,127	473
Office equipment maintenance	2,500	1,500	333	1,167
Building maintenance	5,000	23,515	23,396	119
Travel and training	4,000	3,650	2,827	823
Complimentary meals	600	600	338	262
Contracted services - pest control	180	180	150	30
Office expenditures	6,400	6,400	6,046	354
Operating supplies	400	310	284	26
Janitorial	700	1,099	1,099	0
Uniforms	700	1,460	1,427	33
Gasoline and oil	6,900	5,434	5,434	0
Insurance - building and contents	1,809	1,400	1,400	0
Insurance - vehicle and equipment	1,185	1,274	1,274	0
Insurance - general liability	1,356	1,490	1,490	0
Insurance - workers compensation	10,597	9,627	9,626	1
Insurance - employee bonds	100	0	0	0
Miscellaneous	500	500	245	255

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Engineering - (Continued)				
Computer equipment	\$ 3,600	\$ 3,600	\$ 183	\$ 3,417
Equipment	2,000	3,815	3,641	174
Total engineering	<u>\$ 503,850</u>	<u>\$ 494,806</u>	<u>\$ 458,531</u>	<u>\$ 36,275</u>
Street lighting and signals:				
Street lighting	\$ 605,393	\$ 581,793	\$ 574,311	\$ 7,482
Telephone	3,300	2,700	2,911	(211)
Traffic light utility service	38,929	38,929	37,660	1,269
Traffic light repair maintenance	142,820	142,820	134,019	8,801
Traffic signal supplies	1,800	317	316	1
Signalization	5,000	700	700	0
Synchronization	0	42,600	40,563	2,037
Small equipment	2,400	7,783	7,727	56
Total street lighting and signals	<u>\$ 799,642</u>	<u>\$ 817,642</u>	<u>\$ 798,207</u>	<u>\$ 19,435</u>
Landscaping maintenance:				
Salaries	\$ 249,573	\$ 240,468	\$ 239,536	\$ 932
Overtime wages	2,000	759	532	227
Part time wages	3,528	1,282	4,545	(3,263)
Longevity	2,450	2,450	2,450	0
Sold vacations	2,493	1,300	1,281	19
Christmas bonus	867	758	758	0
Dental insurance	2,605	2,605	2,493	112
Social security taxes	19,960	19,142	17,895	1,247
Health Insurance	39,416	38,084	36,974	1,110
Retirement	44,527	42,912	40,885	2,027
Life and disability insurance	3,120	3,045	2,927	118
Worker's compensation claims	500	500	262	238
Pre-employment testing	225	225	145	80
Postage	25	25	0	25
Printing	75	75	0	75
Subscriptions and memberships	400	400	310	90
Advertising	125	230	227	3
Utilities	750	750	876	(126)
Telephone	3,100	3,300	3,981	(681)
Vehicle maintenance	60,000	83,800	83,799	1
Equipment repairs	2,500	1,400	1,360	40

CITY OF CLEVELAND, TENNESSEE

GENERAL FUND

(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Landscaping maintenance - (Continued)				
Building and ground maintenance	\$ 0	\$ 825	\$ 825	\$ 0
Travel and training	3,400	4,200	4,142	58
Worksessions	0	300	296	4
Other contracted services	1,200	575	573	2
Office expenditures	600	600	536	64
Botanical supplies	10,000	9,500	9,491	9
Uniforms	7,000	6,550	6,488	62
Donations - memorial tree fund	0	6,044	3,322	2,722
Gasoline and oil	18,000	20,200	20,195	5
Insurance - vehicle and equipment	3,873	3,625	3,625	0
Insurance - general liability	1,356	1,469	1,469	0
Insurance - workers compensation	11,158	11,183	11,183	0
Miscellaneous	500	200	120	80
Small equipment	1,500	501	501	0
Total landscaping maintenance	<u>\$ 496,826</u>	<u>\$ 509,282</u>	<u>\$ 504,002</u>	<u>\$ 5,280</u>
Total public works	<u>\$ 3,858,352</u>	<u>\$ 3,863,484</u>	<u>\$ 3,763,212</u>	<u>\$ 100,272</u>
Health and welfare:				
Animal Control:				
Salaries	\$ 257,869	\$ 235,201	\$ 232,829	\$ 2,372
Overtime wages	24,000	21,750	19,707	2,043
Part-time wages	3,237	1,187	1,170	17
Service awards	0	0	0	0
Longevity	3,450	3,450	3,450	0
Sold vacations	600	600	598	2
Christmas bonus	866	974	866	108
Dental insurance	2,600	3,050	2,657	393
Social Security tax	20,621	20,740	18,975	1,765
Health insurance	34,500	39,115	36,890	2,225
Retirement	46,053	44,829	42,866	1,963
Life and disability insurance	2,660	2,910	2,573	337
Worker's compensation claims	1,500	1,000	399	601
Laundry and dry cleaning	3,800	3,650	3,478	172
Employee physicals	200	200	0	200
Protective immunizations	300	400	378	22
Postage	50	50	12	38

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

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Health and welfare - (Continued)				
Animal Control - (Continued)				
Contracted services - vehicles	\$ 1,200	\$ 900	\$ 900	\$ 0
Communications replacement	1,500	200	200	0
Printing	1,500	1,525	1,522	3
Subscriptions and memberships	450	1,050	1,057	(7)
Advertising	100	220	214	6
Utilities and pager	10,500	9,300	8,684	616
Telephone	8,275	10,000	11,733	(1,733)
Adoption-vet	500	0	0	0
Vehicle maintenance	20,000	23,000	19,464	3,536
Copier maintenance	400	200	199	1
Grounds improvement	1,200	100	4	96
Building maintenance	3,000	10,745	10,719	26
Training and travel	3,500	2,375	2,099	276
Landfill	2,500	2,500	2,239	261
Janitorial contract	0	1,400	1,505	(105)
Office supplies and printing	2,000	2,500	2,281	219
Janitorial supplies	1,400	1,900	1,980	(80)
Uniforms and safety shoes	3,000	4,550	4,073	477
Gasoline and oil	14,500	17,050	16,794	256
Euthanasia and supplies	5,000	5,850	5,835	15
Pet food	8,000	4,500	3,600	900
Donations - cages and supplies	0	7,000	6,887	113
Insurance - building and contents	355	298	298	0
Insurance - vehicles and equipment	1,700	1,901	1,901	0
Insurance - general liability	1,250	1,500	1,500	0
Insurance - workers compensation	10,950	5,874	5,874	0
Insurance - employee bonds	110	0	0	0
Miscellaneous	500	1,000	492	508
Equipment	1,500	5,050	5,055	(5)
Total Animal Control	\$ 507,196	\$ 501,594	\$ 483,957	\$ 17,637
Total health and welfare	\$ 507,196	\$ 501,594	\$ 483,957	\$ 17,637

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, 2007

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation:				
Northeast Recreation Center:				
Salaries	\$ 90,850	\$ 98,850	\$ 98,604	\$ 246
Part time wages	38,000	38,000	36,509	1,491
Service awards	200	200	0	200
Longevity	1,400	1,400	1,350	50
Sold vacations	1,701	1,701	1,754	(53)
Christmas bonus	434	434	433	1
Dental insurance	821	821	777	44
Social security tax	10,143	10,143	10,515	(372)
Health insurance	10,482	10,482	10,275	207
Retirement	16,363	16,363	16,416	(53)
Life and disability insurance	1,105	1,105	1,163	(58)
Unemployment compensation	500	500	0	500
Education reimbursement	1,320	1,320	0	1,320
Worker's compensation claims	220	220	0	220
Utilities	35,000	35,000	32,057	2,943
Telephone	2,810	2,810	4,288	(1,478)
Building maintenance	11,500	11,500	10,636	864
Team competition and trips	3,500	4,527	3,609	918
Office expenditures and paper	1,600	1,600	1,217	383
Janitorial supplies	600	1,500	2,473	(973)
Gasoline	500	300	76	224
Pool	4,000	4,000	5,263	(1,263)
Athletic supplies	4,000	4,000	3,832	168
Program development	6,000	6,000	6,342	(342)
Insurance - building and contents	3,360	2,759	2,759	0
Insurance - general liability	1,626	1,442	1,442	0
Insurance - workers compensation	2,848	3,161	3,161	0
Miscellaneous	500	500	80	420
BCCSA activities	10,200	13,689	13,689	0
Team donations	0	10,860	10,343	517
Youth achievement program	6,500	5,500	7,297	(1,797)
Swim team	2,000	2,000	2,006	(6)
Small equipment	800	800	1,188	(388)
Total Northeast Recreation Center	<u>\$ 270,883</u>	<u>\$ 293,487</u>	<u>\$ 289,554</u>	<u>\$ 3,933</u>

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND

(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Parks and recreation:				
Salaries	\$ 284,834	\$ 284,834	\$ 273,636	\$ 11,198
Overtime wages	5,803	5,803	4,427	1,376
Part time wages	32,400	21,000	19,836	1,164
Service awards	0	0	350	(350)
Longevity	2,500	2,500	2,500	0
Sold vacation	2,475	2,475	1,401	1,074
Christmas bonus	900	975	975	0
College pay	0	0	125	(125)
Dental insurance	2,553	2,553	2,913	(360)
Social security tax	25,162	25,162	21,783	3,379
Health insurance	43,739	43,739	45,598	(1,859)
Retirement	45,067	45,067	45,244	(177)
Life and disability insurance	3,171	3,171	2,839	332
Unemployment compensation	500	500	4,372	(3,872)
Education reimbursement	700	0	0	0
Worker's compensation claims	1,500	1,000	688	312
Laundry and dry cleaning	450	600	427	173
Pre-employment testing	75	75	160	(85)
Postage	200	2,200	1,980	220
Advertising	0	0	112	(112)
Utilities	7,150	7,150	6,814	336
Telephone	6,000	6,300	7,498	(1,198)
Vehicle maintenance	38,000	34,000	28,298	5,702
Equipment and repairs	8,800	3,500	2,294	1,206
Grounds maintenance	28,100	25,000	23,420	1,580
Fletcher building	10,000	10,000	11,365	(1,365)
Car allowance	4,200	4,200	4,200	0
Training and travel	5,000	5,000	3,369	1,631
Office expenditures	1,880	1,880	1,894	(14)
Uniforms	5,500	5,500	4,258	1,242
Gasoline and oil	19,750	19,750	19,397	353
Insurance - building and contents	3,072	2,622	2,622	0
Insurance - vehicles and equipment	2,601	2,314	2,314	0
Insurance - general liability	3,678	3,258	3,258	0
Insurance - workers compensation	10,790	6,128	6,127	1
Miscellaneous	500	350	313	37
Old timers banquet	3,000	3,000	2,003	997
Office machinery and equipment	500	500	642	(142)

CITY OF CLEVELAND, TENNESSEE

GENERAL FUND

(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Parks and recreation - (Continued)				
Small equipment	\$ 1,454	\$ 3,000	\$ 2,738	\$ 262
Total parks and recreation	\$ 612,004	\$ 585,106	\$ 562,190	\$ 22,916
 Cleveland Community Center:				
Salaries	\$ 123,906	\$ 119,906	\$ 118,960	\$ 946
Part time wages	45,000	37,000	33,775	3,225
Accumulated holiday pay	0	0	114	(114)
Service awards	300	250	250	0
Longevity	3,450	3,450	3,450	0
Sold vacations	1,975	1,500	1,438	62
Christmas bonus	434	434	433	1
Dental insurance	1,203	1,203	1,086	117
Social security tax	13,392	13,392	11,925	1,467
Health insurance	16,843	16,843	14,378	2,465
Retirement	22,501	22,501	20,912	1,589
Life and disability insurance	1,548	1,548	1,501	47
Worker's compensation claims	110	110	583	(473)
Advertising	0	0	96	(96)
Utilities	28,512	28,512	31,239	(2,727)
Telephone	4,000	4,000	4,557	(557)
Vehicle maintenance	600	500	417	83
Building maintenance	7,500	23,517	22,934	583
Team trips and competition	2,000	1,500	704	796
Office expenditures and paper	800	700	387	313
Janitorial contract	1,800	2,000	1,678	322
Pool	4,400	4,400	2,954	1,446
Athletic supplies	1,500	1,500	309	1,191
Ceramic supplies	500	500	0	500
Insurance - building and contents	3,000	2,588	2,588	0
Insurance - general liability	2,072	1,660	1,660	0
Insurance - workers compensation	4,412	4,613	4,613	0
Contracted services - floor maintenance	2,970	1,970	837	1,133
Contracted services - security	1,320	1,320	1,164	156
Miscellaneous	500	500	248	252
Junior pro basketball	5,500	3,000	1,846	1,154
Cardinal account	9,000	5,500	1,479	4,021
Small equipment	800	800	951	(151)
Total Cleveland Community Center	\$ 311,848	\$ 307,217	\$ 289,466	\$ 17,751

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

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Tinsley Park:				
Salaries	\$ 99,510	\$ 99,510	\$ 91,067	\$ 8,443
Overtime	1,920	1,920	4,919	(2,999)
Social Security taxes	7,759	7,759	7,343	416
Unemployment compensation	275	275	0	275
Advertising	0	0	60	(60)
Utilities	24,670	24,670	26,072	(1,402)
Telephone	1,550	1,000	682	318
Maintenance and repairs	18,000	18,900	12,984	5,916
Janitorial supplies	2,500	3,500	3,419	81
Tournament	20,000	8,000	3,748	4,252
Pool	10,500	10,500	10,220	280
Concession supplies	15,000	17,500	18,268	(768)
Insurance - building and contents	3,209	2,366	2,366	0
Insurance - general liability	1,217	1,109	1,109	0
Insurance - workers compensation	2,316	1,665	1,665	0
Miscellaneous	0	0	23	(23)
Total Tinsley Park	\$ 208,426	\$ 198,674	\$ 183,945	\$ 14,729
Cherokee Springs				
Salaries	\$ 177,861	\$ 170,861	\$ 156,442	\$ 14,419
Part time wages	25,900	32,900	32,182	718
Service awards	0	0	75	(75)
Longevity	700	700	900	(200)
Sold vacations	1,610	2,060	3,711	(1,651)
Christmas bonus	650	650	541	109
Dental insurance	2,103	2,103	1,912	191
Social security taxes	15,814	15,814	14,274	1,540
Health insurance	32,427	32,427	25,876	6,551
Retirement	31,282	31,282	27,570	3,712
Life and disability insurance	2,222	2,222	2,427	(205)
Unemployment	1,000	0	0	0
Worker's compensation claims	100	100	1,494	(1,394)
Printing	1,000	0	0	0
Subscriptions and memberships	1,000	1,000	1,161	(161)
Advertising and marketing	2,000	1,800	1,542	258
Utilities	24,948	18,000	18,510	(510)
Telephone	7,425	7,800	10,064	(2,264)
Vehicle maintenance	1,200	1,200	964	236
Equipment parts and maintenance	18,500	18,500	18,817	(317)

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Cherokee Springs - (Continued)				
Maintenance and repairs	\$ 8,000	\$ 8,000	\$ 7,872	\$ 128
Building maintenance	12,000	12,000	10,234	1,766
Golf cart maintenance	10,000	5,000	3,659	1,341
Travel and training	1,180	1,180	610	570
Credit card fees	0	4,000	3,372	628
Contracted services - pest control	300	300	174	126
Office expenditures	3,800	1,000	1,185	(185)
Janitorial	1,500	1,500	1,202	298
Uniform	1,350	1,350	1,055	295
Golf course accessories	1,500	1,500	1,099	401
Gasoline	500	0	0	0
Tires, tubes, etc.	1,000	850	949	(99)
Irrigation and drainage supplies	5,000	5,000	3,294	1,706
Proshop	14,600	12,500	12,472	28
Concession supplies	19,000	23,000	22,083	917
Small supplies	400	400	860	(460)
Fertilizer and chemicals	20,000	20,000	15,993	4,007
Insurance - building and contents	1,411	1,112	1,112	0
Insurance - general liability	2,967	2,469	2,469	0
Insurance - workers compensation	8,681	6,332	6,333	(1)
Contracted services - security	1,900	1,900	1,736	164
Miscellaneous	500	500	93	407
Equipment	500	500	418	82
Total Cherokee Springs Golf Course	\$ 463,831	\$ 449,812	\$ 416,736	\$ 33,076
Total culture and recreation	\$ 1,866,992	\$ 1,834,296	\$ 1,741,891	\$ 92,405
Appropriations:				
Jointly funded agencies	\$ 5,946	\$ 0	\$ 0	\$ 0
Regional Museum	33,000	43,000	43,000	0
MTAS benchmarking	4,000	4,000	4,000	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	23,000	23,000	0
Cemetery Association	11,500	10,000	10,000	0
Court's Community Services	50,830	50,830	49,300	1,530
Keep America Beautiful	21,579	25,000	25,000	0
Juvenile Court match	1,101	1,101	1,101	0
United Way supporters	250	250	0	250

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Appropriations - (Continued)				
SETHRA - Transit	\$ 128,923	\$ 128,923	\$ 128,923	\$ 0
Communications Center	450,000	450,000	450,000	0
Emergency Management	73,973	86,062	86,062	0
Kiwans Flag Program	2,200	3,000	3,000	0
Child Welfare Service	1,000	1,000	1,000	0
Veterans Affairs Office	14,925	16,170	16,170	0
Behavioral Research	2,000	2,000	2,000	0
Emergency Management debt	0	2,200	2,200	0
Development Services Agency	6,175	6,175	6,175	0
Community Services Agency	83,791	86,304	86,304	0
Wellness Steps - Bradley County	0	1,750	1,750	0
Aqua Tigers equipment	2,000	2,000	2,000	0
Bradley Cleveland football	3,500	3,500	3,500	0
Youth baseball	6,500	5,000	5,000	0
Cleveland Youth Softball	4,000	4,000	4,000	0
Soccer Association	5,000	5,000	5,000	0
Soccer Association - land	5,000	5,000	5,000	0
Foothills Country Fair	1,000	1,000	1,000	0
Vocational School	17,860	17,860	17,860	0
Incubator - capital	0	25,000	25,000	0
Total appropriations	\$ 1,012,990	\$ 1,063,666	\$ 1,061,885	\$ 1,781
Total expenditures	\$ 24,764,563	\$ 24,717,950	\$ 24,220,323	\$ 497,627
Excess of revenues over expenditures	\$ 9,691,748	\$ 10,958,839	\$ 11,727,853	\$ 769,014
Other financing sources (uses):				
Transfers in	\$ 1,607,000	\$ 1,687,900	\$ 1,688,551	\$ 651
Transfers out	(11,282,243)	(12,635,372)	(12,635,372)	0
Total other financing sources(uses)	\$ (9,675,243)	\$ (10,947,472)	\$ (10,946,821)	\$ 651
Net change in fund balances	\$ 16,505	\$ 11,367	\$ 781,032	\$ 769,665
Fund balance at beginning of year	7,861,169	7,861,169	7,861,169	0
Fund balance at end of year	\$ 7,877,674	\$ 7,872,536	\$ 8,642,201	\$ 769,665

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, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government:				
Education of the handicapped	\$ 21,751	\$ 13,614	\$ 13,614	\$ 0
Other Federal through State	0	30,771	30,771	0
Total federal government	\$ 21,751	\$ 44,385	\$ 44,385	\$ 0
State of Tennessee:				
Basic Education Program	\$ 14,644,124	\$ 14,494,000	\$ 14,469,734	\$ (24,266)
School food service	25,119	25,119	24,044	(1,075)
Driver education	8,000	8,000	6,942	(1,058)
Other state education funds	72,000	202,932	142,975	(59,957)
Career ladder program	353,485	353,485	245,790	(107,695)
Career ladder extended contract	197,127	197,127	161,080	(36,047)
Vocational work study	1,850	1,850	0	(1,850)
Other vocational	650	650	0	(650)
Other state grants	232,052	560,625	511,181	(49,444)
Other state revenues	0	9,272	9,233	(39)
State mixed drink tax	55,000	70,000	71,818	1,818
State income tax	12,578	45,769	42,484	(3,285)
Total State of Tennessee	\$ 15,601,985	\$ 15,968,829	\$ 15,685,281	\$ (283,548)
Bradley County:				
Property taxes - current	\$ 4,768,735	\$ 4,854,179	\$ 5,122,209	\$ 268,030
Property taxes - prior	270,557	240,994	312,404	71,410
Interest and penalty	28,000	31,369	32,086	717
In lieu of taxes - Local Utilities	1,645	1,370	1,379	9
Marriage license	3,187	2,442	2,758	316
Bank excise tax	44,500	44,500	45,893	1,393
Interstate telecommunications tax	4,475	5,426	5,509	83
Local sales tax	3,802,055	3,552,327	3,929,985	377,658
Total Bradley County	\$ 8,923,154	\$ 8,732,607	\$ 9,452,223	\$ 719,616
Total Intergovernmental	\$ 24,546,890	\$ 24,745,821	\$ 25,181,889	\$ 436,068
Charges for services:				
Tuition	\$ 86,720	\$ 86,720	\$ 90,696	\$ 3,976
Tuition - other	73,000	73,000	72,798	(202)
Community service fees	216,040	216,040	169,187	(46,853)
Criminal background fee	4,800	4,800	2,800	(2,000)
Total charges for services	\$ 380,560	\$ 380,560	\$ 335,481	\$ (45,079)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues - (Continued)				
Interest	\$ 189,832	\$ 159,832	\$ 129,935	\$ (29,897)
Miscellaneous:				
Contributions	\$ 245,143	\$ 253,608	\$ 272,716	\$ 19,108
Other	125,241	302,881	330,747	27,866
Sale of equipment	1,500	1,640	2,418	778
Total miscellaneous	\$ 371,884	\$ 558,129	\$ 605,881	\$ 47,752
Total revenues	\$ 25,489,166	\$ 25,844,342	\$ 26,253,186	\$ 408,844
Expenditures:				
Current:				
Education:				
Regular instruction:				
Teachers	\$ 10,782,673	\$ 10,883,021	\$ 10,861,247	\$ 21,774
Career ladder program	193,000	193,000	153,680	39,320
Career ladder extended contract	175,000	175,000	126,200	48,800
Homebound teachers	36,985	36,985	40,911	(3,926)
Assistants	924,462	881,462	884,512	(3,050)
Other salaries and wages	69,122	84,122	91,204	(7,082)
Certified substitute teachers	92,780	92,780	99,074	(6,294)
Non-certified substitute teachers	120,000	120,000	95,872	24,128
Social security	754,174	746,279	725,786	20,493
State retirement	845,735	846,661	823,496	23,165
Life insurance	15,607	15,607	24,111	(8,504)
Medical insurance	1,272,232	1,320,825	1,319,195	1,630
Unemployment compensation	2,400	2,400	2,070	330
Employer medicare liability	176,379	176,599	169,740	6,859
Other fringe benefits	56,400	64,227	64,227	0
Maintenance and repair	8,450	8,450	5,994	2,456
Other contracted services	246,870	283,572	344,376	(60,804)
Instructional supplies	167,470	168,677	178,910	(10,233)
Textbooks	225,000	249,088	263,155	(14,067)
Other supplies and materials	44,780	58,352	56,752	1,600
Other charges	23,100	26,070	18,057	8,013
Regular instruction equipment	87,195	118,875	91,347	27,528
Total regular instruction	\$ 16,319,814	\$ 16,552,052	\$ 16,439,916	\$ 112,136
Special education:				
Teachers	\$ 1,409,091	\$ 1,367,976	\$ 1,375,851	\$ (7,875)
Career ladder program	27,000	27,000	19,620	7,380
Homebound teachers	1,000	1,000	3,332	(2,332)
Assistants	265,023	250,692	243,025	7,667
Certified substitute teachers	4,000	4,000	5,316	(1,316)
Non-certified substitute teachers	3,000	3,000	5,087	(2,087)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Special education - (Continued):				
Social security	\$ 104,532	\$ 104,532	\$ 97,812	\$ 6,720
State retirement	133,943	133,943	123,126	10,817
Life insurance	1,956	1,956	1,956	0
Medical insurance	198,831	194,831	195,094	(263)
Employer medicare liability	24,447	24,447	22,624	1,823
Contracts with private agencies	23,500	23,500	4,290	19,210
Maintenance and other repair services	1,700	1,700	323	1,377
Other contracted services	8,000	8,000	18,861	(10,861)
Instructional supplies	21,627	21,627	13,806	7,821
Textbooks	0	3,712	3,712	0
Other supplies and materials	6,923	6,923	5,800	1,123
Special education equipment	4,100	4,100	4,282	(182)
Total special education	<u>\$ 2,238,673</u>	<u>\$ 2,182,939</u>	<u>\$ 2,143,917</u>	<u>\$ 39,022</u>
Vocational education:				
Teachers	\$ 725,327	\$ 745,327	\$ 744,915	\$ 412
Career ladder program	4,000	4,000	1,000	3,000
Other salaries and wages	0	0	950	(950)
Certified substitute teachers	1,500	1,500	3,927	(2,427)
Non-certified substitute teachers	1,000	1,000	2,112	(1,112)
Social security	44,973	44,973	43,514	1,459
State retirement	44,708	44,708	45,863	(1,155)
Life insurance	639	639	639	0
Medical insurance	80,166	88,871	88,773	98
Employer medicare liability	10,518	10,518	10,177	341
Maintenance and repair services	11,000	11,000	3,004	7,996
Tuition	375	375	0	375
Other contracted services	4,500	4,500	1,839	2,661
Instructional supplies	35,200	35,200	46,135	(10,935)
Other supplies and materials	2,300	2,300	1,096	1,204
Vocational instruction equipment	50,500	54,495	54,548	(53)
Total vocational education	<u>\$ 1,016,706</u>	<u>\$ 1,049,406</u>	<u>\$ 1,048,492</u>	<u>\$ 914</u>
Students:				
Attendance:				
Supervisor	\$ 36,202	\$ 36,202	\$ 36,202	\$ 0
Social security	2,245	2,245	2,182	63
State retirement	2,219	2,219	2,219	0
Life insurance	120	120	0	120
Medical insurance	2,044	2,158	2,158	0
Employer medicare liability	525	525	510	15
Total attendance	<u>\$ 43,355</u>	<u>\$ 43,469</u>	<u>\$ 43,271</u>	<u>\$ 198</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Students - (Continued):				
Health services:				
Medical personnel	\$ 50,326	\$ 51,836	51,400	\$ 436
Social security	3,120	3,120	1,470	1,650
State retirement	8,706	8,706	2,918	5,788
Life insurance	94	94	94	0
Medical insurance	4,189	4,315	4,315	0
Employer medicare liability	730	730	595	135
Travel	500	500	408	92
Other contracted services	515	515	459	56
Drugs and medical supplies	2,000	2,000	1,667	333
Other supplies and materials	2,500	2,500	2,640	(140)
Total health services	\$ 72,680	\$ 74,316	\$ 65,966	\$ 8,350
Other student support:				
Career ladder program	\$ 13,000	\$ 13,000	\$ 9,000	\$ 4,000
Guidance personnel	511,996	505,497	507,834	(2,337)
Psychological personnel	76,871	76,871	79,345	(2,474)
Attendants	41,395	68,395	77,021	(8,626)
Social security	39,585	39,585	39,458	127
State retirement	41,461	41,461	35,901	5,560
Life insurance	867	867	867	0
Medical insurance	45,406	45,406	57,482	(12,076)
Employer medicare liability	9,327	9,327	9,228	99
Evaluation and testing	14,425	14,425	22,395	(7,970)
Maintenance and repair services	1,400	1,400	0	1,400
Postal charges	1,500	1,500	913	587
Other contracted services	162,000	162,000	180,392	(18,392)
Other supplies and materials	8,540	8,540	4,815	3,725
Other equipment	450	450	0	450
Total other student support	\$ 968,223	\$ 988,724	\$ 1,024,651	\$ (35,927)
Total students	\$ 1,084,258	\$ 1,106,509	\$ 1,133,888	\$ (27,379)
Instructional staff:				
Regular instruction program:				
Supervisor	\$ 285,574	\$ 285,574	\$ 286,076	\$ (502)
Career ladder program	20,000	20,000	22,498	(2,498)
Librarians	408,420	411,320	410,667	653
Materials supervisor	75,700	73,800	73,777	23
Secretaries	89,172	82,548	82,548	0
Other salaries and wages	69,362	69,362	68,482	880

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, 2007

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Instructional staff - (Continued)				
Regular instruction program - (Continued)				
Social security	\$ 57,947	\$ 57,947	\$ 57,391	\$ 556
State retirement	75,835	75,835	76,319	(484)
Life insurance	1,183	1,183	1,303	(120)
Medical insurance	86,533	90,097	84,960	5,137
Employer medicare liability	13,552	13,552	13,422	130
Dues and subscriptions	4,000	4,000	1,359	2,641
Travel	26,040	26,040	16,656	9,384
Other contracted services	9,500	22,850	21,500	1,350
Library books	41,130	41,130	40,426	704
Other supplies and materials	24,950	24,950	16,024	8,926
In-service staff development	125,500	127,550	126,506	1,044
Other equipment	6,500	6,500	8,671	(2,171)
Total regular instruction program	<u>\$ 1,420,898</u>	<u>\$ 1,434,238</u>	<u>\$ 1,408,585</u>	<u>\$ 25,653</u>
Special education:				
Supervisor	\$ 70,813	\$ 70,813	\$ 70,813	\$ 0
Career ladder program	3,000	3,000	0	3,000
In-service training	700	700	0	700
Social security	4,576	4,576	4,262	314
State retirement	4,525	4,525	4,341	184
Life insurance	29	29	29	0
Medical insurance	4,189	4,315	4,315	0
Employer medicare liability	1,060	1,060	997	63
Consultants	500	500	0	500
Travel	1,500	1,500	2,522	(1,022)
Other equipment	850	850	0	850
Total special education	<u>\$ 91,742</u>	<u>\$ 91,868</u>	<u>\$ 87,279</u>	<u>\$ 4,589</u>
Vocational education:				
Supervisor	\$ 72,347	\$ 72,347	\$ 72,347	\$ 0
Career ladder program	3,000	3,000	3,000	0
Secretaries	40,620	40,620	40,851	(231)
Other salaries and wages	40,523	40,523	8,364	32,159
Social security	9,702	9,702	6,918	2,784
State retirement	18,656	18,656	11,686	6,970
Life insurance	72	72	72	0
Medical insurance	14,623	14,623	15,061	(438)
Employer medicare liability	2,269	2,269	1,618	651
Travel	5,300	5,300	2,298	3,002
Other contracted services	1,500	1,500	652	848

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, 2007

(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	\$ 407	\$ 3,093
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>\$ 220,271</u>	<u>\$ 220,271</u>	<u>\$ 163,274</u>	<u>\$ 56,997</u>
Total instructional staff	<u>\$ 1,732,911</u>	<u>\$ 1,746,377</u>	<u>\$ 1,659,138</u>	<u>\$ 87,239</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	766	766	765	1
Other fringe benefits	740	740	736	4
Audit services	11,000	11,300	11,300	0
Dues and membership	11,753	11,753	12,668	(915)
Legal services	10,000	10,000	7,467	2,533
Liability insurance	31,813	33,075	33,075	0
Premiums on corporate surety bonds	7,714	8,017	8,017	0
Trustee's commission	92,000	92,000	103,342	(11,342)
Worker's compensation insurance	107,447	134,609	134,608	1
Criminal investigation	8,000	8,000	5,152	2,848
Refund for criminal investigation	2,000	2,000	1,512	488
Other charges	32,000	32,000	34,238	(2,238)
Total board of education	<u>\$ 371,307</u>	<u>\$ 400,334</u>	<u>\$ 408,954</u>	<u>\$ (8,620)</u>
Office of superintendent:				
Administrative officer	\$ 115,985	\$ 115,985	\$ 115,985	\$ 0
Assistants	80,179	80,179	80,179	0
Career ladder program	1,000	1,000	0	1,000
Secretaries	58,957	58,957	58,957	0
Other salaries and wages	7,200	7,806	7,806	0
Social security	16,139	16,139	14,402	1,737
State retirement	22,727	22,727	22,703	24
Life insurance	195	195	195	0
Medical insurance	17,090	17,603	17,603	0
Employer medicare liability	3,774	3,774	3,761	13
Other fringe benefits	5,425	5,425	4,979	446
Communication	98,000	98,000	81,075	16,925
Dues and memberships	2,500	2,500	3,198	(698)
Postal charges	6,500	6,500	4,740	1,760
Travel	4,300	4,300	3,842	458
Other contracted services	22,600	22,600	23,117	(517)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
General administration - (Continued):				
Office of the superintendent - (Continued):				
Office supplies	\$ 17,500	\$ 17,500	\$ 16,317	\$ 1,183
Other charges	17,900	17,900	17,483	417
Administrative equipment	5,000	5,000	1,971	3,029
Total office of superintendent	<u>\$ 502,971</u>	<u>\$ 504,090</u>	<u>\$ 478,313</u>	<u>\$ 25,777</u>
Total general administration	<u>\$ 874,278</u>	<u>\$ 904,424</u>	<u>\$ 887,267</u>	<u>\$ 17,157</u>
Office of the Principal:				
Principals	\$ 601,047	\$ 604,342	\$ 602,969	\$ 1,373
Career ladder program	29,000	29,000	14,000	15,000
Assistant principals	319,334	322,825	322,865	(40)
Secretaries	324,156	329,065	329,115	(50)
Clerical personnel	22,954	22,954	19,954	3,000
Social security	79,141	79,141	76,480	2,661
State retirement	118,247	118,247	114,237	4,010
Life insurance	1,386	1,386	1,386	0
Medical insurance	112,809	123,561	124,040	(479)
Employer medicare liability	18,509	18,509	17,887	622
Dues and memberships	3,515	3,515	3,115	400
Maintenance and repair services	8,375	8,375	2,979	5,396
Postal charges	5,640	5,640	4,786	854
Travel	5,100	5,100	414	4,686
Other contracted services	17,785	17,785	13,248	4,537
Office supplies	11,800	11,800	5,635	6,165
Other charges	300	300	5,017	(4,717)
Administrative equipment	24,150	24,150	12,612	11,538
Total office of the principal	<u>\$ 1,703,248</u>	<u>\$ 1,725,695</u>	<u>\$ 1,670,739</u>	<u>\$ 54,956</u>
Business administration:				
Bookkeepers	\$ 133,939	\$ 133,939	\$ 132,107	\$ 1,832
Social security	8,304	8,304	7,969	335
State retirement	23,171	21,493	21,108	385
Life insurance	163	163	163	0
Medical insurance	8,996	9,266	9,265	1
Employer medicare liability	1,942	1,942	1,864	78
Data processing services	7,326	8,734	8,734	0
Travel	1,000	1,000	606	394
Total business administration	<u>\$ 184,841</u>	<u>\$ 184,841</u>	<u>\$ 181,816</u>	<u>\$ 3,025</u>
Operation and maintenance of plant:				
Operation of plant:				
Custodial personnel	\$ 21,683	\$ 21,683	\$ 21,683	\$ 0
Social security	1,344	1,344	1,016	328
State retirement	3,144	3,144	3,751	(607)

CITY OF CLEVELAND, TENNESSEE
SCHOOL FUND

(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2007

	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	7,371	7,592	7,592	0
Employer medicare liability	314	314	238	76
Janitorial services	604,848	604,848	589,842	15,006
Rentals	6,000	6,000	5,500	500
Other contracted services	51,270	51,270	68,223	(16,953)
Electricity	955,588	955,588	1,059,634	(104,046)
Natural gas	157,000	157,000	146,487	10,513
Water and sewer	149,593	149,593	146,461	3,132
Other supplies and materials	25,000	25,000	96,127	(71,127)
Boiler insurance	6,170	6,414	6,414	0
Building and contents insurance	112,411	116,861	116,861	0
Total operation of plant	\$ 2,101,820	\$ 2,106,735	\$ 2,269,913	\$ (163,178)
Maintenance of plant:				
Supervisor	\$ 59,322	\$ 59,322	\$ 59,322	\$ 0
Maintenance personnel	323,413	323,413	319,849	3,564
Other salaries and wages	35,000	35,000	8,281	26,719
Social security	25,597	25,597	22,163	3,434
State retirement	66,213	66,213	54,064	12,149
Life insurance	592	592	592	0
Medical insurance	71,981	76,931	74,978	1,953
Employer medicare liability	6,057	6,057	5,183	874
Maintenance and repair services - building	44,000	44,000	88,243	(44,243)
Maintenance and repair services - equipment	2,000	2,000	0	2,000
Other contracted services	86,000	86,000	228,168	(142,168)
Equipment and machinery parts	10,200	10,200	0	10,200
Other supplies and materials	200,000	200,000	85,713	114,287
Other charges	5,000	5,000	1,820	3,180
Maintenance equipment	2,500	16,923	14,423	2,500
Total maintenance of plant	\$ 937,875	\$ 957,248	\$ 962,799	\$ 5,551
Total operation and maintenance	\$ 3,039,695	\$ 3,063,983	\$ 3,232,712	\$ (168,729)
Transportation:				
Supervisor	\$ 29,175	\$ 29,175	\$ 23,993	\$ 5,182
Mechanics	51,955	51,955	51,955	0
Bus drivers	364,673	376,673	397,139	(20,466)
Social security	27,640	27,640	28,716	(1,076)
State retirement	14,035	14,035	7,189	6,846
Life insurance	94	94	94	0
Medical insurance	19,242	19,819	19,981	(162)

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, 2007

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Transportation - (Continued)				
Employer medicare	\$ 6,464	\$ 6,464	\$ 6,716	\$ (252)
Contracts with parents	1,000	1,000	0	1,000
Medical and dental services	3,500	3,500	1,220	2,280
Travel	1,100	1,100	885	215
Other contracted services	5,000	5,000	15,321	(10,321)
Diesel fuel	120,500	120,500	115,658	4,842
Gasoline	16,000	16,000	19,148	(3,148)
Lubricants	2,000	2,000	1,010	990
Tires and tubes	9,962	9,962	1,596	8,366
Vehicle parts	65,940	65,940	89,367	(23,427)
Other supplies and materials	2,000	2,000	1,314	686
Vehicle and equipment insurance	34,707	36,081	36,081	0
Other charges	15,550	15,550	901	14,649
Transportation equipment	82,000	88,339	88,339	0
Total transportation	\$ 872,537	\$ 892,827	\$ 906,623	\$ (13,796)
Food service:				
Other salaries and wages	\$ 34,692	\$ 34,692	\$ 34,692	\$ 0
Social security	2,151	2,151	2,044	107
State retirement	6,002	6,002	6,002	0
Life insurance	47	47	47	0
Medical insurance	7,371	5,836	5,836	0
Employer medicare liability	503	503	478	25
Other charges	2,460	0	0	0
Total food service	\$ 53,226	\$ 49,231	\$ 49,099	\$ 132
Community services:				
Supervisor	\$ 41,280	\$ 41,280	\$ 53,293	\$ (12,013)
Part-time employees	25,000	2,084	2,083	1
Other salaries and wages	262,228	262,228	209,395	52,833
Social security	20,368	18,947	16,213	2,734
State retirement	2,815	2,815	5,871	(3,056)
Life insurance	34	34	34	0
Medical insurance	7,982	7,982	7,992	(10)
Employer medicare liability	4,764	4,431	3,792	639
Advertising	1,075	1,075	2,821	(1,746)
Janitorial services	1,000	1,000	0	1,000
Travel	11,150	11,150	12,227	(1,077)
Other contracted services	22,700	22,700	3,400	19,300
Food supplies	29,200	29,200	35,318	(6,118)
Other supplies and materials	24,802	24,802	6,625	18,177
Refunds	350	350	205	145

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Community services - (Continued):				
Other charges	\$ 7,231	\$ 20,687	\$ 16,208	\$ 4,479
Other equipment	3,542	3,542	1,048	2,494
Total community services	\$ 465,521	\$ 454,307	\$ 376,525	\$ 77,782
Early Childhood Education				
Contracts with other public agencies	\$ 232,052	\$ 560,625	\$ 511,181	\$ 49,444
Total childhood education	\$ 232,052	\$ 560,625	\$ 511,181	\$ 49,444
Total education	\$ 29,817,760	\$ 30,473,216	\$ 30,241,313	\$ 231,903
Capital Outlay:				
Building improvements	\$ 0	\$ 424,000	\$ 651,947	\$ (227,947)
Total capital outlay	\$ 0	\$ 424,000	\$ 651,947	\$ (227,947)
Debt Service:				
Principal	\$ 371,065	\$ 186,640	\$ 75,000	\$ 111,640
Interest and fiscal charges	210,221	98,361	9,113	89,248
Total debt service	\$ 581,286	\$ 285,001	\$ 84,113	\$ 200,888
Total expenditures	\$ 30,399,046	\$ 31,182,217	\$ 30,977,373	\$ 432,791
Excess (deficiency) of revenues over expenditures	\$ (4,909,880)	\$ (5,337,875)	\$ (4,724,187)	\$ 841,635
Other Financing Sources (Uses)				
Transfers in	\$ 5,053,899	\$ 5,053,899	\$ 5,060,337	\$ 6,438
Transfers out	(226,019)	(226,019)	(438,766)	(212,747)
Total other financing sources(uses)	\$ 4,827,880	\$ 4,827,880	\$ 4,621,571	\$ (206,309)
Net change in fund balances	\$ (82,000)	\$ (509,995)	\$ (102,616)	\$ 635,326
Fund balance at beginning of year	1,952,002	1,952,002	1,952,002	0
Fund balance at end of year	\$ 1,870,002	\$ 1,442,007	\$ 1,849,386	\$ 635,326

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2007

	Enterprise				Internal Service Fund
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Other Enterprise Funds	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 5,636,611	\$ 6,193,715	\$ 136,405	\$ 11,966,731	\$ 215,912
Cash and cash equivalents - restricted	187,028	0	0	187,028	0
Accounts receivable - net	3,446,152	11,242,950	0	14,689,102	20,372
Inventories	284,926	2,055,413	0	2,340,339	129,829
Prepays	53,974	19,212	0	73,186	0
Total current assets	\$ 9,608,691	\$ 19,511,290	\$ 136,405	\$ 29,256,386	\$ 366,113
Noncurrent assets:					
Receivable from customer for conservation loans	\$ 0	\$ 709,060	\$ 0	\$ 709,060	\$ 0
Debt issue cost, being amortized	340,510	65,419	0	405,929	0
Other assets	0	48,638	0	48,638	0
Capital assets:					
Land and construction in progress	4,732,513	935,330	0	5,667,843	108,291
Other capital assets, net of accumulated depreciation	96,058,086	52,012,039	82,190	148,152,315	1,196,421
Total noncurrent assets	\$ 101,131,109	\$ 53,770,486	\$ 82,190	\$ 154,983,785	\$ 1,304,712
Total assets	\$ 110,739,800	\$ 73,281,776	\$ 218,595	\$ 184,240,171	\$ 1,670,825
LIABILITIES AND FUND EQUITY					
Current liabilities:					
Accounts payable	\$ 2,241,929	\$ 7,803,652	\$ 0	\$ 10,045,581	\$ 53,246
Customer deposits	0	2,145,995	0	2,145,995	0
Due to other funds	0	0	110,000	110,000	5,000
Accrued interest	373,412	0	0	373,412	0
Notes payable - current	940,000	280,000	0	1,220,000	0
Revenue bonds payable - current	1,675,000	60,000	0	1,735,000	0
Other current liabilities	1,505,172	1,185,778	0	2,690,950	0
Total current liabilities	\$ 6,735,513	\$ 11,475,425	\$ 110,000	\$ 18,320,938	\$ 58,246
Noncurrent liabilities:					
Conservation advances from TVA	\$ 0	\$ 723,408	\$ 0	\$ 723,408	\$ 0
Notes payable	17,415,000	5,930,000	0	23,345,000	0
Revenue bonds payable (net of unamortized discount)	27,306,620	1,441,591	0	28,748,211	0
Total noncurrent liabilities	\$ 44,721,620	\$ 8,094,999	\$ 0	\$ 52,816,619	\$ 0
Total liabilities	\$ 51,457,133	\$ 19,570,424	\$ 110,000	\$ 71,137,557	\$ 58,246
NET ASSETS					
Invested in capital assets, net of related debt	\$ 53,453,979	\$ 45,237,369	\$ 82,190	\$ 98,773,538	\$ 1,263,320
Unrestricted	5,828,688	8,473,983	26,405	14,329,076	349,259
Total net assets	\$ 59,282,667	\$ 53,711,352	\$ 108,595	\$ 113,102,614	\$ 1,612,579

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, 2007

	Enterprise Funds				Internal Service Fund
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Other Enterprise Funds	Total	
Operating Revenues:					
Charges for services	\$ 17,476,650	\$ 76,098,478	\$ 234,142	\$ 93,809,270	\$ 665,158
Other operating revenues	1,934,532	1,181,188	0	3,115,720	423
Total operating revenues	\$ 19,411,182	\$ 77,279,666	\$ 234,142	\$ 96,924,990	\$ 665,581
Operating Expenses:					
Power purchased	\$ 0	\$ 63,946,660	\$ 0	\$ 63,946,660	\$ 0
Operation expenses	9,828,872	5,550,973	186,387	15,566,232	599,607
Maintenance expense	2,774,765	2,474,523	0	5,249,288	0
Depreciation and amortization	4,051,253	3,093,613	26,576	7,171,442	30,157
Total operating expenses	\$ 16,654,890	\$ 75,065,769	\$ 212,963	\$ 91,933,622	\$ 629,764
Operating income	\$ 2,756,292	\$ 2,213,897	\$ 21,179	\$ 4,991,368	\$ 35,817
Non Operating Revenues (Expenses):					
Interest income	\$ 273,302	\$ 481,948	\$ 7,646	\$ 762,896	\$ 9,433
Interest expense	(1,971,336)	(372,920)	(8,500)	(2,352,756)	0
Other income	0	90,324	0	90,324	0
Gain on sale of assets	18,500	0	0	18,500	0
Total nonoperating revenues (expenses)	\$ (1,679,534)	\$ 199,352	\$ (854)	\$ (1,481,036)	\$ 9,433
Income before contributions and transfers	\$ 1,076,758	\$ 2,413,249	\$ 20,325	\$ 3,510,332	\$ 45,250
Capital contributions	2,282,693	0	0	2,282,693	0
Transfers out	(188,945)	(1,499,606)	0	(1,688,551)	0
Change in net assets	\$ 3,170,506	\$ 913,643	\$ 20,325	\$ 4,104,474	\$ 45,250
Total net assets - beginning	56,112,161	52,797,709	88,270	108,998,140	1,567,329
Total net assets - ending	\$ 59,282,667	\$ 53,711,352	\$ 108,595	\$ 113,102,614	\$ 1,612,579

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2007

	Enterprise Funds				Internal Service Funds
	Cleveland	Cleveland	Other Enterprise Funds	Total	
	Utilities Water Division	Utilities Electric Division			
Cash flows from operating activities:					
Receipts from customers	\$ 19,143,769	\$ 77,358,541	\$ 243,875	\$ 96,746,185	\$ 665,728
Payments to suppliers	(6,657,361)	(66,806,247)	(162,199)	(73,625,807)	(245,807)
Internal activity - payments to other funds	0	0	(30,000)	(30,000)	0
Payments to employees for services	(4,393,248)	(6,100,551)	(24,188)	(10,517,987)	(298,946)
Net cash provided by operating activities	\$ 8,093,160	\$ 4,451,743	\$ 27,488	\$ 12,572,391	\$ 120,975
Cash flows from noncapital financing activities:					
Transfers out	\$ (188,945)	\$ (1,499,606)	\$ 0	\$ (1,688,551)	\$ 0
Net cash provided by financing activities	\$ (188,945)	\$ (1,499,606)	\$ 0	\$ (1,688,551)	\$ 0
Cash flows from capital and related financing activities:					
Additions to plants	\$ (14,638,464)	\$ (5,307,842)	\$ 0	\$ (19,946,306)	\$ (3,000)
Proceeds received for contributions in aid of construction	2,282,693	0	0	2,282,693	0
Removal cost	(170,226)	(184,158)	0	(354,384)	0
Salvage	2,845	144,979	0	147,824	0
Other	0	19,060	0	19,060	0
Contributions in aid of construction	0	273,016	0	273,016	0
Proceeds from issuance of debt	7,250,000	1,500,000	0	8,750,000	0
Payment of principal on long-term debt	(2,560,000)	(275,000)	0	(2,835,000)	0
Payment of interest on long-term debt	(1,818,821)	(368,861)	(8,500)	(2,196,182)	0
Proceeds from sale of assets	18,500	0	0	18,500	0
Debt issue cost	(116,915)	(7,711)	0	(124,626)	0
Net cash provided by (used in) capital and related financing activities	\$ (9,750,388)	\$ (4,206,517)	\$ (8,500)	\$ (13,965,405)	\$ (3,000)
Cash flows from investing activities:					
Interest received	\$ 273,302	\$ 481,948	\$ 7,646	\$ 762,896	\$ 9,433
Other income	0	90,324	0	90,324	0
Net cash provided by investing activities	\$ 273,302	\$ 572,272	\$ 7,646	\$ 853,220	\$ 9,433
Net increase (decrease) in cash and cash equivalents	\$ (1,572,871)	\$ (682,108)	\$ 26,634	\$ (2,228,345)	\$ 127,408
Cash and cash equivalents, beginning of year	7,396,510	6,875,823	109,771	14,382,104	88,504
Cash and cash equivalents, end of year	\$ 5,823,639	\$ 6,193,715	\$ 136,405	\$ 12,153,759	\$ 215,912

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2007

(Continued)

	<u>Enterprise Funds</u>				<u>Internal Service Funds</u>
	<u>Cleveland Utilities Water Division</u>	<u>Cleveland Utilities Electric Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 2,756,292	\$ 2,213,897	\$ 21,179	\$ 4,991,368	\$ 35,817
Adjustments to reconcile net operating revenues to net cash provided by operating activities:					
Depreciation	4,204,082	3,277,644	26,576	7,508,302	30,157
Changes in operating assets and liabilities					
Accounts receivable	(267,413)	186,512	9,733	(71,168)	147
Allowance for doubtful accounts	(2,090)	293	0	(1,797)	0
Inventories	(21,398)	(430,768)	0	(452,166)	3,704
Receivable from customers for conservation loans	0	(276,268)	0	(276,268)	0
Prepays	(1,045)	(309)	0	(1,354)	0
Accounts payable	1,195,388	(1,220,339)	0	(24,951)	51,150
Customer deposits	0	168,632	0	168,632	0
Due to other funds	0	0	(30,000)	(30,000)	0
Other current liabilities	229,344	263,676	0	493,020	0
Conservation loans	0	268,773	0	268,773	0
Net cash provided by operating activities	<u><u>\$ 8,093,160</u></u>	<u><u>\$ 4,451,743</u></u>	<u><u>\$ 27,488</u></u>	<u><u>\$ 12,572,391</u></u>	<u><u>\$ 120,975</u></u>

CITY OF CLEVELAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

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.

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 various other government agencies.

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 uncollectible. The reserve method is used to estimate the allowance for electric and water service receivables.

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

G. Inventories and Prepaid Items

Inventories are valued at 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 assets' lives are not capitalized.

I. Capital Assets - (Cont.)

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

<u>Asset Class</u>	<u>Years</u>
Infrastructure - Roads	50
Infrastructure - Drainage	20
Buildings	20-50
Vehicles	5
Equipment	5-10
Other Improvements	25

<u>Cleveland Utilities</u>			
<u>Electric Division</u>		<u>Water Division</u>	
<u>Class</u>	<u>Years</u>	<u>Class</u>	<u>Years</u>
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 2007 rates for the Electric Division and Water Divisions were 3.4% and 2.9% respectively. When property subject to depreciation is retired or otherwise disposed of in the normal course of business, its costs, together with the cost of removal less salvage, is charged to the reserve for depreciation. Replacements of property (exclusive of minor items of property) for Cleveland Utilities are charged to utility plant accounts.

Cleveland Utilities Electric and Water Divisions charge a portion of depreciation on certain transportation equipment to other expense classifications based on relative usage. Depreciation charged to other accounts was \$184,031 and \$152,829 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	\$ 7,171,442
Depreciation charged to clearing account	<u>336,860</u>
Depreciation and amortization per statement of cash flows	<u>\$ 7,508,302</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 and property tax rate are due for passage by Ordinance.
4. The City Clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures may not exceed appropriations at the fund level.
5. Formal legally adopted budgets are employed as a management control device during the year for all funds except for Cleveland Utilities - Electric and Water Divisions. Budgeted amounts reflected in the accompanying final budget and actual comparison are as originally adopted and amended by the City Council.
6. All appropriations which are not expended lapse at year end.
7. During the year, supplementary appropriations were necessary. The effect of the amendments were to increase budgeted revenues by \$5,804,672, increase budgeted expenditures by \$25,555,660, and increase budgeted expenses by \$23,981. The dramatic increase in budgeted expenditures is due to the issuance of long term debt.

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.

	Investment Maturities			
	Fair Value	Less than One Year	One to Five Years	Six to Ten Years
Certificates of Deposit	\$ 401,780	\$ 0	\$ 401,780	\$ 0
State Treasurer's investment pool	114,230	114,230	0	0
Total investments	\$ 516,010	\$ 114,230	\$ 401,780	\$ 0

Interest rate risk - In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the amount invested in long-term investments and bidding the amount of interest earned on checking accounts with area banks. Presently, the City is earning sixty-one percent of prime on deposit accounts. During fiscal year ended June 30, 2007, a total of \$1,975,903 was earned in interest income.

Credit risk - State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2007, the City's investment in the State Treasurer's investment pool was rated AAA, by Standard & Poor's and Aaa by Moody's Investors Service.

Note 3 - RECEIVABLES

Receivables as of year end for the government's individual major funds, nonmajor, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

Receivables	Inter-governmental	Taxes	Customer Accounts	Other	Allowance for Uncollectibles	Net Receivables
General	\$ 3,118,082	\$ 16,874,509	\$ 0	\$ 536,480	\$ (383,714)	\$ 20,145,357
School	5,922,380	638,880	0	0	(108,575)	6,452,685
Water	0	0	3,446,152	0	0	3,446,152
Electric	0	0	11,351,822	0	(108,872)	11,242,950
Nonmajor	454,436	0	20,372	283,685	0	758,493
Totals	\$ 9,494,898	\$ 17,513,389	\$ 14,818,346	\$ 820,165	\$ (601,161)	\$ 42,045,637

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)	\$ 1,021,916	\$ 0	\$ 1,021,916
Delinquent property taxes receivable (school fund)	210,389	0	210,389
County shared fire tax (general fund)	112,926	0	112,926
Income tax (general fund)	321,261	0	321,261
State beer tax (general fund)	4,681	0	4,681
TVA - In-lieu of tax (general fund)	77,596	0	77,596
Income tax (school fund)	19,612	0	19,612
2007 Property tax levy (general fund)	0	15,225,147	15,225,147
2007 County shared revenues (school fund)	0	4,965,946	4,965,946
Fees collected in advance (school food service)	0	11,673	11,673
Fees collected in advance (general fund)	0	18,070	18,070
Total	\$ 1,768,381	\$ 20,220,836	\$ 21,989,217

Note 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,843,773	\$ 324,577	\$ 0	\$ 8,168,350
Construction in progress	3,769,424	11,330,467	(6,053,937)	9,045,954
Total capital assets not being depreciated	\$ 11,613,197	\$ 11,655,044	\$ (6,053,937)	\$ 17,214,304
Capital assets, being depreciated:				
Buildings	\$ 64,382,357	\$ 12,591,553	\$ (4,700)	\$ 76,969,210
Improvements other than buildings	5,227,781	131,700	(5,181)	5,354,300
Infrastructure	42,230,664	1,739,549	0	43,970,213
Furniture, fixtures, equipment and vehicles	22,998,506	3,291,113	(1,586,343)	24,703,276
Total capital assets being depreciated	\$ 134,839,308	\$ 17,753,915	\$ (1,596,224)	\$ 150,996,999
Less accumulated depreciation for				
Buildings	(15,920,241)	(388,265)	4,700	(16,303,806)
Improvements other than buildings	(3,092,318)	(142,034)	5,181	(3,229,171)
Infrastructure	(10,657,129)	(937,867)	0	(11,594,996)
Furniture, fixtures, equipment and vehicles	(15,343,497)	(2,526,866)	1,570,777	(16,299,586)
Total accumulated depreciation	\$ (45,013,185)	\$ (3,995,032)	\$ 1,580,658	\$ (47,427,559)
Total capital assets being depreciated, net	\$ 89,826,123	\$ 13,758,883	\$ (15,566)	\$ 103,569,440
Governmental activities capital assets, net	\$ 101,439,320	\$ 25,413,927	\$ (6,069,503)	\$ 120,783,744
Business-type activities:				
Capital assets not being depreciated:				
Land and land rights	\$ 1,429,564	\$ 0	\$ 0	\$ 1,429,564
Construction work-in-progress	2,062,283	2,175,996	0	4,238,279
Total capital assets not being depreciated	\$ 3,491,847	\$ 2,175,996	\$ 0	\$ 5,667,843

Note 4 - CAPITAL ASSETS - (Cont.)

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Plant in service	\$ 227,047,515	\$ 17,841,704	\$ (1,372,293)	\$ 243,516,926
Equipment	297,470	0	0	297,470
Total capital assets being depreciated	<u>\$ 227,344,985</u>	<u>\$ 17,841,704</u>	<u>\$ (1,372,293)</u>	<u>\$ 243,814,396</u>
Less accumulated depreciation for				
Plant in service	\$ (89,524,868)	\$ (7,402,713)	\$ 1,480,780	\$ (95,446,801)
Equipment	(188,704)	(26,576)	0	(215,280)
Total accumulated depreciation	<u>\$ (89,713,572)</u>	<u>\$ (7,429,289)</u>	<u>\$ 1,480,780</u>	<u>\$ (95,662,081)</u>
Total capital assets being depreciated, net	<u>\$ 137,631,413</u>	<u>\$ 10,412,415</u>	<u>\$ 108,487</u>	<u>\$ 148,152,315</u>
Business-type activities capital assets	<u>\$ 141,123,260</u>	<u>\$ 12,588,411</u>	<u>\$ 108,487</u>	<u>\$ 153,820,158</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 104,254
Community development	19,993
Public safety	1,226,273
Public works	1,253,552
Health and welfare	13,972
Culture and recreation	370,062
Education	976,769
Capital assets held by the government's internal service fund are charged to various functions based on usage	<u>30,157</u>
Total depreciation expense - governmental activities	<u>\$ 3,995,032</u>

Note 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	School fund	\$ 207,501
School fund	General fund	391,738
General fund	Nonmajor governmental	10,994
Nonmajor governmental	Nonmajor enterprise	110,000
Nonmajor governmental	Nonmajor governmental	20,000
Nonmajor governmental	Internal service fund	<u>5,000</u>
		<u>\$ 745,233</u>

Of the total interfund receivable/payable balances, \$665,233 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.

Transfers out:	Transfers in:			Total
	General Fund	School Fund	Nonmajor Governmental	
General fund	\$ 0	\$ 4,895,899	\$ 7,739,473	\$ 12,635,372
School fund	0	0	438,766	438,766
Cleveland Utilities - Electric	1,499,606	0	0	1,499,606
Cleveland Utilities - Water	188,945	0	0	188,945
Nonmajor Governmental	0	164,438	660,745	825,183
	<u>\$ 1,688,551</u>	<u>\$ 5,060,337</u>	<u>\$ 8,838,984</u>	<u>\$ 15,587,872</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	4.00-5.25%	\$ 6,850,000
Governmental activities - refunding	3.00-5.00%	15,790,000
		<u>\$ 22,640,000</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2008	\$ 1,485,000	\$ 976,762	\$ 2,461,762
2009	1,545,000	906,840	2,451,840
2010	1,355,000	834,890	2,189,890
2011	1,285,000	772,850	2,057,850
2012	1,050,000	713,325	1,763,325
2013-2017	4,625,000	2,985,150	7,610,150
2018-2022	6,345,000	1,928,888	8,273,888
2023-2027	4,095,000	613,231	4,708,231
2028-2032	385,000	154,875	539,875
2033-2037	470,000	63,438	533,438
	<u>\$ 22,640,000</u>	<u>\$ 9,950,249</u>	<u>\$ 32,590,249</u>

Revenue Bonds

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

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Cleveland Utilities - Water Division	2.00-5.00%	\$ 30,480,000
Cleveland Utilities - Electric Division	4.00-5.00%	1,500,000

Debt service requirements to maturity for revenue bonds of Cleveland Utilities for the fiscal year ended June 30, 2007, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2008	\$ 1,735,000	\$ 12,070,576	\$ 13,805,576
2009	2,030,000	1,204,169	3,234,169
2010	2,170,000	1,128,676	3,298,676
2011	1,970,000	1,048,521	3,018,521
2012	2,395,000	963,995	3,358,995
2013-2017	8,470,000	3,584,367	12,054,367
2018-2022	4,500,000	2,384,437	6,884,437
2023-2027	3,915,000	1,527,286	5,442,286
2028-2032	2,605,000	755,892	3,360,892
2033-2037	2,190,000	295,093	2,485,093
	<u>\$ 31,980,000</u>	<u>\$ 24,963,012</u>	<u>\$ 56,943,012</u>

Notes Payable

Principal requirements to maturity for notes payable accounted for in the governmental activities for the fiscal year ended June 30, 2007, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2008	\$ 331,429	\$ 2,174,625	\$ 2,506,054
2009	341,429	2,161,912	2,503,341
2010	391,429	2,150,750	2,542,179
2011	536,429	2,134,750	2,671,179
2012	846,428	2,111,500	2,957,928
2013-2017	6,262,856	9,804,250	16,067,106
2018-2022	7,245,000	8,143,000	15,388,000
2023-2027	13,000,000	5,956,500	18,956,500
2028-2032	15,090,000	1,932,250	17,022,250
	<u>\$ 44,045,000</u>	<u>\$ 36,569,537</u>	<u>\$ 80,614,537</u>

Principal requirements to maturity for notes payable accounted for in the business-type activities for the fiscal year ended June 30, 2007, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2008	\$ 1,220,000	\$ 1,228,250	\$ 2,448,250
2009	1,290,000	1,167,250	2,457,250
2010	1,315,000	1,105,750	2,420,750
2011	1,345,000	1,037,001	2,382,001
2012	1,370,000	969,751	2,339,751
2013-2017	6,485,000	3,828,752	10,313,752
2018-2022	6,190,000	2,257,250	8,447,250
2023-2027	4,125,000	849,998	4,974,998
2028-2032	1,225,000	123,749	1,348,749
	<u>\$ 24,565,000</u>	<u>\$ 12,567,751</u>	<u>\$ 37,132,751</u>

Changes in Long-Term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 17,785,000	\$ 6,100,000	\$ (1,245,000)	\$ 22,640,000	\$ 1,485,000
Notes payable	35,131,795	9,163,205	(250,000)	44,045,000	331,428
Compensated absences	1,293,145	1,501,464	(1,288,308)	1,506,301	120,504
Less deferred charges: for refunding	(572,980)	0	31,832	(541,148)	0
Total	<u>\$ 53,636,960</u>	<u>\$ 16,764,669</u>	<u>\$ (2,751,476)</u>	<u>\$ 67,650,153</u>	<u>\$ 1,936,932</u>
Business-type activities:					
Revenue bonds	\$ 24,875,000	\$ 8,750,000	\$ (1,645,000)	\$ 31,980,000	\$ 1,735,000
Notes payable	25,755,000	0	(1,190,000)	24,565,000	1,220,000
Conservation advances	577,561	450,504	(181,730)	846,335	122,927
Less bond discount/premiums	(38,397)	(45,939)	7,699	(76,637)	0
Less deferred charges	(1,531,141)	0	110,990	(1,420,151)	0
	<u>\$ 49,638,023</u>	<u>\$ 9,154,565</u>	<u>\$ (2,898,041)</u>	<u>\$ 55,894,547</u>	<u>\$ 3,077,927</u>

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

On February 15, 2007, the City of Cleveland issued \$6,100,000, general obligation bonds series 2007A, and \$8,750,000, general obligation bonds series 2007B. The 2007A series will be used for capital improvements to various departments of the City. The 2007B series will be used to finance the costs of improving the water and electric system of the City of Cleveland. The bonds mature in June 1, 2037, with interest payable at 4.00 to 5.00%.

On October 16, 2006, the Tennessee Department of Economic Development extended a loan of \$500,000, for the purpose of making geothermal improvements to the Cleveland City Schools. The loan is non-interest bearing and is to be paid back in seven equal annual installments of \$71,428 beginning November 15, 2007.

Interest Rate Swap - Notes Payable

Under its loan agreement, the Public Building Authority of Blount County, TN (the "Authority"), at the request of the City, has entered into an interest rate swap agreement for all of outstanding notes, series A-2-A, and IV-C-3.

In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the City requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$10 million Series IV-C-3, and its \$11.175 million Series A-2-A variable rate notes. The intention of the swap was to effectively change the City's variable interest rate on the notes to a synthetic fixed rate.

Under the swap, the Authority pays the counterparty a fixed payment of 4.425 percent (IV-C-3), and 4.430 percent (A-2-A) and receives a payment computed as 63.5 percent of the five-month London Interbank Offered Rate (LIBOR). The notes mature and the related swap agreements mature on June 1, 2025, (IV-C-3), and June 1, 2030, (A-2-A). As of June 30, 2007, rates were as follows:

Interest rate swap	IV-C-3	A-2-A
Fixed payment to counterparty	4.425 %	4.430 %
Variable payment from counterparty	(3.366)	(3.366)
Net interest rate swap payment	1.060 %	1.065 %
Variable-rate note payments	3.81	3.6
Synthetic interest rate on notes	4.870 %	4.665 %

As of June 30, 2007, the swaps had a negative fair value of \$649,128, (IV-C-3) and \$918,767 (A-2-A). The negative fair value of the swaps may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the variable rate notes adjust to changing interest rates, the notes do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

As of June 30, 2007, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swaps become positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The swaps counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the Authority, on behalf of the City, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, who was rated "AAA" by Standard and Poor's and Fitch and "Aaa" by Moody's Investor Service as of June 30, 2007. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

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 Building Authority of Sevier County, Tennessee. The City is receiving impact payments from the CBCC equal to the debt service requirements. Separate financial statements are issued for the CBCC and may be obtained by writing to the CBCC, Guthrie Drive, Cleveland, Tennessee 37312.

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 \$67,850,640 are as follows:

Bonds payable	\$ 22,640,000
Notes payable	44,045,000
Compensated absences	1,506,301
Interest payable	311,465
Less deferred charges	(110,979)
Less refunding charges	<u>(541,147)</u>
Net adjustment	<u>\$ 67,850,640</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 \$19,371,581, difference are as follows:

Depreciation expense	\$ (3,964,875)
Capital outlay	<u>23,336,456</u>
Net adjustment	<u>\$ 19,371,581</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 \$1,495,000 difference are as follows:

Principal repayments:	
General Obligation Bonds	\$ 1,245,000
Notes	<u>250,000</u>
Net adjustment	<u>\$ 1,495,000</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 Cleveland Utilities Board is a party to a contract with the Hiwassee Utilities Commission (HUC) dated June 22, 2006 under which the Water Division agrees to purchase an annual quantity of water equal to an average of 2,466,667 gallons of water per day. The contract language calls for this minimum requirement to adjust to 5,335,000 gallons per day on July 1, 2008, provided improvements and an expansion to the HUC plant have been substantially completed by that time.

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

On September 16, 2005, Cleveland Utilities received a Commissioner's Order from the Tennessee Department of Environment and Conservation. The order deals with the violations of Cleveland Utilities' NPDES Permit related to overflows in the sewer collection system. Cleveland Utilities reported the violations listed in the order to TDEC. The Board authorized the utility to engage the services of legal counsel to appeal the order. The appeal was filed September 22, 2005, and on January 25, 2006, an "agreed order" was signed by all parties. The agreed order outlines certain requirements to be undertaken by the utility to address the violations as they are listed in the order. An outside consultant has been contracted to coordinate the work.

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

Note 13 - RISK MANAGEMENT (Cont.)

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

Note 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Note 15 - DEFERRED COMPENSATION PLAN

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

Note 16 - ESTIMATES

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

Note 17 - RETIREMENT COMMITMENTS

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

PLAN DESCRIPTION

Certain employees of the above Departments of the City of Cleveland are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. 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 the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://treasury.state.tn.us/tcrs/PS/>.

FUNDING POLICY

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

The City of Cleveland is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2007 was 17.30% of annual covered payroll. The contribution requirement of plan members is set by state statute. Contribution requirement for the City of Cleveland are established and may be amended by the TCRS Board of Trustees.

ANNUAL PENSION COST

For the year ending June 30, 2007, the City's annual pension cost of \$4,204,899 to TCRS was equal to the City's required and actual contributions. The required contributions were determined as part of the July 1, 2005 actuarial valuation using the frozen entry age method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 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, 2005 was 10 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	\$ 4,204,899	100%	\$0.00
6/30/06	3,340,890	100%	\$0.00
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.

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, 2007 was 6.13 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, 2007, 2006, and 2005, were \$1,039,095, \$887,735, and \$868,646, respectively, equal to the required contributions for each year.

CLEVELAND UTILITIES - CSA PENSION PLAN

PLAN DESCRIPTION

All employees of the Cleveland Utilities - Electric Division hired prior to October 15, 1993 participate in a cost-sharing multiple-employer pension plan administered by the Central Service Association (the "CSA Plan"). The CSA Plan provides retirement benefits to plan members. Section 5.1 & 5.2 of the Pension Plan for employees of Central Service Association ("CSA") assigns the authority to establish and amend benefit provisions to the CSA Board of Directors.

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

The Cleveland Utilities Board will serve as the "Plan Sponsor," in regard to employees participating in the plan (active and retired) and CSA shall continue to serve as the "Plan Administrator."

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 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, 2007, 2006 and 2005 were \$787,614, \$866,496, and \$516,537, respectively, and were equal to the required contribution established by the CSA Board.

ANNUAL PENSION COST AND NET PENSION OBLIGATION

Determined in accordance with GASB Statement No. 27, there is no net pension obligation as the Board has contributed the annual required contribution, adjusted with interest, as calculated by actuarial valuation. The annual required contribution was determined as part of an actuarial valuation performed as of October 1, 2006, using the frozen entry age method. Significant actuarial assumptions used in the valuation included (a) a rate of return on the investment of present and future assets of 7.0% per year compounded annually, (b) projected salary increases of 4% per year compounded annually, and (c) no postretirement benefit increases.

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, 2007, 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 \$208,804 for 2007.

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, 2007, 32 retirees were eligible to receive such benefits, and premiums paid for retirees totaled \$79,831.

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, \$64,227 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

Note 18 - POSTRETIREMENT BENEFITS (Cont.)

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

On August 27, 2007, the City Council approved a resolution requesting the issue of new debt in the amount of \$13,400,000. The new debt includes \$2,500,000, for the electric division, \$8,000,000, for the water/sewer division and \$2,900,000, for capital improvements to other departments of the City. The debt was issued on October 31, 2007, through the Tennessee Municipal Bond Fund.

On October 8, 2007, the City Council approved a resolution requesting the issue of new debt in the amount of \$1,812,700, to make capital improvements to the Cleveland/Bradley Library.

Subsequent to year end, the old Mayfield School was sold at auction for \$850,000, to Lee University.

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)
07/01/05	\$48,146	\$54,909	\$6,763	87.68%	\$21,480	31.49%
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%

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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 construction of the City/County Greenway Project.

Storm Water 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.

Byrne Memorial Justice Assistance Grants: These funds are used to account for grants received from the United States Department of Justice for the purchase of in-car video cameras.

Department of Justice Asset Forfeiture Fund: This fund accounts for all monies received from participation in a Federal Equitable Sharing Agreement with the U.S. Department of Justice and the U.S. Department of the Treasury.

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.

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.

2005 D-4-A General Improvement Bond Fund: This fund is used to account for the proceeds of an \$18.5 Million General Improvement Bond with \$10 Million for school improvements including the new Mayfield Elementary, \$6.8 Million for a new Police Service Center and the Freewill Road Fire Hall, and \$1.6 Million to be used for public works projects and to purchase new equipment.

2006 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.

2007 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.

2007 General Improvement Bond Fund: This fund is used to account for the proceeds of a \$6.1 Million General Improvement Bond Issue to complete the construction of Mayfield Elementary and the renovation of Arnold Elementary.

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, 2007

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	\$ 38,060	\$ 110,756	\$ 243,171	\$ 217,449	\$ 185,226	\$ 873,806
Cash and cash equivalents - restricted	0	0	0	0	0	0
Investments	0	0	0	0	401,780	0
Accounts receivable	0	158,919	0	0	0	0
Due from other government agencies	187,009	0	73,196	2,975	8,018	4,882
Due from other funds	0	0	0	0	0	0
Notes receivable	0	0	0	0	0	0
Total Assets	<u>\$ 225,069</u>	<u>\$ 269,675</u>	<u>\$ 316,367</u>	<u>\$ 220,424</u>	<u>\$ 595,024</u>	<u>\$ 878,688</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accrued liabilities	\$ 0	\$ 16,739	\$ 153,914	\$ 0	\$ 0	\$ 0
Accounts payable	14,890	14,884	82,994	27,504	186	640
Due to other funds	20,000	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	11,673	0	0
Total Liabilities	<u>\$ 34,890</u>	<u>\$ 31,623</u>	<u>\$ 236,908</u>	<u>\$ 39,177</u>	<u>\$ 186</u>	<u>\$ 640</u>
Fund Balances:						
Reserved for capital outlay	\$ 0	\$ 0	\$ 0	\$ 0	\$ 217,321	\$ 0
Reserved for book and equipment	0	0	0	0	221,643	0
Reserved for federal projects	0	0	79,459	0	0	0
Reserved for noncurrent loans	0	0	0	0	0	0
Reserved for endowment	0	0	0	0	0	0
Unreserved-undesignated	190,179	238,052	0	181,247	155,874	878,048
Total Fund Balances	<u>\$ 190,179</u>	<u>\$ 238,052</u>	<u>\$ 79,459</u>	<u>\$ 181,247</u>	<u>\$ 594,838</u>	<u>\$ 878,048</u>
Total Liabilities and Fund Balance:	<u>\$ 225,069</u>	<u>\$ 269,675</u>	<u>\$ 316,367</u>	<u>\$ 220,424</u>	<u>\$ 595,024</u>	<u>\$ 878,688</u>

Special Revenue

Fletcher Park Trust Fund	Greenway Fund	Storm Water Management Fund	Metropolitan Transportation Planning Organization Fund	Cleveland Municipal Airport Authority Fund	Community Development Block Grant Fund	2005 Byrne Memorial Justice Assistance Grants	2006 Byrne Memorial Justice Assistance Grants
\$ 68,684	\$ 213,207	\$ 54,861	\$ 5,895	\$ 22,197	\$ 0	\$ 6,182	\$ 7,061
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	3,898	0	0	0	0	0	0
0	0	0	18,522	154,907	4,927	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>\$ 68,684</u>	<u>\$ 217,105</u>	<u>\$ 54,861</u>	<u>\$ 24,417</u>	<u>\$ 177,104</u>	<u>\$ 4,927</u>	<u>\$ 6,182</u>	<u>\$ 7,061</u>
\$ 0	\$ 280	\$ 2,494	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
5,074	0	89	573	153,995	3,195	6,182	0
0	0	0	0	0	1,732	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>\$ 5,074</u>	<u>\$ 280</u>	<u>\$ 2,583</u>	<u>\$ 573</u>	<u>\$ 153,995</u>	<u>\$ 4,927</u>	<u>\$ 6,182</u>	<u>\$ 0</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
63,610	216,825	52,278	23,844	23,109	0	0	7,061
<u>\$ 63,610</u>	<u>\$ 216,825</u>	<u>\$ 52,278</u>	<u>\$ 23,844</u>	<u>\$ 23,109</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,061</u>
<u>\$ 68,684</u>	<u>\$ 217,105</u>	<u>\$ 54,861</u>	<u>\$ 24,417</u>	<u>\$ 177,104</u>	<u>\$ 4,927</u>	<u>\$ 6,182</u>	<u>\$ 7,061</u>

CITY OF CLEVELAND, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 June 30, 2007

	Special Revenue	Debt Service	Capital Projects		
	Department of Justice Asset Forfeiture Fund	Debt Service Fund	Housing and Community Development Rehab Fund	Housing and Community Development UDAG Fund	Capital Improvement Program Fund
ASSETS					
Cash and cash equivalents	\$ 31,314	\$ 3,033,717	\$ 157	\$ 190	\$ 3,150,542
Cash and cash equivalents - restricted	0	0	0	0	0
Investments	0	0	0	0	114,230
Accounts receivable	0	0	0	0	120,868
Due from other government agencies	0	0	0	0	0
Due from other funds	0	115,000	0	0	20,000
Notes receivable	0	0	6,210	0	0
Total Assets	\$ 31,314	\$ 3,148,717	\$ 6,367	\$ 190	\$ 3,405,640
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accounts payable	0	0	0	0	628,016
Due to other funds	0	0	0	0	9,262
Matured interest payable	0	1,097	0	0	0
Matured bonds payable	0	1,000	0	0	0
Deferred revenue	0	0	0	0	0
Total Liabilities	\$ 0	\$ 2,097	\$ 0	\$ 0	\$ 637,278
Fund Balances:					
Reserved for capital outlay	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Reserved for book and equipment	0	0	0	0	0
Reserved for federal projects	0	0	0	0	0
Reserved for noncurrent loans	0	0	500	0	0
Reserved for endowment	0	0	0	0	0
Unreserved-undesignated	31,314	3,146,620	5,867	190	2,768,362
Total Fund Balances	\$ 31,314	\$ 3,146,620	\$ 6,367	\$ 190	\$ 2,768,362
Total Liabilities and Fund Balances	\$ 31,314	\$ 3,148,717	\$ 6,367	\$ 190	\$ 3,405,640

THDA Home Grant Fund	Capital Projects			Permanent Fund	Total Nonmajor Governmental Funds
	2005 D-4-A General Improvement Bond Fund	2007 Bradley County Capital Outlay Note	2007 General Improvement Bond Fund	Meiler Estate Animal Shelter Trust Fund	
\$ 1,529	\$ 1,149,421	\$ 2,324,893	\$ 1,257,234	\$ 28,697	\$ 13,024,249
0	0	0	0	459,740	459,740
0	0	0	0	0	516,010
0	0	0	0	0	283,685
0	0	0	0	0	454,436
0	0	0	0	0	135,000
0	0	0	0	0	6,210
<u>\$ 1,529</u>	<u>\$ 1,149,421</u>	<u>\$ 2,324,893</u>	<u>\$ 1,257,234</u>	<u>\$ 488,437</u>	<u>\$ 14,879,330</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 173,427
0	71,728	921,223	643,257	0	2,574,430
0	0	0	0	0	30,994
0	0	0	0	0	1,097
0	0	0	0	0	1,000
0	0	0	0	0	11,673
<u>\$ 0</u>	<u>\$ 71,728</u>	<u>\$ 921,223</u>	<u>\$ 643,257</u>	<u>\$ 0</u>	<u>\$ 2,792,621</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 217,321
0	0	0	0	0	221,643
0	0	0	0	0	79,459
0	0	0	0	0	500
0	0	0	0	459,740	459,740
1,529	1,077,693	1,403,670	613,977	28,697	11,108,046
<u>\$ 1,529</u>	<u>\$ 1,077,693</u>	<u>\$ 1,403,670</u>	<u>\$ 613,977</u>	<u>\$ 488,437</u>	<u>\$ 12,086,709</u>
<u>\$ 1,529</u>	<u>\$ 1,149,421</u>	<u>\$ 2,324,893</u>	<u>\$ 1,257,234</u>	<u>\$ 488,437</u>	<u>\$ 14,879,330</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, 2007

	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	\$ 1,055,376	\$ 0	\$ 3,238,915	\$ 1,130,037	\$ 505,907	\$ 8,333
Fines and forfeitures	0	0	0	0	0	118,872
Charges for services	0	1,919,829	0	792,213	74,605	0
Interest	2,027	10,600	1,835	4,308	21,809	43,479
Miscellaneous	0	0	0	0	64,193	0
Total revenues	\$ 1,057,403	\$ 1,930,429	\$ 3,240,750	\$ 1,926,558	\$ 666,514	\$ 170,684
Expenditures:						
Current:						
General government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Community development	0	0	0	0	0	0
Public safety	0	0	0	0	0	88,566
Public works	528,088	3,111,224	0	0	0	0
Culture and recreation	0	0	0	0	1,141,796	0
Education	0	0	3,085,624	1,969,119	0	0
Capital Outlay	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0
Total expenditures	\$ 528,088	\$ 3,111,224	\$ 3,085,624	\$ 1,969,119	\$ 1,141,796	\$ 88,566
Excess (deficiency) of revenues over expenditures	\$ 529,315	\$ (1,180,795)	\$ 155,126	\$ (42,561)	\$ (475,282)	\$ 82,118
Other financing sources (uses):						
Transfers in	\$ 0	\$ 1,234,837	\$ 0	\$ 0	\$ 486,614	\$ 0
Transfers out	(535,086)	0	(164,438)	0	0	0
Notes issued	0	0	0	0	0	0
Bonds issued	0	0	0	0	0	0
Total other financing sources sources (uses)	\$ (535,086)	\$ 1,234,837	\$ (164,438)	\$ 0	\$ 486,614	\$ 0
Net change in fund balances	\$ (5,771)	\$ 54,042	\$ (9,312)	\$ (42,561)	\$ 11,332	\$ 82,118
Fund balances at beginning of year	195,950	184,010	88,771	223,808	583,506	795,930
Fund balances at end of year	\$ 190,179	\$ 238,052	\$ 79,459	\$ 181,247	\$ 594,838	\$ 878,048

Special Revenue

Fletcher Park Trust Fund	Greenway 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	2005 Byrne Memorial Justice Assistance Grants	2006 Byrne Memorial Justice Assistance Grants
\$ 0	\$ 0	\$ 0	\$ 61,749	\$ 184,157	\$ 0	\$ 450,304	\$ 0	\$ 17,8
0	0	0	0	0	0	0	0	
0	0	0	0	11,168	0	0	0	
3,093	11,493	4,030	0	2,569	0	0	0	
0	0	0	0	731	0	0	0	
<u>\$ 3,093</u>	<u>\$ 11,493</u>	<u>\$ 4,030</u>	<u>\$ 61,749</u>	<u>\$ 198,625</u>	<u>\$ 0</u>	<u>\$ 450,304</u>	<u>\$ 0</u>	<u>\$ 17,8</u>
\$ 0	\$ 0	\$ 0	\$ 95,572	\$ 0	\$ 0	\$ 0	\$ 0	\$
0	0	0	0	0	0	110,335	0	
0	0	177,072	0	0	126	0	6,182	12,7
0	0	0	0	308,216	0	0	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
5,094	8,680	0	0	0	0	339,973	0	
0	0	0	0	0	0	0	0	
<u>\$ 5,094</u>	<u>\$ 8,680</u>	<u>\$ 177,072</u>	<u>\$ 95,572</u>	<u>\$ 308,216</u>	<u>\$ 126</u>	<u>\$ 450,308</u>	<u>\$ 6,182</u>	<u>\$ 12,7</u>
<u>\$ (2,001)</u>	<u>\$ 2,813</u>	<u>\$ (173,042)</u>	<u>\$ (33,823)</u>	<u>\$ (109,591)</u>	<u>\$ (126)</u>	<u>\$ (4)</u>	<u>\$ (6,182)</u>	<u>\$ 5,0</u>
\$ 14,044	\$ 12,000	\$ 194,500	\$ 38,982	\$ 39,581	\$ 0	\$ 0	\$ 0	\$ 1,9
0	0	(18,933)	0	0	0	0	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
<u>\$ 14,044</u>	<u>\$ 12,000</u>	<u>\$ 175,567</u>	<u>\$ 38,982</u>	<u>\$ 39,581</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,9</u>
\$ 12,043	\$ 14,813	\$ 2,525	\$ 5,159	\$ (70,010)	\$ (126)	\$ (4)	\$ (6,182)	\$ 7,0
51,567	202,012	49,753	18,685	93,119	126	4	6,182	
<u>\$ 63,610</u>	<u>\$ 216,825</u>	<u>\$ 52,278</u>	<u>\$ 23,844</u>	<u>\$ 23,109</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,0</u>

CITY OF CLEVELAND, TENNESSEE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 For the Fiscal Year Ended June 30, 2007

	Special Revenue	Debt Service	Capital Projects		
	Department of Justice Asset Forfeiture Fund	Debt Service Fund	Housing and Community Development Rehab Fund	Housing and Community Development UDAG Fund	Capital Improvement Program Fund
Revenues:					
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 161,099
Fines and forfeitures	0	0	0	0	0
Charges for services	0	0	0	0	0
Interest	0	140,826	8	2	169,165
Miscellaneous	0	83,856	0	0	108,487
Total revenues	\$ 0	\$ 224,682	\$ 8	\$ 2	\$ 438,751
Expenditures:					
Current:					
General government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Community development	0	0	0	0	0
Public safety	0	0	0	0	0
Public works	0	0	0	0	0
Culture and recreation	0	0	0	0	0
Education	0	0	0	0	0
Capital Outlay	0	0	0	0	3,919,344
Debt Service	0	3,977,203	0	0	0
Total expenditures	\$ 0	\$ 3,977,203	\$ 0	\$ 0	\$ 3,919,344
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (3,752,521)	\$ 8	\$ 2	\$ (3,480,593)
Other financing sources (uses):					
Transfers in	\$ 0	\$ 4,296,519	\$ 0	\$ 0	\$ 2,519,926
Transfers out	0	0	0	0	(39,044)
Notes issued	0	0	0	0	0
Bonds issued	0	0	0	0	0
Total other financing sources (uses)	\$ 0	\$ 4,296,519	\$ 0	\$ 0	\$ 2,480,882
Net change in fund balances	\$ 0	\$ 543,998	\$ 8	\$ 2	\$ (999,711)
Fund balances at beginning of year	31,314	2,602,622	6,359	188	3,768,073
Fund balances at end of year	\$ 31,314	\$ 3,146,620	\$ 6,367	\$ 190	\$ 2,768,362

THDA Home Grant Fund	Capital Projects						Permanent Fund	Total Nonmajor Governmental Funds
	2004 Bradley County Capital Outlay Note Fund	2005 VI-E-4 General Improvement Bond Fund	2005 D-4-A General Improvement Bond Fund	2006 Bradley County Capital Outlay Note Fund	2007 Bradley County Capital Outlay Note Fund	2007 General Improvement Bond Fund	Meiler Estate Animal Shelter Trust Fund	
\$ 80,944	\$ 0	\$ 0	\$ 0	\$ 2,934,000	\$ 2,319,680	\$ 0	\$ 0	\$ 12,148,328
0	0	0	0	0	0	0	0	118,872
0	0	0	0	0	0	0	0	2,797,815
0	20,048	785	39,321	95,000	5,213	82,110	26,072	683,793
0	0	0	0	0	0	0	94	257,361
<u>\$ 80,944</u>	<u>\$ 20,048</u>	<u>\$ 785</u>	<u>\$ 39,321</u>	<u>\$ 3,029,000</u>	<u>\$ 2,324,893</u>	<u>\$ 82,110</u>	<u>\$ 26,166</u>	<u>\$ 16,006,169</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 95,572
0	0	0	0	0	0	0	0	110,335
0	0	0	0	0	0	0	0	284,693
0	0	0	0	0	0	0	0	3,947,528
0	0	0	0	0	0	0	0	1,141,796
0	0	0	0	0	0	0	0	5,054,743
89,457	883,201	23,445	8,952,167	3,029,000	921,223	6,041,653	0	24,213,237
0	0	0	0	0	0	26,480	0	4,003,683
<u>\$ 89,457</u>	<u>\$ 883,201</u>	<u>\$ 23,445</u>	<u>\$ 8,952,167</u>	<u>\$ 3,029,000</u>	<u>\$ 921,223</u>	<u>\$ 6,068,133</u>	<u>\$ 0</u>	<u>\$ 38,851,587</u>
\$ (8,513)	\$ (863,153)	\$ (22,660)	\$ (8,912,846)	\$ 0	\$ 1,403,670	\$ (5,986,023)	\$ 26,166	\$ (22,845,418)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,838,984
0	0	(48,482)	0	0	0	0	(19,200)	(825,183)
0	0	0	8,663,205	0	0	500,000	0	9,163,205
0	0	0	0	0	0	6,100,000	0	6,100,000
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (48,482)</u>	<u>\$ 8,663,205</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,600,000</u>	<u>\$ (19,200)</u>	<u>\$ 23,277,006</u>
\$ (8,513)	\$ (863,153)	\$ (71,142)	\$ (249,641)	\$ 0	\$ 1,403,670	\$ 613,977	\$ 6,966	\$ 431,588
10,042	863,153	71,142	1,327,334	0	0	0	481,471	11,655,121
<u>\$ 1,529</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,077,693</u>	<u>\$ 0</u>	<u>\$ 1,403,670</u>	<u>\$ 613,977</u>	<u>\$ 488,437</u>	<u>\$ 12,086,709</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, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
State gas tax	\$ 1,080,000	\$ 1,053,976	\$ 1,055,376	\$ 1,400
Interest	4,000	500	2,027	1,527
Total revenues	\$ 1,084,000	\$ 1,054,476	\$ 1,057,403	\$ 2,927
Expenditures:				
Current:				
Public works:				
Salaries	\$ 352,763	\$ 341,250	\$ 341,036	\$ 214
Overtime wages	7,800	8,500	8,383	117
Supplemental pay	650	400	400	0
Service awards	400	350	350	0
Longevity	5,550	5,800	5,800	0
Sold vacations	3,695	1,832	1,832	0
Christmas bonus	1,192	1,083	1,083	0
College pay	125	125	125	0
Dental insurance	3,756	3,850	3,818	32
Social security tax	28,584	26,263	26,263	0
Health insurance	49,898	49,100	49,087	13
Retirement	64,387	60,649	60,511	138
Life and disability insurance	4,410	4,800	4,792	8
Workers compensation	27,079	22,189	22,189	0
Workers compensation claims	2,000	1,071	1,071	0
Pre-employment testing	200	200	148	52
Safety shoes	1,300	1,200	1,200	0
Total expenditures	\$ 553,789	\$ 528,662	\$ 528,088	\$ 574
Excess of revenues over expenditures	\$ 530,211	\$ 525,814	\$ 529,315	\$ 3,501
Other financing sources (uses):				
Transfers out	\$ (620,211)	\$ (620,211)	\$ (535,086)	\$ (85,125)
Total other financing sources (uses)	\$ (620,211)	\$ (620,211)	\$ (535,086)	\$ (85,125)
Net change in fund balances	\$ (90,000)	\$ (94,397)	\$ (5,771)	\$ (81,624)
Fund balance at beginning of year	195,950	195,950	195,950	0
Fund balance at end of year	\$ 105,950	\$ 101,553	\$ 190,179	\$ (81,624)

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, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Charges for services:				
Commercial garbage	\$ 966,793	\$ 976,808	\$ 973,130	\$ (3,678)
Residential garbage	935,885	934,800	946,699	11,899
Interest	3,000	10,000	10,600	600
Total revenues	\$ 1,905,678	\$ 1,921,608	\$ 1,930,429	\$ 8,821
Expenditures:				
Current:				
Public works:				
Salaries	\$ 442,702	\$ 435,658	\$ 433,737	\$ 1,921
Overtime wages	11,300	9,500	9,403	97
Part time wages	5,500	1,306	1,305	1
Service awards	1,000	1,000	1,000	0
Longevity	7,300	7,250	7,250	0
Sold vacation	3,210	3,544	3,543	1
Christmas bonus	1,516	1,516	1,516	0
Dental insurance	5,054	5,340	5,205	135
Social security taxes	36,148	35,467	33,284	2,183
Health insurance	59,752	59,752	55,208	4,544
Retirement	80,796	79,980	76,409	3,571
Life insurance	6,020	6,100	6,053	47
Workers compensation claims	2,000	1,500	1,402	98
Safety shoes	1,500	1,500	1,331	169
Postage	225	225	220	5
Printing	200	50	35	15
Subscriptions and memberships	100	100	75	25
Advertising	100	100	0	100
Training and travel	980	980	435	545
Landfill	230,000	258,150	253,446	4,704
Residential account	1,029,690	1,028,974	1,026,820	2,154
Commercial account	903,180	933,485	911,296	22,189
Commercial recycling	63,613	58,500	57,945	555
Office expenditures	2,000	2,000	1,988	12
Operating supplies	1,500	1,500	1,306	194
Safety supplies	800	500	495	5
Janitorial supplies	600	600	600	0
Uniforms	7,800	7,500	7,390	110
Gasoline and oil	42,000	48,500	47,796	704
Repairs and parts	125,000	119,900	104,228	15,672
Insurance - vehicle	2,700	2,619	2,290	329
Insurance - general liability	9,285	9,285	9,267	18
Insurance - workers compensation	28,500	27,064	27,064	0
Computer maintenance and support	1,000	0	0	0

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, 2007

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures - (Continued):				
Current - (Continued):				
Public works - (Continued):				
Miscellaneous	\$ 500	\$ 600	\$ 569	\$ 31
Bradley County recycling	20,000	20,000	20,000	0
Office furniture and equipment	700	1,400	1,313	87
Total expenditures	<u>\$ 3,134,271</u>	<u>\$ 3,171,445</u>	<u>\$ 3,111,224</u>	<u>\$ 60,221</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,228,593)</u>	<u>\$ (1,249,837)</u>	<u>\$ (1,180,795)</u>	<u>\$ 69,042</u>
Other financing sources:				
Transfers in	<u>\$ 1,245,690</u>	<u>\$ 1,234,837</u>	<u>\$ 1,234,837</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 1,245,690</u>	<u>\$ 1,234,837</u>	<u>\$ 1,234,837</u>	<u>\$ 0</u>
Net change in fund balances	\$ 17,097	\$ (15,000)	\$ 54,042	\$ 69,042
Fund balance at beginning of year	<u>184,010</u>	<u>184,010</u>	<u>184,010</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 201,107</u></u>	<u><u>\$ 169,010</u></u>	<u><u>\$ 238,052</u></u>	<u><u>\$ 69,042</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, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government	\$ 3,331,423	\$ 3,359,778	\$ 3,238,915	\$ (120,863)
Interest	0	0	1,835	1,835
Total revenues	<u>\$ 3,331,423</u>	<u>\$ 3,359,778</u>	<u>\$ 3,240,750</u>	<u>\$ (119,028)</u>
Expenditures:				
Current:				
Education:				
Regular instruction	\$ 1,357,293	\$ 1,418,156	\$ 1,366,427	\$ 51,729
Special education	973,000	972,796	785,825	186,971
Vocational education	111,785	112,585	112,621	(36)
Support services	1,044,236	1,011,186	820,751	190,435
Total expenditures	<u>\$ 3,486,314</u>	<u>\$ 3,514,723</u>	<u>\$ 3,085,624</u>	<u>\$ 429,099</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (154,891)</u>	<u>\$ (154,945)</u>	<u>\$ 155,126</u>	<u>\$ 310,071</u>
Other financing sources (uses):				
Transfers out	<u>\$ (28,258)</u>	<u>\$ (28,202)</u>	<u>\$ (164,438)</u>	<u>\$ (136,236)</u>
Total other financing sources (uses)	<u>\$ (28,258)</u>	<u>\$ (28,202)</u>	<u>\$ (164,438)</u>	<u>\$ (136,236)</u>
Net change in fund balances	\$ (183,149)	\$ (183,147)	\$ (9,312)	\$ 173,835
Fund balance at beginning of year	<u>88,771</u>	<u>88,771</u>	<u>88,771</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ (94,378)</u></u>	<u><u>\$ (94,376)</u></u>	<u><u>\$ 79,459</u></u>	<u><u>\$ 173,835</u></u>

CITY OF CLEVELAND, TENNESSEE
SCHOOL FOOD SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive</u> <u>(Negative)</u>
Revenues:				
Intergovernmental:				
USDA reimbursements	\$ 1,100,000	\$ 1,155,000	\$ 1,130,037	\$ (24,963)
Charges for services	819,000	839,000	792,213	(46,787)
Interest	1,000	1,000	4,308	3,308
Total revenues	\$ 1,920,000	\$ 1,995,000	\$ 1,926,558	\$ (68,442)
Expenditures:				
Current:				
Education:				
Clerical personnel	\$ 41,000	\$ 41,000	\$ 38,625	\$ 2,375
Cafeteria personnel	650,000	650,000	608,107	41,893
In-service training	1,000	1,000	8,207	(7,207)
Social security	39,000	39,000	36,621	2,379
State retirement	113,000	113,000	89,486	23,514
Life insurance	2,000	2,000	2,020	(20)
Medical insurance	190,000	195,000	194,716	284
Unemployment compensation	1,000	1,000	207	793
Employer medicare liability	7,000	9,000	8,565	435
Other fringe benefits	18,000	18,000	19,104	(1,104)
Communication	200	200	646	(446)
Dues and membership	400	400	438	(38)
Maintenance and repair services	15,000	15,000	17,796	(2,796)
Payments to schools - lunch	0	0	784	(784)
Travel	1,500	1,500	4,188	(2,688)
Other contracted services	5,000	5,000	4,774	226
Food supplies	728,200	778,200	790,440	(12,240)
Office supplies	4,000	4,000	5,825	(1,825)
Utilities	5,000	5,000	4,054	946
Uniforms	400	400	45	355
In-service staff development	1,000	1,000	70	930
Other supplies and materials	82,000	100,000	129,903	(29,903)
Applicant investigation	300	300	896	(596)
Food service equipment	15,000	15,000	3,602	11,398
Total expenditures	\$ 1,920,000	\$ 1,995,000	\$ 1,969,119	\$ 25,881
Excess of revenues over expenditures	\$ 0	\$ 0	\$ (42,561)	\$ (42,561)
Fund balance at beginning of year	223,808	223,808	223,808	0
Fund balance at end of year	\$ 223,808	\$ 223,808	\$ 181,247	\$ (42,561)

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, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Library archive grant	\$ 0	\$ 725	\$ 725	\$ 0
Technology grant	0	10,550	10,550	0
Gates Technology grant	0	30,000	8,018	(21,982)
Bradley County	486,614	486,614	486,614	0
Charges for services	60,000	69,000	74,605	5,605
Interest	10,400	18,000	21,809	3,809
Miscellaneous:				
Gifts	70,000	70,000	53,872	(16,128)
Rent	0	9,000	9,000	0
E-Rate Money	4,220	1,575	1,321	(254)
Total revenues	\$ 631,234	\$ 695,464	\$ 666,514	\$ (28,950)
Expenditures:				
Current:				
Culture and recreation:				
Salaries	\$ 617,089	\$ 600,467	\$ 600,982	\$ (515)
Employee benefits	169,268	165,522	164,874	648
Supplies	51,880	54,324	55,105	(781)
Books	125,000	149,299	148,032	1,267
Utilities	40,436	38,305	36,307	1,998
Equipment repair/replacement	15,289	1,779	1,236	543
Building maintenance	6,940	8,214	16,593	(8,379)
Insurance	11,946	11,280	11,276	4
Gift and memorial expenditures	80,000	105,000	74,634	30,366
Grant expenditures	0	34,820	15,943	18,877
CIP equipment	0	12,273	10,749	1,524
Technology equipment	0	4,503	2,076	2,427
Furniture	0	10,193	0	10,193
License fees	0	3,500	3,989	(489)
Total expenditures	\$ 1,117,848	\$ 1,199,479	\$ 1,141,796	\$ 57,683
Excess (deficiency) of revenues over expenditures	\$ (486,614)	\$ (504,015)	\$ (475,282)	\$ 28,733
Other financing sources(uses):				
Transfers in	\$ 486,614	\$ 486,614	\$ 486,614	\$ 0
Total other financing sources	\$ 486,614	\$ 486,614	\$ 486,614	\$ 0
Net change in fund balances	\$ 0	\$ (17,401)	\$ 11,332	\$ 28,733
Fund balance at beginning of year	583,506	583,506	583,506	0
Fund balance at end of year	\$ 583,506	\$ 566,105	\$ 594,838	\$ 28,733

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, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 0	\$ 8,333	\$ 8,333	\$ 0
Fines and forfeitures	50,000	50,000	118,872	68,872
Interest	20,000	40,000	43,479	3,479
Total revenues	\$ 70,000	\$ 98,333	\$ 170,684	\$ 72,351
Expenditures:				
Current:				
Public safety:				
Seized vehicles	\$ 7,500	\$ 7,500	\$ 2,360	\$ 5,140
Pager	400	400	289	111
Investigative funds	50,000	45,185	35,000	10,185
Telephone	5,500	5,500	3,259	2,241
Auto track	900	900	900	0
Vehicle maintenance	12,000	12,000	11,505	495
Travel and training	3,500	3,500	3,495	5
Equipment maintenance	4,000	4,000	0	4,000
Batteries	1,000	1,000	423	577
Audio/video tapes	1,000	1,000	281	719
Detective supplies	750	750	0	750
Film	400	400	0	400
Office supplies	1,500	1,500	1,425	75
OSHA safety supplies	500	500	0	500
Uniforms	2,000	2,000	1,400	600
Drug education	2,500	2,500	2,500	0
Gasoline	13,000	13,000	12,295	705
Canine	3,500	3,500	179	3,321
Firing Range	0	100,000	3,440	96,560
Equipment	5,000	9,815	9,815	0
Miscellaneous	500	500	0	500
Total expenditures	\$ 115,450	\$ 215,450	\$ 88,566	\$ 126,884
Excess (deficiency) of revenues over expenditures	\$ (45,450)	\$ (117,117)	\$ 82,118	\$ 199,235
Fund balance at beginning of year	795,930	795,930	795,930	0
Fund balance at end of year	\$ 750,480	\$ 678,813	\$ 878,048	\$ 199,235

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, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 74,000	\$ 25,000	\$ 0	\$ (25,000)
Interest	650	2,800	3,093	293
Total revenues	\$ 74,650	\$ 27,800	\$ 3,093	\$ (24,707)
Expenditures:				
Capital outlay:				
Fletcher Park	\$ 139,000	\$ 50,200	\$ 5,094	\$ 45,106
Total expenditures	\$ 139,000	\$ 50,200	\$ 5,094	\$ 45,106
Excess (deficiency) of revenues over expenditures	\$ (64,350)	\$ (22,400)	\$ (2,001)	\$ 20,399
Other financing sources (uses):				
Transfers in	\$ 14,044	\$ 14,044	\$ 14,044	\$ 0
Total other financing sources (uses)	\$ 14,044	\$ 14,044	\$ 14,044	\$ 0
Net change in fund balances	\$ (50,306)	\$ (8,356)	\$ 12,043	\$ 20,399
Fund balance at beginning of year	51,567	51,567	51,567	0
Fund balance at end of year	\$ 1,261	\$ 43,211	\$ 63,610	\$ 20,399

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, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 496,000	\$ 496,000	\$ 0	\$ (496,000)
Interest	3,600	11,000	11,493	493
Total revenues	\$ 499,600	\$ 507,000	\$ 11,493	\$ (495,507)
Expenditures:				
Capital outlay:				
Phase II - local	\$ 0	\$ 9,454	\$ 175	\$ 9,279
Phase III	620,000	612,205	0	612,205
Phase II - operating	12,000	12,000	4,257	7,743
Phase II - Cleveland Utilities	0	25,417	350	25,067
Mouse Creek Bridge Access Sidewalk	0	12,175	0	12,175
Phase V	0	7,795	3,898	3,897
Total expenditures	\$ 632,000	\$ 679,046	\$ 8,680	\$ 670,366
Excess (deficiency) of revenues over expenditures	\$ (132,400)	\$ (172,046)	\$ 2,813	\$ 174,859
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	\$ (120,400)	\$ (160,046)	\$ 14,813	\$ 174,859
Fund balance at beginning of year	202,012	202,012	202,012	0
Fund balance at end of year	\$ 81,612	\$ 41,966	\$ 216,825	\$ 174,859

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, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Interest	\$ 2,000	\$ 4,000	\$ 4,030	\$ 30
Total revenues	\$ 2,000	\$ 4,000	\$ 4,030	\$ 30
Expenditures:				
Current:				
Public safety:				
Salaries	\$ 89,963	\$ 90,183	\$ 88,876	\$ 1,307
Overtime	500	280	0	280
Christmas bonus	217	217	216	1
Dental insurance	701	725	716	9
Social security tax	6,994	6,639	6,377	262
Health insurance	9,854	9,212	9,184	28
Retirement	15,688	15,688	15,173	515
Life and disability insurance	1,125	1,143	1,142	1
Education Reimbursement	1,320	451	451	0
Postage	300	225	11	214
Printing	1,500	268	7	261
Public education programs	4,650	4,364	4,363	1
Subscriptions and memberships	696	296	169	127
Advertising	500	300	107	193
Telephone	1,000	1,300	1,168	132
Legal	1,000	285	0	285
Travel and training	1,650	1,150	790	360
Work session	250	1,460	1,427	33
NPDES permit fee	2,500	2,500	2,500	0
Office supplies	1,350	1,350	965	385
Operating supplies	3,200	2,190	1,716	474
Benthic sampling/labwork	0	1,115	1,115	0
Clothing	900	975	789	186
Gasoline	1,200	1,400	1,287	113
Repairs and parts	2,500	2,450	1,300	1,150
Insurance - vehicles	849	496	496	0
Insurance - general liability	574	633	633	0
Insurance - workers compensation	756	400	400	0
Miscellaneous	500	123	35	88
Maintenance-minor drainage	10,000	10,000	929	9,071
Trash receptacles	4,300	4,350	4,273	77
Computer software	17,000	18,263	18,263	0
Data for watershed modeling	10,000	10,000	9,995	5
Office furniture and equipment	500	2,525	2,199	326
Vehicle	0	725	0	725
Total expenditures	\$ 194,037	\$ 193,681	\$ 177,072	\$ 16,609

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, 2007

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Excess (deficiency) of revenues over expenditures	\$ (192,037)	\$ (189,681)	\$ (173,042)	\$ 16,639
Other financing sources:				
Transfers in	\$ 194,500	\$ 194,500	\$ 194,500	\$ 0
Transfers out	(20,000)	(20,000)	(18,933)	1,067
Total other financing sources	\$ 174,500	\$ 174,500	\$ 175,567	\$ 0
Net change in fund balance	\$ (17,537)	\$ (15,181)	\$ 2,525	\$ 17,706
Fund balance at beginning of year	49,753	49,753	49,753	0
Fund balance at end of year	\$ 32,216	\$ 34,572	\$ 52,278	\$ 17,706

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, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 168,338	\$ 168,338	\$ 61,749	\$ (106,589)
State grant	3,104	3,104	0	(3,104)
Total revenues	<u>\$ 171,442</u>	<u>\$ 171,442</u>	<u>\$ 61,749</u>	<u>\$ (109,693)</u>
Expenditures:				
Current:				
General government:				
MPO Plan #6				
Salaries	\$ 0	\$ 0	\$ 21,168	\$ (21,168)
Benefits	0	0	8,644	(8,644)
Telephone	0	0	4	(4)
MPO Plan #9				
Salaries	104,999	74,199	34,084	40,115
Consultant services	0	30,000	6,946	23,054
Benefits	44,934	44,934	14,512	30,422
Postage and shipping	1,000	1,000	33	967
Printing and publications	1,000	2,800	2,294	506
Telephone	1,700	1,700	711	989
Travel and meeting	6,000	6,000	4,850	1,150
Supplies	3,750	3,750	20	3,730
Other non-personnel costs	3,500	3,500	0	3,500
Capital purchase	12,500	11,500	2,306	9,194
MPO Plan #10				
Transit grant expenditures	31,041	31,041	0	31,041
Total expenditures	<u>\$ 210,424</u>	<u>\$ 210,424</u>	<u>\$ 95,572</u>	<u>\$ 114,852</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (38,982)</u>	<u>\$ (38,982)</u>	<u>\$ (33,823)</u>	<u>\$ 5,159</u>
Other financing sources:				
Transfers in	<u>\$ 38,982</u>	<u>\$ 38,982</u>	<u>\$ 38,982</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 38,982</u>	<u>\$ 38,982</u>	<u>\$ 38,982</u>	<u>\$ 0</u>
Net change in fund balances	\$ 0	\$ 0	\$ 5,159	\$ 5,159
Fund balance at beginning of year	<u>18,685</u>	<u>18,685</u>	<u>18,685</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 18,685</u></u>	<u><u>\$ 18,685</u></u>	<u><u>\$ 23,844</u></u>	<u><u>\$ 5,159</u></u>

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, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
State grant - maintenance	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
State grant - land options	0	26,000	0	(26,000)
State grant - runway overlay	0	50,487	0	(50,487)
State grant - security cameras	0	21,668	21,917	249
State grant - beacon/windsock	0	8,910	0	(8,910)
State grant - engineering consultants	0	0	240	240
State grant - environmental assessment	0	198,000	152,000	(46,000)
Charges for services:				
Hangar rental	9,894	9,894	11,168	1,274
Interest	500	500	2,569	2,069
Miscellaneous	0	600	731	131
Total revenues	\$ 20,394	\$ 326,059	\$ 198,625	\$ (127,434)
Expenditures:				
Current:				
Public works:				
Postage and shipping	\$ 300	\$ 229	\$ 48	\$ 181
Lighting maintenance	6,000	6,000	2,718	3,282
Advertising	1,000	1,200	1,123	77
Utilities	1,800	1,800	845	955
Legal services	3,500	3,300	2,585	715
MDB contracts	2,400	2,400	2,400	0
Environmental assessment	0	222,000	207,800	14,200
Weather satellite fee	1,800	1,800	1,788	12
Building maintenance	3,500	3,500	2,233	1,267
Grounds maintenance	10,300	10,300	9,848	452
Travel and training	3,500	3,500	0	3,500
Insurance	125	196	196	0
Miscellaneous	250	250	201	49
Land options purchase	0	26,000	25,000	1,000
Overlay project	0	40,097	240	39,857
Professional services- surveys	0	16,000	16,000	0
Security camera	0	24,352	24,352	0
Grant beacon windsock	0	9,900	9,467	433
Small equipment	0	1,372	1,372	0
Grant match	25,000	10,876	0	10,876
Total expenditures	\$ 59,475	\$ 385,072	\$ 308,216	\$ 76,856
Excess (deficiency) of revenues over expenditures	\$ (39,081)	\$ (59,013)	\$ (109,591)	\$ (50,578)
Other financing sources (uses):				
Transfers in	\$ 39,581	\$ 39,581	\$ 39,581	\$ 0
Total other financing sources (uses)	\$ 39,581	\$ 39,581	\$ 39,581	\$ 0

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, 2007

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Net change in fund balances	\$ 500	\$ (19,432)	\$ (70,010)	\$ (50,578)
Fund balance at beginning of year	<u>93,119</u>	<u>93,119</u>	<u>93,119</u>	<u>0</u>
Fund balance at end of year	<u>\$ 93,619</u>	<u>\$ 73,687</u>	<u>\$ 23,109</u>	<u>\$ (50,578)</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Public Safety:				
Overtime wages	\$ 0	\$ 126	\$ 126	\$ 0
Total expenditures	<u>\$ 0</u>	<u>\$ 126</u>	<u>\$ 126</u>	<u>\$ 0</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (126)	\$ (126)	\$ 0
Fund balance at beginning of year	<u>126</u>	<u>126</u>	<u>126</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 126</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Community Development Block Grant	\$ 344,017	\$ 606,561	\$ 450,304	\$ (156,257)
Total revenues	\$ 344,017	\$ 606,561	\$ 450,304	\$ (156,257)
Expenditures:				
Current:				
Community development:				
Administration:				
Salaries	\$ 45,364	\$ 45,364	\$ 41,832	\$ 3,532
Christmas bonus	109	109	108	1
Dental insurance	450	450	464	(14)
Social security tax	3,471	3,471	2,981	490
Health insurance	6,360	6,360	5,566	794
Retirement	7,868	7,868	7,299	569
Life insurance	528	528	528	0
Printing	400	400	0	400
Advertising	500	500	221	279
Telephone	500	500	500	0
Travel and training	1,500	1,500	444	1,056
Office supplies	500	500	478	22
Gasoline	750	750	365	385
Miscellaneous	500	500	399	101
Unplanned projects	0	11,600	0	11,600
Codes Enforcement:				
Salaries	31,416	31,416	31,416	0
Christmas bonus	109	109	108	1
Dental insurance	251	251	259	(8)
Social security tax	2,412	2,412	2,462	(50)
Health insurance	3,495	3,495	3,283	212
Retirement	5,454	5,454	5,458	(4)
Life insurance	395	395	394	1
Printing	475	475	0	475
Advertising	100	100	0	100
Telephone	500	500	580	(80)
Legal services	500	500	0	500
Vehicle maintenance	1,000	1,000	115	885
Travel and training	500	500	0	500
Office supplies	500	500	306	194
Clothing allowance	350	350	297	53
Gasoline	2,000	2,000	840	1,160
Insurance - vehicles	260	260	216	44
Educational supplies	0	3,500	3,416	84

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, 2007

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Capital outlay:				
Northeast Center Improvement	\$ 110,500	\$ 300,899	\$ 286,404	\$ 14,495
Sidewalks	95,000	127,857	29,319	98,538
Property acquisition	0	18,150	250	17,900
Lot clearance	0	2,038	0	2,038
Downpayment assistance	20,000	24,000	24,000	0
Total Expenditures	\$ 344,017	\$ 606,561	\$ 450,308	\$ 156,253
Excess of revenues over expenditures	\$ 0	\$ 0	\$ (4)	\$ (4)
Fund balance at beginning of year	4	4	4	0
Fund balance at end of year	\$ 4	\$ 4	\$ 0	\$ (4)

CITY OF CLEVELAND, TENNESSEE
 2005 BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Public Safety:				
Digital Video Cameras	\$ 0	\$ 6,182	\$ 6,182	\$ 0
Total expenditures	<u>\$ 0</u>	<u>\$ 6,182</u>	<u>\$ 6,182</u>	<u>\$ 0</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (6,182)	\$ (6,182)	\$ 0
Fund balance at beginning of year	<u>6,182</u>	<u>6,182</u>	<u>6,182</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 6,182</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE
 2006 BYRNE MEMORIAL JUSTICE GRANT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 17,827	\$ 17,827	\$ 17,827	\$ 0
Total revenues	<u>\$ 17,827</u>	<u>\$ 17,827</u>	<u>\$ 17,827</u>	<u>\$ 0</u>
Expenditures:				
Current:				
Public safety:				
Laptop Computers	\$ 19,808	\$ 19,808	\$ 12,747	\$ 7,061
Total expenditures	<u>\$ 19,808</u>	<u>\$ 19,808</u>	<u>\$ 12,747</u>	<u>\$ 7,061</u>
Excess of revenues over expenditures	<u>\$ (1,981)</u>	<u>\$ (1,981)</u>	<u>\$ 5,080</u>	<u>\$ 7,061</u>
Other financing sources (uses):				
Transfers in	\$ 1,981	\$ 1,981	\$ 1,981	\$ 0
Total other financing sources (uses)	<u>\$ 1,981</u>	<u>\$ 1,981</u>	<u>\$ 1,981</u>	<u>\$ 0</u>
Net change in fund balances	\$ 0	\$ 0	\$ 7,061	\$ 7,061
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>\$ 7,061</u></u>	<u><u>\$ 7,061</u></u>

CITY OF CLEVELAND, TENNESSEE
DEPARTMENT OF JUSTICE ASSET FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess of revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	<u>31,314</u>	<u>31,314</u>	<u>31,314</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 31,314</u></u>	<u><u>\$ 31,314</u></u>	<u><u>\$ 31,314</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 70,000	\$ 110,000	\$ 140,826	\$ 30,826
Miscellaneous:				
Other	91,723	91,723	83,856	(7,867)
Total revenues	\$ 161,723	\$ 201,723	\$ 224,682	\$ 22,959
Expenditures:				
Debt service:				
Principal retirement	\$ 1,420,000	\$ 1,420,000	\$ 1,420,000	\$ 0
Interest and fiscal charges	2,956,887	3,033,999	2,557,203	476,796
Total expenditures	\$ 4,376,887	\$ 4,453,999	\$ 3,977,203	\$ 476,796
Excess (deficiency) of revenues over expenditures	\$ (4,215,164)	\$ (4,252,276)	\$ (3,752,521)	\$ 499,755
Other financing sources				
Transfers in	\$ 4,280,162	\$ 4,335,019	\$ 4,296,519	\$ (38,500)
Total other financing sources	\$ 4,280,162	\$ 4,335,019	\$ 4,296,519	\$ (38,500)
Net change in fund balances	\$ 64,998	\$ 82,743	\$ 543,998	\$ 461,255
Fund balance at beginning of year	2,602,622	2,602,622	2,602,622	0
Fund balance at end of year	\$ 2,667,620	\$ 2,685,365	\$ 3,146,620	\$ 461,255

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ 50	\$ 50	\$ 8	\$ (42)
Total revenues	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 8</u>	<u>\$ (42)</u>
Excess of revenues over expenditures	\$ 50	\$ 50	\$ 8	\$ (42)
Fund balance at beginning of year	<u>6,359</u>	<u>6,359</u>	<u>6,359</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 6,409</u></u>	<u><u>\$ 6,409</u></u>	<u><u>\$ 6,367</u></u>	<u><u>\$ (42)</u></u>

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, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 0	\$ 2	\$ 2
Total Revenues	\$ 0	\$ 0	\$ 2	\$ 2
Expenditures:				
Capital Outlay:				
Housing rehabilitation	\$ 187	\$ 187	\$ 0	\$ 187
Total expenditures	\$ 187	\$ 187	\$ 0	\$ 187
Excess of revenues over expenditures	\$ (187)	\$ (187)	\$ 2	\$ 189
Fund balance at beginning of year	188	188	188	0
Fund balance at end of year	\$ 1	\$ 1	\$ 190	\$ 189

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, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental				
Federal grant - fire safetyhouse	\$ 0	\$ 40,919	\$ 40,919	\$ 0
State grant - trees	25,000	25,000	0	(25,000)
State grant - historic preservation	0	0	5,796	5,796
State grant - led signals	0	7,296	0	(7,296)
State grant - sky angel	0	166,586	104,868	(61,718)
State grant - tema flooding	0	9,516	9,516	0
Interest	62,500	155,000	169,165	14,165
Miscellaneous	0	166,700	108,487	(58,213)
Total revenues	\$ 87,500	\$ 571,017	\$ 438,751	\$ (132,266)
Expenditures:				
Capital outlay:				
Legislative and judicial	\$ 0	\$ 549,514	\$ 200,548	\$ 348,966
General government	5,228	0	0	0
Administration and finance	0	915	650	265
Planning and inspection	10,000	21,007	3,843	17,164
City-wide computer informations	201,000	261,704	246,300	15,404
Police department	264,100	282,628	267,522	15,106
Fire department	40,000	1,090,585	1,050,279	40,306
Public works - operations	1,355,233	3,148,483	1,833,507	1,314,976
Public works - state street aid	120,000	406,190	70,212	335,978
Animal Shelter	30,000	30,561	30,559	2
Parks and recreation	366,744	453,769	178,162	275,607
Dalton Pike widening	0	54,000	28,500	25,500
Mayfield School	0	0	9,262	(9,262)
Contingency	100,000	59,296	0	59,296
Total expenditures	\$ 2,492,305	\$ 6,358,652	\$ 3,919,344	\$ 2,439,308
Excess (deficiency) of revenues over expenditures	\$ (2,404,805)	\$ (5,787,635)	\$ (3,480,593)	\$ 2,307,042
Other financing sources (uses):				
Transfers in	\$ 1,175,036	\$ 2,602,740	\$ 2,519,926	\$ (82,814)
Transfers out	(25,000)	(25,000)	(39,044)	(14,044)
Total other financing sources (uses)	\$ 1,150,036	\$ 2,577,740	\$ 2,480,882	\$ (96,858)
Net change in fund balances	\$ (1,254,769)	\$ (3,209,895)	\$ (999,711)	\$ 2,210,184
Fund balance at beginning of year	3,768,073	3,768,073	3,768,073	0
Fund balance at end of year	\$ 2,513,304	\$ 558,178	\$ 2,768,362	\$ 2,210,184

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
THDA Home grant	\$ 52,604	\$ 89,457	\$ 80,944	\$ (8,513)
Total revenues	\$ 52,604	\$ 89,457	\$ 80,944	\$ (8,513)
Expenditures:				
Capital outlay:				
Housing inspection	\$ 1,972	\$ 5,080	\$ 5,080	\$ 0
Housing rehabilitation	47,250	77,561	77,561	0
Housing administration	3,382	6,816	6,816	0
Total expenditures	\$ 52,604	\$ 89,457	\$ 89,457	\$ 0
Excess of revenues over expenditures	\$ 0	\$ 0	\$ (8,513)	\$ (8,513)
Fund balance at beginning of year	10,042	10,042	10,042	0
Fund balance at end of year	\$ 10,042	\$ 10,042	\$ 1,529	\$ (8,513)

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, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 20,049	\$ 20,048	\$ (1)
Total revenues	<u>\$ 0</u>	<u>\$ 20,049</u>	<u>\$ 20,048</u>	<u>\$ (1)</u>
Expenditures:				
Capital outlay:				
Mayfield Elementary	\$ 0	\$ 883,202	\$ 883,201	\$ 1
Total expenditures	<u>\$ 0</u>	<u>\$ 883,202</u>	<u>\$ 883,201</u>	<u>\$ 1</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (863,153)	\$ (863,153)	\$ 0
Fund balance at beginning of year	<u>863,153</u>	<u>863,153</u>	<u>863,153</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 863,153</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

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, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 785	\$ 785	\$ 0
Total revenues	\$ 0	\$ 785	\$ 785	\$ 0
Expenditures:				
Capital outlay:				
Fire station design and site plan	\$ 0	\$ 4,424	\$ 4,424	\$ 0
Station #5 equipment	0	19,021	19,021	0
Total expenditures	\$ 0	\$ 23,445	\$ 23,445	\$ 0
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (22,660)	\$ (22,660)	\$ 0
Other financing sources (uses):				
Transfers out	\$ 0	\$ (48,482)	\$ (48,482)	\$ 0
Total other financing sources (uses)	\$ 0	\$ (48,482)	\$ (48,482)	\$ 0
Net change in fund balance	\$ 0	\$ (71,142)	\$ (71,142)	\$ 0
Fund balance at beginning of year	71,142	71,142	71,142	0
Fund balance at end of year	\$ 71,142	\$ 0	\$ 0	\$ 0

CITY OF CLEVELAND, TENNESSEE
2005 D-4-A GENERAL IMPROVEMENT BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 8,506	\$ 39,321	\$ 30,815
Total revenues	\$ 0	\$ 8,506	\$ 39,321	\$ 30,815
Expenditures:				
Capital outlay:				
Police Service Center construction	\$ 0	\$ 2,093,826	\$ 1,951,302	\$ 142,524
Police furniture and equipment	0	534,748	548,657	(13,909)
Dalton Pike intersection	0	41,500	0	41,500
North Lee intersection	0	45,000	0	45,000
Valley Hill Trail	0	57,500	57,199	301
Parkwood Trail	0	63,000	0	63,000
Paul Huff resurfacing	0	211,291	0	211,291
Georgetown improvements	0	24,193	0	24,193
Boom truck	0	12,000	12,000	0
Fire Hall land acquisition	0	183,507	158,553	24,954
Freewill Road station	0	134,654	115,861	18,793
Mayfield elementary	0	729,171	729,171	0
Arnold elementary	0	3,215,568	3,215,568	0
Roofs	0	214,892	196,208	18,684
HVAC - Schools	0	1,996,837	1,920,658	76,179
Mayfield School road improvements	0	441,358	46,990	394,368
Total expenditures	\$ 0	\$ 9,999,045	\$ 8,952,167	\$ 1,046,878
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (9,990,539)	\$ (8,912,846)	\$ 1,077,693
Other financing sources (uses):				
Notes issued	\$ 0	\$ 8,663,205	\$ 8,663,205	\$ 0
Total other financing sources (uses)	\$ 0	\$ 8,663,205	\$ 8,663,205	\$ 0
Net change in fund balances	\$ 0	\$ (1,327,334)	\$ (249,641)	\$ 1,077,693
Fund balance at beginning of year	1,327,334	1,327,334	1,327,334	0
Fund balance at end of year	\$ 1,327,334	\$ 0	\$ 1,077,693	\$ 1,077,693

CITY OF CLEVELAND, TENNESSEE
 2006 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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Bradley County notes	\$ 2,934,000	\$ 2,934,000	\$ 2,934,000	\$ 0
Interest	<u>2,000</u>	<u>95,000</u>	<u>95,000</u>	<u>0</u>
Total revenues	<u>\$ 2,936,000</u>	<u>\$ 3,029,000</u>	<u>\$ 3,029,000</u>	<u>\$ 0</u>
Expenditures:				
Capital outlay:				
Mayfield Elementary	\$ 2,936,000	\$ 2,754,082	\$ 2,754,082	\$ 0
Arnold Elementary	<u>0</u>	<u>274,918</u>	<u>274,918</u>	<u>0</u>
Total expenditures	<u>\$ 2,936,000</u>	<u>\$ 3,029,000</u>	<u>\$ 3,029,000</u>	<u>\$ 0</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE
 2007 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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Bradley County notes	\$ 0	\$ 2,319,680	\$ 2,319,680	\$ 0
Interest	0	0	5,213	5,213
Total revenues	\$ 0	\$ 2,319,680	\$ 2,324,893	\$ 5,213
Expenditures:				
Capital outlay:				
Mayfield Elementary	\$ 0	\$ 2,319,680	\$ 921,223	\$ 1,398,457
Total expenditures	\$ 0	\$ 2,319,680	\$ 921,223	\$ 1,398,457
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 1,403,670	\$ 1,403,670
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$ 0	\$ 0	\$ 1,403,670	\$ 1,403,670

CITY OF CLEVELAND, TENNESSEE
2007 GENERAL IMPROVEMENT BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 0	\$ 82,110	\$ 82,110
Total revenues	\$ 0	\$ 0	\$ 82,110	\$ 82,110
Expenditures:				
Capital outlay:				
Mayfield Elementary	\$ 0	\$ 5,554,461	\$ 5,554,461	\$ 0
Mayfield Elementary - geothermal	0	500,000	0	500,000
Arnold Elementary	0	487,192	487,192	0
Debt service:				
Interest and fiscal charges	0	58,347	26,480	31,867
Total expenditures	\$ 0	\$ 6,600,000	\$ 6,068,133	\$ 531,867
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (6,600,000)	\$ (5,986,023)	\$ 613,977
Other financing sources (uses):				
Notes issued	\$ 0	\$ 500,000	\$ 500,000	\$ 0
Bonds issued	0	6,100,000	6,100,000	0
Total other financing sources (uses)	\$ 0	\$ 6,600,000	\$ 6,600,000	\$ 0
Net change in fund balances	\$ 0	\$ 0	\$ 613,977	\$ 613,977
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$ 0	\$ 0	\$ 613,977	\$ 613,977

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, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 22,000	\$ 26,000	\$ 26,072	\$ 72
Miscellaneous	0	0	94	94
Total revenues	<u>\$ 22,000</u>	<u>\$ 26,000</u>	<u>\$ 26,166</u>	<u>\$ 166</u>
Excess of revenues over expenditures	<u>\$ 22,000</u>	<u>\$ 26,000</u>	<u>\$ 26,166</u>	<u>\$ 166</u>
Other financing sources (uses):				
Transfers out	<u>\$ (19,200)</u>	<u>\$ (19,200)</u>	<u>\$ (19,200)</u>	<u>\$ 0</u>
Total other financing sources (uses)	<u>\$ (19,200)</u>	<u>\$ (19,200)</u>	<u>\$ (19,200)</u>	<u>\$ 0</u>
Net change in fund balances	\$ 2,800	\$ 6,800	\$ 6,966	\$ 166
Fund balance at beginning of year	<u>481,471</u>	<u>481,471</u>	<u>481,471</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 484,271</u></u>	<u><u>\$ 488,271</u></u>	<u><u>\$ 488,437</u></u>	<u><u>\$ 166</u></u>

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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, Signal Mountain, and Sweetwater.

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, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for services	\$ 219,782	\$ 219,782	\$ 234,142	\$ 14,360
Total operating revenues	\$ 219,782	\$ 219,782	\$ 234,142	\$ 14,360
Operating Expenses:				
Operations:				
Salaries and related expenses	\$ 23,706	\$ 24,206	\$ 24,188	\$ 18
Equipment maintenance and repair	75,000	109,913	108,343	1,570
Major repairs	2,000	2,000	1,462	538
Service charges	200	200	0	200
Gasoline and oil	17,000	21,400	20,036	1,364
Safety supplies	300	300	0	300
Equipment rental	0	30,087	30,087	0
Insurance - equipment	1,824	1,805	1,801	4
Insurance - general liability	451	470	470	0
Depreciation	30,000	30,000	26,576	3,424
Total operating expenses	\$ 150,481	\$ 220,381	\$ 212,963	\$ 7,418
Operating income	\$ 69,301	\$ (599)	\$ 21,179	\$ 21,778
Other Income (Expense)				
Interest income	\$ 3,000	\$ 3,000	\$ 7,646	\$ 4,646
Interest expense	(8,400)	(8,500)	(8,500)	0
Total other income (expense)	\$ (5,400)	\$ (5,500)	\$ (854)	\$ 4,646
Change in net assets	\$ 63,901	\$ (6,099)	\$ 20,325	\$ 26,424
Net assets, beginning of year	88,270	88,270	88,270	0
Net assets, end of year	\$ 152,171	\$ 82,171	\$ 108,595	\$ 26,424

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INTERNAL SERVICE FUND

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

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

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, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Operating Revenues:				
Charges for services	\$ 758,220	\$ 745,602	\$ 665,158	\$ (80,444)
Other operating revenue	200	423	423	0
Total operating revenues	\$ 758,420	\$ 746,025	\$ 665,581	\$ (80,444)
Operating Expenses:				
General and administrative:				
Salaries	\$ 324,142	\$ 292,419	\$ 291,902	\$ 517
Overtime	8,500	5,500	3,756	1,744
Longevity	1,550	1,200	1,200	0
Sold vacation	2,628	2,628	2,221	407
Christmas bonus	867	867	866	1
Dental insurance	3,401	2,806	2,600	206
Social security taxes	25,833	23,245	21,464	1,781
Health insurance	50,878	47,946	40,615	7,331
Retirement	58,420	52,439	43,506	8,933
Life and disability insurance	4,221	3,675	3,490	185
Worker's compensation claims	2,000	1,000	1,000	0
Postage	450	1,500	1,402	98
Pager	120	120	98	22
Printing	200	200	42	158
Advertising	200	200	150	50
Membership dues	700	560	559	1
Utilities	22,000	18,435	18,226	209
Telephone	8,000	7,400	7,313	87
Vehicle maintenance	3,000	5,000	4,380	620
Contracted services - vehicle maintenance	133,000	130,000	97,168	32,832
Building maintenance	4,000	7,700	7,602	98
Central fuel maintenance and supplies	4,200	10,500	8,568	1,932
Travel and training	4,000	2,000	796	1,204
Pest control	270	270	270	0
Office expense	2,800	3,300	3,081	219
Waste disposal services	1,500	1,750	1,316	434
Janitorial supplies	2,800	1,800	1,126	674
Uniforms	6,000	5,300	5,202	98
Gasoline and oil	3,000	3,900	3,804	96
Repair supplies	1,500	548	547	1
Insurance - building and contents	2,527	2,171	2,170	1
Insurance - vehicles	748	664	664	0
Insurance - general liability	2,228	2,234	2,234	0
Insurance - workers compensation	17,971	10,158	10,157	1
Depreciation	46,332	46,332	30,157	16,175

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, 2007

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Operating Expenses (Continued):				
Computer software maintenance	\$ 4,000	\$ 7,400	\$ 6,933	\$ 467
Miscellaneous	500	500	422	78
Equipment and tools	1,000	2,800	2,757	43
Vehicle	0	3,000	0	3,000
Total operating expenses	<u>\$ 755,486</u>	<u>\$ 709,467</u>	<u>\$ 629,764</u>	<u>\$ 79,703</u>
Operating income	<u>\$ 2,934</u>	<u>\$ 36,558</u>	<u>\$ 35,817</u>	<u>\$ (741)</u>
Non Operating Revenues (Expenses):				
Interest income	<u>\$ 3,000</u>	<u>\$ 7,000</u>	<u>\$ 9,433</u>	<u>\$ 2,433</u>
Total non operating revenues (expenses)	<u>\$ 3,000</u>	<u>\$ 7,000</u>	<u>\$ 9,433</u>	<u>\$ 2,433</u>
Income (loss) before contributions and transfers	\$ 5,934	\$ 43,558	\$ 45,250	\$ 1,692
Capital contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in net assets	<u>\$ 5,934</u>	<u>\$ 43,558</u>	<u>\$ 45,250</u>	<u>\$ 1,692</u>
Total net assets - beginning	<u>1,567,329</u>	<u>1,567,329</u>	<u>1,567,329</u>	<u>0</u>
Total net assets - ending	<u><u>\$ 1,573,263</u></u>	<u><u>\$ 1,610,887</u></u>	<u><u>\$ 1,612,579</u></u>	<u><u>\$ 1,692</u></u>

CITY OF CLEVELAND, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE(1)
 June 30, 2007 and 2006

	2007	2006
Governmental funds capital assets:		
Land	\$ 8,060,059	\$ 7,735,482
Buildings	75,764,238	63,147,490
Public improvements other than buildings	5,280,083	5,183,459
Infrastructure	43,970,213	42,230,664
Furniture, fixtures, equipment and vehicles	24,511,537	22,825,335
Total governmental funds capital assets	\$ 157,586,130	\$ 141,122,430
 Investment in governmental funds capital assets:		
Total governmental funds capital assets	\$ 157,586,130	\$ 141,122,430

(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, 2007

<u>Function and Activity</u>	<u>Total Capital Assets</u>	<u>Land</u>	<u>Buildings</u>	<u>Other Improve- ments</u>	<u>Infrastructure</u>	<u>Equipment</u>
General Government:						
Administration and finance	\$ 846,881	\$ 1,800	\$ 392,580	\$ 96,047	\$ 0	\$ 356,454
General government	835,524	250,277	185,251	370,027	0	29,969
Planning and inspection	554,998	56,361	271,086	45,858	0	181,693
Library	3,043,731	302,000	779,945	0	0	1,961,786
Total General Government	\$ 5,281,134	\$ 610,438	\$ 1,628,862	\$ 511,932	\$ 0	\$ 2,529,902
Public Safety:						
Police	\$ 8,654,040	\$ 290,097	\$ 5,121,630	\$ 5,059	\$ 0	\$ 3,237,254
Fire	8,117,152	461,500	3,078,947	81,970	0	4,494,735
911 Center	867,618	0	867,618	0	0	0
Total Public Safety	\$ 17,638,810	\$ 751,597	\$ 9,068,195	\$ 87,029	\$ 0	\$ 7,731,989
Public Works:						
Street Department	\$ 4,486,200	\$ 244,387	\$ 318,738	\$ 84,301	\$ 0	\$ 3,838,774
Engineering	519,726	0	158,845	35,130	0	325,751
Old City Landfill	92,500	63,500	25,000	4,000	0	0
Airport	824,543	210,000	212,500	299,912	0	102,131
Primary Roads	6,867,142	67,965	0	0	6,799,177	0
Secondary Roads	34,989,246	378,887	0	0	34,610,359	0
Drainage	2,413,919	12,147	0	0	2,401,772	0
Sidewalks	84,937	0	0	0	84,937	0
Bridges	73,968	0	0	0	73,968	0
Total Public Works	\$ 50,352,181	\$ 976,886	\$ 715,083	\$ 423,343	\$ 43,970,213	\$ 4,266,656
Parks and Recreation:						
Recreation Office	\$ 468,006	\$ 0	\$ 0	\$ 54,163	\$ 0	\$ 413,843
Tinsley Park	1,817,398	211,980	165,860	1,406,820	0	32,738
Cherokee Springs	972,369	264,000	102,500	237,109	0	368,760
East Cleveland Center	544,876	76,890	231,658	195,702	0	40,626
Cleveland Community Center	593,928	47,000	376,318	122,138	0	48,472
Johnston Park	425,000	175,000	0	250,000	0	0
Deer Park	265,740	90,000	0	175,740	0	0
Arnold Mini Park	14,565	0	0	14,565	0	0
Mayfield Mini Park	14,000	0	0	14,000	0	0
Blythe Mini Park	20,044	9,874	0	10,170	0	0
Bower Mini Park	61,975	0	14,800	47,175	0	0
Stuart Mini Park	9,531	0	0	9,531	0	0
E.L. Ross Craigmile Park	9,880	0	0	9,880	0	0
East Cleveland Neighborhood	83,698	10,000	3,577	70,121	0	0
Greenway Project	820,837	0	0	820,837	0	0
Fletcher Park	661,326	64,373	118,973	477,980	0	0
Soccer Complex	304,279	50,000	0	254,279	0	0
Total Parks and Recreation	\$ 7,087,452	\$ 999,117	\$ 1,013,686	\$ 4,170,210	\$ 0	\$ 904,439

CITY OF CLEVELAND, TENNESSEE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY(1)
 JUNE 30, 2007

(Continued)

<u>Function and Activity</u>	<u>Total Capital Assets</u>	<u>Land</u>	<u>Buildings</u>	<u>Other Improve- ments</u>	<u>Infrastructure</u>	<u>Equipment</u>
Miscellaneous Properties:						
Central and Church parking lot	\$ 101,000	\$ 101,000	\$ 0	\$ 0	\$ 0	\$ 0
Fourth Street parking lot	45,500	45,500	0	0	0	0
Worth and Central parking lot	45,000	45,000	0	0	0	0
Inman Street parking lot	32,500	32,500	0	0	0	0
Second - Central parking lot	53,000	53,000	0	0	0	0
Blythe Day Care	35,136	15,000	11,336	8,800	0	0
Animal Control	271,891	0	95,301	60,347	0	116,243
Kaufman - Second Street parking lot	33,000	27,500	0	5,500	0	0
Hargis - First Street parking lot	33,000	27,500	0	5,500	0	0
Urban renewal lots	87,330	87,330	0	0	0	0
Hill Street building	1,074	0	1,074	0	0	0
Seventh and Church Street parking lot	21,202	13,780	0	7,422	0	0
Total Miscellaneous Properties	\$ 759,633	\$ 448,110	\$ 107,711	\$ 87,569	\$ 0	\$ 116,243
Cleveland City Schools:						
School Property	\$ 75,374,227	\$ 4,273,911	\$ 63,230,701	\$ 0	\$ 0	\$ 7,869,615
Food Service	1,092,693	0	0	0	0	1,092,693
Total City Schools	\$ 76,466,920	\$ 4,273,911	\$ 63,230,701	\$ 0	\$ 0	\$ 8,962,308
Total Capital Assets	\$ 157,586,130	\$ 8,060,059	\$ 75,764,238	\$ 5,280,083	\$ 43,970,213	\$ 24,511,537

(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, 2007

<u>Function and Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
General Government:				
Administration and finance	\$ 809,826	\$ 76,230	\$ 39,175	\$ 846,881
General government	660,647	177,371	2,494	835,524
Planning and inspection	539,722	16,945	1,669	554,998
Library	2,826,963	253,097	36,329	3,043,731
Total General Government	\$ 4,837,158	\$ 523,643	\$ 79,667	\$ 5,281,134
Public Safety:				
Police	\$ 3,427,591	\$ 5,639,499	\$ 413,050	\$ 8,654,040
Fire	6,027,473	2,364,922	275,243	8,117,152
911 Center	867,618	0	0	867,618
Total Public Safety	\$ 10,322,682	\$ 8,004,421	\$ 688,293	\$ 17,638,810
Public Works:				
Street Department	\$ 4,237,112	\$ 249,088	\$ 0	\$ 4,486,200
Engineering	473,665	48,133	2,072	519,726
Old City Landfill	92,500	0	0	92,500
Airport	789,902	34,641	0	824,543
Primary Roads	6,699,063	168,079	0	6,867,142
Secondary Roads	33,964,717	1,024,529	0	34,989,246
Drainage	1,950,876	463,043	0	2,413,919
Sidewalks	1,039	83,898	0	84,937
Bridges	73,968	0	0	73,968
Total Public Works	\$ 48,282,842	\$ 2,071,411	\$ 2,072	\$ 50,352,181
Parks and Recreation:				
Recreation Office	\$ 462,201	\$ 7,205	\$ 1,400	\$ 468,006
Tinsley Park	1,810,898	6,500	0	1,817,398
Cherokee Springs	957,017	73,191	57,839	972,369
East Cleveland Center	537,451	11,541	4,116	544,876
Cleveland Community Center	583,135	15,493	4,700	593,928
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	1,000	0	61,975
Stuart Mini Park	9,531	0	0	9,531
E.L. Ross Craigmile Park	9,880	0	0	9,880
East Cleveland Neighborhood	83,698	0	0	83,698
Greenway Project	820,837	0	0	820,837
Fletcher Park	661,326	0	0	661,326
Soccer Complex	304,279	0	0	304,279
Total Parks and Recreation	\$ 7,040,577	\$ 114,930	\$ 68,055	\$ 7,087,452

CITY OF CLEVELAND, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS (Continued)
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY(1)
For the Fiscal Year Ended June 30, 2007

<u>Function and Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Miscellaneous Properties:				
Central and Church parking lot	\$ 101,000	\$ 0	\$ 0	\$ 101,000
Fourth Street parking lot	45,500	0	0	45,500
Worth and Central parking lot	45,000	0	0	45,000
Inman Street parking lot	32,500	0	0	32,500
Second - Central parking lot	53,000	0	0	53,000
Blythe Day Care	35,136	0	0	35,136
Animal Control	231,386	41,570	1,065	271,891
Kaufman - Second Street parking lot	33,000	0	0	33,000
Hargis - First Street parking lot	33,000	0	0	33,000
Urban renewal lots	87,330	0	0	87,330
Hill Street building	1,074	0	0	1,074
Seventh and Church Street parking lot	21,202	0	0	21,202
Total Miscellaneous Properties	\$ 868,814	\$ 41,570	\$ 1,065	\$ 759,633
Cleveland City Schools:				
School Property	\$ 68,835,150	\$ 7,296,150	\$ 757,073	\$ 75,374,227
Food Service	1,084,893	7,800	0	1,092,693
Total City Schools	\$ 67,258,447	\$ 7,303,950	\$ 757,073	\$ 76,466,920
Total Capital Assets	\$ 135,690,092	\$ 18,059,925	\$ 1,596,225	\$ 157,586,130

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

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STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	128
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax and the local sales tax.	139
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	149
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	156
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	160

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

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Governmental activities			
Invested in capital assets, net of related debt	\$ 53,783,708	\$ 54,406,384	\$ 52,526,979
Restricted	458,233	459,646	459,646
Unrestricted	<u>10,602,633</u>	<u>11,142,970</u>	<u>14,385,306</u>
Total governmental activities net assets	<u>\$ 64,844,574</u>	<u>\$ 66,009,000</u>	<u>\$ 67,371,931</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 87,429,850	\$ 86,878,434	\$ 89,150,550
Unrestricted	<u>7,874,505</u>	<u>11,107,428</u>	<u>13,550,964</u>
Total business-type activities	<u>\$ 95,304,355</u>	<u>\$ 97,985,862</u>	<u>\$ 102,701,514</u>
Primary government			
Invested in capital assets, net of related debt	\$ 141,213,558	\$ 141,284,818	\$ 141,677,529
Restricted	458,233	459,646	459,646
Unrestricted	<u>18,477,138</u>	<u>22,250,398</u>	<u>27,936,270</u>
Total primary government net assets	<u>\$ 160,148,929</u>	<u>\$ 163,994,862</u>	<u>\$ 170,073,445</u>

Source: Official record of Office of City Clerk.

<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 51,571,926	\$ 48,522,525	\$ 54,639,891
459,646	459,646	459,740
<u>17,119,787</u>	<u>22,366,833</u>	<u>22,488,017</u>
<u>\$ 69,151,359</u>	<u>\$ 71,349,004</u>	<u>\$ 77,587,648</u>
\$ 92,033,295	\$ 92,062,798	\$ 98,773,538
<u>13,421,845</u>	<u>16,935,342</u>	<u>14,329,076</u>
<u>\$ 105,455,140</u>	<u>\$ 108,998,140</u>	<u>\$ 113,102,614</u>
\$ 143,605,221	\$ 140,585,323	\$ 153,413,429
459,646	459,646	459,740
<u>30,541,632</u>	<u>39,302,175</u>	<u>36,817,093</u>
<u>\$ 174,606,499</u>	<u>\$ 180,347,144</u>	<u>\$ 190,690,262</u>

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

	2002	2003
PENSES		
Governmental activities:		
General government	\$ 1,943,495	\$ 2,586,632
Planning and inspection	423,856	310,918
Public safety	11,298,693	12,132,200
Public works	5,624,531	7,203,565
Health and welfare	459,735	491,225
Culture and recreation	2,468,434	2,564,187
Education	29,003,808	30,729,336
Interest on long-term debt	1,855,911	2,119,811
Total governmental activities	\$ 53,078,463	\$ 58,137,874
Business-type activities:		
Water and sewer	13,875,409	14,356,114
Electric	56,725,306	59,697,868
Other enterprise	520,344	123,343
Total business-type activities expenses	\$ 71,121,059	\$ 74,177,325
Total primary government expenses	\$ 124,199,522	\$ 132,315,199
PROGRAM REVENUES		
Governmental activities:		
Charges for services	\$ 5,582,015	\$ 6,543,638
Operating grants and contributions	25,077,943	26,248,710
Capital grants and contributions	508,303	10,850
Total governmental activities program revenues	\$ 31,168,261	\$ 32,803,198
Business-type activities:		
Charges for services:		
Water and sewer	\$ 14,081,706	\$ 15,187,407
Electric	58,996,876	61,925,568
Other enterprise	431,403	119,333
Operating grants and contributions	0	0
Capital grants and contributions	497,491	1,012,220
Total business-type activities program revenues	\$ 74,007,476	\$ 78,244,528
Total primary government program revenues	\$ 105,175,737	\$ 111,047,726
Net (Expense) Revenue		
Governmental activities	\$ (21,910,202)	\$ (25,334,676)
Business-type activities	2,886,417	4,067,203
Total primary government net expense	\$ (19,023,785)	\$ (21,267,473)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS		
Governmental activities:		
Property taxes	\$ 6,631,884	\$ 8,320,628
Property taxes - fire	3,222,076	3,723,281
Interest and penalty on taxes	79,345	100,204
In lieu of taxes	34,948	32,972
Local sales tax	6,138,123	6,319,495
Wholesale beer tax	975,310	995,889
Gross receipts tax	813,185	708,331
Franchise tax	351,722	463,846
State sales tax	2,239,968	2,247,016
Other state taxes	1,173,306	1,055,125
Grants and contributions not restricted	468,052	735,014
Unrestricted investment earnings	236,901	178,092
Transfers	1,114,132	1,257,907
Total governmental activities	\$ 23,478,952	\$ 26,137,800
Business-type activities:		
Unrestricted investment earnings	\$ 290,262	\$ 233,513
Transfers	(1,114,132)	(1,257,907)
Total business-type activities	\$ (823,870)	\$ (1,024,394)
Total primary government	\$ 22,655,082	\$ 25,113,406
CHANGE IN NET ASSETS		
Governmental activities	\$ 1,568,750	\$ 803,124
Business-type activities	2,062,547	3,042,809
Total primary government	\$ 3,631,297	\$ 3,845,933

Source: Official record of Office of City Clerk.

2004	2005	2006	2007
\$ 3,325,573	\$ 2,391,498	\$ 2,693,884	\$ 2,674,062
539,414	622,028	1,054,852	882,244
12,683,638	14,180,863	15,151,467	15,897,312
8,138,030	8,429,567	9,265,703	9,080,972
500,734	538,263	552,573	607,956
2,559,373	2,952,398	2,962,458	3,451,275
31,429,169	35,475,697	37,495,574	38,163,992
2,094,798	1,992,504	2,297,623	2,637,740
<u>\$ 61,270,729</u>	<u>\$ 66,582,818</u>	<u>\$ 71,474,134</u>	<u>\$ 73,395,553</u>
15,037,429	16,105,695	17,588,719	18,626,226
62,524,728	62,737,439	71,747,592	75,438,689
134,631	140,635	197,614	221,463
<u>\$ 77,696,788</u>	<u>\$ 78,983,769</u>	<u>\$ 89,533,925</u>	<u>\$ 94,286,378</u>
<u>\$ 138,967,517</u>	<u>\$ 145,566,587</u>	<u>\$ 161,008,059</u>	<u>\$ 167,681,931</u>
\$ 7,127,661	\$ 7,706,701	\$ 8,200,575	\$ 7,540,322
27,093,926	29,500,770	31,417,297	31,719,118
765,700	2,342,151	1,770,080	5,605,567
<u>\$ 34,987,287</u>	<u>\$ 39,549,622</u>	<u>\$ 41,387,952</u>	<u>\$ 44,865,007</u>
\$ 16,152,299	\$ 16,437,866	\$ 17,957,369	\$ 19,411,182
65,987,477	65,541,717	74,832,241	77,279,666
87,075	202,790	197,167	234,142
0	0	0	90,324
1,448,663	708,439	1,121,813	2,282,693
<u>\$ 83,675,514</u>	<u>\$ 82,890,812</u>	<u>\$ 94,108,590</u>	<u>\$ 99,298,007</u>
<u>\$ 118,662,801</u>	<u>\$ 122,440,434</u>	<u>\$ 135,496,542</u>	<u>\$ 144,163,014</u>
\$ (26,283,442)	\$ (27,033,196)	\$ (30,086,182)	\$ (28,530,546)
5,978,726	3,907,043	4,574,665	5,011,629
<u>\$ (20,304,716)</u>	<u>\$ (23,126,153)</u>	<u>\$ (25,511,517)</u>	<u>\$ (23,518,917)</u>
\$ 8,508,570	\$ 8,967,774	\$ 14,798,767	\$ 15,480,244
3,805,969	4,019,302	0	0
110,668	119,841	133,275	150,071
26,977	19,411	19,829	30,136
6,912,834	7,186,302	7,601,091	8,018,692
1,054,330	1,088,535	1,131,612	1,162,392
823,885	943,128	821,430	857,958
494,096	716,475	1,142,767	1,041,053
2,221,608	2,273,609	2,517,380	2,702,704
1,736,563	919,876	1,075,526	1,800,451
344,205	442,832	481,343	633,364
137,287	621,856	960,778	1,203,574
1,469,381	1,493,683	1,600,029	1,688,551
<u>\$ 27,646,373</u>	<u>\$ 28,812,624</u>	<u>\$ 32,283,827</u>	<u>\$ 34,769,190</u>
\$ 206,307	\$ 340,266	\$ 568,364	\$ 781,396
(1,469,381)	(1,493,683)	(1,600,029)	(1,688,551)
<u>\$ (1,263,074)</u>	<u>\$ (1,153,417)</u>	<u>\$ (1,031,665)</u>	<u>\$ (907,155)</u>
<u>\$ 26,383,299</u>	<u>\$ 27,659,207</u>	<u>\$ 31,252,162</u>	<u>\$ 33,862,035</u>
\$ 1,362,931	\$ 1,779,428	\$ 2,197,645	\$ 6,238,644
4,715,652	2,753,626	3,543,000	4,104,474
<u>\$ 6,078,583</u>	<u>\$ 4,533,054</u>	<u>\$ 5,740,645</u>	<u>\$ 10,343,118</u>

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

Function/Program	<u>2002</u>	<u>2003</u>	<u>2004</u>
Governmental activities:			
General government	\$ 13,133	\$ 20,945	\$ 117,132
Planning and inspection	294,259	414,037	569,681
Public safety	2,692,935	3,262,132	3,130,973
Public works	2,835,030	3,002,316	3,880,121
Health and welfare	563,507	249,206	253,654
Culture and recreation	560,879	746,510	848,808
Education	<u>24,208,518</u>	<u>25,108,052</u>	<u>26,186,918</u>
Subtotal governmental activities	<u>\$ 31,168,261</u>	<u>\$ 32,803,198</u>	<u>\$ 34,987,287</u>
Business-type activities			
Water and sewer	\$ 14,579,197	\$ 16,199,627	\$ 17,600,962
Electric	58,996,876	61,925,568	65,987,477
Other enterprise	<u>431,403</u>	<u>119,333</u>	<u>87,075</u>
Subtotal business-type activities	<u>\$ 74,007,476</u>	<u>\$ 78,244,528</u>	<u>\$ 83,675,514</u>
Total primary government	<u>\$ 105,175,737</u>	<u>\$ 111,047,726</u>	<u>\$ 118,662,801</u>

Source: Official record of Office of City Clerk.

<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 141,362	\$ 144,712	\$ 94,478
599,802	845,564	942,799
4,046,913	4,037,012	3,280,867
3,861,476	3,740,271	3,394,983
265,624	223,382	272,474
1,407,893	1,011,707	1,124,039
<u>29,226,552</u>	<u>31,385,304</u>	<u>35,755,367</u>
<u>\$ 39,549,622</u>	<u>\$ 41,387,952</u>	<u>\$ 44,865,007</u>
\$ 17,146,305	\$ 19,079,182	\$ 21,784,199
65,541,717	74,832,241	77,279,666
<u>202,790</u>	<u>197,167</u>	<u>234,142</u>
<u>\$ 82,890,812</u>	<u>\$ 94,108,590</u>	<u>\$ 99,298,007</u>
<u>\$ 122,440,434</u>	<u>\$ 135,496,542</u>	<u>\$ 144,163,014</u>

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Fund				
Reserved	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved	<u>2,291,007</u>	<u>2,548,416</u>	<u>2,705,955</u>	<u>3,903,874</u>
Total general fund	<u><u>\$ 2,291,007</u></u>	<u><u>\$ 2,548,416</u></u>	<u><u>\$ 2,705,955</u></u>	<u><u>\$ 3,903,874</u></u>
All Other Governmental Funds:				
Reserved	\$ 485,242	\$ 341,139	\$ 962,043	\$ 1,045,702
Unreserved, reported in:				
Special revenue funds	1,381,760	1,328,578	1,264,836	1,951,616
Debt service funds	536,536	662,391	1,104,949	705,666
Capital projects funds	3,626,715	11,546,285	6,713,453	2,114,238
Permanent funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,811</u>
Total all other governmental funds	<u><u>\$ 6,030,253</u></u>	<u><u>\$ 13,878,393</u></u>	<u><u>\$ 10,045,281</u></u>	<u><u>\$ 5,822,033</u></u>

Source: Official record of Office of City Clerk.

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>3,329,663</u>	<u>4,098,424</u>	<u>5,771,581</u>	<u>6,667,277</u>	<u>7,861,168</u>	<u>8,642,201</u>
<u>\$ 3,329,663</u>	<u>\$ 4,098,424</u>	<u>\$ 5,771,581</u>	<u>\$ 6,667,277</u>	<u>\$ 7,861,168</u>	<u>\$ 8,642,201</u>
\$ 1,085,267	\$ 1,204,694	\$ 1,670,351	\$ 1,117,277	\$ 994,595	\$ 978,663
2,055,047	2,815,644	3,526,721	4,797,634	3,942,290	3,910,827
1,307,380	1,406,706	1,467,483	1,647,744	2,602,622	3,146,620
2,375,529	2,263,708	2,013,662	1,998,815	6,045,791	5,871,288
<u>12,449</u>	<u>7,475</u>	<u>2,148</u>	<u>8,315</u>	<u>21,825</u>	<u>28,697</u>
<u>\$ 6,835,672</u>	<u>\$ 7,698,227</u>	<u>\$ 8,680,365</u>	<u>\$ 9,569,785</u>	<u>\$ 13,607,123</u>	<u>\$ 13,936,095</u>

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

	1998	1999	2000	2001
REVENUES				
Taxes	\$ 13,242,317	\$ 14,035,552	\$ 15,625,519	\$ 16,409,012
Licenses and permits	490,665	465,474	398,414	364,245
Intergovernmental	26,538,289	30,549,267	28,343,620	36,411,509
Fines and forfeitures	474,264	715,351	657,900	646,857
Charges for services	3,254,139	3,730,013	3,956,352	3,919,634
Interest	474,398	538,590	579,938	701,524
Miscellaneous	509,018	951,362	985,464	541,301
Total Revenues	\$ 44,983,090	\$ 50,985,609	\$ 50,547,207	\$ 58,994,082
EXPENDITURES				
General government	\$ 1,262,885	\$ 1,331,456	\$ 1,491,709	\$ 1,540,228
Community development	321,996	343,124	380,608	409,503
Public safety	7,705,568	7,869,042	8,538,529	9,287,332
Public works	4,633,658	4,927,045	5,097,625	5,594,626
Health and welfare	270,978	277,499	300,234	333,034
Culture and recreation	1,726,092	1,839,527	2,053,901	1,768,571
Education	23,824,297	24,519,655	25,084,758	26,423,910
Appropriations	776,182	765,720	918,643	865,030
Capital outlay	4,197,210	10,522,171	11,760,086	25,428,018
Debt service:				
Interest	830,715	1,031,071	1,551,188	1,740,060
Principal	1,315,000	1,425,000	1,590,000	1,645,000
Total Expenditures	\$ 46,864,581	\$ 54,851,310	\$ 58,767,281	\$ 75,035,312
Excess of revenues over (under) expenditures	\$ (1,881,491)	\$ (3,865,701)	\$ (8,220,074)	\$ (16,041,230)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 8,875,014	\$ 11,157,344	\$ 11,443,238	\$ 14,007,122
Transfers out	(7,907,106)	(10,421,094)	(10,390,884)	(12,989,367)
Notes issued	4,027,919	0	3,492,147	9,632,231
Bonds issued	0	11,235,000	0	0
Refunding bonds issued	7,330,000	0	0	3,065,000
Payment to refunding bond escrow agent	(7,223,712)	0	0	(3,063,602)
Total other financing sources (uses)	\$ 5,102,115	\$ 11,971,250	\$ 4,544,501	\$ 10,651,384
Net change in fund balances	\$ 3,220,624	\$ 8,105,549	\$ (3,675,573)	\$ (5,389,846)
Debt service as a percent of noncapital expenditures	5.03%	5.54%	6.68%	6.82%

Source: Official record of Office of City Clerk.

2002	2003	2004	2005	2006	2007
\$ 18,059,457	\$ 20,591,043	\$ 21,820,687	\$ 23,050,456	\$ 25,598,961	\$ 26,692,073
395,149	422,002	614,120	499,409	511,731	540,832
29,584,658	30,546,411	32,780,677	36,107,621	36,272,316	41,769,671
633,457	816,304	897,881	1,135,822	1,863,507	1,179,606
3,153,357	3,770,640	3,969,522	4,205,563	5,852,986	5,851,999
236,900	178,093	137,286	621,858	960,812	1,203,574
1,234,576	947,595	795,869	775,016	982,971	969,776
<u>\$ 53,297,554</u>	<u>\$ 57,272,088</u>	<u>\$ 61,016,042</u>	<u>\$ 66,395,745</u>	<u>\$ 72,043,284</u>	<u>\$ 78,207,531</u>
\$ 1,701,528	\$ 1,864,227	\$ 1,929,123	\$ 2,035,118	\$ 2,053,861	\$ 2,266,987
400,098	477,536	446,997	563,108	961,245	770,395
10,337,152	11,284,364	12,010,132	13,133,222	13,692,605	14,622,596
5,939,039	6,056,573	6,152,910	7,054,780	7,664,026	7,710,740
336,875	361,105	379,761	428,047	415,101	483,957
2,221,139	2,198,402	2,321,247	2,414,280	2,692,519	2,883,687
27,628,249	28,817,716	29,924,557	32,955,018	34,023,865	35,296,056
879,113	898,681	856,465	858,485	996,770	1,061,885
8,238,956	2,650,162	2,970,045	4,316,712	12,123,365	24,865,184
1,865,109	2,121,674	2,112,091	2,087,467	1,380,000	1,495,000
1,575,000	1,380,000	1,430,000	1,355,000	2,245,522	2,592,796
<u>\$ 61,122,258</u>	<u>\$ 58,110,440</u>	<u>\$ 60,533,328</u>	<u>\$ 67,201,237</u>	<u>\$ 78,248,879</u>	<u>\$ 94,049,283</u>
\$ (7,824,704)	\$ (838,352)	\$ 482,714	\$ (805,492)	\$ (6,205,595)	\$ (15,841,752)
\$ 12,182,607	\$ 12,164,831	\$ 12,908,687	\$ 13,883,341	\$ 17,533,104	\$ 15,587,872
(11,068,475)	(10,906,924)	(11,439,306)	(12,414,658)	(15,933,075)	(13,899,321)
7,150,000	1,242,422	703,200	1,025,000	9,836,795	9,163,205
0	0	0	0	0	6,100,000
0	0	0	10,580,000	0	0
0	0	0	(10,483,075)	0	0
<u>\$ 8,264,132</u>	<u>\$ 2,500,329</u>	<u>\$ 2,172,581</u>	<u>\$ 2,590,608</u>	<u>\$ 11,436,824</u>	<u>\$ 16,951,756</u>
<u>\$ 439,428</u>	<u>\$ 1,661,977</u>	<u>\$ 2,655,295</u>	<u>\$ 1,785,116</u>	<u>\$ 5,231,229</u>	<u>\$ 1,110,004</u>
6.51%	6.31%	6.15%	5.47%	5.48%	5.78%

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

Fiscal Year	Property	Interest & Penalty	In lieu	Local Sales	Wholesale Beer	Gross Receipts	Franchise	Total
1998	\$ 5,984,537	\$ 65,327	\$ 40,560	\$ 5,456,132	\$ 834,189	\$ 697,831	\$ 163,741	\$ 13,242,317
1999	6,175,154	57,631	18,521	5,742,759	870,746	711,664	459,077	14,035,552
2000	7,236,672	77,521	38,755	6,185,814	913,332	792,644	380,781	15,625,519
2001	7,852,762	81,180	50,370	6,139,911	934,827	782,321	567,641	16,409,012
2002	9,666,823	79,345	34,949	6,138,123	975,310	813,185	351,722	18,059,457
2003	11,970,306	100,204	32,972	6,319,495	995,889	708,331	463,846	20,591,043
2004	12,397,898	110,668	26,977	6,912,834	1,054,330	823,885	494,095	21,820,687
2005	12,976,764	119,841	19,411	7,186,302	1,088,535	943,128	716,475	23,050,456
2006	14,748,957	133,275	19,829	7,601,091	1,131,612	821,430	1,142,767	25,598,961
2007	15,431,771	150,071	30,136	8,018,692	1,162,392	857,958	1,041,053	26,692,073
Change 1998 - 2007	157.9%	129.7%	(25.7%)	47.0%	39.3%	22.9%	535.8%	101.6%

Source: Official record of Office of City Clerk.

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

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Industrial Property</u>	<u>Personal Property</u>
1998	\$ 169,502,165	\$ 191,887,970	\$ 73,556,752
1999	174,054,148	203,801,385	72,484,451
2000	235,579,198	260,347,131	88,968,155
2001	240,791,690	266,817,711	96,802,910
2002	245,493,272	273,841,039	90,570,608
2003	282,296,905	297,096,375	120,878,490
2004	286,348,893	311,879,339	134,709,868
2005	291,220,041	336,880,151	137,794,077
2006	327,728,811	390,439,469	152,699,708
2007	340,457,413	411,504,084	160,482,176

Source: Bradley County Assessor of Property.

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

<u>Public Utilities</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
\$ 17,090,087	\$ 452,036,974	\$ 1.33	\$ 1,444,418,995	31.3 %
15,780,601	466,120,585	1.20	1,485,655,923	31.4
21,672,583	606,567,067	1.26	1,942,376,041	31.2
23,586,587	627,998,898	1.56	2,010,050,158	31.2
22,119,614	632,024,533	1.65	2,022,296,724	31.3
23,817,931	724,089,701	1.65	2,332,808,028	31.0
22,495,636	755,433,736	1.65	2,428,860,720	31.1
22,257,531	788,151,800	1.65	2,520,548,708	31.3
24,725,621	895,593,609	1.65	2,856,172,605	31.4
25,365,823	937,809,496	1.65	2,987,247,780	31.4

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

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Overlapping Rate* Bradley County Rate</u>	<u>Combined Tax Rate</u>
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	2.18	3.83
2003	1.65	2.18	3.83
2004	1.65	2.18	3.83
2005	1.65	2.18	3.83
2006	1.65	2.02	3.67
2007	1.65	2.02	3.67

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

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

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

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

Schedule 9

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Maytag Corporation	\$ 28,880,602	1	3.17%	\$ 19,762,514	1	4.39%
Master Foods USA	26,235,856	2	2.88	18,520,282	2	4.11
Ocoee Hospital Corporation	21,703,045	3	2.38	-	-	-
Duracell Company	20,852,967	4	2.29	4,101,924	7	0.91
Peyton's Southeastern	15,781,348	5	1.73	4,205,345	6	0.93
Life Care Centers of America	12,875,960	6	1.41	6,762,452	4	1.50
Schering-Plough	10,840,588	7	1.19	-	-	-
BellSouth	10,487,347	8	1.15	9,588,114	3	2.13
Wal-Mart	8,844,524	9	0.97	3,167,087	10	0.70
Johnston Coca-Cola	7,188,267	10	0.79	-	-	-
Bradley Square Mall	-	-	-	5,448,425	5	1.21
Allied Signal	-	-	-	3,644,921	8	0.81
Atlanta Gas	-	-	-	3,288,173	9	0.73
Totals	<u>\$ 163,690,504</u>		<u>17.96%</u>	<u>\$ 78,489,237</u>		<u>17.41%</u>

Source: Cleveland/Bradley Chamber of Commerce and Tennessee Department of Labor & Workforce Development.

Note - This schedule should include the ten largest employers, unless fewer are required to reach 50% of total employment.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$ 6,012,092	\$ 5,637,220	93.8 %	\$ 357,596	\$ 5,994,816	99.7 %
1999	6,199,404	5,822,694	93.9	305,277	6,127,971	98.8
2000	7,278,804	6,862,497	94.3	374,854	7,237,351	99.4
2001	7,912,786	7,378,221	93.2	402,496	7,780,717	98.3
2002	9,859,583	9,187,496	93.2	498,863	9,686,359	98.2
2003	11,947,480	11,303,576	94.6	611,144	11,914,720	99.7
2004	12,464,657	11,671,276	93.6	633,659	12,304,935	98.7
2005	13,004,505	12,257,261	94.3	769,636	13,026,897	100.2
2006	14,777,295	13,963,167	94.5	693,083	14,656,250	99.2
2007	15,473,857	14,486,289	93.6	829,580	15,315,869	99.0

Source: Official record of Office of City Clerk.

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Apparel Stores	\$ 15,745,998	\$ 15,592,222	\$ 21,431,647	\$ 20,746,661
General Merchandise Stores	120,210,731	129,924,270	136,346,718	144,242,082
Food Stores	86,564,558	85,350,465	87,235,356	87,181,772
Eating and Drinking Places	68,673,898	72,141,478	76,125,457	76,742,514
Furniture Stores	23,272,048	24,424,944	27,985,217	27,250,770
Building Materials	47,660,745	46,832,095	57,494,284	55,728,260
MV Dealers and Service Stations	39,149,819	40,337,648	42,665,370	43,679,856
Other Retail	36,243,315	45,591,147	49,226,027	53,268,036
All Other Outlets	<u>131,023,810</u>	<u>117,695,914</u>	<u>119,161,695</u>	<u>126,679,648</u>
Total	<u>\$ 568,544,922</u>	<u>\$ 577,890,183</u>	<u>\$ 617,671,771</u>	<u>\$ 635,519,599</u>
 City direct sales tax rate	 2.25%	 2.25%	 2.25%	 2.25%

Source: Tennessee Department of Revenue, Research Division.

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 20,229,088	\$ 19,896,935	\$ 20,067,489	\$ 20,838,181	\$ 22,953,066	\$ 24,138,310
150,102,573	152,412,537	156,574,634	185,089,441	186,778,089	194,120,266
89,819,627	90,283,583	86,861,754	81,853,277	80,107,817	80,635,523
79,703,228	84,135,260	89,520,521	99,030,575	102,853,071	107,702,429
25,605,588	25,376,788	27,034,299	29,011,766	29,434,891	30,240,720
57,409,515	56,627,136	61,677,807	71,672,220	81,440,562	92,084,523
44,251,983	43,794,271	44,840,393	49,355,351	48,076,764	49,553,354
51,999,304	52,259,172	52,545,120	54,037,438	56,068,091	56,389,300
<u>113,444,461</u>	<u>107,011,098</u>	<u>109,168,200</u>	<u>116,159,273</u>	<u>120,576,831</u>	<u>126,009,257</u>
<u>\$ 632,565,367</u>	<u>\$ 631,796,780</u>	<u>\$ 648,290,217</u>	<u>\$ 707,047,522</u>	<u>\$ 728,289,182</u>	<u>\$ 760,873,682</u>
2.25%	2.25%	2.25%	2.25%	2.25%	2.25%

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

<u>Fiscal Year</u>	<u>City of Cleveland and Bradley County Rate</u>
1998	2.25 %
1999	2.25
2000	2.25
2001	2.25
2002	2.25
2003	2.25
2004	2.25
2005	2.25
2006	2.25
2007	2.25

Source: Official records of Office of City Clerk.

Note: The maximum local sales tax rate allowed by Tennessee State law is 2.75%. A local referendum would be required to increase the local rate.

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**CITY OF CLEVELAND, TENNESSEE
LOCAL SALES TAX REVENUE BY INDUSTRY
FISCAL YEARS 1999 AND 2007**

	Fiscal Year 1999			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1 Retail Trade	826	55.03 %	\$ 10,637,977	77.73 %
2 Services	396	26.38	1,137,519	8.31
3 Manufacturing	112	7.46	576,568	4.21
4 Wholesale Trade	82	5.46	529,808	3.87
5 Construction	26	1.73	34,355	0.25
6 Finance Insurance Real Estate	24	1.60	12,487	0.09
7 Transportation and Utilities	23	1.53	741,265	5.42
8 Agriculture	6	0.40	5,132	0.04
Other, Non Classified	6	0.40	10,247	0.07
Total	1,501	100.00 %	\$ 13,685,358	100.00 %

Source: Tennessee Department of Revenue, Research Division.

Notes:

1. Figures subject to revision due to amended taxpayer returns.
2. Figures represent local sales tax collected by merchants during the period, not disbursements from the Department of Revenue.
3. Changes in local telecommunications sourcing rules in 2003 reduced the number of taxpayers reporting in the Transportation and Utilities sector.
4. Does not include Cleveland's share of county clerk or out-of-state taxpayer amounts.

Fiscal Year 2007			
<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>
849	56.69 %	\$ 14,448,358	82.71 %
349	22.70	1,162,459	6.81
93	5.61	544,974	3.30
82	5.26	669,875	4.59
13	0.91	29,546	0.19
19	1.19	15,191	0.06
7	0.35	121,384	0.60
8	0.35	6,170	0.03
32	6.94	228,198	1.70
<u>1,452</u>	<u>100.00 %</u>	<u>\$ 17,226,155</u>	<u>100.00 %</u>

**CITY OF CLEVELAND, TENNESSEE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Governmental Activities</u>		
	<u>General Obligation Bonds</u>	<u>General Obligation Refunding Bonds</u>	<u>Notes</u>
1998	\$ 1,815,000	\$ 11,250,000	\$ 6,190,000
1999	13,050,000	10,850,000	5,570,000
2000	12,600,000	10,445,000	8,312,147
2001	14,655,000	7,550,000	17,169,378
2002	11,565,000	9,680,000	23,694,378
2003	11,440,000	8,895,000	24,466,800
2004	11,290,000	8,070,000	24,715,000
2005	1,225,000	17,700,000	25,535,000
2006	1,025,000	16,760,000	43,795,000
2007	6,850,000	15,790,000	44,045,000

Source: Official record of Office of City Clerk.

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

Business-type Activities

Revenue Bonds	Notes	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 25,449,000	\$ 9,075,470	\$ 53,779,470	3.36 %	\$ 1,523
32,726,000	8,792,796	70,988,796	2.67	1,985
31,182,000	11,237,498	73,776,645	2.68	2,042
29,713,000	14,847,200	83,934,578	2.39	2,245
28,924,000	14,526,903	88,390,281	2.47	2,358
28,110,000	16,781,605	89,693,405	2.48	2,394
28,090,000	18,531,307	90,696,307	2.58	2,427
26,495,000	19,650,000	90,605,000	2.77	2,404
24,875,000	25,755,000	112,210,000	2.33	2,939
31,980,000	24,565,000	123,230,000	N/A	N/A

CITY OF CLEVELAND, TENNESSEE
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds Outstanding	Actual Taxable Value of Property	Population	Percentage of Actual taxable Value of Property	Debt Per Capita
1998	\$ 19,255,000	\$ 1,444,418,995	35,528	1.3 %	\$ 542
1999	29,470,000	1,485,655,923	35,947	2.0	820
2000	31,357,147	1,942,376,041	36,624	1.6	856
2001	39,374,378	2,010,050,158	37,426	2.0	1,052
2002	44,939,378	2,022,296,724	37,492	2.2	1,199
2003	44,801,800	2,332,808,028	37,404	1.9	1,198
2004	44,075,000	2,428,860,720	37,521	1.8	1,175
2005	44,460,000	2,520,548,708	37,914	1.8	1,173
2006	52,916,795	2,856,172,605	38,263	1.9	1,383
2007	66,685,000	2,987,247,780	38,627	2.2	1,726

Source: Official record of Office of City Clerk.

Note - Details regarding the City's outstanding debt can be found in the notes to the financial statements.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2007

	<u>Net Debt Outstanding</u>	<u>Percentage of Debt Applicable to the City</u>	<u>City's Share of Debt</u>
City of Cleveland direct debt - General Obligation Bonds	\$ 63,538,380	100.00%	\$ 63,538,380
*Bradley County, Tennessee	<u>69,586,502</u>	55.15%	<u>38,379,113</u>
Total direct and overlapping debt	<u>\$ 133,124,882</u>		<u>\$ 101,917,493</u>

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

Note - Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Cleveland. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

**CITY OF CLEVELAND, TENNESSEE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Debt limit	\$ 45,022,419	\$ 46,707,835	\$ 60,784,182	\$ 62,822,039
Total net debt applicable to limit	<u>12,528,464</u>	<u>23,237,609</u>	<u>21,550,051</u>	<u>44,784,334</u>
Legal debt margin	<u>\$ 32,493,955</u>	<u>\$ 23,470,226</u>	<u>\$ 39,234,131</u>	<u>\$ 18,037,705</u>
Total net debt applicable to limit as a percentage of debt limit	27.83%	49.75%	35.45%	71.29%

Note - Under Tennessee State law, the City's outstanding general obligation debt is not limited. However, the City has established a financial policy limit of no more than 10 percent of assessed property value.

Source: Official record of Office of City Clerk.

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 63,175,603	\$ 72,834,260	\$ 75,126,959	\$ 78,684,956	\$ 89,559,361	\$ 93,780,950
<u>43,492,620</u>	<u>43,395,094</u>	<u>42,607,517</u>	<u>42,812,256</u>	<u>58,977,378</u>	<u>63,538,380</u>
<u>\$ 19,682,983</u>	<u>\$ 29,439,166</u>	<u>\$ 32,519,442</u>	<u>\$ 35,872,700</u>	<u>\$ 30,581,983</u>	<u>\$ 30,242,570</u>
68.84%	59.58%	56.71%	54.41%	65.85%	67.75%

Legal Debt Margin Calculation for Fiscal Year 2007

Total assessed value		<u>\$ 937,809,496</u>
Legal debt margin:		
Debt limitation - 10% of total assessed value as adopted by resolution		\$ 93,780,950
Debt applicable to limit:		
Total bonded debt	\$ 123,230,000	
Less: Revenue bonds	56,545,000	
Amount available for repayment of general obligation bonds	<u>3,146,620</u>	
Total debt applicable to limit		<u>\$ 63,538,380</u>
Legal debt margin		<u>\$ 30,242,570</u>

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

Fiscal Year	Gross (1) Revenue	Direct Operating (2) Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	(3) Interest	Total	
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
2006	17,992,739	12,061,012	5,931,727	2,315,000	1,703,232	4,018,232	1.48
2007	19,411,182	12,603,637	6,807,545	2,560,000	1,971,336	4,531,336	1.50

Source: From official records of Office of City Clerk.

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

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**CITY OF CLEVELAND, TENNESSEE
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>
1997	35,314	\$ 1,805,742	\$ 21,323	35
1998	35,757	1,893,369	21,985	35
1999	36,138	1,977,523	22,698	36
2000	37,382	2,004,293	22,727	36
2001	37,480	2,183,563	24,569	36
2002	37,462	2,222,595	24,837	36
2003	37,368	2,336,728	25,955	36
2004	37,691	2,510,307	27,572	37
2005	38,186	2,616,694	28,400	37
2006	38,627	N/A	N/A	N/A

Sources: Population and educational attainment data from U.S. Census.
 Median age calculated by Cleveland Community Development Department from U.S. Census data.
 Personal income and Per Capita income from U.S. Bureau of Economic Analysis.
 Unemployment data from U.S. Bureau of Labor Statistics.
 School enrollment from Cleveland City Schools
 Personal income, per capita income, median age and Unemployment rate data are for Bradley County.

<u>Percent High School graduate or higher</u>	<u>Percent Bachelor's degree or higher</u>	<u>School Enrollment</u>	<u>Annual Average Adjusted Unemployment Rate (%)</u>
64 %	12 %	4,430	5.5 %
64	12	4,316	3.8
64	12	4,329	3.6
73	16	4,422	3.6
73	16	4,279	4.1
73	16	4,345	4.8
73	16	4,317	5.1
73	16	4,454	5.1
79	18	4,456	5.3
80	22	4,503	6.7

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

<u>Employer</u>	<u>2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Labor Force Bradley County</u>
Whirlpool/Maytag	2,075	1	4.26 %
City Government	1,162	2	2.39
SkyRidge Medical Center	1,100	3	2.26
Peyton's Southeastern	1,000	4	2.05
Bradley County Schools	1,000	5	2.05
Jackson Furniture Industries	900	6	1.85
Masterfoods USA	800	7	1.64
Wal-Mart	780	8	1.60
Bradley County Government	630	9	1.29
Duracell	525	10	1.08
Bradley Memorial Hospital	N/A	N/A	N/A
Total	<u><u>9,972</u></u>		<u><u>20.47 %</u></u>

Source: Cleveland/Bradley Chamber of Commerce and Tennessee Department of Labor & Workforce Development

1998		
Employees	Rank	Percentage of Total Labor Force Bradley County
2,400	1	5.59 %
1,020	4	2.37
N/A	N/A	N/A
850	5	1.98
800	6	1.86
1,400	2	3.26
650	8	1.51
200	10	0.47
372	9	0.87
800	7	1.86
1,200	3	2.79
<u>9,692</u>		<u>22.56 %</u>

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

Function/Program	Full-time-Equivalent Employees as of June 30									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government										
City Council and legislative	1	1	1	1	1	1	1	1	1	1
Administration and finance	14	13	13	16	16	16	16	16	16	16
Community development	6	7	7	7	7	7	8	9	10	10
Police										
Officers	72	100	99	94	92	91	90	90	90	92
Civilians	6	6	7	11	11	11	11	12	12	12
Fire										
Firefighters and officers	65	70	74	77	80	79	79	82	88	91
Civilians	1	1	1	1	1	1	1	1	1	1
Public works										
Operations	8	26	30	30	18	18	19	23	26	26
Engineering	8	9	9	9	9	9	9	9	7	7
Landscaping maintenance	0	0	0	7	7	7	7	8	8	8
Solid waste management	1	14	14	14	13	13	13	13	13	13
Stormwater management fund	0	0	0	0	0	0	1	1	2	2
State street aid	27	0	0	0	13	13	12	11	11	11
Fleet management	7	9	9	9	9	9	9	8	8	8
Brush chipping	0	0	0	0	1	1	1	1	1	1
Parks and recreation										
Administration and maintenance	13	14	15	8	8	8	8	8	8	9
Northeast recreation center	3	3	3	3	3	3	3	3	3	3
Cleveland community center	4	4	4	4	4	4	4	4	4	4
Cherokee springs golf course	7	7	7	7	7	7	7	6	6	6
Animal control										
Administration and operations	7	7	7	7	7	7	7	7	7	8
Weed and seed program	0	0	0	0	1	2	2	3	3	0
Community development block grant	0	0	0	0	0	0	0	1	2	2
Subtotal	250	291	300	305	308	307	308	317	327	331
Cleveland Utilities										
Electric division	93	97	96	101	102	107	105	109	108	114
Water/wastewater division	77	79	85	84	83	83	83	85	86	86
City schools										
Certificated Staff	343	344	349	349	350	350	357	359	364	370
Non-Certificated Personnel	247	248	251	252	253	253	254	253	253	258
Library	10	10	11	11	11	11	11	10	10	10
Total	1,020	1,069	1,091	1,102	1,107	1,111	1,118	1,133	1,148	1,169

Source: City Finance Department.

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

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

<u>Function/Program</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General government				
Building permits issued	430	467	468	361
Value of constructed permitted	\$53,974,360	\$46,277,000	\$69,932,000	\$53,391,050
Police				
Parking violations	2,419	2,883	2,851	2,677
Traffic violations	5,011	7,205	5,787	5,623
Fire				
Emergency responses (city only)	n/a	n/a	n/a	n/a
Fires extinguished (city only)	n/a	n/a	n/a	n/a
Fire inspections	n/a	433	463	450
Public works				
Street resurfacing (tonnage)	511	16,872	24,072	29,278
Utility cut permits (# Excavations)	704	667	483	482
Drainage pipe installed (linear ft.)	6,962	9,711	8,843	11,985
Tons of brush chipped	n/a	n/a	962	2,044
Parks and recreation				
Softball league participants	3,460	3,390	3,460	3,632
Basketball league participants	610	641	680	692
Soccer league participants	679	679	700	721
Rounds of golf played	26,500	27,500	27,000	25,000
Library				
Volumes in collection	92,085	96,413	102,802	110,844
Circulation	293,256	272,620	263,979	263,255
Attendants	200,840	198,033	176,297	176,196
City Schools				
Average Daily Membership				
High School	1,152	1,086	1,161	1,106
Middle School	639	631	644	692
Elementary Schools	2,647	2,539	2,507	2,579
Ungraded - Special Education	n/a	94	63	79
ACT composite scores	n/a	21.2	20.8	20.8
% of High School graduates	n/a	n/a	n/a	n/a
Electric				
Class of Service # of Customers				
Residential	22,464	22,891	23,275	23,540
Small lighting and power	2,954	3,037	3,063	3,148
Large lighting and power	544	559	569	579
Street and outdoor lighting	61	63	61	59
Kilowatt-hours purchased	1,019,739,176	1,041,484,800	1,056,920,307	1,091,932,800
Kilowatt-hours sold	973,386,200	1,006,668,383	1,018,065,819	1,054,539,327
Line losses and kilowatt-hour unaccounted for	46,352,976	34,816,417	38,854,488	37,393,473
Percentage of losses and unaccounted for kilowatt-hours to purchases	4.55%	3.34%	3.68%	3.42%

2002	2003	2004	2005	2006	2007
351	392	438	495	460	437
\$49,057,456	\$58,922,242	\$110,607,005	\$56,689,803	\$75,980,803	\$83,346,627
1,838	1,353	1,245	1,425	1,625	1,716
6,519	7,422	6,180	9,609	12,143	11,472
420	693	803	884	1,256	1,313
59	138	138	252	182	140
516	850	450	450	846	2,522
15,865	13,437	434	22,940	32,863	12,334
493	392	310	346	319	422
11,182	5,781	8,085	7,280	7,644	4,953
1,302	1,007	1,200	1,188	1,269	1,978
3,672	3,855	1,450	1,400	1,477	1,350
710	746	350	400	454	350
745	782	638	730	750	850
26,000	21,500	11,500	11,900	12,120	14,700
117,506	117,829	124,572	128,491	131,099	135,000
273,558	287,494	290,461	293,402	326,927	348,159
169,400	186,388	215,543	223,546	239,067	245,146
1,082	1,089	1,109	1,152	1,385	1,203
1,047	1,090	1,050	1,069	1,187	1,053
2,166	2,080	2,123	2,162	1,906	2,248
54	62	48	72	68	61
21	20.9	21.2	20.9	21.3	21
n/a	n/a	n/a	75.4	84.9	83
23,701	23,530	23,813	24,031	24,315	24,541
3,182	3,216	3,319	3,382	3,407	3,426
550	576	587	593	649	620
57	53	135	128	129	119
1,073,355,517	1,116,501,227	1,130,449,913	1,115,957,513	1,150,136,397	1,146,736,443
1,033,141,279	1,080,749,736	1,092,827,383	1,076,529,177	1,118,005,640	1,107,755,437
40,214,238	35,751,491	37,622,530	39,428,336	32,130,757	38,981,006
3.75%	3.20%	3.33%	3.53%	2.79%	3.40%

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

<u>Function/Program</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Water				
Class of Service # of Customers				
Residential	21,695	22,200	22,814	23,160
Commercial & Industrial	2,799	2,932	2,889	2,952
Gallons purchased	996,344,720	918,675,685	957,051,035	930,966,824
Gallons pumped	2,198,571,750	2,509,523,250	2,366,262,250	2,550,719,250
Gallons sold	2,737,990,500	2,882,648,250	2,786,077,500	2,918,214,750
Line losses and gallons unaccounted for	456,925,970	545,550,685	537,235,785	563,471,324
Percentage of losses and unaccounted for gallons to total provided	14.30%	15.91%	16.17%	16.18%
Average daily water consumption (gallons)	7,501,344	7,897,666	7,632,694	7,995,109
Wastewater				
Class of Service # of Customers				
Residential	11,683	12,113	12,428	12,861
Commercial & Industrial	2,122	2,148	2,186	2,241
Capacity daily (thousands of gallons)	9,200	21,600	21,600	21,600
Treatment during fiscal year (gallons)	3,373,789,000	3,148,839,000	2,937,720,000	2,873,650,000

Sources: Various city departments.

2002	2003	2004	2005	2006	2007
23,581	23,872	24,343	24,870	25,414	25,898
3,002	3,029	3,091	3,139	3,220	3,054
1,021,097,618	1,054,236,887	1,050,685,973	1,103,601,315	1,207,869,115	1,255,708,159
2,456,792,000	2,586,512,489	2,599,175,514	2,569,476,656	2,736,379,124	2,791,321,111
2,811,535,500	2,860,158,000	2,799,868,500	2,779,692,000	2,895,225,000	3,016,467,750
666,354,118	780,591,376	849,992,987	893,385,971	1,049,023,239	1,030,561,520
19.16%	21.44%	23.29%	24.32%	26.60%	25.46%
7,702,837	7,836,049	7,670,873	7,615,595	7,932,123	8,264,295
13,363	13,438	13,688	13,903	14,255	14,356
2,293	2,345	2,398	2,420	2,487	2,482
21,600	21,600	21,600	21,600	21,600	21,600
3,025,509,000	3,837,476,000	3,514,220,000	3,778,740,000	2,927,060,000	2,824,970,000

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

Schedule 23

<u>Function/Program</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	5	5	5	4	4	6	0	0	0	0
Patrol units	79	84	85	95	99	110	117	110	110	103
Fire										
Stations	3	4	4	4	4	4	4	4	5	5
Fire Trucks (pumpers, ladders & tankers	10	10	10	10	10	10	10	10	15	15
Public works										
Street (miles)	261	263	263	263	270	270	291	302	321	323
Street lights	4,888	4,967	5,094	5,240	5,417	5,474	5,594	5,738	5,873	6,047
Traffic signals	434	458	458	487	487	487	503	517	540	542
Pedestrians Signals	68	84	84	96	96	96	96	88	88	54
Knucklebooms	3	3	4	4	4	5	5	6	6	6
Parks and recreation										
Acreage	249	292	292	292	292	292	292	292	289	289
Playgrounds	9	9	9	9	9	9	9	9	8	8
Softball fields	5	5	5	5	5	5	5	5	5	5
Soccer fields	15	15	15	15	15	15	15	15	15	15
Tennis courts	18	12	12	12	12	12	12	12	12	12
Community centers	2	2	2	2	2	2	2	2	2	2
Swimming pools	3	3	3	3	3	3	3	3	3	3
Golf courses	1	1	1	1	1	1	1	1	1	1
Schools										
Elementary schools	7	7	7	7	7	7	7	7	6	6
Middle schools	1	1	1	1	1	1	1	1	1	1
High schools	1	1	1	1	1	1	1	1	1	1
Library										
Bookmobiles	0	0	0	0	0	0	0	1	1	1
Electric										
Electric lines (miles)	504	505	506	507	507	496	500	500	513	518
Substations	14	14	14	14	14	14	14	14	15	15
Water										
Water mains (miles)	519	533	557	570	576	623	623	688	697	710
Fire hydrants	1,363	1,416	1,512	1,639	1,724	1,894	2,127	2,228	2,302	2,343
Storage capacity (thousands of gal)	13,000	13,000	13,000	13,000	14,300	14,300	14,300	14,300	14,300	14,300
Wastewater										
Sanitary sewers (miles)	225	231	235	249	251	256	273	326	330	333
Treatment capacity (thousands of gal)	9,200	9,200	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600

Sources: Various city departments.

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

INSURANCE IN FORCE

ALL FUND TYPES EXCLUDING CLEVELAND UTILITIES

For the Fiscal Year Ended June 30, 2007

<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	9/1/2006 to 8/31/2007	Buildings, contents, boilers, fired vessels electric steam generators. Theft, disappearance and destruction. Radio, video equipment, mobile equip- ment, police dogs.	\$ 23,933,062	\$ 45,465
Comprehensive Liability TML Risk Management Pool	TML-026R	7/1/2006 to 6/30/2007	General and public officials liability, auto liability, auto physical damage, personal injury. Excess auto physical damage. Airport liability	As per schedule	\$ 293,328
Worker's Compensation TML Risk Management Pool	TWC-0187	7/1/2006 to 6/30/2007	Job related injuries, employees	\$ 1,000,000 \$ 1,000 ded.	\$ 398,431
Property (School Buildings and Contents, Boiler, Vehicles) Tennessee Risk Management Trust	CP 65050	7/1/2006 to 7/1/2007	Property Equipment Liability	Various	\$ 200,448
Worker's Compensation Tennessee Risk Management Trust	NXC 0130255-3	7/1/2006 to 7/1/2007	Job related injuries, employees	\$ 1,000,000	\$ 143,810

CITY OF CLEVELAND, TENNESSEE
INSURANCE IN FORCE
CLEVELAND UTILITIES
For the Fiscal Year Ended June 30, 2007

Table 2

Cleveland Utilities - Water and Electric Division

<u>Insurer</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Distributors Self Insurance Fund	Worker's compensation	Statutory
Distributors Self Insurance Fund	Employer's liability	\$ 1,000,000
Affiliated FM	Real property	\$ 108,001,000
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	\$ 1,000,000
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
CHANGES IN PROPERTY TAXES RECEIVABLE
For the Year Ended June 30, 2007

Table 3

<u>Property Taxes</u>	<u>Balance 7/1/2006</u>	<u>Levies</u>	<u>Collections & Adjustments</u>	<u>Balance 6/30/2007</u>
2006	\$ 0	\$ 15,383,729	\$ 14,396,162	\$ 987,567
2005	816,988	0	674,215	142,773
2004	151,190	0	85,862	65,328
2003	78,025	0	35,499	42,526
2002	42,510	0	9,727	32,783
2001	19,248	0	6,396	12,852
2000	14,322	0	798	13,524
1999	25,185	0	972	24,213
1998	19,179	0	330	18,849
1997	41,920	0	154	41,766
1996	26,837	0	26,837	0
	<u>\$ 1,235,404</u>	<u>\$ 15,383,729</u>	<u>\$ 15,236,952</u>	<u>\$ 1,382,181</u>

Note - Property taxes receivable also include the 2007 levy reported as deferred revenue in the amount of \$15,225,147.

CITY OF CLEVELAND, TENNESSEE
CHANGES IN GENERAL
OBLIGATION BONDS PAYABLE
For the Year Ended June 30, 2007

Table 4

	Interest Rates	Balance 07/01/06	General Obligation		Balance 06/30/07
			New Bonds Issued	Bonds Retired	
General Improvement Refunding Bonds					
Series 1997					
Maturing 2012	3.50-5.00%	\$ 4,305,000	\$ 0	\$ 530,000	\$ 3,775,000
General Improvement Bonds					
Series 1999					
Maturing 2024	4.80-5.25%	1,025,000	0	275,000	750,000
General Improvement Refunding Bonds					
Series 2001					
Maturing 2011	4.25-4.50%	2,010,000	0	395,000	1,615,000
General Improvement Refunding Bonds					
Series 2005					
Maturing 2024	3.00-4.375%	10,445,000	0	45,000	10,400,000
General Improvement Bonds					
Series 2007A					
Maturing 2037	4.00-5.00%	<u>0</u>	<u>6,100,000</u>	<u>0</u>	<u>6,100,000</u>
Total General Obligation Bonds		<u>\$ 17,785,000</u>	<u>\$ 6,100,000</u>	<u>\$ 1,245,000</u>	<u>\$ 22,640,000</u>

CITY OF CLEVELAND, TENNESSEE
CHANGES IN REVENUE BONDS PAYABLE
For the Year Ended June 30, 2007

Table 5

	<u>Balance</u> <u>07/01/06</u>	<u>Revenue</u>		<u>Balance</u> <u>06/30/07</u>
		<u>New Bonds</u> <u>Issued</u>	<u>Bonds</u> <u>Retired</u>	
Water and sewer revenue and tax bonds, maturing through 2037				
Due September 2012 - 4.25% to 4.50%	\$ 3,295,000	\$ 0	\$ 525,000	\$ 2,770,000
Due September 2013 - 2.00% to 3.50%	4,130,000	0	425,000	3,705,000
Due September 2014 - 3.5% to 5.0%	3,970,000	0	370,000	3,600,000
Due September 2006 - 4.1% to 4.875%	230,000	0	230,000	0
Due September 2028 - 2.00% to 4.375%	13,250,000	0	95,000	13,155,000
Due June 2037 - 4.00% to 5.00%	0	8,750,000	0	8,750,000
	<u>0</u>	<u>8,750,000</u>	<u>0</u>	<u>8,750,000</u>
Total Revenue Bonds	<u>\$ 24,875,000</u>	<u>\$ 8,750,000</u>	<u>\$ 1,645,000</u>	<u>\$ 31,980,000</u>

CITY OF CLEVELAND, TENNESSEE
CHANGES IN NOTES PAYABLE
For the Year Ended June 30, 2007

Table 6

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 06/30/06</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 06/30/07</u>
Electric Division:						
Note payable to the public						
Building Authority						
Sevier County, TN						
Series D3						
	2017	Variable	\$ 835,000	\$ 0	\$ 60,000	\$ 775,000
Electric Division:						
Note payable to the public						
Building Authority						
Blount County, TN						
Series A-2-F						
	2021	Variable	1,350,000	0	90,000	1,260,000
Electric Division:						
Note payable to the public						
Building Authority						
Blount County, TN						
Series VI-E-4						
	2025	Variable	1,800,000	0	50,000	1,750,000
Electric Division:						
Note payable to the public						
Building Authority						
Blount County, TN						
Series D-4-A						
	2027	Variable	2,500,000	0	75,000	2,425,000
Water Division:						
Note payable to the public						
Building Authority						
Sevier County, TN						
Series E4						
	2014	Variable	1,960,000	0	205,000	1,755,000
Water Division:						
Note payable to the public						
Building Authority						
Sevier County, TN						
Series D2						
	2017	Variable	3,155,000	0	235,000	2,920,000
Water Division:						
Note payable to the public						
Building Authority						
Sevier County, TN						
Series C4						
	2021	Variable	2,335,000	0	155,000	2,180,000
Water Division:						
Note payable to the public						
Building Authority						
Blount County, TN						
Series A-2-F						
	2021	Variable	1,820,000	0	120,000	1,700,000
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
CHANGES IN NOTES PAYABLE
For the Year Ended June 30, 2007

Table 6
(Continued)

	Maturity Date	Interest Rate	Balance 06/30/06	Additions	Retirements	Balance 06/30/07
Water Division:						
Note payable to the public Building Authority Sevier County, TN Series D-4-A	2027	Variable	\$ 4,500,000	\$ 0	\$ 200,000	\$ 4,300,000
Public Improvement Loans:						
Note payable to the Public Building Authority Sevier County, TN Series I-E-5	2016	Variable	1,135,000	0	95,000	1,040,000
Public Improvement Loans:						
Note payable to the Public Building Authority Sevier County, TN Series IV-C-3	2025	4.425%	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	4.430%	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	1,000,000	0	25,000	975,000
CBCC Capital Outlay						
Note payable to the Public Building Authority Sevier County, TN Series II-C	2016	Variable	700,000	0	55,000	645,000
Capital Outlay Notes						
1998 School Capital Outlay	2009	4.50%	240,000	0	75,000	165,000
Public Improvement Loans:						
Note payable to the Public Building Authority Blount County, TN Series D-4-A	2031	Variable	9,836,795	8,663,205	0	18,500,000
Capital Outlay Notes						
Local Government Energy Loan Local Government Energy Efficiency Loan Program	2013	0.00%	0	500,000	0	500,000
Totals			<u>\$ 60,886,795</u>	<u>\$ 9,163,205</u>	<u>\$ 1,440,000</u>	<u>\$ 68,610,000</u>

CITY OF CLEVELAND, TENNESSEE
UNCOLLECTED DELINQUENT PROPERTY TAXES FILED
June 30, 2007

Table 7

<u>Tax Year</u>	<u>Original Amount Filed</u>	<u>Unpaid Balance</u>	<u>Percentage Collected</u>
1997	\$ 137,819	\$ 41,766	69.7 %
1998	110,795	18,849	83.0
1999	106,041	24,213	77.2
2000	135,051	13,524	90.0
2001	230,435	12,852	94.4
2002	212,633	32,783	84.6
2003	207,721	42,526	79.5
2004	232,661	65,328	71.9
2005	203,051	142,773	29.7

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CITY OF CLEVELAND, TENNESSEE
 BOND PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR GENERAL OBLIGATION BONDS
 June 30, 2007

Fiscal Year	1997 Series		1999 Series		2001 Series	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 555,000	\$ 171,900	\$ 375,000	\$ 36,187	\$ 405,000	\$ 72,675
2009	585,000	144,277	375,000	18,188	430,000	54,450
2010	610,000	115,890			445,000	35,100
2011	645,000	85,125			335,000	15,075
2012	675,000	52,125				
2013	705,000	17,625				
2014						
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
Total	\$ 3,775,000	\$ 586,942	\$ 750,000	\$ 54,375	\$ 1,615,000	\$ 177,300

Table 8

2005		2007		Total	
Series		Series		Principal	Interest
Principal	Interest	Principal	Interest		
\$ 45,000	\$ 434,112	\$ 105,000	\$ 261,888	\$ 1,485,000	\$ 976,762
45,000	432,763	110,000	257,162	1,545,000	906,840
150,000	431,412	150,000	252,488	1,355,000	834,890
150,000	426,538	155,000	246,112	1,285,000	772,850
215,000	421,287	160,000	239,913	1,050,000	713,325
215,000	412,688	170,000	233,512	1,090,000	663,825
570,000	404,087	175,000	226,713	745,000	630,800
590,000	381,288	250,000	219,712	840,000	601,000
610,000	351,787	265,000	209,713	875,000	561,500
800,000	328,913	275,000	199,112	1,075,000	528,025
870,000	298,912	285,000	188,113	1,155,000	487,025
925,000	261,938	295,000	176,712	1,220,000	438,650
960,000	222,625	305,000	164,913	1,265,000	387,538
1,000,000	184,225	320,000	152,712	1,320,000	336,937
1,050,000	139,225	335,000	139,513	1,385,000	278,738
1,075,000	95,125	350,000	125,694	1,425,000	220,819
1,130,000	49,438	360,000	111,256	1,490,000	160,694
		380,000	96,406	380,000	96,406
		390,000	77,406	390,000	77,406
		410,000	57,906	410,000	57,906
		70,000	37,406	70,000	37,406
		75,000	34,344	75,000	34,344
		75,000	31,063	75,000	31,063
		80,000	27,781	80,000	27,781
		85,000	24,281	85,000	24,281
		85,000	20,563	85,000	20,563
		90,000	16,844	90,000	16,844
		95,000	12,906	95,000	12,906
		100,000	8,750	100,000	8,750
		100,000	4,375	100,000	4,375
<u>\$ 10,400,000</u>	<u>\$ 5,276,363</u>	<u>\$ 6,100,000</u>	<u>\$ 3,855,269</u>	<u>\$ 22,640,000</u>	<u>\$ 9,950,249</u>

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR EXCLUDING CLEVELAND UTILITIES
 June 30, 2007

Fiscal Year	Notes Payable - Public Building Authority of Sevier & Blount Counties, TN (1)						
	Series II-C Principal Variable	Series I-E-5 Principal Variable	Series IV-C-3 Principal Fixed	Series A-2-A Principal Fixed	Series A-7-B Principal Variable	Series IV-E-4 Principal Variable	Series D-4-A Principal Variable
2008	\$ 60,000	\$ 95,000				\$ 25,000	
2009	60,000	100,000				25,000	
2010	65,000	105,000				50,000	\$ 100,000
2011	70,000	110,000			\$110,000	50,000	125,000
2012	70,000	115,000	\$110,000		305,000	50,000	125,000
2013	75,000	120,000	120,000		330,000	50,000	150,000
2014	80,000	125,000	505,000		300,000	50,000	200,000
2015	80,000	130,000	530,000			50,000	525,000
2016	85,000	140,000	575,000			50,000	550,000
2017			575,000			50,000	675,000
2018			575,000			50,000	700,000
2019			590,000			50,000	725,000
2020			620,000			50,000	775,000
2021			655,000			75,000	800,000
2022			680,000			75,000	825,000
2023			725,000			75,000	900,000
2024			865,000			75,000	825,000
2025			2,875,000			75,000	75,000
2026							3,175,000
2027				\$435,000			2,900,000
2028				3,375,000			125,000
2029				3,575,000			100,000
2030				3,790,000			75,000
2031							4,050,000
	<u>\$645,000</u>	<u>\$1,040,000</u>	<u>\$10,000,000</u>	<u>\$11,175,000</u>	<u>\$1,045,000</u>	<u>\$975,000</u>	<u>\$18,500,000</u>

(1) Variable rates of 5% have been assumed on loans through Sevier and Blount Counties.

(2) Non-interest bearing loan from Tennessee Department of Economic and Community Development.

Table 9

1998B Series		Local Government Energy Loan (2)	Total	
Principal	Interest	Principal	Principal	Interest (1)
\$ 80,000	\$ 5,625	\$ 71,428	\$ 331,428	\$ 2,174,625
85,000	1,912	71,428	341,428	2,161,912
		71,428	391,428	2,150,750
		71,429	536,429	2,134,750
		71,429	846,429	2,111,500
		71,429	916,429	2,072,750
		71,429	1,331,429	2,030,500
			1,315,000	1,967,500
			1,400,000	1,901,750
			1,300,000	1,831,750
			1,325,000	1,766,750
			1,365,000	1,700,500
			1,445,000	1,632,250
			1,530,000	1,560,000
			1,580,000	1,483,500
			1,700,000	1,404,500
			1,765,000	1,319,500
			3,025,000	1,231,250
			3,175,000	1,080,000
			3,335,000	921,250
			3,500,000	754,500
			3,675,000	579,500
			3,865,000	395,750
			4,050,000	202,500
\$165,000	\$7,537	\$500,000	\$44,045,000	\$36,569,537

CITY OF CLEVELAND, TENNESSEE
 BOND PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES
 June 30, 2007

Water and Sewer Revenue and Tax Bonds

Fiscal Year	1997 Refunding Series		2001 Series		2003 Series	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 385,000	\$ 168,335	\$ 550,000	\$ 111,588	\$ 415,000	\$ 106,069
2009	400,000	149,310	585,000	86,738	665,000	93,087
2010	420,000	129,830	605,000	59,962	665,000	74,800
2011	440,000	108,750	445,000	36,337	505,000	57,250
2012	455,000	86,375	285,000	19,912	500,000	41,550
2013	480,000	63,000	300,000	6,750	495,000	24,762
2014	500,000	38,500			460,000	8,050
2015	520,000	13,000				
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
Total	\$ 3,600,000	\$ 757,100	\$ 2,770,000	\$ 321,287	\$ 3,705,000	\$ 405,568

2004 Series		2007 Series		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 325,000	\$ 506,721	\$ 60,000	\$ 377,863	\$ 1,735,000	\$ 1,270,576
320,000	499,871	60,000	375,163	2,030,000	1,204,169
320,000	491,471	160,000	372,613	2,170,000	1,128,676
420,000	480,371	160,000	365,813	1,970,000	1,048,521
990,000	456,746	165,000	359,412	2,395,000	963,995
975,000	422,359	165,000	352,813	2,415,000	869,684
970,000	385,896	170,000	346,212	2,100,000	778,658
965,000	347,196	180,000	339,412	1,665,000	699,608
955,000	308,796	190,000	332,212	1,145,000	641,008
945,000	270,796	200,000	324,613	1,145,000	595,409
710,000	233,697	210,000	316,612	920,000	550,309
905,000	199,496	225,000	308,213	1,130,000	507,709
540,000	174,596	330,000	299,212	870,000	473,808
440,000	156,676	345,000	286,013	785,000	442,689
435,000	138,141	360,000	271,781	795,000	409,922
435,000	119,110	375,000	256,931	810,000	376,041
430,000	100,188	390,000	241,463	820,000	341,651
425,000	81,484	405,000	225,375	830,000	306,859
420,000	63,000	305,000	205,125	725,000	268,125
415,000	44,735	315,000	189,875	730,000	234,610
410,000	26,688	330,000	174,125	740,000	200,813
405,000	8,860	345,000	159,688	750,000	168,548
		355,000	144,594	355,000	144,594
		370,000	129,062	370,000	129,062
		390,000	112,875	390,000	112,875
		405,000	95,812	405,000	95,812
		420,000	78,094	420,000	78,094
		435,000	59,719	435,000	59,719
		455,000	40,687	455,000	40,687
		475,000	20,781	475,000	20,781
<u>\$ 13,155,000</u>	<u>\$ 5,516,894</u>	<u>\$ 8,750,000</u>	<u>\$ 7,162,163</u>	<u>\$ 31,980,000</u>	<u>\$ 14,163,012</u>

CITY OF CLEVELAND, TENNESSEE
NOTE PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES
June 30, 2007

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	Series D4A Principal	Principal
2008	\$ 65,000	\$ 215,000	\$ 245,000	\$ 160,000	\$ 210,000			\$ 50,000	\$ 275,000	\$ 1,220,000
2009	65,000	225,000	255,000	160,000	210,000			75,000	300,000	1,290,000
2010	70,000	235,000	265,000	160,000	210,000			75,000	300,000	1,315,000
2011	75,000	250,000	275,000	160,000	210,000			75,000	300,000	1,345,000
2012	75,000	265,000	285,000	160,000	210,000			75,000	300,000	1,370,000
2013	80,000	275,000	295,000	160,000	210,000			75,000	300,000	1,395,000
2014	80,000	290,000	305,000	160,000	210,000			75,000	325,000	1,445,000
2015	85,000		320,000	160,000	210,000			100,000	325,000	1,200,000
2016	90,000		330,000	160,000	210,000			100,000	325,000	1,215,000
2017	90,000		345,000	160,000	210,000			100,000	325,000	1,230,000
2018				160,000	210,000	\$ 385,000		100,000	350,000	1,205,000
2019				140,000	210,000	435,000		100,000	350,000	1,235,000
2020				140,000	210,000	560,000		100,000	350,000	1,360,000
2021				140,000	230,000	415,000	\$ 25,000	125,000	375,000	1,310,000
2022						530,000	25,000	125,000	400,000	1,080,000
2023						575,000	125,000	125,000	425,000	1,250,000
2024						100,000	125,000	125,000	450,000	800,000
2025							275,000	150,000	450,000	875,000
2026							350,000		250,000	600,000
2027							350,000		250,000	600,000
2028							400,000			400,000
2029							400,000			400,000
2030							425,000			425,000
Total	\$ 775,000	\$ 1,755,000	\$ 2,920,000	\$ 2,180,000	\$ 2,960,000	\$ 3,000,000	\$ 2,500,000	\$ 1,750,000	\$ 6,725,000	\$ 24,565,000

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

INVESTMENTS

June 30, 2007

<u>Description</u>		<u>Cost</u>	<u>Fair Value</u>
Investment in Certificates of Deposit:			
First Tennessee Bank	4.25%	\$ 57,593	\$ 57,593
First Tennessee Bank	5.23%	50,000	50,000
First Tennessee Bank	5.23%	50,000	50,000
First Tennessee Bank	5.11%	50,000	50,000
First Tennessee Bank	5.23%	40,548	40,548
First Tennessee Bank	5.11%	37,320	37,320
First Tennessee Bank	4.25%	30,328	30,328
First Tennessee Bank	4.80%	25,000	25,000
First Tennessee Bank	4.25%	25,000	25,000
First Tennessee Bank	5.11%	25,000	25,000
First Tennessee Bank	4.25%	5,991	5,991
First Tennessee Bank	4.75%	5,000	5,000
Total Certificates of Deposit		\$ 401,780	\$ 401,780
Investment in Local Government Investment Pool:			
State of Tennessee		\$ 16,325	\$ 16,325
State of Tennessee		97,905	97,905
Total Local Government Investment Pool		\$ 114,230	\$ 114,230
Total Investments		\$ 516,010	\$ 516,010

TRANSFERS

For the Fiscal Year Ended June 30, 2007

<u>Transfers In:</u>	<u>Transfers Out:</u>	<u>Amount</u>
Byrne Memorial Justice Assistance Grants	General Fund	\$ 1,981
Capital Improvement Program	2005 General Improvement Bond Fund VI-E-4	48,482
Capital Improvement Program	General Fund	2,385,036
Capital Improvement Program	Meiler Estate Animal Shelter Trust Fund	15,000
Capital Improvement Program	State Street Aid Fund	71,408
Cleveland Municipal Airport Authority Fund	Capital Improvement Program Fund	25,000
Cleveland Municipal Airport Authority Fund	General Fund	14,581
Debt Service Fund	General Fund	3,370,942
Debt Service Fund	Meiler Estate Animal Shelter Trust Fund	4,200
Debt Service Fund	School Fund	438,766
Debt Service Fund	State Street Aid Fund	463,678
Debt Service Fund	Storm Water Management Fund	18,933
Fletcher Park Fund	Capital Improvement Program Fund	14,044
General Fund	Cleveland Utilities Electric Division	1,499,606
General Fund	Cleveland Utilities Water Division	188,945
Greenway Fund	General Fund	12,000
Library Fund	General Fund	486,614
Metropolitan Transportation Planning	General Fund	38,982
School Fund	General Fund	4,895,899
School Fund	School Federal Projects Fund	164,438
Solid Waste Management Fund	General Fund	1,234,837
Storm Water Management Fund	General Fund	194,500
	Total	<u>\$ 15,587,872</u>

CITY OF CLEVELAND, TENNESSEE
SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS
 For the Year Ended June 30, 2007

Table 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
Richard Banks	Councilman	7,200	100,000
Rod Davis	Councilman	1,420 *	100,000
William Estes	Councilman	6,077 *	100,000
Bambi Hines	Councilwoman	7,200	100,000
David May, Jr.	Councilman	7,200	100,000
George Poe, Jr.	Councilman	7,200	100,000
Bill Robertson	Councilman	7,200	100,000
Joe Cate	City Manager	124,270	550,000
Janice S. Casteel	Assistant City Manager	92,731	747,282
Michael L. Keith	City Clerk	33,256 *	747,282

*Represents part of fiscal year

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CITY OF CLEVELAND, TENNESSEE
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
For the Fiscal Year Ended June 30, 2007

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-0712471
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 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
Hurricane Relief Payments	Dept of Education	84.938	N/A
School Lunch Program	Dept. of Agriculture	10.555 *	N/A
School Breakfast Program	Dept. of Agriculture	10.553 *	N/A
Police Department:			
Bulletproof Vest Program	Dept. of Justice	16.607	N/A
Homeland Security Grant	Dept. of Military	97.004	Z-04-022420
Project Safe Neighborhoods	Dept. of Justice	16.609	GPCX0177
Asset Forfeiture Grant	Dept of Treasury	21.053	N/A
Edward Byrne Memorial Justice Assistance	Dept of Justice	16.738	N/A
Fire Department:			
Homeland Security Grant	Dept. of Justice	97.004	Z-04-022420
Fire Safetyhouse	Fed Emergency Mgmt	97.004	N/A
Library:			
2007 Library Technology Grants	Library and Archieves	45.310	Z-0720137
Engineering:			
Airport Runway Overlay	Dept of Transportation	20.106	Z-05024863
Airport Environmental Assessment	Dept of Transportation	20.106	Z-07037569
Disaster Aid	Dept of Military	83.544	Z-03017844
Transportation:			
Transportation Planning	Dept of Transportation	20.205	Z-06030930
Transportation Planning	Dept of Transportation	20.205	Z-07036293
Urban Forestry:			
Urban Forestry Grant	Dept of Agriculture	10.675	Z-05021087

(Continued)

	Balance July 1, 2006	Cash Receipts	Other Additions	Expend- itures	Paid To Grantor	Transfers Out	Balance June 30, 2007
\$	(22,274)	\$ 1,291,936	\$ 1,835	\$ 1,209,236	\$ 0	\$ 7,823	\$ 54,438
	83,865	905,602	0	968,884	0	0	20,583
	0	13,614	0	13,614	0	0	0
	(1,037)	107,286	0	118,698	0	0	(12,449)
	(4,986)	32,460	0	7,180	26,744	0	(6,450)
	4,902	58,661	0	63,563	0	0	0
	(147)	23,142	0	23,733	0	0	(738)
	(2,127)	2,127	0	0	0	0	0
	(17,630)	167,630	0	150,000	0	0	0
	0	9,783	0	9,783	0	0	0
	3	12,519	0	12,522	0	0	0
	(29,154)	29,154	0	0	0	0	0
	(198,671)	552,852	0	396,529	0	10,853	(53,201)
	(3,884)	32,986	0	29,106	0	0	(4)
	(13,145)	260,112	0	249,332	0	0	(2,365)
	(23,555)	54,326	0	30,771	0	0	0
	(77,884)	932,123	0	854,239	0	0	0
	(27,930)	303,728	0	275,798	0	0	0
	0	6,537	0	6,537	0	0	0
	0	0	0	17,208	0	0	(17,208)
	(663)	663	0	0	0	0	0
	31,314	0	0	0	0	0	31,314
	0	17,827	0	12,747	0	0	5,080
	0	0	0	22,083	0	0	(22,083)
	0	40,919	0	40,919	0	0	0
	0	10,550	0	10,550	0	0	0
	0	240	0	240	0	0	0
	0	0	0	152,000	0	0	(152,000)
	0	9,516	0	9,516	0	0	0
	(25,507)	40,299	0	14,792	0	0	0
	0	28,435	0	46,957	0	0	(18,522)
	0	5,000	5,635	10,635	0	0	0

CITY OF CLEVELAND, TENNESSEE
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
For the Fiscal Year Ended June 30, 2007

PROGRAM - (Continued)	<u>Grantor</u>	<u>CFDA Number</u>	<u>State Grant Number</u>
Federal Grants:			
Environmental			
Historic Preservation Grant	TN Historical Commission	15.904	GG-0611982
Community Development:			
THDA Home Grant	TN Housing Development Agency	14.239	DA0400070
Community Development Block Grant	Dept. of Housing & Urban Development	14.218 *	N/A
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	N/A
Gates Library Technology Grant	Library and Archieves	N/A	Z-05024627
Gates Library Technology Grant	Library and Archieves	N/A	Z-07204390
Cleveland Utilities:			
Lauderdale Highway Project	Dept of Economic &	N/A	GG-0720740
Equipment - Generators	Community Development	N/A	GG-0712810
Engineering:			
Airport Maintenance	Dept of Transportation	N/A	Z-06028701
Airport Maintenance	Dept of Transportation	N/A	Z-07035576
Airport Security Camera & Lights	Dept of Transportation	N/A	Z-06029503
Dominion Video Satellite	Dept of Economic & Community Develop.	N/A	GG-0712810
Total State Grants			
Total Federal and State Financial Assistance Activity			

*Denotes major programs

(Continued)

<u>Balance July 1, 2006</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, 2007</u>
\$ 0	\$ 5,796	\$ 0	\$ 5,796	\$ 0	\$ 0	\$ 0
0	80,944	0	80,944	0	0	0
<u>(106)</u>	<u>445,486</u>	<u>0</u>	<u>450,307</u>	<u>0</u>	<u>0</u>	<u>(4,927)</u>
<u>\$ (328,616)</u>	<u>\$ 5,482,253</u>	<u>\$ 7,470</u>	<u>\$ 5,294,219</u>	<u>\$ 26,744</u>	<u>\$ 18,676</u>	<u>\$ (178,532)</u>
\$ 0	\$ 11,593	\$ 0	\$ 22,764	\$ 0	\$ 0	\$ (11,171)
0	725	0	725	0	0	0
(13,550)	13,550	0	0	0	0	0
0	0	0	8,018	0	0	(8,018)
0	0	0	669,150	0	0	(669,150)
0	0	0	107,680	0	0	(107,680)
(3,849)	3,849	0	0	0	0	0
0	7,409	0	10,000	0	0	(2,591)
0	21,917	0	21,917	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>104,868</u>	<u>0</u>	<u>0</u>	<u>(104,868)</u>
<u>\$ (17,399)</u>	<u>\$ 59,043</u>	<u>\$ 0</u>	<u>\$ 945,122</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (903,478)</u>
<u>\$ (346,015)</u>	<u>\$ 5,541,296</u>	<u>\$ 7,470</u>	<u>\$ 6,239,341</u>	<u>\$ 26,744</u>	<u>\$ 18,676</u>	<u>\$ (1,082,010)</u>

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF NON-CASH ASSISTANCE
 For the Year Ended June 30, 2007

<u>CFDA</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Balance July 1, 2006</u>	<u>Receipts</u>	<u>Expend- itures/ Issues</u>	<u>Balance June 30, 2007</u>
10.550	Commodity Assistance	U.S. Department of Agriculture	<u>\$ 0</u>	<u>\$ 84,865</u>	<u>\$ 84,865</u>	<u>\$ 0</u>

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

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

We have audited 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, 2007, and have issued our report thereon dated December 11, 2007. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Cleveland, Tennessee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Cleveland, Tennessee's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Cleveland, Tennessee's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Cleveland, Tennessee's financial statements that is more than inconsequential will not be prevented or detected by the City of Cleveland, Tennessee's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Cleveland, Tennessee's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

The City of Cleveland, Tennessee's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Cleveland, Tennessee's response and, accordingly, we express no opinion on it.

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
ARNETT, KIRKSEY, KIMSEY, SULLIVAN & LAY, PLLC

Certified Public Accountants

December 11, 2007

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

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**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, 2007. 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, 2007.

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

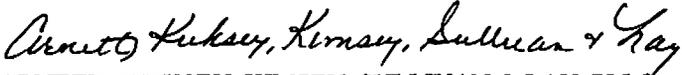
programs. In planning and performing our audit, we considered the City of Cleveland, Tennessee's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Cleveland, Tennessee's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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, PLLC
Certified Public Accountants

December 11, 2007

CITY OF CLEVELAND, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2007

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Cleveland, Tennessee.
2. Two significant deficiencies were disclosed 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
Community Development Block Grant	CFDA#14.218

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

SIGNIFICANT DEFICIENCY 2007-1

FINDING: Drug Fund

During the audit of the drug fund, a difference in the amount of transfers reported on two agent's activity logs was noted by the auditor. The difference was a result of a joint buy that used funds from both officers, and was not recorded properly by both officers. All funds were eventually accounted for.

RECOMMENDATION:

Officers should work together to minimize clerical errors on agent's activity logs. Transfers between officers should be reconciled on an ongoing basis.

SIGNIFICANT DEFICIENCY 2007-2

FINDING: Bank Reconciliation

During the retracing of the June 30, 2007, bank reconciliation the auditor noted 15 checks all dated September 1, 2006, totaling \$3,636.99, listed as outstanding. Upon further investigation, it was determined that these were payroll checks issued

for summer workers that had never been distributed. These checks represented accumulated comp time, and as such were not missed by the workers.

RECOMMENDATION:

All outstanding checks should be investigated on an ongoing basis to determine their status. Bank reconciliations should document steps to identify the status of older outstanding checks. In addition, the procedures used to distribute payroll checks should be reviewed to ensure that checks are distributed properly.

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

None

U.S. Department of Agriculture:

School Lunch and Breakfast Program	CDFA#10.555 and 10.553
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None

U.S. Department of Housing and Urban Development:

Community Development Block Grant	CFDA#14.218
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None

CITY OF CLEVELAND, TENNESSEE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2007

A. FINANCIAL STATEMENT AUDIT

None from prior year

B. MAJOR FEDERAL AWARD PROGRAMS AUDIT

None from prior year

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City of Cleveland

CLEVELAND, TENNESSEE



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Mobile: (423) 593-3103

Cleveland Municipal Building
190 Church Street, N.E.
P.O. Box 1519
Cleveland, Tennessee 37364-1519
(423) 472-4551

December 12, 2007

U.S. Department of Education

The City of Cleveland, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2007.

Name and address of independent public accounting firm: Arnett, Kirksey, Kimsey, Sullivan & Lay, PLLC, Certified Public Accountants, 4395 North Ocoee Street, Cleveland, Tennessee, 37312.

Audit Period: July 1, 2006 to June 30, 2007

SIGNIFICANT DEFICIENCY 2007-1

FINDING: Drug Fund

During the audit of the drug fund, a difference in the amount of transfers reported on two agent's activity logs was noted by the auditor. The difference was a result of a joint buy that used funds from both officers, and was not recorded properly by both officers. All funds were eventually accounted for.

RECOMMENDATION:

Officers should work together to minimize clerical errors on agent's activity logs. Transfers between officers should be reconciled on an ongoing basis.

RESPONSE:

We have implemented procedures so that transfers between officers are reconciled on a periodic basis.

SIGNIFICANT DEFICIENCY 2007-2

FINDING: Bank Reconciliation

During the retracing of the June 30, 2007, bank reconciliation the auditor noted 15 checks all dated September 1, 2006, totaling \$3,636.99, listed as outstanding. Upon further investigation, it was determined that these were payroll checks issued for summer workers that had never been distributed. These checks represented accumulated comp time, and as such were not missed by the workers.

RECOMMENDATION:

All outstanding checks should be investigated on an ongoing basis to determine their status. Bank reconciliations should document steps to identify the status of older outstanding checks. In addition, the procedures used to distribute payroll checks should be reviewed to ensure that checks are distributed properly.

RESPONSE:

We have implemented procedures so that payroll checks are reviewed on a monthly basis in order to verify distribution to the employees. Employees are also contacted to determine if a payroll check has been received or if a replacement check is needed.

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

NONE

U.S. Department of Agriculture:

School Lunch and Breakfast Programs (cluster)	CFDA#10.555 and 10.553
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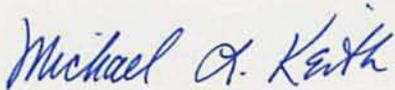
NONE

U.S. Department of Housing and Urban Development:

Community Development Block Grant	CFDA#14.218
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NONE

Respectfully submitted,



Michael L. Keith
Director of Finance/City Clerk