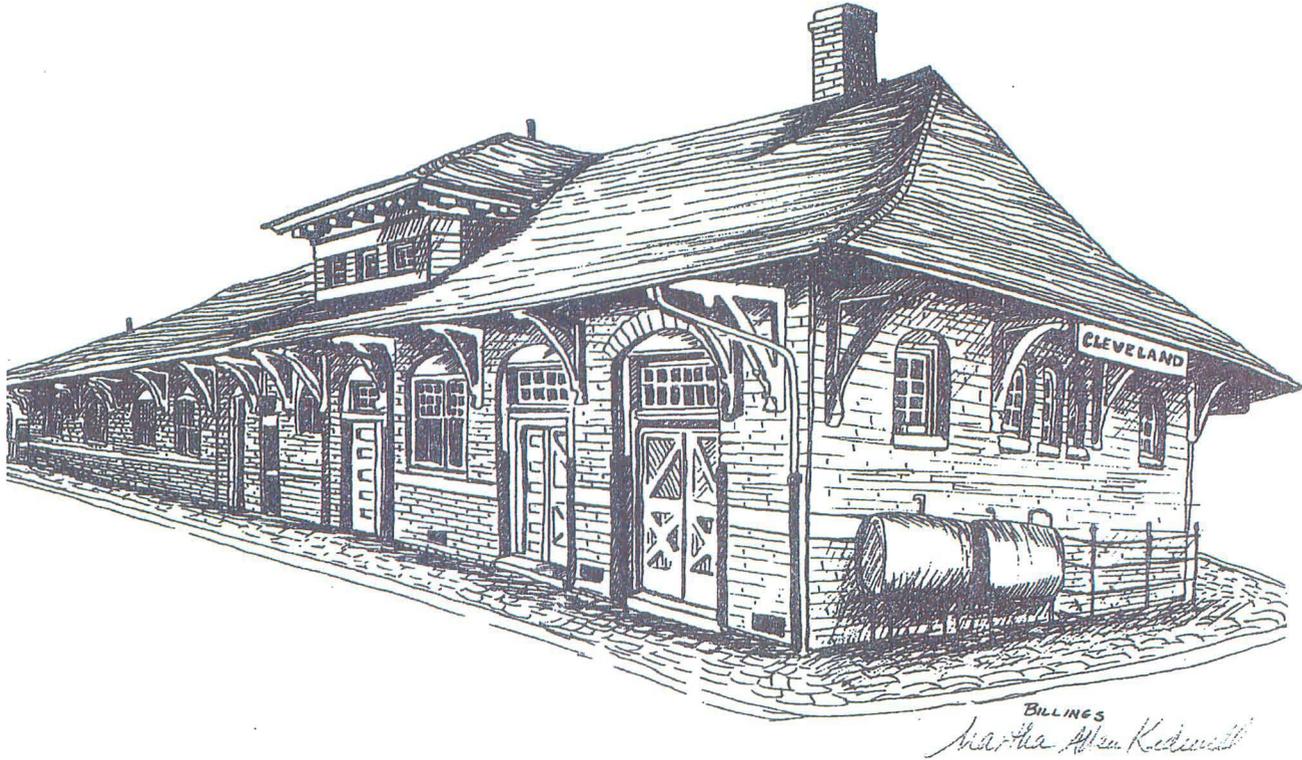


Comprehensive Annual Financial Report City of Cleveland, Tennessee



**For the Year Ended
June 30, 2009**

CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2009

Prepared by:
Department of Finance

CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2009

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INTRODUCTORY SECTION

City of Cleveland

CLEVELAND, TENNESSEE

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December 11, 2009

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, 2009.

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, 2009, 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, 2009, 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 provide projections for the current fiscal year's budget and the coming year's proposed operating budget for council review. In addition, the city manager presents the council with her 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 86.

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 slowed considerably during 2009. Several large projects were completed during 2009 and added to the property tax rolls, but the number and value of building permits issued were approximately half as much as in 2008. Sales tax collections were less than the previous year collections but did not decrease as drastically as the State of Tennessee collections. The unemployment rate did increase from 6.8% to 10.3% for the year.

Despite the bleak economic conditions, the City feels it is in a prime location for future growth. Volkswagen is constructing an automotive production facility in Chattanooga, less than twenty miles south of Cleveland. The \$1 billion plant is scheduled to begin production in early 2011 and will employ approximately 2,000 employees. Wacker Chemie has announced a \$1 billion investment in the northern section of Bradley County. The plant is scheduled to begin production in 2012 and will produce materials for use in solar energy panels. Whirlpool Corporation moved approximately 300

The City feels that it has sufficient reserves to survive the current economic conditions, and will continue to be proactive in monitoring the local economy. 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.

Long-term financial planning. In November 2008, the city council approved having a referendum to increase the local option sales tax rate from 2.25% to 2.75%, the highest rate allowed by state law. The ordinance provided that all funds received from the increase in the rate would be used for capital needs of the city and the schools. On March 10, 2009 the voters approved this increase which became effective on May 1. This additional revenue will provide much needed funds to purchase equipment and provide paving in the city. It will also fund improvements to the schools including repaying debt incurred for constructing a science wing at Cleveland High School.

The city has obtained financing from the State of Tennessee for constructing the science wing referred to above. The State will issue Qualified School Construction Bonds and will loan approximately \$4.2 million to the City at an interest rate of approximately 1.5%. The debt will be repaid by the city schools from their portion of the sales tax increase.

Relevant financial policies. The City maintained its bond rating with Standard & Poor's at A+. The Council also approved a policy to refinance all debt, with the exception of variable rate debt tied to swap agreements, into fixed rate debt. The process began during the current year and the remaining debt will be refinanced during fiscal year 2010. dollars

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. A liability has been included in the financial statements in connection with the City's obligation to provide these benefits.

Additional information on the City of Cleveland's pension arrangements and postemployment benefits can be found on pages 75-83 in Notes 18 and 19 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, 2008. This was the twenty-first consecutive year that the city has received this prestigious award. In order to be awarded a Certificate of Achievement, the city published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

In addition, the city also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the last twelve 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.

Respectfully submitted,



Michael L. Keith, CPA
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, 2008

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.



A handwritten signature in black ink, appearing to read "M. L. R.", is written above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", is written above the title "Executive Director".

Executive Director

CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OFFICIALS
June 30, 2009

Tom Rowland
Mayor

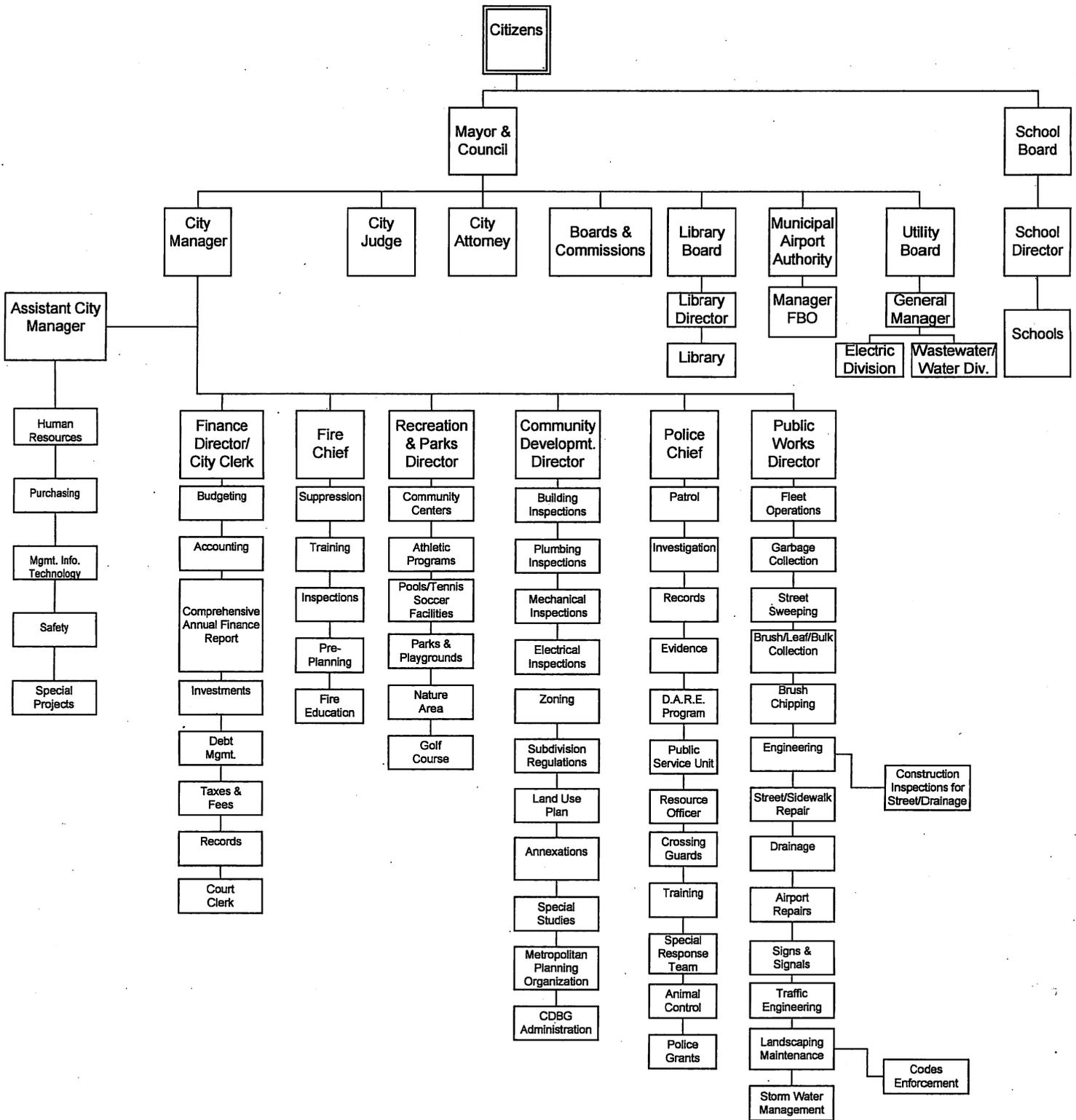
Richard Banks	Councilman
William Estes	Councilman
Bambi Hines	Councilwoman
Avery Johnson, Sr.	Councilman/Vice Mayor
David May, Jr.	Councilman
George Poe, Jr.	Councilman
Bill Robertson	Councilman

Janice S. Casteel	City Manager
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Department Heads

Chuck Atchley	Fire Chief
Frederick I. Denning	Director of Schools
Tom Grant	Director of Public Works/Capital Projects
Andrew Hunt	Library Director
Michael L. Keith, CPA	Director of Finance/City Clerk
John Kimball	City Attorney
Tommy Myers	Director of Public Works
Bill B. Moss	City Judge
Patti Pettit	Parks and Recreation Director
Wesley Benard Snyder, Jr.	Police Chief
Greg Thomas	Community Development
Tom Wheeler	Manager, Cleveland Utilities

Organizational Chart for the City of Cleveland, Tennessee



FINANCIAL SECTION

ARNETT, KIRKSEY, KIMSEY, SULLIVAN & LAY, PLLC
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MEMBERS
AMERICAN INSTITUTE OF
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, 2009, 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, 2009, 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, 2009, 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 Postemployment Benefits, and management's discussion and analysis on page 84 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
ARNETT, KIRKSEY, KIMSEY, SULLIVAN & LAY, PLLC
Certified Public Accountants

December 11, 2009

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, 2009. 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, 2009 by \$203,939,788 (net assets). Of this amount, \$31,177,683 (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 \$5,333,793, an increase of 2.7% over FY2008. The City of Cleveland's changes in net assets is detailed in the chart on page seven of this report. Total revenues increased \$10,544,118 which primarily included an additional \$13,694,300 in charges for services, \$936,396 in operating grants and contributions, and a reduction of \$6,046,763 in capital grants and contributions. Expenses increased \$14,325,290 over last fiscal year with the largest increases consisting of \$12,520,130 in the electric division of Cleveland Utilities for the purchase of power, \$1,360,254 for education, \$430,553 for the water division of Cleveland Utilities and \$573,739 for public safety.
- The city's property tax rate remained at \$1.65 per hundred dollars of assessment.
- The city's residential sanitation fee increased \$.41 to \$7.04 per month and the Solid Waste Management Fund did not require a subsidy from the General Fund for residential service.
- The voters of the city approved a referendum to increase the local option sales tax from 2.25% to 2.75%. The proceeds from the rate increase are required to be used for capital needs.
- The city and county entered the fourth 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 \$18,105,299. Only 9.1% is reserved for specific purposes, and the remaining 90.9%, or \$16,453,478, 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 \$8,771,673, or 33% of total general fund expenditures. Expenditures do not include transfers to other funds, which totaled \$10,893,969 in the city's general fund.
- Long-term debt decreased approximately \$1,000,000 even with the increase in notes payable of approximately \$3.6 million for a building addition to the Library during fiscal year 2009. \$8,695,000 of general obligation refunding bonds were issued to take advantage of lower interest rates resulting in an economic gain of approximately \$250,000. \$21,335,000 in adjustable rate notes were issued in order to refund other variable rate debt.

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, Brush Chipping and the Cleveland Municipal Airport Authority.

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

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

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

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

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

The City of Cleveland maintains twenty-five 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-three 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 86.

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, the Brush Chipping operations and the Airport operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Cleveland's various functions. The City of Cleveland uses an internal service fund to account for servicing its fleet of vehicles. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Cleveland Utilities Electric and Water operations, both of which are considered to be major funds of the City of Cleveland, and the Brush Chipping and Airport funds. Fund data for the Brush Chipping Fund and the Airport Fund is located on pages 121-123.

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 59-84 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 85 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 86-125 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 \$203,939,788 at the close of this fiscal year.

The largest portion of the City of Cleveland's net assets (84 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	
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
Current assets	\$46,962,732	\$45,082,479	\$32,930,033	\$33,697,429	\$79,892,765	\$78,779,908
Receivables and other noncurrent assets	0	0	1,020,728	836,008	1,020,728	836,008
Deferred Charges	331,194	125,319	458,242	447,068	789,436	572,387
Capital assets	127,014,573	124,005,206	171,630,002	168,803,637	298,644,575	292,808,843
Total assets	174,308,499	169,213,004	206,039,005	203,784,142	380,347,504	372,997,146
Long-term liabilities outstanding	70,550,628	66,789,955	57,581,695	60,449,281	128,132,323	127,239,236
Other liabilities	27,755,064	26,678,265	20,520,329	19,190,574	48,275,393	45,868,839
Total liabilities	98,305,692	93,468,220	78,102,024	79,639,855	176,407,716	173,108,075
Net assets:						
Invested in capital assets, net of related debt	59,721,184	58,694,649	112,581,181	100,513,728	172,302,365	159,208,377
Restricted	459,740	459,740	0	0	459,740	459,740
Unrestricted	15,821,883	16,590,395	15,355,800	22,347,483	31,177,683	38,937,878
Total net assets	\$76,002,807	\$75,744,784	\$127,936,981	\$122,861,211	\$203,939,788	\$198,605,995

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 \$31,177,683 in unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

At June 30, 2009, 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.

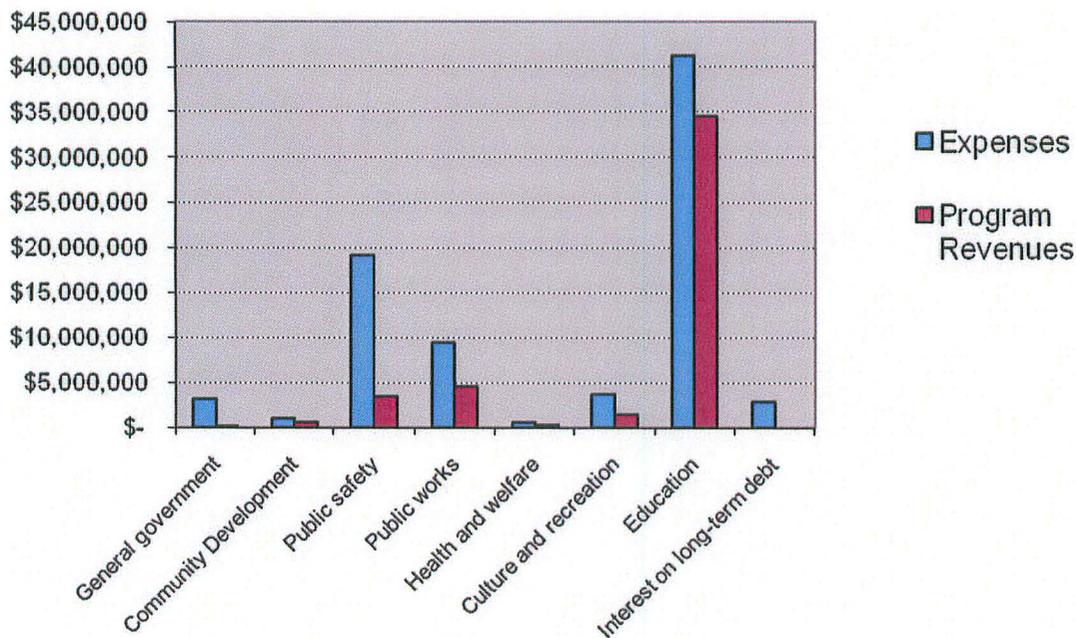
Governmental activities. Governmental activities increased the City of Cleveland's net assets by \$258,023. Key elements of this decrease are as follows:

City of Cleveland's Changes in Net Assets

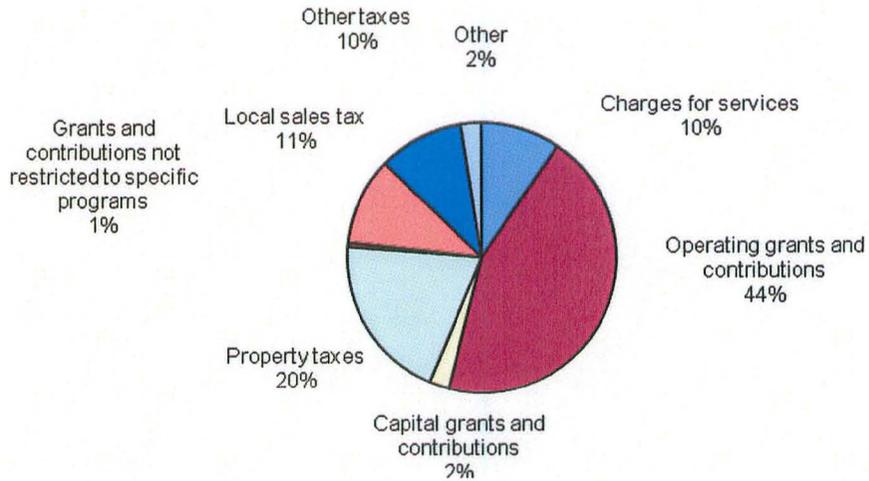
	Governmental Activities		Business-type Activities		Total	
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
Revenues:						
Program revenues:						
Charges for services	\$7,644,180	\$7,837,356	\$115,082,140	\$101,194,664	\$122,726,320	\$109,032,020
Operating grants and contributions	35,612,093	34,905,174	270,000	40,523	35,882,093	34,945,697
Capital grants and contributions	1,914,789	2,767,768	3,685,707	8,879,491	5,600,496	11,647,259
General revenues:						
Property taxes	15,848,544	15,497,594	0	0	15,848,544	15,497,594
Other taxes	16,620,718	15,990,355	0	0	16,620,718	15,990,355
Grants and contributions not restricted to specific programs						
Other	455,312	738,101	0	0	455,312	738,101
Total revenues	80,069,559	78,263,951	119,448,636	110,710,126	199,518,195	188,974,077
Expenses:						
General government	3,125,773	3,045,455	0	0	3,125,773	3,045,455
Community Development	1,052,676	1,071,399	0	0	1,052,676	1,071,399
Public safety	19,173,722	18,599,983	0	0	19,173,722	18,599,983
Public works	9,442,505	9,076,371	0	0	9,442,505	9,076,371
Health and welfare	665,951	659,474	0	0	665,951	659,474
Culture and recreation	3,807,169	4,387,539	0	0	3,807,169	4,387,539
Education	41,239,156	39,878,902	0	0	41,239,156	39,878,902
Interest on long-term debt	2,923,763	3,152,029	0	0	2,923,763	3,152,029
Water and sewer	0	0	20,856,642	20,426,089	20,856,642	20,426,089
Electric	0	0	91,699,799	79,179,669	91,699,799	79,179,669
Other enterprise	0	0	197,246	382,202	197,246	382,202
Total expenses	81,430,715	79,871,152	112,753,687	99,987,960	194,184,402	179,859,112
Increase in net assets before transfers	(1,361,156)	(1,607,201)	6,694,949	10,722,166	4,533,054	4,533,054
Transfers	1,619,179	1,526,951	(1619179)	(1526951)	0	0
Increase in net assets	258,023	(80,250)	5,075,770	9,195,215	5,333,793	9,114,965
Net assets – beginning	75,744,784	77,024,265	122,861,211	113,665,996	198,605,995	190,690,261
Prior period adjustment	0	(1,199,231)	0	0	0	(1,199,231)
Net assets – ending	\$76,002,807	\$75,744,784	\$127,936,981	\$122,861,211	\$203,939,788	\$198,605,995

- The city's property tax rate remained at \$1.65 per \$100 of assessed value in fiscal year 2009. Property tax revenues increased in the commercial, residential and personal property categories.
- Capital grants and contributions decreased \$6,046,763 due to a reduction in state and federal funding for the municipal airport.
- Charges for services increased \$13,694,300 due to increases in the rates charged for electricity and water and sewer services.
- Operating grants and contributions increased \$936,396 primarily due to increased funding for education.
- Cleveland's second largest revenue source is local sales tax which increased \$459,923 over the prior year. The increase is due to the increase in the city portion of the rate. Had the rate not been increased during the year, local sales tax would have decreased approximately \$265,000 in the current year due to effects of the economic downturn. 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 \$573,739 for public safety and \$1,360,254 for education.

Expenses and Program Revenues – Governmental Activities

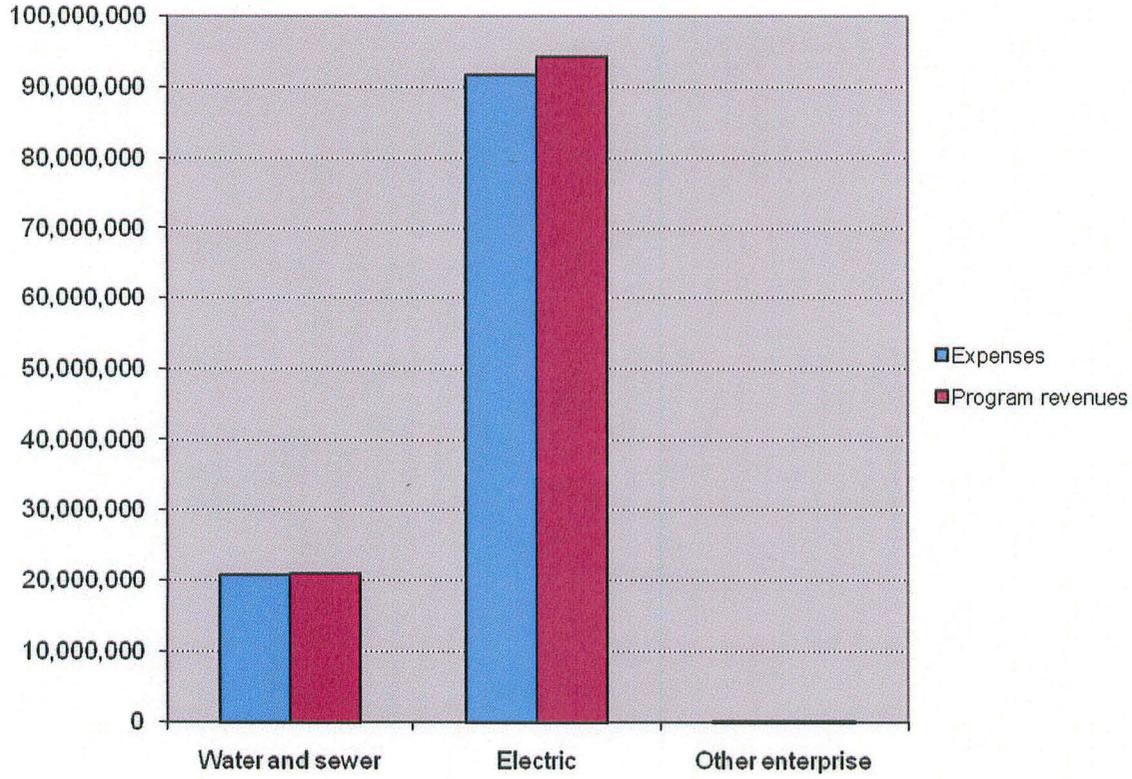


Revenues by Source – Governmental Activities

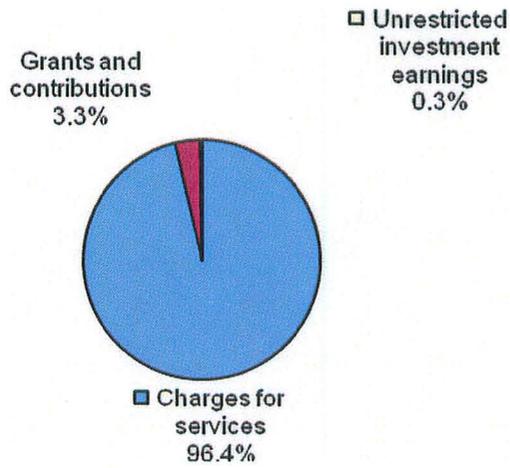


Business-type activities. Business-type activities increased the City of Cleveland's net assets by \$5,075,770, which is the majority of the increase in net assets. The increase is attributed to a combination of the electric and water operations of Cleveland Utilities and grants received for designing and engineering work for building a new airport. The change in net assets for Cleveland Utilities was the result of an increase in net assets invested in capital assets (net of related debt).

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 \$18,105,299, a decrease of \$150,171 in comparison with the prior year. Approximately 91 percent of this total amount (\$16,453,478) 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, \$783,448 is reserved for capital outlay, \$236,075 for books and equipment, \$158,858 for federal projects and \$473,440 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 \$8,771,673. 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 33% 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 \$101,398 during the current fiscal year. This is attributed to the good management of city departments to reduce their budgets during the year and to under spend the final amended budget. Total revenues were \$522,081 less than the final amended budget due to a number of revenues being less than budgeted. All departments had expenditures under the budgeted amounts.

The debt service fund has a total fund balance of \$2,849,584. The net increase in fund balance during the current year was \$156,878, due to refunding of debt issues in the current year.

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 \$8,200,558 for the Cleveland Utilities Water Division, \$8,078,714 for Cleveland Utilities Electric Division, (\$1,010,313) for the Cleveland Municipal Airport Fund, \$86,841 for the Brush Chipping Fund and \$322,525 for the Fleet Management Fund.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in a decrease of \$270,652, and significant amounts are listed below:

- \$160,508 in increases in general government activities due to transferring a position from public works and legal fees.
- \$63,221 decrease due to transferring the codes enforcement officer to public works.
- \$443,280 decrease in public safety activities largely due to decreases in salaries and related fringe benefit savings from some unfilled positions.
- \$49,538 increases in recreation activities. The net increase is a result of numerous accounts increasing or decreasing based upon the activities provided during the year.

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, 2009 amounts to \$298,644,575 (net of accumulated depreciation), which is a \$7,118,808 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 \$5,365,283 in capital assets largely due to the completion of detention ponds and other changes explained below.
- General government's \$287,108 in additions was primarily due to equipment and improvements to the Cleveland Public Library.
- Public safety activities added \$658,472 in capital assets with the purchase of radios and a fire pumper.
- Public works activities added \$3,354,349 primarily in infrastructure with the construction of detention ponds and drainage areas.
- Parks and Recreation activities added \$203,417 in capital assets, primarily for Greenway trails and additions to Tinsley Park.
- City schools placed in service \$840,058 in capital assets with improvements being made to several schools.
- Business-type activities added \$10,772,462 in total capital assets primarily due to improvements for water, sewer and electric systems.

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

	Governmental activities		Business-type activities		Total	
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
Land	\$ 8,621,724	\$ 8,611,404	\$ 12,171,744	\$ 10,351,994	\$ 20,793,468	\$ 18,963,398
Buildings and systems	69,179,214	70,933,350	156,108,895	155,081,718	225,288,109	226,015,068
Improvements other than buildings	2,517,339	2,511,248	0	0	2,517,339	2,511,248
Furniture, fixtures, equipment & vehicles	8,120,963	8,288,756	248,509	275,715	8,369,472	8,564,471
Infrastructure	34,613,374	32,275,208	0	0	34,613,374	32,275,208
Construction in progress	3,961,959	1,385,240	3,100,854	1,811,134	7,062,813	3,196,374
Total	\$127,014,573	\$124,005,206	\$ 171,630,002	\$ 167,520,561	\$298,644,575	\$291,525,767

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 \$128,071,144. Of this amount, \$19,655,000 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 \$28,270,000 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 \$48,116,144 for city general projects and \$32,030,000 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	
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
General obligation bonds	19,655,000	21,155,000	0	0	19,655,000	21,155,000
Long-term notes issued through Sevier & Blount Counties, TN	48,116,144	44,664,872	32,030,000	33,845,000	80,146,144	78,509,872
Revenue bonds	0	0	28,270,000	30,245,000	28,270,000	30,245,000
Less bond discount/premiums	17,942	0	(16,522)	(68,503)	1,420	(68,503)
Less Deferred Charges for refunding	<u>(495,697)</u>	<u>(509,315)</u>	<u>(1,234,657)</u>	<u>(1,309,161)</u>	<u>(1,730,354)</u>	<u>(1,818,476)</u>
Total	<u><u>67,293,389</u></u>	<u><u>65,310,557</u></u>	<u><u>59,048,821</u></u>	<u><u>62,712,336</u></u>	<u><u>126,342,210</u></u>	<u><u>128,022,893</u></u>

During the current year, the city issued \$8,695,000 of general obligation refunding bonds. As a result, the 1997 Series and 2001 Series bonds are considered defeased. The refunding resulted in a reduction of \$279,413 in debt service payments and an economic gain of \$249,814. \$21,335,000 in adjustable rate debt was also issued to refund two variable rate notes.

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 68-72.

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, 2009 is \$39,152,828, and is calculated on page 157 of this report.

Economic Factors and Next Year's Budget and Rates

- The June 2009 unemployment rate for Cleveland was 10.3 percent, which is up from the 6.8 percent a year ago. Bradley County was 10.0 percent, which is up from 6.7 percent from a year ago. Tennessee's average unemployment rate was 10.8 percent and the national average rate was 9.5 percent.
- In 2003 Cleveland was designated an "Urbanized Area" by the U.S. Census Bureau, which means that the city and the urban area immediately outside the corporate limits have a population in excess of 50,000. This designation is an indication that the city has grown and will continue to grow in the future and makes the city eligible for transportation, planning, and construction monies through the Metropolitan Planning Organization (MPO) process.
- The city qualifies as an Entitlement Community for the CDBG program due to designation as a principal city in a Metropolitan Statistical Area (MSA).
- Local sales tax collections decreased 3.3% from the previous fiscal year, due to the economic slowdown, when deducting the increased collections that resulted from the .5% increase in the local tax rate beginning May 1, 2009.

All of these factors were considered in preparing the city's budget for the 2010 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased \$101,398 as previously discussed. Management has again been conservative in estimating revenues for 2010. The city's property tax rate did not increase, however, the residential sanitation fee was increased by \$.41 per month in order to have users pay the entire cost of this service. The property tax rate was reduced to the new certified tax rate that was determined because of the state mandated reappraisal. 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.

BASIC FINANCIAL SECTION

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 12,020,268	\$ 15,374,034	\$ 27,394,302
Cash and cash equivalents - restricted	459,740	115	459,855
Investments	373,064	0	373,064
Accounts receivable - net	673,069	16,537,048	17,210,117
Property taxes receivable - net	17,945,960	0	17,945,960
Sales tax receivable	1,010,424	0	1,010,424
Due from other government agencies	12,931,591	367,626	13,299,217
Internal balances	1,376,000	(1,376,000)	0
Inventories	172,616	1,898,712	2,071,328
Prepays	0	128,498	128,498
Total current assets	\$ 46,962,732	\$ 32,930,033	\$ 79,892,765
Noncurrent assets:			
Receivable from customers for conservation loans	\$ 0	\$ 972,090	\$ 972,090
Deferred charges	331,194	458,242	789,436
Other noncurrent assets	0	48,638	48,638
Capital assets:			
Land and construction in progress	12,583,683	15,272,598	27,856,281
Other capital assets, net of accumulated depreciation	114,430,890	156,357,404	270,788,294
Total noncurrent assets	\$ 127,345,767	\$ 173,108,972	\$ 300,454,739
Total Assets	\$ 174,308,499	\$ 206,039,005	\$ 380,347,504
LIABILITIES			
Current liabilities:			
Accrued liabilities	\$ 2,732,451	\$ 2,769,192	\$ 5,501,643
Accounts payable	1,379,381	11,142,737	12,522,118
Customer deposits	0	2,548,400	2,548,400
Unearned revenue	21,578,987	0	21,578,987
Bonds and notes payable - current	1,941,428	4,060,000	6,001,428
Compensated absences payable - current	122,817	0	122,817
Total current liabilities	\$ 27,755,064	\$ 20,520,329	\$ 48,275,393
Long-term liabilities:			
Conservation advances from TVA	\$ 0	\$ 994,295	\$ 994,295
Bonds and notes payable	65,351,961	54,988,821	120,340,782
Compensated absences payable	1,412,392	0	1,412,392
Post-employment benefits payable	3,786,275	1,598,579	5,384,854
Total long-term liabilities	\$ 70,550,628	\$ 57,581,695	\$ 128,132,323
Total Liabilities	\$ 98,305,692	\$ 78,102,024	\$ 176,407,716
NET ASSETS			
Invested in capital assets, net of related debt	\$ 59,721,184	\$ 112,581,181	\$ 172,302,365
Restricted for:			
Perpetual care:			
Nonexpendable	459,740	0	459,740
Unrestricted	15,821,883	15,355,800	31,177,683
Total Net Assets	\$ 76,002,807	\$ 127,936,981	\$ 203,939,788

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

Functions/Programs Primary government:	Net (Expense) Revenue and Changes in Net Assets						
	Program Revenues			Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Govern- mental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 3,125,773	\$ 31,682	\$ 60,463	\$ 0	\$ (3,033,628)	\$ 0	\$ (3,033,628)
Community development	1,052,676	241,149	186,921	126,553	(498,053)	0	(498,053)
Public safety	19,173,722	3,116,288	384,024	0	(15,673,410)	0	(15,673,410)
Public works	9,442,505	2,282,859	1,010,680	1,315,566	(4,833,400)	0	(4,833,400)
Health and welfare	665,951	358,574	0	0	(307,377)	0	(307,377)
Culture and recreation	3,807,169	497,980	563,189	472,670	(2,273,330)	0	(2,273,330)
Education	41,239,156	1,115,648	33,406,816	0	(6,716,692)	0	(6,716,692)
Interest on long-term debt	2,923,763	0	0	0	(2,923,763)	0	(2,923,763)
Total governmental activities	\$ 81,430,715	\$ 7,644,180	\$ 35,612,093	\$ 1,914,789	\$ (36,259,653)	\$ 0	\$ (36,259,653)
Business-type activities:							
Water and sewer	\$ 20,856,642	\$ 20,724,856	\$ 270,000	\$ 2,138,596	\$ 0	\$ 2,276,810	\$ 2,276,810
Electric	91,699,799	94,209,090	0	0	0	2,509,291	2,509,291
Brush Chipping	144,655	130,710	0	0	0	(13,945)	(13,945)
Airport	52,591	17,484	0	1,547,111	0	1,512,004	1,512,004
Total business-type activities	\$ 112,753,687	\$ 115,082,140	\$ 270,000	\$ 3,685,707	\$ 0	\$ 6,284,160	\$ 6,284,160
Total primary government	\$ 194,184,402	\$ 122,726,320	\$ 35,882,093	\$ 5,600,496	\$ (36,259,653)	\$ 6,284,160	\$ (29,975,493)
General revenues:							
Property taxes					\$ 15,848,544	\$ 0	\$ 15,848,544
Interest and penalty on taxes					131,485	0	131,485
In lieu of taxes					22,112	0	22,112
Local sales tax					8,389,829	0	8,389,829
Wholesale beer tax					1,239,216	0	1,239,216
Gross receipts tax					939,795	0	939,795
Franchise tax					929,622	0	929,622
State sales tax - unrestricted					2,454,675	0	2,454,675
Other state taxes - unrestricted					2,513,984	0	2,513,984
Grants and contributions not restricted to specific programs					455,312	0	455,312
Unrestricted investment earnings					80,157	410,789	490,946
Gain on sale of capital assets					1,893,766	0	1,893,766
Transfers					1,619,179	(1,619,179)	0
Total general revenues and transfers					\$ 36,517,676	\$ (1,208,390)	\$ 35,309,286
Change in net assets					\$ 258,023	\$ 5,075,770	\$ 5,333,793
Net assets - beginning					75,744,784	122,861,211	198,605,995
Net assets - ending					\$ 76,002,807	\$ 127,936,981	\$ 203,939,788

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

CITY OF CLEVELAND, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,400,328	\$ 2,785,715	\$ 4,706,421	\$ 11,892,464
Cash and cash equivalents - restricted	0	0	459,740	459,740
Investments	0	0	373,064	373,064
Accounts receivable - net	456,021	0	178,887	634,908
Property taxes receivable - net	17,945,960	0	0	17,945,960
Sales tax receivable	413,000	597,424	0	1,010,424
Due from other government agencies	3,656,095	5,874,082	3,401,414	12,931,591
Due from other funds	2,104,742	609,275	488,949	3,202,966
Inventories	6,446	0	0	6,446
Total Assets	<u>\$ 28,982,592</u>	<u>\$ 9,866,496</u>	<u>\$ 9,608,475</u>	<u>\$ 48,457,563</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accrued liabilities	\$ 300,353	\$ 2,002,964	\$ 221,372	\$ 2,524,689
Accounts payable	177,297	315,896	876,578	1,369,771
Due to other funds	994,524	0	832,442	1,826,966
Matured interest payable	0	0	1,097	1,097
Matured bonds payable	0	0	1,000	1,000
Deferred revenue	18,738,745	5,877,668	12,328	24,628,741
Total Liabilities	<u>\$ 20,210,919</u>	<u>\$ 8,196,528</u>	<u>\$ 1,944,817</u>	<u>\$ 30,352,264</u>
Fund balances:				
Reserved for:				
Capital outlay	\$ 0	\$ 0	\$ 783,448	\$ 783,448
Books and equipment	0	0	236,075	236,075
Federal projects	0	0	158,858	158,858
Endowment	0	0	473,440	473,440
Unreserved	8,771,673	1,669,968	0	10,441,641
Unreserved, reported in nonmajor:				
Special revenue	0	0	1,198,059	1,198,059
Debt service	0	0	2,849,584	2,849,584
Capital projects	0	0	1,957,547	1,957,547
Permanent fund	0	0	6,647	6,647
Total fund balances	<u>\$ 8,771,673</u>	<u>\$ 1,669,968</u>	<u>\$ 7,663,658</u>	<u>\$ 18,105,299</u>
Total liabilities and fund balances	<u>\$ 28,982,592</u>	<u>\$ 9,866,496</u>	<u>\$ 9,608,475</u>	<u>\$ 48,457,563</u>

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

CITY OF CLEVELAND, TENNESSEE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2009

Total fund balances per governmental funds balance sheet	\$ 18,105,299
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	125,787,245
Long-term liabilities, including bonds, notes payable, compensated absences post-employment benefits and interest payable are not due and payable in the current period and therefore are not reported in the funds.	(72,489,344)
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.	1,549,853
Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	3,049,754
Net assets of governmental activities	<u>\$ 76,002,807</u>

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

For the Fiscal Year Ended June 30, 2009

Revenues:	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
Taxes	\$ 26,436,777	\$ 0	\$ 725,448	\$ 27,162,225
Licenses and permits	341,384	0	0	341,384
Intergovernmental	4,869,615	27,906,401	8,583,130	41,359,146
Fines and forfeitures	726,217	0	158,020	884,237
Charges for services	2,914,552	286,730	3,116,601	6,317,883
Interest	19,972	9,673	50,514	80,159
Miscellaneous	587,507	607,009	1,940,134	3,134,650
Total revenues	<u>\$ 35,896,024</u>	<u>\$ 28,809,813</u>	<u>\$ 14,573,847</u>	<u>\$ 79,279,684</u>
Expenditures:				
Current:				
General government	\$ 2,311,165	\$ 0	\$ 75,659	\$ 2,386,824
Community development	689,779	0	186,855	876,634
Public safety	15,929,831	0	1,074,245	17,004,076
Public works	4,139,293	0	3,968,236	8,107,529
Health and welfare	493,166	0	0	493,166
Culture and recreation	1,906,884	0	1,145,999	3,052,883
Education	0	33,442,143	5,384,322	38,826,465
Appropriations	1,083,718	0	0	1,083,718
Capital outlay	0	0	7,979,274	7,979,274
Debt service:				
Principal retirement	0	156,429	1,858,700	2,015,129
Interest and fiscal charges	0	1,912	3,189,731	3,191,643
Total expenditures	<u>\$ 26,553,836</u>	<u>\$ 33,600,484</u>	<u>\$ 24,863,021</u>	<u>\$ 85,017,341</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 9,342,188</u>	<u>\$ (4,790,671)</u>	<u>\$ (10,289,174)</u>	<u>\$ (5,737,657)</u>
Other financing sources (uses):				
Transfers in	\$ 1,653,179	\$ 5,280,825	\$ 7,029,111	\$ 13,963,115
Transfers out	(10,893,969)	(704,800)	(745,167)	(12,343,936)
Notes issued	0	0	3,761,400	3,761,400
Refunding bonds issued	0	0	25,544,831	25,544,831
Payment to refunding bond escrow agent	0	0	(25,337,924)	(25,337,924)
Total other financing sources (uses)	<u>\$ (9,240,790)</u>	<u>\$ 4,576,025</u>	<u>\$ 10,252,251</u>	<u>\$ 5,587,486</u>
Net change in fund balances	\$ 101,398	\$ (214,646)	\$ (36,923)	\$ (150,171)
Fund balance at beginning of year	8,670,275	1,884,614	7,700,581	18,255,470
Fund balance at end of year	<u>\$ 8,771,673</u>	<u>\$ 1,669,968</u>	<u>\$ 7,663,658</u>	<u>\$ 18,105,299</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, 2009

Net change in fund balances for total governmental funds	\$	(150,171)
<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>		
		3,047,158
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		833,532
<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>		
		27,353,052
<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 and refunding bonds issued</p>		
		(29,306,231)
<p>Internal service funds are used by management to charge the costs of fleet management services to individual funds. The net activity of the internal service fund is reported with governmental activities.</p>		
		(42,517)
<p>Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:</p>		
Net decrease in accrued interest	\$	91,659
Debt issuance cost		219,596
Amortization of debt issuance cost		(13,721)
Amortization of deferred charges		(29,654)
Decrease in compensated absences		2,014
Increase in post-employment benefits		(1,746,694)
Total additional expenditures		(1,476,800)
Change in net assets of governmental activities	\$	<u>258,023</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, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Taxes:				
Property taxes - real estate	\$ 15,500,000	\$ 15,500,000	\$ 15,134,917	\$ (365,083)
Property taxes - utility	365,000	370,000	375,249	5,249
Interest and penalty on taxes	160,000	160,000	131,485	(28,515)
In lieu of taxes	28,000	28,000	22,112	(5,888)
Local sales tax	8,500,000	8,000,000	7,664,381	(335,619)
Wholesale beer tax	1,250,000	1,225,000	1,239,216	14,216
Gross receipts tax	880,000	900,000	939,795	39,795
Franchise taxes - gas	670,000	670,000	546,463	(123,537)
Franchise taxes - charter	380,000	410,000	383,159	(26,841)
Total taxes	\$ 27,733,000	\$ 27,263,000	\$ 26,436,777	\$ (826,223)
Licenses and permits:				
Beer licenses	\$ 5,000	\$ 5,000	\$ 3,825	\$ (1,175)
Beer renewal fee	12,000	12,000	11,317	(683)
Liquor license renewals	19,000	17,000	16,540	(460)
Building permits	270,000	180,000	131,692	(48,308)
Electrical permits	9,000	9,000	7,956	(1,044)
Electrical licenses	18,000	18,000	16,355	(1,645)
Mechanical permits	17,000	17,000	12,748	(4,252)
Mechanical licenses	7,000	7,000	7,750	750
Plumbing permits	42,000	30,000	25,798	(4,202)
Plumbing licenses	10,500	10,500	10,925	425
Street cut permits	90,000	70,000	63,588	(6,412)
Land disturbance permit	15,000	15,000	4,965	(10,035)
Tree permit	0	0	50	50
Rezoning fee	4,000	4,000	2,100	(1,900)
Pud rezoning fee	1,000	1,000	100	(900)
Zoning appeal fee	500	500	300	(200)
Zoning letter fee	1,000	1,000	425	(575)
Minor encroachment fee	0	0	400	400
Certificate of appropriateness	0	0	450	450
Recreation permits and maintenance fee	7,000	7,000	5,745	(1,255)
Plat review fee	5,000	5,000	3,145	(1,855)
Plans review fee	15,000	15,000	8,965	(6,035)
Certificate of occupancy	6,000	6,000	5,745	(255)
Alley or street abandonment fee	0	0	450	450
Miscellaneous fees	500	500	0	(500)
Wrecker permit fees	0	0	50	50
Total licenses and permits	\$ 554,500	\$ 430,500	\$ 341,384	\$ (89,116)
Intergovernmental revenues:				
Federal grant - protective vest	\$ 0	\$ 4,612	\$ 8,654	\$ 4,042
Police training supplement	55,200	55,200	52,200	(3,000)
Fire training supplement	48,600	54,000	54,000	0

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

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued)				
Intergovernmental revenues - (Continued)				
State sales tax	\$ 2,800,000	\$ 2,650,000	\$ 2,454,675	\$ (195,325)
State income tax	526,000	526,000	1,358,749	832,749
State beer tax	22,000	22,000	19,518	(2,482)
State mixed drink tax	100,000	100,000	97,918	(2,082)
State gas inspection tax	85,000	85,000	80,393	(4,607)
State highway maintenance tax	204,000	204,000	184,427	(19,573)
T.V.A. - In lieu of taxes	350,000	359,000	359,597	597
Excise tax	250,000	200,000	199,484	(516)
Total intergovernmental revenues	<u>\$ 4,440,800</u>	<u>\$ 4,259,812</u>	<u>\$ 4,869,615</u>	<u>\$ 609,803</u>
Fines and forfeitures:				
Traffic tickets	\$ 800,000	\$ 700,000	\$ 522,904	\$ (177,096)
Parking tickets	32,000	25,000	29,941	4,941
Animal Shelter	500	500	1,550	1,050
Beer fines	2,000	2,000	5,000	3,000
Court clerk fees	3,000	3,000	1,946	(1,054)
Drug fines	50,000	50,000	37,395	(12,605)
Sessions court	50,000	30,000	38,679	8,679
Circuit court	22,000	22,000	17,995	(4,005)
Officers - sessions court	85,000	70,000	63,551	(6,449)
Officers - circuit court	3,000	3,000	2,731	(269)
State refunds	1,000	1,000	515	(485)
Sex offender registry	3,000	3,000	4,010	1,010
Total fines and forfeitures	<u>\$ 1,051,500</u>	<u>\$ 909,500</u>	<u>\$ 726,217</u>	<u>\$ (183,283)</u>
Charges for services:				
SRO - Education Foundation	\$ 105,000	\$ 78,000	\$ 77,989	\$ (11)
Fire inspection fees	4,000	2,000	1,532	(468)
Police accident reports	21,000	15,000	27,633	12,633
Police department contracted services	0	35,000	36,514	1,514
Airport maintenance	5,000	5,000	12,250	7,250
Animal Shelter - boarding fees	9,000	16,000	7,505	(8,495)
Animal Shelter - spay/neuter	0	0	6,624	6,624
Bradley County - animal control	347,000	347,000	344,445	(2,555)
Bradley County - fire protection	1,820,400	1,820,400	1,820,400	0
Tinsley Pool gate	28,000	22,000	22,670	670
Tinsley Pool concessions	6,000	6,000	5,905	(95)
Tinsley Pool rental	0	4,000	5,900	1,900
Tinsley Park tournament	1,800	1,800	0	(1,800)
Tinsley Park concessions	27,000	27,000	22,179	(4,821)
Tinsley Park rental	1,500	1,500	1,525	25
Cleveland Community Center	5,000	5,000	5,058	58

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Charges for services - (Continued)				
Northeast Recreation	\$ 1,000	\$ 9,162	\$ 11,772	\$ 2,610
Northeast program fee	0	5,000	5,698	698
Park and recreation miscellaneous	1,000	1,000	2,967	1,967
SRO - City Schools	170,000	180,000	155,058	(24,942)
Waterville concessions	27,000	27,000	25,001	(1,999)
Waterville permits-Jr/Sr	31,000	31,000	22,660	(8,340)
Waterville permits-Individual	10,000	10,000	10,454	454
Waterville permits-Family	7,000	7,000	8,057	1,057
Waterville tournaments	24,000	24,000	22,388	(1,612)
Waterville specials	190,000	180,000	155,389	(24,611)
Waterville cart rental fee	33,000	33,000	29,121	(3,879)
Waterville trail fee	1,000	1,000	697	(303)
Waterville cart shed rental	2,700	2,700	2,180	(520)
Waterville green fee weekday reg.	2,500	2,500	3,393	893
Waterville green fee weekday 9 hole	7,000	7,000	6,040	(960)
Waterville green fee weekday Jr/Sr	17,000	16,000	12,944	(3,056)
Waterville green fee weekend Reg	4,000	3,000	2,890	(110)
Waterville green fee weekend 9 hole	5,000	2,000	2,450	450
Waterville pro shop	13,000	13,000	11,070	(1,930)
Waterville miscellaneous	6,000	6,000	4,134	(1,866)
Wellness program dues-city	5,000	0	9,208	9,208
Wellness program dues-schools	7,200	7,200	7,034	(166)
Wellness program dues	0	5,000	5,818	818
Total charges for services	\$ 2,945,100	\$ 2,958,262	\$ 2,914,552	\$ (43,710)
Interest	\$ 170,000	\$ 50,000	\$ 19,972	\$ (30,028)
Miscellaneous revenues:				
Sale of maps-engineering	\$ 0	\$ 0	\$ 132	\$ 132
Sale of mulch	8,000	8,000	4,732	(3,268)
Sale of scrap metal	0	1,352	1,691	339
Sale of City parking lot	0	450,000	449,350	(650)
Donations - Memorial tree fund	0	7,245	8,495	1,250
Old timers banquet	2,200	3,200	4,000	800
Sign and decal reimbursement	2,000	2,000	4,672	2,672
Donations-Cleveland Fire Department	0	620	620	0
Police departments - Misc. donations	0	0	750	750
D.A.R.E. program	0	6,000	6,000	0
Donations - Northeast Recreation	0	575	575	0
TML safety grant-Matching	0	0	2,000	2,000
TML package bonus	5,000	5,000	5,000	0
Miscellaneous Insurance	0	0	5,088	5,088
Reimbursements - Public works trucks	0	28,966	29,592	626
Reimbursements - fire truck	0	0	60	60

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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Miscellaneous revenues - (Continued)				
Animal Shelter donations	\$ 0	\$ 0	\$ 1,794	\$ 1,794
City's walk team donations	0	0	130	130
Donations - historic signs	0	18,938	18,938	0
Donations - shelter volunteers	0	1,355	1,375	20
TML reimbursement - police vehicles	0	0	8,623	8,623
TML reimbursement - workers comp	0	0	11,371	11,371
Fire misc/reports	0	0	22	22
Employee jury duty reimbursement	0	0	292	292
Miscellaneous income - children's services	0	9,600	9,548	(52)
Sundry income	4,000	4,180	12,657	8,477
	<hr/>	<hr/>	<hr/>	<hr/>
Total miscellaneous revenues	\$ 21,200	\$ 547,031	\$ 587,507	\$ 40,476
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	\$ 36,916,100	\$ 36,418,105	\$ 35,896,024	\$ (522,081)
Expenditures:				
Current				
General government:				
Legislative and judicial:				
Salaries - administrative	\$ 59,600	\$ 59,600	\$ 59,849	\$ (249)
Salaries - city council	62,400	62,400	62,989	(589)
Salaries - judicial	33,800	33,800	33,942	(142)
Part time wages	1,200	1,200	0	1,200
Service awards	500	500	275	225
Longevity	3,200	3,200	3,200	0
Sold vacations	1,200	1,200	1,145	55
Christmas bonus	325	325	325	0
Dental insurance	5,775	5,775	5,220	555
Social Security taxes	12,400	12,200	10,606	1,594
Health insurance	70,800	70,800	68,703	2,097
Retirement	27,000	27,000	21,747	5,253
Life and disability insurance	4,900	4,900	3,038	1,862
Election	15,000	42,000	41,872	128
Postage	500	500	140	360
Printing	1,500	1,500	1,041	459
Subscriptions and memberships	5,200	2,279	4,096	(1,817)
Advertising	3,000	1,914	4,623	(2,709)
Telephone and pager	11,300	11,300	12,490	(1,190)
Government consulting services	15,000	15,000	15,312	(312)
Equipment repair and replacement	1,600	1,600	225	1,375
Contract maintenance services	3,000	3,000	3,242	(242)

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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Legislative and judicial - (Continued)				
Emergency repairs - city buildings	\$ 20,000	\$ 0	\$ 0	\$ 0
Travel and training	12,000	12,000	8,393	3,607
Council work sessions	3,000	3,000	2,612	388
Complimentary meals	1,000	1,000	691	309
Office expenditures and paper	4,000	4,000	2,784	1,216
Janitorial	400	400	80	320
Insurance - general liability	900	907	957	(50)
Insurance - workers compensation	1,100	1,044	686	358
Rent - parking lots	3,000	3,000	3,000	0
Service pins - all departments	700	794	632	162
Employee Christmas dinner	1,500	1,500	1,646	(146)
Employee picnic	6,000	6,000	7,267	(1,267)
Miscellaneous	500	500	193	307
Office machinery and equipment	1,000	1,000	130	870
Council room equipment and supplies	1,500	414	20	394
Total legislative and judicial	\$ 395,800	\$ 397,552	\$ 383,171	\$ 14,381
Administration and finance				
Salaries	\$ 716,000	\$ 800,000	\$ 800,258	\$ (258)
Overtime wages	10,000	10,000	7,477	2,523
Part time wages	19,000	19,000	18,033	967
Service awards	400	400	275	125
Longevity	8,600	10,050	10,050	0
Sold vacations	9,900	11,700	5,659	6,041
Christmas bonus	1,800	1,900	1,732	168
College pay	2,900	3,500	3,495	5
Dental insurance	7,000	6,700	6,503	197
Social Security tax	58,800	61,500	58,969	2,531
Health insurance	107,200	112,000	114,223	(2,223)
Retirement	124,700	141,000	136,703	4,297
Life and disability insurance	9,400	9,700	9,441	259
Employee assistance program	9,600	9,600	9,380	220
Education reimbursement	2,700	2,700	0	2,700
Flex spending program	8,500	8,500	5,294	3,206
Laundry and dry cleaning	1,000	1,300	1,064	236
Postage	19,500	19,500	21,854	(2,354)
Postage machine lease	1,500	1,500	1,125	375
Printing	16,000	16,000	11,007	4,993
Printing - property taxes	4,000	4,000	3,973	27

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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Administration and finance - (Continued)				
Citizens Newsletter	\$ 3,400	\$ 1,500	\$ 0	\$ 1,500
Subscriptions and memberships	4,000	5,000	6,310	(1,310)
Advertising	8,000	11,000	10,189	811
Utilities	23,000	29,000	26,199	2,801
Telephone	24,400	28,000	32,470	(4,470)
Contracted services - computer systems	229,000	229,000	224,140	4,860
Drug and alcohol tests	3,500	3,500	3,073	427
Legal fees	80,000	110,000	97,547	12,453
Audit fees	47,300	47,300	47,250	50
Reappraisal fee	68,000	68,000	46,672	21,328
Appraisal fee	1,500	1,500	0	1,500
Vehicle	700	500	274	226
Small equipment repairs	600	600	356	244
Copier maintenance	3,500	2,800	2,556	244
Building maintenance	20,000	30,000	29,373	627
Engineering building	17,000	0	0	0
Car allowance	8,400	8,400	8,400	0
Training and travel	12,000	9,000	7,560	1,440
Departmental work sessions	1,200	1,200	938	262
Credit card fees	16,000	14,000	14,283	(283)
Pest control	800	800	948	(148)
Office expenditures	24,500	31,000	30,943	57
First aid safety supplies	100	100	96	4
Janitorial supplies	2,300	2,000	2,098	(98)
Gasoline and oil	1,200	1,200	2,041	(841)
Insurance - buildings and contents	2,300	3,228	3,228	0
Insurance - vehicles	500	240	240	0
Insurance - general liability	4,100	4,182	4,182	0
Insurance - workers compensation	3,900	3,393	3,023	370
Insurance - professional liability	31,200	29,843	29,843	0
Contracted services - security	1,500	1,500	1,500	0
Contracted services - MTAS	0	6,200	6,339	(139)
Employee appreciation day	6,000	6,000	7,870	(1,870)
Miscellaneous	500	500	3,338	(2,838)
Bad debt	35,000	35,000	38,843	(3,843)
Equipment	1,500	9,500	9,357	143
Total administration and finance	<u>\$ 1,825,400</u>	<u>\$ 1,985,536</u>	<u>\$ 1,927,994</u>	<u>\$ 57,542</u>
Total general government	<u>\$ 2,221,200</u>	<u>\$ 2,383,088</u>	<u>\$ 2,311,165</u>	<u>\$ 71,923</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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Community development:				
Salaries	\$ 462,400	\$ 420,400	\$ 407,651	\$ 12,749
Overtime wages	1,600	1,600	580	1,020
Part time wages	4,500	4,500	4,301	199
Service awards	200	400	400	0
Longevity	3,400	3,600	3,600	0
Sold vacations	2,800	3,266	3,265	1
Christmas bonus	1,100	883	883	0
Dental insurance	6,900	6,900	4,307	2,593
Social security taxes	36,400	34,000	29,196	4,804
Health insurance	88,600	81,300	74,161	7,139
Retirement	78,400	73,000	66,025	6,975
Life and disability insurance	5,900	5,500	4,893	607
Education reimbursement	1,400	0	0	0
Worker's compensation claims	200	200	96	104
Laundry and dry cleaning	1,100	1,040	834	206
Postage	1,500	1,000	462	538
Printing and artwork	1,600	1,300	575	725
Subscriptions and memberships	3,400	4,200	4,077	123
Advertising	500	1,000	882	118
Utilities	9,100	9,100	8,119	981
Telephone	8,500	10,947	14,423	(3,476)
Legal services - urban renewal	200	200	12	188
Vehicle maintenance	8,000	6,404	5,948	456
Office equipment maintenance	1,500	1,500	1,129	371
Building maintenance	3,000	3,000	2,568	432
Car allowance	4,200	4,200	4,200	0
Travel and training	5,500	6,550	6,087	463
Complimentary meals	500	519	569	(50)
Credit card fees	5,000	5,000	2,520	2,480
Contracted services - pest control	300	300	216	84
Office supplies	7,500	7,000	5,983	1,017
First aid kits	300	300	37	263
Janitorial supplies	800	800	717	83
Uniforms	2,100	2,100	2,100	0
Educational supplies	3,500	0	0	0
Gasoline and oil	10,900	9,650	6,432	3,218
Insurance - buildings and contents	700	700	700	0
Insurance - vehicles and equipment	1,200	848	848	0
Insurance - general liability	1,700	1,831	1,831	0
Insurance - workers compensation	15,300	15,091	15,090	1
Insurance - employee bonds	100	100	0	100
Planning commission	4,000	3,000	2,876	124

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, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Community development - (Continued)				
Board of zoning appeals	\$ 700	\$ 700	\$ 286	\$ 414
Historic zoning commission	700	700	331	369
Miscellaneous	500	500	326	174
Office equipment	1,500	850	243	607
Total community development	\$ 799,200	\$ 735,979	\$ 689,779	\$ 46,200
Public safety:				
Police department:				
Salaries	\$ 4,529,100	\$ 4,284,230	\$ 4,319,121	\$ (34,891)
Overtime wages	183,000	272,000	226,065	45,935
Part-time wages	0	0	104	(104)
Accumulated holiday pay	5,000	10,000	10,000	0
Salaries - school patrol	71,200	74,200	74,779	(579)
Supplemental pay	2,400	2,400	2,321	79
State grant - in service training	55,200	51,700	51,600	100
Overtime - contracted services	0	35,000	32,824	2,176
Service awards	1,500	1,800	1,800	0
Longevity	56,200	56,800	56,850	(50)
Sold vacations	46,000	44,400	39,216	5,184
Christmas bonus	12,800	13,320	13,319	1
College pay	10,000	9,380	9,380	0
Dental insurance	48,500	46,500	44,266	2,234
Social security taxes	366,400	351,700	350,357	1,343
Health insurance	716,700	670,700	667,177	3,523
Retirement	975,500	905,500	902,500	3,000
Life and disability insurance	61,200	58,200	54,393	3,807
Unemployment compensation	2,200	2,200	2,133	67
Education reimbursement	5,700	4,200	0	4,200
Worker's compensation claims	5,000	14,500	12,887	1,613
Laundry and dry cleaning	23,000	20,000	18,197	1,803
Employee physicals	29,600	29,600	25,792	3,808
Pre-employment tests	1,500	1,500	1,820	(320)
Uniforms - school patrol	4,000	3,000	2,504	496
Postage	1,500	1,500	845	655
Lease - radio tower	4,500	4,500	2,959	1,541
Contracted services - vehicles	5,600	5,725	5,724	1
Communications - replacement	10,500	11,500	11,123	377
Digital pagers	1,900	1,100	1,090	10
Printing	10,000	10,000	7,418	2,582
Subscriptions and memberships	3,900	3,900	3,382	518

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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Police department - (Continued)				
Accreditation	\$ 10,000	\$ 19,000	\$ 17,162	\$ 1,838
Advertising	600	600	500	100
Utilities	90,700	90,700	93,748	(3,048)
Telephone	87,900	124,900	132,140	(7,240)
NCIC computer line	8,000	8,425	8,420	5
Vehicle maintenance	360,000	324,050	301,308	22,742
Small equipment repair	2,000	2,000	200	1,800
Copier maintenance	2,500	2,000	1,641	359
Building maintenance	13,000	18,500	18,012	488
Travel and training	45,000	42,500	33,422	9,078
Mutual aid meals	1,000	2,300	1,447	853
Janitorial contract	30,000	30,000	29,573	427
Police supplies	5,000	5,500	4,985	515
Batteries	2,000	2,000	957	1,043
Tapes - video and audio	1,000	1,500	1,301	199
Detective supplies	2,000	2,000	538	1,462
Film	500	500	29	471
Crime scene unit supplies	2,500	2,500	2,107	393
SRT supplies	6,500	3,000	2,429	571
Office expenditures and paper	24,000	27,500	25,880	1,620
Protective vests - federal grants	0	4,612	0	4,612
Protective vests	12,000	11,000	6,412	4,588
Safety supplies	500	500	392	108
Janitorial supplies	1,500	3,000	2,828	172
Uniform reimbursement	52,000	50,000	42,051	7,949
Ammunition	35,000	35,000	22,916	12,084
Crime prevention	1,500	14,166	8,385	5,781
Firing range	0	500	352	148
Gasoline and oil	230,000	213,000	188,819	24,181
Video maintenance	1,500	700	0	700
Canine fees	5,000	4,500	2,982	1,518
Insurance - buildings and contents	11,000	11,427	11,427	0
Insurance - vehicles and equipment	38,000	40,498	40,498	0
Insurance - general liability	65,000	91,828	89,141	2,687
Insurance - workers compensation	185,000	180,164	180,062	102
Insurance - employee bonds	300	300	188	112
Computer software support	500	500	90	410
Miscellaneous	500	500	460	40
Honor Guard	2,000	1,500	202	1,298
Volunteer services	5,500	4,500	1,142	3,358

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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Police department - (Continued)				
Investigative funds	\$ 2,000	\$ 2,000	\$ 1,500	\$ 500
Sex offender registry	0	3,367	2,795	572
Handgun replacement	15,000	15,000	12,542	2,458
Small equipment	2,000	2,000	180	1,820
Office equipment	2,000	2,000	867	1,133
Computer equipment	2,400	2,400	333	2,067
Total police department	<u>\$ 8,614,000</u>	<u>\$ 8,405,492</u>	<u>\$ 8,244,309</u>	<u>\$ 161,183</u>
Fire department:				
Salaries	\$ 4,552,000	\$ 4,360,000	\$ 4,380,534	\$ (20,534)
Overtime wages	150,000	180,000	160,443	19,557
Fire runs	30,000	15,200	13,966	1,234
Supplemental pay	45,600	45,600	57,355	(11,755)
State grant - in service training	48,600	56,000	55,650	350
Service awards	1,600	1,600	1,350	250
Longevity	56,200	56,200	50,539	5,661
Sold vacations	11,000	11,000	12,865	(1,865)
Christmas bonus	10,600	9,000	8,879	121
College pay	1,800	1,800	2,389	(589)
Dental insurance	51,900	51,900	43,634	8,266
Social security taxes	375,400	347,000	343,664	3,336
Health insurance	816,000	800,000	804,742	(4,742)
Retirement	964,100	925,000	911,815	13,185
Life and disability insurance	57,400	57,400	55,580	1,820
Education reimbursement	4,300	5,800	7,495	(1,695)
Worker's compensation claims	6,500	6,500	7,885	(1,385)
Laundry and dry cleaning	18,000	18,000	14,950	3,050
Immunization and physicals	26,000	42,000	41,537	463
Postage	500	500	352	148
Communications replacement	4,000	4,000	3,257	743
Printing	500	500	359	141
Subscriptions and memberships	2,700	2,700	3,219	(519)
Advertising	500	500	200	300
Utilities	103,700	103,700	104,920	(1,220)
Telephone	54,000	64,000	71,658	(7,658)
Apparatus equipment testing	3,900	3,900	2,399	1,501

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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Fire department - (Continued)				
Vehicle maintenance	\$ 70,000	\$ 65,000	\$ 67,641	\$ (2,641)
Small equipment repair	2,800	1,800	779	1,021
Copier maintenance	1,800	1,800	1,776	24
Building maintenance	30,000	40,300	41,654	(1,354)
Vehicle body repair	2,000	1,500	0	1,500
Travel and training	28,000	36,146	31,845	4,301
Training/education material	3,000	3,900	3,737	163
Mutual aid meals	1,000	3,000	3,062	(62)
Towels and cloths	800	500	209	291
Batteries	1,000	600	419	181
Electronics - camera supplies	500	400	267	133
Office supplies	6,500	6,500	7,225	(725)
Arson supplies	2,000	1,650	1,356	294
Safety	4,500	4,500	4,849	(349)
Janitorial supplies	17,000	17,000	13,798	3,202
Bedding	1,000	1,000	791	209
Uniforms	49,000	39,800	37,564	2,236
Vehicle graphics	500	500	326	174
Operating costs	2,000	2,000	1,851	149
Gasoline	57,500	57,500	53,108	4,392
Appliance repair	2,000	2,000	2,327	(327)
Extinguisher refills	1,000	2,000	1,668	332
Insurance - building and contents	8,500	8,357	8,357	0
Insurance - vehicles and equipment	30,000	24,545	24,388	157
Insurance - general liability	36,000	35,445	35,445	0
Insurance - workers compensation	142,000	148,461	147,306	1,155
Miscellaneous	500	1,100	1,296	(196)
Public information	500	500	0	500
City funded - Honor Guard	1,000	1,000	58	942
Fire prevention program	2,500	2,620	2,315	305
Office equipment	1,400	1,400	0	1,400
Breathing apparatus equipment	15,000	6,804	2,740	4,064
Furniture	2,900	4,200	3,614	586
Computer equipment	0	300	60	240
Small equipment	1,000	1,000	459	541
Wellness center	0	800	5,047	(4,247)
Total fire department	<u>\$ 7,922,000</u>	<u>\$ 7,695,728</u>	<u>\$ 7,668,973</u>	<u>\$ 26,755</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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Safety program:				
Salaries	\$ 12,900	\$ 12,900	\$ 12,198	\$ 702
Social security taxes	1,000	1,000	933	67
Telephone	0	0	106	(106)
Respiratory protection	1,000	0	0	0
Infectious disease control	1,000	0	0	0
Hazmat cleanup	1,000	0	0	0
Office supplies	0	0	79	(79)
Safety supplies	1,000	0	0	0
Gasoline and oil	500	0	0	0
TML safety grant	2,000	3,261	2,877	384
Miscellaneous	500	173	172	1
Incentive program	5,000	66	184	(118)
Total safety program	<u>\$ 25,900</u>	<u>\$ 17,400</u>	<u>\$ 16,549</u>	<u>\$ 851</u>
Total public safety	<u>\$ 16,561,900</u>	<u>\$ 16,118,620</u>	<u>\$ 15,929,831</u>	<u>\$ 188,789</u>
Public works:				
Operations division:				
Salaries	\$ 958,800	\$ 869,955	\$ 867,537	\$ 2,418
Overtime wages	10,000	9,700	6,272	3,428
Part time wages	11,200	11,200	10,738	462
Service awards	1,000	1,000	725	275
Supplemental pay	700	700	581	119
Longevity	11,700	11,350	11,350	0
Sold vacations	11,900	9,804	9,753	51
Christmas bonus	2,800	2,700	2,599	101
College pay	800	175	125	50
Dental insurance	13,100	11,802	10,812	990
Social security tax	77,200	67,353	65,154	2,199
Health insurance	190,000	178,045	176,513	1,532
Retirement	166,000	151,289	146,814	4,475
Life and disability insurance	12,900	11,950	10,840	1,110
Worker's compensation claims	1,000	800	553	247

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Operations division - (Continued)				
Laundry and dry cleaning	\$ 700	\$ 100	\$ 87	\$ 13
Pre-employment drug testing	300	0	0	0
Safety shoes	2,500	2,000	1,909	91
Postage	300	450	276	174
Printing	300	200	40	160
Subscriptions and memberships	1,000	400	325	75
Advertising	500	400	349	51
Utilities	37,000	39,500	39,053	447
Telephone	27,200	29,200	29,238	(38)
Surveys	3,000	2,000	840	1,160
Small equipment maintenance - signs	1,700	1,700	1,749	(49)
Building maintenance	12,000	18,000	17,488	512
Travel and training	3,500	2,200	2,116	84
Department work sessions	1,000	800	569	231
Pest control	1,200	1,200	878	322
Office expenditures and paper	7,000	7,000	6,365	635
Operating supplies	4,000	3,500	2,636	864
Safety supplies	1,200	1,750	1,707	43
Janitorial supplies	1,500	1,500	1,064	436
Uniforms	16,000	8,750	8,683	67
Gasoline and oil	86,500	81,300	81,231	69
Repairs and parts	175,000	159,900	158,957	943
Sign shop supplies	2,800	3,000	2,959	41
Sign parts and supplies	40,000	59,240	59,169	71
Major safety markings	47,000	78,350	78,327	23
Thermoplastic contract	22,500	550	550	0
Paving and materials	225,000	221,550	159,250	62,300
Insurance - building and contents	7,300	6,600	6,600	0
Insurance - vehicle and equipment	11,700	10,024	10,024	0
Insurance - general liability	12,700	9,915	9,915	0
Insurance - workers compensation	42,600	36,974	36,938	36
Worksessions and Christmas dinner	1,100	1,600	1,540	60
Miscellaneous	500	540	536	4
Incentive program	3,500	3,500	3,008	492
Small equipment	4,000	6,250	6,231	19
Small equipment - signs	2,400	2,850	2,840	10
Total operations division	<u>\$ 2,275,600</u>	<u>\$ 2,140,616</u>	<u>\$ 2,053,813</u>	<u>\$ 86,803</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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Engineering :				
Salaries	\$ 322,000	\$ 336,840	\$ 337,473	\$ (633)
Overtime wages	500	1,500	590	910
Part time wages	13,400	13,400	12,806	594
Service awards	100	75	75	0
Longevity	1,300	1,300	1,300	0
Sold vacations	1,300	1,513	1,512	1
Christmas bonus	800	758	758	0
Dental insurance	3,800	3,270	3,224	46
Social Security taxes	26,000	26,950	25,913	1,037
Health insurance	53,800	49,400	46,487	2,913
Retirement	54,200	57,250	56,621	629
Life and disability insurance	4,100	3,975	3,938	37
Education reimbursement	1,500	1,200	525	675
Worker's compensation claims	500	500	0	500
Clothing allowance and shoes	1,700	1,600	1,530	70
Postage	200	200	101	99
Printing	200	150	77	73
Subscriptions and memberships	2,000	2,360	2,354	6
Advertising	200	50	0	50
Telephone	0	0	5,047	(5,047)
Vehicle maintenance	5,000	5,400	4,430	970
Office equipment maintenance	1,000	820	246	574
Travel and training	3,500	3,567	3,467	100
Complimentary meals	600	63	61	2
Office expenditures	6,000	3,854	3,853	1
Operating supplies	400	300	306	(6)
Janitorial	1,000	700	633	67
Uniforms	700	793	791	2
Gasoline and oil	6,000	4,531	4,084	447
Insurance - vehicle and equipment	1,500	905	905	0
Insurance - general liability	1,400	1,204	1,204	0
Insurance - workers compensation	8,400	7,031	8,134	(1,103)
Miscellaneous	500	200	158	42

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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Engineering - (Continued)				
Computer equipment	\$ 0	\$ 2,708	\$ 2,706	\$ 2
Equipment	2,000	2,046	1,703	343
Total engineering	<u>\$ 525,600</u>	<u>\$ 536,413</u>	<u>\$ 533,012</u>	<u>\$ 3,401</u>
Street lighting and signals:				
Street lighting	\$ 681,400	\$ 744,525	\$ 739,023	\$ 5,502
Telephone	2,800	2,800	2,396	404
Traffic light utility service	45,100	51,400	48,358	3,042
Traffic light repair maintenance	149,300	158,300	152,931	5,369
Traffic signal supplies	1,700	587	556	31
Signalization	4,000	1,218	1,217	1
Small equipment	1,800	595	619	(24)
Total street lighting and signals	<u>\$ 886,100</u>	<u>\$ 959,425</u>	<u>\$ 945,100</u>	<u>\$ 14,325</u>
Landscaping maintenance:				
Salaries	\$ 276,600	\$ 310,100	\$ 309,123	\$ 977
Overtime wages	1,200	900	546	354
Service awards	100	100	100	0
Longevity	2,800	3,100	3,100	0
Sold vacations	1,700	1,418	534	884
Christmas bonus	900	1,000	975	25
Dental insurance	3,200	3,438	3,437	1
Social security taxes	21,700	22,900	21,899	1,001
Health Insurance	50,000	61,114	61,114	0
Retirement	47,100	52,500	52,049	451
Life and disability insurance	3,600	3,800	3,742	58
Worker's compensation claims	500	500	0	500
Laundry and dry cleaning	200	313	0	313
Postage	100	300	23	277
Printing	100	400	225	175
Subscriptions and memberships	400	745	745	0
Advertising	300	400	46	354
Utilities	2,000	2,000	1,148	852
Telephone	3,600	5,155	5,302	(147)
Vehicle maintenance	60,000	70,000	68,938	1,062
Equipment repairs	2,000	1,100	716	384

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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Landscaping maintenance - (Continued)				
Travel and training	\$ 3,400	\$ 4,461	\$ 4,462	\$ (1)
Worksessions	600	200	177	23
Other contracted services	800	400	0	400
Office expenditures	600	1,000	891	109
Botanical supplies	9,000	9,000	8,621	379
Uniforms	4,500	3,406	3,405	1
Trees	7,500	7,500	7,500	0
Donations - memorial tree fund	0	7,495	6,342	1,153
Educational supplies	0	1,150	645	505
Gasoline and oil	24,500	22,000	20,855	1,145
Insurance - vehicle and equipment	3,700	3,975	3,975	0
Insurance - general liability	1,100	1,255	1,255	0
Insurance - workers compensation	12,300	11,543	11,543	0
Miscellaneous	500	500	136	364
Small equipment	1,000	4,100	3,799	301
Total landscaping maintenance	<u>\$ 547,600</u>	<u>\$ 619,268</u>	<u>\$ 607,368</u>	<u>\$ 11,900</u>
Total public works	<u>\$ 4,234,900</u>	<u>\$ 4,255,722</u>	<u>\$ 4,139,293</u>	<u>\$ 116,429</u>
Health and welfare:				
Animal Control:				
Salaries	\$ 253,700	\$ 250,700	\$ 249,380	\$ 1,320
Overtime wages	21,400	20,400	13,818	6,582
Longevity	3,000	3,000	3,000	0
Sold vacations	700	700	630	70
Christmas bonus	900	900	866	34
Dental insurance	2,800	2,800	2,597	203
Social Security tax	21,400	20,900	19,737	1,163
Health insurance	48,400	49,070	48,123	947
Retirement	46,500	46,500	44,284	2,216
Life and disability insurance	3,500	3,200	3,098	102
Worker's compensation claims	1,000	2,000	1,592	408
Laundry and dry cleaning	3,200	2,950	2,908	42
Protective immunizations	500	250	0	250
Postage	0	25	3	22

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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Health and welfare - (Continued)				
Animal Control - (Continued)				
Contracted services - vehicles	\$ 900	\$ 900	\$ 882	\$ 18
Communications replacement	500	250	221	29
Printing	1,600	1,600	818	782
Subscriptions and memberships	600	1,150	1,179	(29)
Advertising	200	200	117	83
Utilities and pager	9,600	10,100	10,176	(76)
Telephone	10,500	10,500	10,176	324
Adoption and veterinary fees	0	7,000	6,624	376
Vehicle maintenance	24,000	21,450	10,714	10,736
Copier maintenance	300	460	458	2
Grounds improvement	1,200	1,200	1,052	148
Building maintenance	8,600	6,440	2,903	3,537
Training and travel	3,500	1,150	870	280
Landfill	2,500	3,000	2,646	354
Janitorial contract	5,500	5,800	5,745	55
Office supplies and printing	2,500	2,500	1,524	976
Safety supplies	500	500	199	301
Janitorial supplies	2,000	5,800	5,208	592
Uniforms and safety shoes	4,500	3,500	2,087	1,413
Ammunition	1,000	500	0	500
Gasoline and oil	22,000	22,000	15,365	6,635
Euthanasia and supplies	5,100	6,700	6,632	68
Pet food	6,500	4,355	2,338	2,017
Donations - cages and supplies	0	3,426	2,867	559
Donations - shelter volunteers	0	1,355	1,016	339
Insurance - building and contents	400	285	285	0
Insurance - vehicles and equipment	1,600	1,285	1,285	0
Insurance - general liability	1,200	1,227	1,227	0
Insurance - workers compensation	9,600	8,973	8,402	571
Miscellaneous	500	500	114	386
Equipment	1,500	1,500	0	1,500
Total Animal Control	<u>\$ 535,400</u>	<u>\$ 539,001</u>	<u>\$ 493,166</u>	<u>\$ 45,835</u>
Total health and welfare	<u>\$ 535,400</u>	<u>\$ 539,001</u>	<u>\$ 493,166</u>	<u>\$ 45,835</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, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation:				
Northeast Recreation Center:				
Salaries	\$ 108,100	\$ 108,100	\$ 101,263	\$ 6,837
Overtime wages	0	0	220	(220)
Part time wages	40,000	39,000	46,550	(7,550)
Service awards	100	100	100	0
Longevity	1,450	1,450	1,550	(100)
Sold vacations	2,000	2,000	1,452	548
Christmas bonus	450	450	325	125
Dental insurance	900	900	818	82
Social security tax	11,700	11,700	11,455	245
Health insurance	14,300	14,300	14,497	(197)
Retirement	18,700	18,700	17,361	1,339
Life and disability insurance	1,300	1,300	1,283	17
Unemployment compensation	500	500	0	500
Education reimbursement	1,430	430	0	430
Worker's compensation claims	170	170	0	170
Utilities	37,800	47,800	38,439	9,361
Telephone	3,300	3,300	5,218	(1,918)
Building maintenance	15,900	24,667	29,152	(4,485)
Team competition and trips	3,500	3,500	2,558	942
Office expenditures and paper	1,400	1,400	1,475	(75)
Janitorial supplies	1,500	1,500	2,708	(1,208)
Gate concession supplies	0	8,162	6,095	2,067
Gasoline	300	300	349	(49)
Pool	4,000	4,000	4,982	(982)
Athletic supplies	4,000	3,000	3,692	(692)
Program development	6,000	7,000	6,913	87
Insurance - building and contents	2,700	3,045	3,045	0
Insurance - general liability	1,700	961	961	0
Insurance - workers compensation	3,500	3,900	4,177	(277)
Program	0	5,000	7,513	(2,513)
Miscellaneous	500	500	263	237
BCCSA activities	14,000	14,000	15,117	(1,117)
Team donations	0	575	26	549
Youth achievement program	5,500	5,300	2,369	2,931
Swim team	2,000	2,180	2,166	14
Small equipment	800	9,200	9,150	50
Total Northeast Recreation Center	\$ 309,500	\$ 348,390	\$ 343,242	\$ 5,148

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

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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, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Parks and recreation:				
Salaries	\$ 310,000	\$ 320,000	\$ 321,625	\$ (1,625)
Overtime wages	5,000	3,500	2,359	1,141
Part time wages	20,000	19,500	13,219	6,281
Service awards	75	75	75	0
Longevity	3,350	3,350	3,550	(200)
Sold vacation	2,625	2,625	2,562	63
Christmas bonus	975	975	1,083	(108)
College pay	125	125	125	0
Dental insurance	3,300	3,300	3,341	(41)
Social security tax	26,200	26,200	25,132	1,068
Health insurance	61,800	61,800	58,935	2,865
Retirement	53,600	53,600	52,145	1,455
Life and disability insurance	3,600	3,600	3,548	52
Unemployment compensation	500	500	1,095	(595)
Worker's compensation claims	900	900	532	368
Laundry and dry cleaning	450	550	438	112
Pre-employment testing	0	0	40	(40)
Postage	200	200	151	49
Membership	0	0	275	(275)
Advertising	0	0	352	(352)
Utilities	8,300	7,300	6,785	515
Telephone	6,600	6,600	9,183	(2,583)
Vehicle maintenance	32,000	30,000	30,692	(692)
Equipment and repairs	5,500	5,500	5,200	300
Grounds maintenance	24,000	19,900	21,219	(1,319)
Fletcher building	10,000	9,000	11,067	(2,067)
Car allowance	4,200	4,200	4,200	0
Training and travel	4,000	4,000	4,547	(547)
Office expenditures	1,800	1,300	1,280	20
Uniforms	3,500	3,500	2,951	549
Gasoline and oil	20,000	23,000	26,377	(3,377)
Insurance - building and contents	2,600	2,774	2,774	0
Insurance - vehicles and equipment	2,000	2,976	2,976	0
Insurance - general liability	1,800	1,960	1,968	(8)
Insurance - workers compensation	7,300	7,210	7,690	(480)
Miscellaneous	500	500	800	(300)
Old timers banquet	2,500	3,500	3,430	70
Office machinery and equipment	500	0	0	0

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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Parks and recreation - (Continued)				
Small equipment	\$ 1,500	\$ 11,031	\$ 10,501	\$ 530
Total parks and recreation	\$ 631,300	\$ 645,051	\$ 644,222	\$ 829
Cleveland Community Center:				
Salaries	\$ 135,100	\$ 134,100	\$ 128,996	\$ 5,104
Part time wages	39,000	44,888	41,457	3,431
Overtime wages	0	0	10	(10)
Longevity	3,600	3,600	3,750	(150)
Sold vacations	1,600	1,600	1,736	(136)
Christmas bonus	450	450	433	17
Dental insurance	950	950	818	132
Social security tax	13,800	13,800	13,296	504
Health insurance	14,300	14,300	14,225	75
Retirement	23,400	23,400	22,336	1,064
Life and disability insurance	1,700	1,700	1,558	142
Worker's compensation claims	100	100	20	80
Utilities	31,900	30,900	35,166	(4,266)
Telephone	4,000	4,000	4,419	(419)
Vehicle maintenance	500	500	463	37
Building maintenance	7,500	9,000	9,201	(201)
Team trips and competition	2,000	2,000	1,552	448
Office expenditures and paper	700	600	330	270
Janitorial contract	2,000	1,700	1,550	150
Pool	4,400	6,400	6,005	395
Athletic supplies	1,500	900	572	328
Ceramic supplies	500	0	0	0
Insurance - building and contents	2,400	2,371	2,371	0
Insurance - general liability	1,800	969	969	0
Insurance - workers compensation	3,600	3,119	3,378	(259)
Contracted services - floor maintenance	2,900	2,900	1,521	1,379
Contracted services - security	1,400	1,400	1,164	236
Miscellaneous	500	500	131	369
Swim team	2,000	2,000	1,295	705
Junior pro basketball	3,000	3,000	3,300	(300)
Cardinal account	4,700	2,700	1,478	1,222
Small equipment	800	9,800	9,150	650
Total Cleveland Community Center	\$ 312,100	\$ 323,647	\$ 312,650	\$ 10,997

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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Tinsley Park:				
Salaries	\$ 99,500	\$ 105,500	\$ 109,807	\$ (4,307)
Overtime	2,500	1,500	936	564
Social Security taxes	7,800	7,800	8,350	(550)
Utilities	28,700	32,700	29,824	2,876
Telephone	1,000	1,000	761	239
Maintenance and repairs	16,900	13,255	6,879	6,376
Janitorial supplies	3,500	3,500	2,712	788
Tournament	7,000	1,000	0	1,000
Pool	10,500	10,500	17,051	(6,551)
Concession supplies	17,500	15,500	15,617	(117)
Insurance - building and contents	2,200	2,188	2,188	0
Insurance - general liability	1,100	623	623	0
Insurance - worker's compensation	2,500	2,224	2,445	(221)
Total Tinsley Park	\$ 200,700	\$ 197,290	\$ 197,193	\$ 97
Waterville:				
Salaries	\$ 203,000	\$ 175,500	\$ 147,419	\$ 28,081
Overtime	6,000	6,000	2,797	3,203
Part time wages	26,000	43,000	39,256	3,744
Service awards	75	75	75	0
Longevity	1,250	1,250	1,100	150
Sold vacations	2,200	2,200	4,201	(2,001)
Christmas bonus	775	775	541	234
Dental insurance	2,800	2,800	1,771	1,029
Social security taxes	18,300	18,300	14,606	3,694
Health insurance	41,500	41,500	29,264	12,236
Retirement	38,500	38,500	24,389	14,111
Life and disability insurance	2,800	2,800	2,346	454
Unemployment	0	0	190	(190)
Education reimbursement	0	500	459	41
Worker's compensation claims	100	100	0	100
Subscriptions and memberships	1,000	1,000	1,101	(101)
Advertising and marketing	1,800	1,800	2,202	(402)
Utilities	21,600	21,600	20,818	782
Telephone	7,800	7,800	11,312	(3,512)
Vehicle maintenance	1,500	1,500	1,343	157
Equipment parts and maintenance	19,000	20,000	19,062	938

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, 2009

(Continued)

	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	\$ 7,464	\$ 536
Building maintenance	12,000	12,000	10,882	1,118
Golf cart maintenance	5,000	4,000	2,730	1,270
Travel and training	1,200	1,200	860	340
Credit card fees	4,000	4,000	3,552	448
Contracted services - pest control	300	300	192	108
Office expenditures	1,000	1,000	844	156
Janitorial	1,500	1,500	1,359	141
Uniform	700	700	785	(85)
Golf course accessories	1,500	1,500	1,470	30
Tires, tubes, etc.	850	850	275	575
Irrigation and drainage supplies	5,000	5,000	444	4,556
Proshop	12,500	12,500	11,971	529
Concession supplies	23,000	23,000	19,824	3,176
Small supplies	450	450	685	(235)
Fertilizer and chemicals	20,000	20,000	7,513	12,487
Insurance - building and contents	900	967	967	0
Insurance - general liability	2,700	1,578	1,578	0
Insurance - worker's compensation	8,800	8,615	9,369	(754)
Contracted services - security	1,900	1,900	1,736	164
Miscellaneous	500	500	605	(105)
Equipment	500	500	220	280
Total Cherokee Springs Golf Course	<u>\$ 508,300</u>	<u>\$ 497,060</u>	<u>\$ 409,577</u>	<u>\$ 87,483</u>
Total culture and recreation	<u>\$ 1,961,900</u>	<u>\$ 2,011,438</u>	<u>\$ 1,906,884</u>	<u>\$ 104,554</u>
Appropriations:				
Jointly funded agencies	\$ 25,400	\$ 0	\$ 0	\$ 0
Regional Museum	43,000	43,000	43,000	0
MTAS benchmarking	4,000	4,000	4,000	0
Municipal League dues	9,200	9,200	9,102	98
Chamber of Commerce	45,000	45,000	45,000	0
Southeast Tennessee Development	7,500	7,500	7,725	(225)
Mainstreet Cleveland	25,000	25,000	25,000	0
Cemetery Association	10,000	10,000	10,000	0
Court's Community Services	53,900	55,624	54,554	1,070
Keep America Beautiful	28,100	28,100	28,100	0
Juvenile Court match	1,100	1,100	1,100	0
United Way supporters	300	300	0	300

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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Appropriations - (Continued)				
SETHRA - Transit	\$ 135,000	\$ 135,000	\$ 135,000	\$ 0
Communications Center	450,000	450,000	450,000	0
Emergency Management	86,000	105,820	105,819	1
Child Welfare Service	1,000	0	0	0
Veterans Affairs Office	20,000	22,196	22,158	38
Behavioral Research	2,000	2,000	2,000	0
Development Services Agency	6,200	6,200	6,200	0
Community Services Agency	88,900	91,560	91,560	0
Aqua Tigers equipment	2,000	2,000	2,000	0
Bradley Cleveland football	3,500	3,500	3,500	0
Youth baseball	5,000	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	17,900	17,900	17,900	0
Total appropriations	<u>\$ 1,085,000</u>	<u>\$ 1,085,000</u>	<u>\$ 1,083,718</u>	<u>\$ 1,282</u>
Total expenditures	<u>\$ 27,399,500</u>	<u>\$ 27,128,848</u>	<u>\$ 26,553,836</u>	<u>\$ 575,012</u>
Excess of revenues over expenditures	<u>\$ 9,516,600</u>	<u>\$ 9,289,257</u>	<u>\$ 9,342,188</u>	<u>\$ 52,931</u>
Other financing sources (uses):				
Transfers in	\$ 1,603,000	\$ 1,646,000	\$ 1,653,179	\$ 7,179
Transfers out	<u>(11,119,600)</u>	<u>(10,893,969)</u>	<u>(10,893,969)</u>	<u>0</u>
Total other financing sources(uses)	<u>\$ (9,516,600)</u>	<u>\$ (9,247,969)</u>	<u>\$ (9,240,790)</u>	<u>\$ 7,179</u>
Net change in fund balances	\$ 0	\$ 41,288	\$ 101,398	\$ 60,110
Fund balance at beginning of year	<u>8,642,201</u>	<u>8,670,275</u>	<u>8,670,275</u>	<u>0</u>
Fund balance at end of year	<u>\$ 8,642,201</u>	<u>\$ 8,711,563</u>	<u>\$ 8,771,673</u>	<u>\$ 60,110</u>

CITY OF CLEVELAND, TENNESSEE
SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government:				
Education of the handicapped	\$ 13,002	\$ 13,002	\$ 51,359	\$ 38,357
Total federal government	\$ 13,002	\$ 13,002	\$ 51,359	\$ 38,357
State of Tennessee:				
Basic Education Program	\$ 17,663,000	\$ 17,663,000	\$ 17,612,000	\$ (51,000)
School food service	24,151	24,151	24,222	71
Driver education	8,000	8,000	9,332	1,332
Other state education funds	0	0	170,910	170,910
Career ladder program	256,430	256,430	236,147	(20,283)
Career ladder extended contract	161,080	161,080	140,200	(20,880)
Other state grants	857,680	857,680	895,476	37,796
State mixed drink tax	74,800	74,800	78,115	3,315
State income tax	39,223	39,223	46,699	7,476
Total State of Tennessee	\$ 19,084,364	\$ 19,084,364	\$ 19,213,101	\$ 128,737
Bradley County:				
Property taxes - current	\$ 5,067,360	\$ 5,067,360	\$ 4,955,872	\$ (111,488)
Property taxes - prior	168,061	168,061	198,152	30,091
Cir clerk/clerk & master	96,000	96,000	81,562	(14,438)
Interest and penalty	31,369	31,369	29,542	(1,827)
In lieu of taxes - Local Utilities	1,370	1,370	1,454	84
Marriage license	2,825	2,825	2,658	(167)
Bank excise tax	45,893	45,893	36,725	(9,168)
Interstate telecommunications tax	5,426	5,426	3,229	(2,197)
Local sales tax	4,131,645	4,131,645	3,332,747	(798,898)
Total Bradley County	\$ 9,549,949	\$ 9,549,949	\$ 8,641,941	\$ (908,008)
Total Intergovernmental	\$ 28,647,315	\$ 28,647,315	\$ 27,906,401	\$ (740,914)
Charges for services:				
Tuition	\$ 93,797	\$ 93,797	\$ 114,413	\$ 20,616
Tuition - other	73,000	73,000	46,454	(26,546)
Community service fees	216,040	216,040	123,559	(92,481)
Criminal background fee	4,800	4,800	2,304	(2,496)
Total charges for services	\$ 387,637	\$ 387,637	\$ 286,730	\$ (100,907)

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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued)				
Interest	\$ 80,000	\$ 80,000	\$ 9,673	\$ (70,327)
Miscellaneous:				
Lease/rentals	\$ 9,600	\$ 9,600	\$ 8,250	\$ (1,350)
E rate funding	0	0	54,144	54,144
Miscellaneous refunds	98,841	98,841	69,322	(29,519)
Sale of equipment	1,640	1,640	5,254	3,614
Damages recovered	1,800	1,800	2,449	649
Contributions	406,917	406,917	418,110	11,193
Other	20,000	20,000	49,480	29,480
Total miscellaneous	\$ 538,798	\$ 538,798	\$ 607,009	\$ 68,211
Total revenues	\$ 29,653,750	\$ 29,653,750	\$ 28,809,813	\$ (843,937)
Expenditures:				
Current:				
Education:				
Regular instruction:				
Teachers	\$ 12,082,075	\$ 12,082,075	\$ 11,751,020	\$ 331,055
Career ladder program	154,300	154,300	141,668	12,632
Career ladder extended contract	141,211	141,211	84,400	56,811
Homebound teachers	41,248	41,248	48,706	(7,458)
Assistants	1,015,699	1,015,699	986,997	28,702
Other salaries and wages	163,026	163,026	169,178	(6,152)
Certified substitute teachers	92,780	92,780	89,481	3,299
Non-certified substitute teachers	120,000	120,000	122,082	(2,082)
Social security	841,985	841,985	774,503	67,482
State retirement	966,200	966,200	908,058	58,142
Life insurance	15,607	15,607	23,256	(7,649)
Medical insurance	1,517,183	1,517,183	1,527,496	(10,313)
Unemployment compensation	2,400	2,400	7,889	(5,489)
Employer medicare liability	196,916	196,916	183,344	13,572
Other fringe benefits	78,008	78,008	92,220	(14,212)
Maintenance and repair	19,450	19,450	5,106	14,344
Other contracted services	339,065	339,065	353,285	(14,220)
Instructional supplies	245,635	245,635	221,381	24,254
Textbooks	305,000	305,000	310,991	(5,991)
Other supplies and materials	46,760	46,760	32,239	14,521
Other charges	10,325	10,325	7,261	3,064
Regular instruction equipment	214,353	214,353	254,387	(40,034)
Total regular instruction	\$ 18,609,226	\$ 18,609,226	\$ 18,094,948	\$ 514,278
Special education:				
Teachers	\$ 1,692,070	\$ 1,692,070	\$ 1,603,842	\$ 88,228
Career ladder program	19,000	19,000	18,910	90
Homebound teachers	1,000	1,000	3,528	(2,528)
Assistants	274,760	274,760	248,014	26,746

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

CITY OF CLEVELAND, TENNESSEE
SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Special education - (Continued):				
Certified substitute teachers	\$ 4,000	\$ 4,000	\$ 2,204	\$ 1,796
Non-certified substitute teachers	3,000	3,000	6,890	(3,890)
Social security	122,184	122,184	109,965	12,219
State retirement	155,608	155,608	139,967	15,641
Life insurance	1,956	1,956	5,750	(3,794)
Medical insurance	223,500	223,500	220,678	2,822
Employer medicare liability	28,575	28,575	25,735	2,840
Contracts with private agencies	23,500	23,500	3,908	19,592
Maintenance and other repair services	1,700	1,700	353	1,347
Other contracted services	8,000	8,000	166	7,834
Instructional supplies	21,627	21,627	17,697	3,930
Other supplies and materials	6,473	6,473	12,384	(5,911)
Special education equipment	4,100	4,100	6,982	(2,882)
Total special education	<u>\$ 2,591,053</u>	<u>\$ 2,591,053</u>	<u>\$ 2,426,973</u>	<u>\$ 164,080</u>
Vocational education:				
Teachers	\$ 894,953	\$ 894,953	\$ 822,173	\$ 72,780
Certified substitute teachers	1,500	1,500	488	1,012
Non-certified substitute teachers	1,000	1,000	1,776	(776)
Social security	55,242	55,242	48,111	7,131
State retirement	57,456	57,456	52,755	4,701
Life insurance	639	639	639	0
Medical insurance	82,290	82,290	101,931	(19,641)
Employer medicare liability	12,919	12,919	11,255	1,664
Maintenance and repair services	11,000	11,000	6,496	4,504
Tuition	375	375	0	375
Other contracted services	4,500	4,500	1,227	3,273
Instructional supplies	35,200	35,200	35,002	198
Other supplies and materials	2,300	2,300	2,016	284
Vocational instruction equipment	117,167	117,167	51,607	65,560
Total vocational education	<u>\$ 1,276,541</u>	<u>\$ 1,276,541</u>	<u>\$ 1,135,476</u>	<u>\$ 141,065</u>
Students:				
Attendance:				
Supervisor	\$ 39,913	\$ 39,913	\$ 38,681	\$ 1,232
Other salaries & wages	36,974	36,974	35,838	1,136
Social security	4,767	4,767	4,563	204
State retirement	8,711	8,711	8,438	273
Life insurance	120	120	120	0
Medical insurance	2,354	2,354	2,354	0
Employer medicare liability	1,115	1,115	1,067	48
Total attendance	<u>\$ 93,954</u>	<u>\$ 93,954</u>	<u>\$ 91,061</u>	<u>\$ 2,893</u>

CITY OF CLEVELAND, TENNESSEE
SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Students - (Continued):				
Health services:				
Medical personnel	\$ 57,149	\$ 57,149	\$ 54,706	\$ 2,443
Other salaries and wages	85,887	85,887	88,473	(2,586)
Social security	8,868	8,868	8,410	458
State retirement	15,190	15,190	7,551	7,639
Life insurance	95	95	95	0
Medical insurance	17,696	17,696	17,696	0
Employer medicare liability	2,074	2,074	1,967	107
Communication	720	720	0	720
Postal charges	500	500	0	500
Travel	2,500	2,500	2,950	(450)
Other contracted services	515	515	0	515
Drugs and medical supplies	2,000	2,000	2,345	(345)
Other supplies and materials	6,905	6,905	15,074	(8,169)
Other charges	1,000	1,000	0	1,000
Health equipment	5,000	5,000	0	5,000
Total health services	<u>\$ 206,099</u>	<u>\$ 206,099</u>	<u>\$ 199,267</u>	<u>\$ 6,832</u>
Other student support:				
Career ladder program	\$ 9,000	\$ 9,000	\$ 9,000	\$ 0
Guidance personnel	569,049	569,049	586,092	(17,043)
Psychological personnel	88,416	88,416	86,614	1,802
Social workers	77,132	77,132	76,686	446
Attendants	76,795	76,795	76,240	555
Other salaries and wages	50,650	50,650	49,556	1,094
Social security	53,707	53,707	51,912	1,795
State retirement	59,937	59,937	59,065	872
Life insurance	868	868	867	1
Medical insurance	73,780	73,780	89,667	(15,887)
Employer medicare liability	12,630	12,630	12,141	489
Evaluation and testing	29,425	29,425	43,631	(14,206)
Maintenance and repair services	1,100	1,100	0	1,100
Other contracted services	167,670	167,670	156,160	11,510
Other supplies and materials	8,215	8,215	6,203	2,012
Other charges	0	0	195	(195)
Total other student support	<u>\$ 1,278,374</u>	<u>\$ 1,278,374</u>	<u>\$ 1,304,029</u>	<u>\$ (25,655)</u>
Total students	<u>\$ 1,578,427</u>	<u>\$ 1,578,427</u>	<u>\$ 1,594,357</u>	<u>\$ (15,930)</u>

CITY OF CLEVELAND, TENNESSEE
SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Instructional staff:				
Regular instruction program :				
Supervisor	\$ 314,845	\$ 314,845	\$ 304,006	\$ 10,839
Career ladder program	23,500	23,500	20,488	3,012
Librarians	460,966	460,966	444,014	16,952
Materials supervisor	84,837	84,837	81,893	2,944
Secretaries	100,585	100,585	90,122	10,463
Other salaries and wages	76,437	76,437	99,260	(22,823)
Social security	64,949	64,949	62,533	2,416
State retirement	86,201	86,201	82,708	3,493
Life insurance	1,183	1,183	1,183	0
Medical insurance	95,708	95,708	89,012	6,696
Employer medicare liability	15,190	15,190	14,805	385
Dues and subscriptions	4,000	4,000	1,445	2,555
Travel	26,040	26,040	21,536	4,504
Other contracted services	9,500	9,500	20,724	(11,224)
Library books	39,530	39,530	34,225	5,305
Other supplies and materials	24,550	24,550	19,819	4,731
In-service staff development	125,400	125,400	69,030	56,370
Other equipment	6,500	6,500	5,816	684
Total regular instruction program	\$ 1,559,921	\$ 1,559,921	\$ 1,462,619	\$ 97,302
Special education:				
Supervisor	\$ 84,837	\$ 84,837	\$ 81,893	\$ 2,944
Career ladder program	3,000	3,000	0	3,000
Social security	5,446	5,446	4,935	511
State retirement	5,639	5,639	5,258	381
Life insurance	29	29	29	0
Medical insurance	4,707	4,707	4,707	0
Employer medicare liability	1,263	1,263	1,154	109
Consultants	500	500	0	500
Travel	1,500	1,500	3,596	(2,096)
Total special education	\$ 106,921	\$ 106,921	\$ 101,572	\$ 5,349
Vocational education:				
Supervisor	\$ 79,762	\$ 79,762	\$ 77,012	\$ 2,750
Career ladder program	3,000	3,000	3,000	0
Secretaries	23,716	23,716	23,086	630
Social security	6,602	6,602	5,789	813
State retirement	9,257	9,257	8,939	318

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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Instructional staff - (Continued):				
Vocational education - (Continued):				
Life insurance	\$ 72	\$ 72	\$ 72	\$ 0
Medical insurance	12,922	12,922	12,922	0
Employer medicare liability	1,544	1,544	1,354	190
Travel	300	300	2,424	(2,124)
Total vocational education	<u>\$ 137,175</u>	<u>\$ 137,175</u>	<u>\$ 134,598</u>	<u>\$ 2,577</u>
Total instructional staff	<u>\$ 1,804,017</u>	<u>\$ 1,804,017</u>	<u>\$ 1,698,789</u>	<u>\$ 105,228</u>
General administration:				
Board of education:				
Board and committee members fees	\$ 52,800	\$ 52,800	\$ 52,800	\$ 0
Social security	3,274	3,274	3,273	1
Employer medicare	765	765	766	(1)
Other fringe benefits	740	740	732	8
Audit services	11,300	11,300	11,900	(600)
Dues and membership	11,753	11,753	12,991	(1,238)
Legal services	10,000	10,000	4,684	5,316
Liability insurance	29,695	29,695	35,001	(5,306)
Premiums on corporate surety bonds	7,199	7,199	8,486	(1,287)
Trustee's commission	92,000	92,000	105,806	(13,806)
Worker's compensation insurance	124,773	124,773	137,514	(12,741)
Criminal investigation	8,000	8,000	5,128	2,872
Refund for criminal investigation	2,000	2,000	1,152	848
Other charges	32,000	32,000	18,933	13,067
Total board of education	<u>\$ 386,299</u>	<u>\$ 386,299</u>	<u>\$ 399,166</u>	<u>\$ (12,867)</u>
Office of superintendent:				
Administrative officer	\$ 127,277	\$ 127,277	\$ 126,944	\$ 333
Assistants	88,397	88,397	85,318	3,079
Career ladder program	1,000	1,000	0	1,000
Secretaries	67,922	67,922	65,880	2,042
Other salaries and wages	8,064	8,064	8,346	(282)
Social security	17,958	17,958	15,668	2,290
State retirement	25,725	25,725	25,156	569
Life insurance	194	194	194	0
Medical insurance	18,383	18,383	19,202	(819)
Employer medicare liability	4,200	4,200	4,103	97
Other fringe benefits	5,091	5,091	5,348	(257)
Communication	88,000	88,000	85,679	2,321

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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
General administration - (Continued):				
Office of the superintendent - (Continued):				
Dues and memberships	\$ 2,500	\$ 2,500	\$ 4,227	\$ (1,727)
Postal charges	6,500	6,500	4,943	1,557
Travel	4,300	4,300	465	3,835
Other contracted services	22,600	22,600	21,705	895
Office supplies	17,500	17,500	14,389	3,111
Other charges	17,900	17,900	13,043	4,857
Administrative equipment	5,000	5,000	3,431	1,569
Total office of superintendent	<u>\$ 528,511</u>	<u>\$ 528,511</u>	<u>\$ 504,041</u>	<u>\$ 24,470</u>
Total general administration	<u>\$ 914,810</u>	<u>\$ 914,810</u>	<u>\$ 903,207</u>	<u>\$ 11,603</u>
Office of the Principal:				
Principals	\$ 670,655	\$ 670,655	\$ 647,892	\$ 22,763
Career ladder program	12,000	12,000	12,000	0
Assistant principals	326,144	326,144	380,032	(53,888)
Secretaries	332,848	332,848	318,815	14,033
Clerical personnel	26,112	26,112	22,505	3,607
Social security	83,560	83,560	82,280	1,280
State retirement	124,460	124,460	121,951	2,509
Life insurance	1,387	1,387	1,386	1
Medical insurance	137,440	137,440	136,941	499
Employer medicare liability	19,542	19,542	19,243	299
Dues and memberships	3,715	3,715	3,510	205
Maintenance and repair services	8,250	8,250	498	7,752
Postal charges	6,235	6,235	5,044	1,191
Travel	5,100	5,100	702	4,398
Other contracted services	16,160	16,160	9,441	6,719
Office supplies	11,430	11,430	6,803	4,627
Other charges	300	300	478	(178)
Administrative equipment	11,075	11,075	14,645	(3,570)
Total office of the principal	<u>\$ 1,796,413</u>	<u>\$ 1,796,413</u>	<u>\$ 1,784,166</u>	<u>\$ 12,247</u>
Business administration:				
Bookkeepers	\$ 148,240	\$ 148,240	\$ 141,991	\$ 6,249
Social security	9,191	9,191	7,858	1,333
State retirement	24,652	24,652	21,680	2,972
Life insurance	164	164	163	1
Medical insurance	10,107	10,107	10,108	(1)
Employer medicare liability	2,149	2,149	2,003	146
Data processing services	8,984	8,984	9,209	(225)
Travel	1,000	1,000	440	560
Total business administration	<u>\$ 204,487</u>	<u>\$ 204,487</u>	<u>\$ 193,452</u>	<u>\$ 11,035</u>

CITY OF CLEVELAND, TENNESSEE
SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Operation and maintenance of plant:				
Operation of plant:				
Custodial personnel	\$ 23,906	\$ 23,906	\$ 23,268	\$ 638
Social security	1,482	1,482	1,091	391
State retirement	3,976	3,976	3,870	106
Life insurance	83	83	84	(1)
Medical insurance	8,282	8,282	8,282	0
Employer medicare liability	347	347	255	92
Janitorial services	716,967	716,967	716,979	(12)
Rentals	6,000	6,000	6,000	0
Other contracted services	51,270	51,270	79,164	(27,894)
Electricity	1,105,588	1,105,588	1,255,237	(149,649)
Natural gas	157,000	157,000	172,995	(15,995)
Water and sewer	149,593	149,593	157,401	(7,808)
Other supplies and materials	25,000	25,000	113,268	(88,268)
Boiler insurance	5,759	5,759	6,788	(1,029)
Building and contents insurance	120,919	120,919	123,673	(2,754)
Total operation of plant	<u>\$ 2,376,172</u>	<u>\$ 2,376,172</u>	<u>\$ 2,668,355</u>	<u>\$ (292,183)</u>
Maintenance of plant:				
Supervisor	\$ 65,403	\$ 65,403	\$ 63,200	\$ 2,203
Maintenance personnel	362,309	362,309	349,417	12,892
Other salaries and wages	35,000	35,000	3,943	31,057
Social security	28,386	28,386	24,016	4,370
State retirement	71,128	71,128	61,765	9,363
Life insurance	592	592	592	0
Medical insurance	85,728	85,728	76,170	9,558
Employer medicare liability	6,709	6,709	5,617	1,092
Maintenance and repair services - building	44,000	44,000	63,686	(19,686)
Maintenance and repair services - equipment	2,000	2,000	0	2,000
Other contracted services	86,000	86,000	185,536	(99,536)
Equipment and machinery parts	10,200	10,200	0	10,200
Other supplies and materials	200,000	200,000	84,198	115,802
Other charges	5,000	5,000	3,351	1,649
Maintenance equipment	2,500	2,500	12,077	(9,577)
Total maintenance of plant	<u>\$ 1,004,955</u>	<u>\$ 1,004,955</u>	<u>\$ 933,568</u>	<u>\$ (71,387)</u>
Total operation and maintenance	<u>\$ 3,381,127</u>	<u>\$ 3,381,127</u>	<u>\$ 3,601,923</u>	<u>\$ (220,796)</u>
Transportation:				
Supervisor	\$ 32,165	\$ 32,165	\$ 31,212	\$ 953
Mechanics	62,381	62,381	60,550	1,831
Bus drivers	415,281	415,281	440,772	(25,491)
Social security	31,609	31,609	32,463	(854)

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

CITY OF CLEVELAND, TENNESSEE
SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Transportation - (Continued)				
State retirement	\$ 15,723	\$ 15,723	\$ 15,260	\$ 463
Life insurance	94	94	94	0
Medical insurance	21,621	21,621	21,621	0
Employer medicare	7,392	7,392	7,592	(200)
Contracts with parents	1,000	1,000	0	1,000
Medical and dental services	3,500	3,500	1,780	1,720
Travel	1,100	1,100	0	1,100
Other contracted services	5,000	5,000	775	4,225
Diesel fuel	139,427	139,427	126,465	12,962
Gasoline	20,000	20,000	21,987	(1,987)
Lubricants	2,000	2,000	0	2,000
Tires and tubes	9,962	9,962	11,329	(1,367)
Vehicle parts	65,940	65,940	74,558	(8,618)
Other supplies and materials	2,000	2,000	1,799	201
Vehicle and equipment insurance	32,394	32,394	38,184	(5,790)
Other charges	15,550	15,550	526	15,024
Transportation equipment	346,063	346,063	0	346,063
Total transportation	\$ 1,230,202	\$ 1,230,202	\$ 886,967	\$ 343,235
Food service:				
Other salaries and wages	\$ 39,620	\$ 39,620	\$ 38,384	\$ 1,236
Social security	2,456	2,456	2,348	108
State retirement	6,589	6,589	6,383	206
Life insurance	48	48	47	1
Medical insurance	4,559	4,559	4,559	0
Employer medicare liability	574	574	549	25
Total food service	\$ 53,846	\$ 53,846	\$ 52,270	\$ 1,576
Community services:				
Supervisor	\$ 41,280	\$ 41,280	\$ 58,350	\$ (17,070)
Other salaries and wages	262,228	262,228	161,545	100,683
Social security	20,368	20,368	13,430	6,938
State retirement	2,815	2,815	6,550	(3,735)
Life insurance	34	34	34	0
Medical insurance	7,982	7,982	8,588	(606)
Employer medicare liability	4,764	4,764	3,141	1,623
Advertising	1,075	1,075	1,463	(388)
Janitorial services	1,000	1,000	0	1,000
Travel	11,150	11,150	3,870	7,280
Other contracted services	36,700	36,700	17,586	19,114
Food supplies	29,200	29,200	21,355	7,845
Other supplies and materials	24,802	24,802	4,709	20,093
Refunds	350	350	600	(250)

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

CITY OF CLEVELAND, TENNESSEE
SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Community services - (Continued):				
Other charges	\$ 7,231	\$ 7,231	\$ 2,899	\$ 4,332
Other equipment	3,542	3,542	0	3,542
Total community services	<u>\$ 454,521</u>	<u>\$ 454,521</u>	<u>\$ 304,120</u>	<u>\$ 150,401</u>
Early Childhood Education				
Contracts with other public agencies	\$ 737,680	\$ 737,680	\$ 765,495	\$ (27,815)
Total childhood education	<u>\$ 737,680</u>	<u>\$ 737,680</u>	<u>\$ 765,495</u>	<u>\$ (27,815)</u>
Total education	<u>\$ 34,632,350</u>	<u>\$ 34,632,350</u>	<u>\$ 33,442,143</u>	<u>\$ 1,190,207</u>
Debt Service				
Principal retirement	\$ 390,112	\$ 390,112	\$ 156,429	\$ 233,683
Interest and fiscal charges	192,311	192,311	1,912	190,399
Other debt service	228,820	228,820	0	228,820
Total debt service	<u>\$ 811,243</u>	<u>\$ 811,243</u>	<u>\$ 158,341</u>	<u>\$ 652,902</u>
Total expenditures	<u>\$ 35,443,593</u>	<u>\$ 35,443,593</u>	<u>\$ 33,600,484</u>	<u>\$ 1,843,109</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (5,789,843)</u>	<u>\$ (5,789,843)</u>	<u>\$ (4,790,671)</u>	<u>\$ 999,172</u>
Other Financing Sources (Uses)				
Transfers in	\$ 5,443,780	\$ 5,443,780	\$ 5,280,825	\$ (162,955)
Transfers out	0	0	(704,800)	(704,800)
Note Proceeds	346,063	346,063	0	(346,063)
Total other financing sources(uses)	<u>\$ 5,789,843</u>	<u>\$ 5,789,843</u>	<u>\$ 4,576,025</u>	<u>\$ (1,213,818)</u>
Net change in fund balances	\$ 0	\$ 0	\$ (214,646)	\$ (214,646)
Fund balance at beginning of year	<u>1,884,614</u>	<u>1,884,614</u>	<u>1,884,614</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 1,884,614</u></u>	<u><u>\$ 1,884,614</u></u>	<u><u>\$ 1,669,968</u></u>	<u><u>\$ (214,646)</u></u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

Enterprise

	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Other Enterprise Funds	Total	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 7,043,499	\$ 8,243,070	\$ 87,465	\$ 15,374,034	\$ 127,804
Cash and cash equivalents - restricted	115	0	0	115	0
Accounts receivable - net	4,015,948	12,521,100	0	16,537,048	38,161
Due from other government agencies	0	0	367,626	367,626	0
Inventories	265,783	1,632,929	0	1,898,712	166,170
Prepays	94,725	33,773	0	128,498	0
Total current assets	\$ 11,420,070	\$ 22,430,872	\$ 455,091	\$ 34,306,033	\$ 332,135
Noncurrent assets:					
Receivable from customer for conservation loans	\$ 0	\$ 972,090	\$ 0	\$ 972,090	\$ 0
Debt issue cost, being amortized	385,204	73,038	0	458,242	0
Other assets	0	48,638	0	48,638	0
Capital assets:					
Land and construction in progress	3,404,423	1,147,051	10,721,124	15,272,598	108,291
Other capital assets, net of accumulated depreciation	100,292,586	55,731,308	333,510	156,357,404	1,119,037
Total noncurrent assets	\$ 104,082,213	\$ 57,972,125	\$ 11,054,634	\$ 173,108,972	\$ 1,227,328
Total assets	\$ 115,502,283	\$ 80,402,997	\$ 11,509,725	\$ 207,415,005	\$ 1,559,463
LIABILITIES AND FUND EQUITY					
Current liabilities:					
Accounts payable	\$ 986,432	\$ 10,153,742	\$ 2,563	\$ 11,142,737	\$ 9,610
Customer deposits	0	2,548,400	0	2,548,400	0
Due to other funds	0	0	1,376,000	1,376,000	0
Notes payable - current	1,380,000	460,000	0	1,840,000	0
Revenue bonds payable - current	2,155,000	65,000	0	2,220,000	0
Other current liabilities	1,707,094	1,062,098	0	2,769,192	0
Total current liabilities	\$ 6,228,526	\$ 14,289,240	\$ 1,378,563	\$ 21,896,329	\$ 9,610
Noncurrent liabilities:					
Post-employment benefits payable	\$ 911,190	\$ 687,389	\$ 0	\$ 1,598,579	\$ 0
Conservation advances from TVA	0	994,295	0	994,295	0
Notes payable	22,675,000	7,515,000	0	30,190,000	0
Revenue bonds payable (net of unamortized discount)	23,482,407	1,316,414	0	24,798,821	0
Total noncurrent liabilities	\$ 47,068,597	\$ 10,513,098	\$ 0	\$ 57,581,695	\$ 0
Total liabilities	\$ 53,297,123	\$ 24,802,338	\$ 1,378,563	\$ 79,478,024	\$ 9,610
NET ASSETS					
Invested in capital assets, net of related debt	\$ 54,004,602	\$ 47,521,945	\$ 11,054,634	\$ 112,581,181	\$ 1,227,328
Unrestricted	8,200,558	8,078,714	(923,472)	15,355,800	322,525
Total net assets	\$ 62,205,160	\$ 55,600,659	\$ 10,131,162	\$ 127,936,981	\$ 1,549,853

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, 2009

	Enterprise Funds				Internal Service Fund
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Other Enterprise Funds	Total	
Operating Revenues:					
Charges for services	\$ 19,120,677	\$ 92,808,280	\$ 148,194	\$ 112,077,151	\$ 675,577
Other operating revenues	1,604,179	1,400,810	0	3,004,989	0
Total operating revenues	\$ 20,724,856	\$ 94,209,090	\$ 148,194	\$ 115,082,140	\$ 675,577
Operating Expenses:					
Power purchased	\$ 0	\$ 78,967,624	\$ 0	\$ 78,967,624	\$ 0
Operation expenses	11,637,808	6,530,092	142,535	18,310,435	679,880
Maintenance expense	2,641,830	2,695,832	0	5,337,662	0
Depreciation and amortization	4,646,977	3,091,519	50,211	7,788,707	39,700
Total operating expenses	\$ 18,926,615	\$ 91,285,067	\$ 192,746	\$ 110,404,428	\$ 719,580
Operating income	\$ 1,798,241	\$ 2,924,023	\$ (44,552)	\$ 4,677,712	\$ (44,003)
Non Operating Revenues (Expenses):					
Interest income	\$ 180,921	\$ 228,217	\$ 1,651	\$ 410,789	\$ 1,828
Interest expense	(1,930,027)	(410,025)	(4,500)	(2,344,552)	0
Other income (expense)	270,000	(4,707)	0	265,293	(342)
Total nonoperating revenues (expenses)	\$ (1,479,106)	\$ (186,515)	\$ (2,849)	\$ (1,668,470)	\$ 1,486
Income before contributions and transfers	\$ 319,135	\$ 2,737,508	\$ (47,401)	\$ 3,009,242	\$ (42,517)
Capital contributions	2,138,596	0	1,547,111	3,685,707	0
Transfers in	0	0	34,000	34,000	0
Transfers out	(199,470)	(1,453,709)	0	(1,653,179)	0
Change in net assets	\$ 2,258,261	\$ 1,283,799	\$ 1,533,710	\$ 5,075,770	\$ (42,517)
Total net assets - beginning	59,946,899	54,316,860	8,597,452	122,861,211	1,592,370
Total net assets - ending	\$ 62,205,160	\$ 55,600,659	\$ 10,131,162	\$ 127,936,981	\$ 1,549,853

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Enterprise Funds				Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Other Enterprise Funds	Total	
Cash flows from operating activities:					
Receipts from customers	\$ 19,818,035	\$ 93,943,673	\$ 160,603	\$ 113,922,311	\$ 671,577
Payments to suppliers	(9,085,042)	(79,804,901)	(126,629)	(89,016,572)	(357,671)
Internal activity - payments to other funds	0	0	(75,000)	(75,000)	0
Payments to employees for services	(4,441,239)	(6,410,920)	(13,342)	(10,865,501)	(333,230)
Net cash provided by (used in) operating activities	\$ 6,291,754	\$ 7,727,852	\$ (54,368)	\$ 13,965,238	\$ (19,324)
Cash flows from noncapital financing activities:					
Interfund loan repayment	\$ 0	\$ 0	\$ (2,739,000)	\$ (2,739,000)	\$ 0
Transfers out	(199,470)	(1,453,709)	0	(1,653,179)	0
Net cash provided by (used in) financing activities	\$ (199,470)	\$ (1,453,709)	\$ (2,739,000)	\$ (4,392,179)	\$ 0
Cash flows from capital and related financing activities:					
Additions to plants	\$ (4,997,922)	\$ (5,739,081)	\$ (2,003,560)	\$ (12,740,563)	\$ (2,250)
Proceeds received for contributions in aid of construction	2,138,596	0	0	2,138,596	0
Proceeds from sale of assets	270,000	144,887			
Removal cost	(5,892)	(340,810)	0	(346,702)	0
Salvage	116	96,773	0	96,889	0
Transfers in	0	0	34,000	34,000	0
Contributions in aid of construction	0	369,155	4,686,817	5,055,972	0
Proceeds from issuance of debt	4,505,000	0	0	4,505,000	0
Payment of principal on long-term debt	(7,780,000)	(515,000)	0	(8,295,000)	0
Payment of interest on long-term debt	(1,817,331)	(410,287)	(4,500)	(2,232,118)	0
Debt issue cost	(68,807)	0	0	(68,807)	0
Net cash provided by (used in) capital and related financing activities	\$ (7,756,240)	\$ (6,394,363)	\$ 2,712,757	\$ (11,852,733)	\$ (2,250)
Cash flows from investing activities:					
Interest received	\$ 180,921	\$ 228,217	\$ 1,650	\$ 410,788	\$ 1,828
Net cash provided by investing activities	\$ 180,921	\$ 228,217	\$ 1,650	\$ 410,788	\$ 1,828
Net increase (decrease) in cash and cash equivalents	\$ (1,483,035)	\$ 107,997	\$ (78,961)	\$ (1,868,886)	\$ (19,746)
Cash and cash equivalents, beginning of year	8,526,649	8,135,073	166,426	16,828,148	147,550
Cash and cash equivalents, end of year	\$ 7,043,614	\$ 8,243,070	\$ 87,465	\$ 14,959,262	\$ 127,804

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

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

(Continued)

	Enterprise Funds				Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Other Enterprise Funds	Total	
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 1,798,241	\$ 2,924,023	\$ (44,552)	\$ 4,677,712	\$ (44,003)
Adjustments to reconcile net operating revenues to net cash provided by operating activities:					
Depreciation	4,834,365	3,301,818	50,211	8,186,394	39,700
Changes in operating assets and liabilities					
Accounts receivable	(906,821)	(262,446)	12,410	(1,156,857)	(3,996)
Allowance for doubtful accounts	0	39,158	0	39,158	0
Inventories	5,001	131,390	0	136,391	(10,598)
Receivable from customers for conservation loans	0	(194,795)	0	(194,795)	0
Prepays	(15,459)	(5,465)	0	(20,924)	0
Accounts payable	250,926	1,133,538	2,563	1,387,027	(427)
Customer deposits	0	191,824	0	191,824	0
Due to other funds	0	0	(75,000)	(75,000)	0
Other current liabilities	325,501	260,138	0	585,639	0
Conservation loans	0	208,669	0	208,669	0
Net cash provided by operating activities	<u>\$ 6,291,754</u>	<u>\$ 7,727,852</u>	<u>\$ (54,368)</u>	<u>\$ 13,965,238</u>	<u>\$ (19,324)</u>

NOTES

CITY OF CLEVELAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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

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

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 cost, 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:

Asset Class	Years
Infrastructure - Roads	50
Infrastructure - Drainage	20
Infrastructure - Detention Ponds	40
Buildings	20-50
Vehicles	5
Equipment	5-10
Other Improvements	25

Cleveland Utilities			
Electric Division		Water Division	
Class	Years	Class	Years
Structures, transmission and distribution systems	33-50	Structures, transmission and distribution systems	25-50
Equipment	10-20	Equipment	10-20
Transportation equipment	5	Transportation equipment	5

Cleveland Utilities uses a composite straight-line rate expressed as a percentage of average depreciable plant. The 2009 rates for the Electric Division and Water Divisions were 3.5% and 3.0% 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 \$210,299 and \$187,388 for Cleveland Utilities Electric Division and Water Division respectively. The following schedule reconciles this allocation of depreciation expense:

	Reconciliation
Depreciation and amortization per statement of revenues, expenses and changes in net assets	\$ 7,738,496
Depreciation charged to clearing account	397,687
Depreciation and amortization per statement of cash flows	<u>\$ 8,136,183</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 March of each year with all department heads submitting requests. The operating budget includes proposed expenditures and the means of financing them. Also, a six-year capital budget is presented in conjunction with the operating budget.
2. At a later date, the City Manager makes a formal presentation to the Council for the finalized budget.
3. Prior to July 1, the budget and property tax rate are due for passage by Ordinance.
4. The City Clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures may not exceed appropriations at the fund level.
5. Formal legally adopted budgets are employed as a management control device during the year for all funds except for Cleveland Utilities - Electric and Water Divisions. Budgeted amounts reflected in the accompanying final budget and actual comparison are as originally adopted and amended by the City Council.
6. All appropriations which are not expended lapse at year end.
7. During the year, supplementary appropriations were necessary. The effect of the amendments were to increase budgeted revenues by \$4,233,098, increase budgeted expenditures by \$11,763,002, and increase budgeted expenses by \$34,900. The dramatic increase in budgeted expenditures is due to grant funds received and the issuance of long-term debt.

N. Subsequent Events

Management has evaluated events and transactions that occurred between June 30, 2009, and December 18, 2009, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Note 2 - DEPOSITS AND INVESTMENTS

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
Certificates of Deposit	\$ 299,170	\$ 299,170	\$ 0
State Treasurer's investment pool	73,894	73,894	0
Total investments	<u>\$ 373,064</u>	<u>\$ 373,064</u>	<u>\$ 0</u>

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 ninety-seven percent of the federal funds rate on accounts. During fiscal year ended June 30, 2009, a total of \$490,946 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, 2009, 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	\$ 4,122,545	\$ 18,346,960	\$ 0	\$ 456,021	\$ (454,450)	\$ 22,471,076
School	5,962,961	597,424	0	0	(88,879)	6,471,506
Water	0	0	4,015,948	0	0	4,015,948
Electric	0	0	12,677,077	0	(155,977)	12,521,100
Nonmajor	3,769,040	0	38,161	178,887	0	3,986,088
Totals	<u>\$ 13,854,546</u>	<u>\$ 18,944,384</u>	<u>\$ 16,731,186</u>	<u>\$ 634,908</u>	<u>\$ (699,306)</u>	<u>\$ 49,465,718</u>

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

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the

Note 3 - RECEIVABLES - (Cont.)

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)	\$ 1,618,456	\$ 0	\$ 1,618,456
Delinquent property taxes receivable (school fund)	209,229	0	209,229
County shared fire tax (general fund)	112,926	0	112,926
Income tax (general fund)	679,374	0	679,374
State beer tax (general fund)	4,551	0	4,551
TVA - In-lieu of tax (general fund)	89,899	0	89,899
Income tax (school fund)	23,046	0	23,046
Sales tax (school fund)	312,273	0	312,273
2009 Property tax levy (general fund)	0	16,215,469	16,215,469
2008 County shared revenues (school fund)	0	5,333,120	5,333,120
Fees collected in advance (school food service)	0	12,328	12,328
Fees collected in advance (general fund)	0	18,070	18,070
Total	\$ 3,049,754	\$ 21,578,987	\$ 24,628,741

Note 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,611,404	\$ 17,504	\$ (7,184)	\$ 8,621,724
Construction in progress	1,385,240	5,420,072	(2,843,353)	3,961,959
Total capital assets not being depreciated	\$ 9,996,644	\$ 5,437,576	\$ (2,850,537)	\$ 12,583,683
Capital assets, being depreciated:				
Buildings	\$ 89,600,073	\$ 131,324	\$ 0	\$ 89,731,397
Improvements other than buildings	5,794,000	164,228	0	5,958,228
Infrastructure	44,839,495	3,321,332	0	48,160,827
Furniture, fixtures, equipment and vehicles	25,493,387	1,730,895	(883,761)	26,340,521
Total capital assets being depreciated	\$ 165,726,955	\$ 5,347,779	\$ (883,761)	\$ 170,190,973
Less accumulated depreciation for				
Buildings	(18,666,723)	(1,885,460)	0	(20,552,183)
Improvements other than buildings	(3,282,752)	(158,137)	0	(3,440,889)
Infrastructure	(12,564,287)	(983,166)	0	(13,547,453)
Furniture, fixtures, equipment and vehicles	(17,204,631)	(1,861,315)	846,388	(18,219,558)
Total accumulated depreciation	\$ (51,718,393)	\$ (4,888,078)	\$ 846,388	\$ (55,760,083)
Total capital assets being depreciated, net	\$ 114,008,562	\$ 459,701	\$ (37,373)	\$ 114,430,890
Governmental activities capital assets, net	\$ 124,005,206	\$ 5,897,277	\$ (2,887,910)	\$ 127,014,573
Business-type activities:				
Capital assets not being depreciated:				
Land and land rights	\$ 10,351,994	\$ 1,819,750	\$ 0	\$ 12,171,744
Construction work-in-progress	1,811,134	1,289,720	0	3,100,854
Total capital assets not being depreciated	\$ 12,163,128	\$ 3,109,470	\$ 0	\$ 15,272,598

Note 4 - CAPITAL ASSETS - (Cont.)

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Plant in service	\$ 257,003,703	\$ 8,929,707	\$ (963,272)	\$ 264,970,138
Equipment	699,513	23,005	0	722,518
Total capital assets being depreciated	<u>\$ 257,703,216</u>	<u>\$ 8,952,712</u>	<u>\$ (963,272)</u>	<u>\$ 265,692,656</u>
Less accumulated depreciation for				
Plant in service	\$ (101,921,985)	\$ (8,114,678)	\$ 1,175,420	\$ (108,861,243)
Equipment	(423,798)	(50,211)	0	(474,009)
Total accumulated depreciation	<u>\$ (102,345,783)</u>	<u>\$ (8,164,889)</u>	<u>\$ 1,175,420</u>	<u>\$ (109,335,252)</u>
Total capital assets being depreciated, net	<u>\$ 155,357,433</u>	<u>\$ 787,823</u>	<u>\$ 212,148</u>	<u>\$ 156,357,404</u>
Business-type activities capital assets	<u>\$ 167,520,561</u>	<u>\$ 3,897,293</u>	<u>\$ 212,148</u>	<u>\$ 171,630,002</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 92,627
Community development	42,720
Public safety	795,006
Public works	1,265,362
Health and welfare	20,298
Culture and recreation	347,705
Education	2,284,660
Capital assets held by the government's internal service fund are charged to various functions based on usage	<u>39,700</u>
Total depreciation expense - governmental activities	<u>\$ 4,888,078</u>

Note 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental	\$ 728,742
General fund	Nonmajor enterprise	1,376,000
School fund	General fund	607,275
Nonmajor governmental	General fund	385,249
Nonmajor governmental	Nonmajor governmental	<u>103,700</u>
		<u>\$ 3,200,966</u>

Of the total interfund receivable/payable balances, \$3,200,966, is expected to be repaid within one year. Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

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

Transfers out:	Transfers in:				Totals
	General Fund	School Fund	Nonmajor Governmental	Nonmajor Enterprise	
General fund	\$ 0	\$ 5,121,200	\$ 5,738,769	\$ 34,000	\$ 10,893,969
School fund	0	0	704,800	0	704,800
Cleveland Utilities - Electric	1,453,709	0	0	0	1,453,709
Cleveland Utilities - Water	199,470	0	0	0	199,470
Nonmajor Governmental	0	159,625	585,542	0	745,167
	<u>\$ 1,653,179</u>	<u>\$ 5,280,825</u>	<u>\$ 7,029,111</u>	<u>\$ 34,000</u>	<u>\$ 13,997,115</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%	\$ 5,885,000
Governmental activities - refunding	3.00-5.00%	13,770,000
		<u>\$ 19,655,000</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2010	\$ 1,400,000	\$ 761,676	\$ 2,161,676
2011	1,305,000	725,950	2,030,950
2012	1,050,000	691,875	1,741,875
2013	1,070,000	656,475	1,726,475
2014	745,000	630,800	1,375,800
2015-2019	5,165,000	2,616,200	7,781,200
2020-2024	6,885,000	1,384,725	8,269,725
2025-2029	1,325,000	303,469	1,628,469
2030-2034	415,000	120,531	535,531
2035-2039	295,000	26,031	321,031
	<u>\$ 19,655,000</u>	<u>\$ 7,917,732</u>	<u>\$ 27,572,732</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%	\$ 28,805,000
Cleveland Utilities - Electric Division	4.00-5.00%	1,440,000

Debt service requirements to maturity for revenue bonds of Cleveland Utilities for the fiscal year ended June 30, 2009, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2010	\$ 2,220,000	\$ 1,049,290	\$ 3,269,290
2011	2,000,000	990,322	2,990,322
2012	2,410,000	921,834	3,331,834
2013	2,415,000	841,034	3,256,034
2014	2,090,000	762,209	2,852,209
2015-2019	6,070,000	2,988,395	9,058,395
2020-2024	3,985,000	2,044,110	6,029,110
2025-2029	3,775,000	1,178,950	4,953,950
2030-2034	1,940,000	560,438	2,500,438
2035-2039	1,365,000	121,188	1,486,188
	<u>\$ 28,270,000</u>	<u>\$ 11,457,770</u>	<u>\$ 39,727,770</u>

Notes Payable

Principal requirements to maturity for notes payable accounted for in the governmental activities for the fiscal year ended June 30, 2009, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2010	\$ 541,428	\$ 2,316,833	\$ 2,858,261
2011	694,429	2,364,450	3,058,879
2012	1,027,429	2,333,300	3,360,729
2013	1,100,429	2,285,500	3,385,929
2014	1,523,429	2,234,050	3,757,479
2015-2019	7,789,000	10,034,850	17,823,850
2020-2024	9,394,000	7,967,750	17,361,750
2025-2029	18,121,000	4,754,900	22,875,900
2030-2034	7,925,000	598,750	8,523,750
	<u>\$ 48,116,144</u>	<u>\$ 34,890,383</u>	<u>\$ 83,006,527</u>

Note 6 - LONG-TERM DEBT (Cont.)

Principal requirements to maturity for notes payable accounted for in the business-type activities for the fiscal year ended June 30, 2009, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2010	\$ 1,840,000	\$ 1,601,500	\$ 3,441,500
2011	1,870,000	1,509,500	3,379,500
2012	1,895,000	1,416,000	3,311,000
2013	1,920,000	1,321,250	3,241,250
2014	1,970,000	1,225,250	3,195,250
2015-2019	8,710,000	4,765,750	13,475,750
2020-2024	8,425,000	2,554,750	10,979,750
2025-2029	4,975,000	742,500	5,717,500
2030-2034	425,000	21,250	446,250
	<u>\$ 32,030,000</u>	<u>\$ 15,157,750</u>	<u>\$ 47,187,750</u>

Changes in Long-Term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 21,155,000	\$ 4,190,000	\$ (5,690,000)	\$ 19,655,000	\$ 1,400,000
Notes payable	44,664,872	25,096,400	(21,645,128)	48,116,144	541,428
Compensated absences	1,537,223	1,542,723	(1,544,737)	1,535,209	122,817
Postemployment benefits	2,039,581	2,222,136	(475,442)	3,786,275	0
Less bond discount/premium	0	19,831	(1,889)	17,942	0
Less deferred charges	(509,315)	(17,925)	31,543	(495,697)	0
Total	<u>\$ 68,887,361</u>	<u>\$ 33,053,165</u>	<u>\$ (29,325,653)</u>	<u>\$ 72,614,873</u>	<u>\$ 2,064,245</u>
Business-type activities:					
Revenue bonds	\$ 30,245,000	\$ 4,505,000	\$ (6,480,000)	\$ 28,270,000	\$ 2,220,000
Notes payable	33,845,000	0	(1,815,000)	32,030,000	1,840,000
Conservation advances	948,685	431,819	(223,150)	1,157,354	163,059
Postemployment benefits	786,243	1,116,542	(304,206)	1,598,579	0
Less bond discount/premiums	(68,503)	29,226	22,755	(16,522)	0
Less deferred charges	(1,309,161)	(38,803)	113,307	(1,234,657)	0
Total	<u>\$ 64,447,264</u>	<u>\$ 6,043,784</u>	<u>\$ (8,686,294)</u>	<u>\$ 61,804,754</u>	<u>\$ 4,223,059</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 November 25, 2008, The Public Building Authority of the City of Clarksville, Tennessee, issued \$1,812,700, in aggregate principal amount of Local Government Public Improvement Bonds, Adjustable Rate Series 2008 TMBF for the purpose of making a loan to the City of Cleveland, Tennessee. The proceeds of this loan are being used for building expansion of the Cleveland/Bradley County Library. The loan matures May 25, 2028, and bears interest at a weekly variable rate. Payments of interest are due monthly.

On February 27, 2009, the City issued \$8,695,000, of general obligation refunding bonds, Series 2009A and 2009B bonds. As a result of this current refunding, \$5,450,000, of Series 1997 bonds and \$2,415,000, of Series 2001 bonds are considered defeased with no balance remaining in either series. The new 2009B bonds are fixed with a coupon rate adjusting from two to three percent. The refunded bonds were at a fixed rate. The refunding was undertaken to reduce total debt service payments by \$279,413, and resulted in an economic gain of \$249,814.

On June 25, 2009, The Public Building Authority of Blount County, Tennessee, issued \$21,335,000, in aggregate principal amount of Local Government Public Improvement Bonds, Adjustable Rate Series E-9-A for the purpose of making a loan to the City of Cleveland, Tennessee. The proceeds of the loan are being used to refund certain outstanding debt of the City. As a result of this current refunding, \$9,285,000, of Series IV-C-3 notes, \$11,175,000, of Series A-2-A notes, and \$730,000 of Series 2009A bonds are considered defeased with no balance remaining in those series. The loan matures June 1, 2030, and requires interest to be paid quarterly at a variable rate. The economic gain cannot be determined since the notes are at variable rates.

Interest Rate Swap - Notes Payable

Under its loan agreement, the Public Building Authority of Blount County, TN (the "Authority"), and the Public Building Authority of Sevier 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. The Series IV-C-3 and Series A-2-A bonds have since been refunded with a portion of the proceeds of the E-9-A bonds and the interest rate swap is now associated with the Series E-9-A bonds.

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). At no time will the notional amount on interest rate swap agreements exceed the outstanding principal of the Series E-9-A bonds. The bond's variable-rates have historically approximated the Securities Industry and Financial Markets Association Index (the "SIFMA"). The bonds mature and the related swap agreement matures on June 1, 2025. As of June 30, 2009, 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	(1.873)	(1.873)
Net interest rate swap payment	2.552 %	2.557 %
Variable-rate note payments	0.290	0.290
Synthetic interest rate on notes	2.842 %	2.847 %

As of June 30, 2009, the swaps had a negative fair value of \$1,381,340, (IV-C-3) and \$2,202,565 (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 government's variable-rate bonds adjust to changing interest rates, the bonds 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, 2009, 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 at the time the interest rate swap agreement was entered into. As of June 30, 2009, Ambac's credit rating had been severely downgraded and was rated "BBB" by Standard and Poor's and "Ba3" by Moody's Investor Service. The counterparty had posted all collateral requirements with a third-party custodian.

As noted above, the swap exposes the City to basis risk should the rate on the Bonds increase to above 63.5% of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the Bonds to be below 63.5% of LIBOR, then the synthetic rate on the bonds will decrease.

Note 6 - LONG-TERM DEBT (Cont.)

The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the Authority for a payment equal to the swap's fair value.

As of June 30, 2009, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30,	Series IV-C-3		Net Interest Rate Swap Payment		Total
	Principal	Interest			
2010	\$ 0	\$ 29,000	\$ 255,239	\$ 284,239	
2011	0	29,000	255,239	284,239	
2012	110,000	29,000	255,239	394,239	
2013	120,000	28,681	252,431	401,112	
2014	505,000	28,333	249,368	782,701	
2015-2019	2,845,000	118,190	1,040,225	4,003,415	
2020-2024	3,545,000	74,153	652,645	4,271,798	
2025	2,875,000	8,338	73,381	2,956,719	
	<u>\$ 10,000,000</u>	<u>\$ 344,695</u>	<u>\$ 3,033,767</u>	<u>\$ 13,378,462</u>	

Fiscal Year Ending June 30,	Series A-2-A		Net Interest Rate Swap Payment		Total
	Principal	Interest			
2010	\$ 0	\$ 32,408	\$ 285,788	\$ 318,196	
2011	0	32,408	285,788	318,196	
2012	0	32,408	285,788	318,196	
2013	0	32,408	285,788	318,196	
2014	0	32,408	285,788	318,196	
2015-2019	0	162,038	1,428,939	1,590,977	
2020-2024	0	162,038	1,428,939	1,590,977	
2025-2029	7,385,000	149,727	1,320,378	8,855,105	
2030	3,790,000	10,991	96,925	3,897,916	
	<u>\$ 11,175,000</u>	<u>\$ 646,834</u>	<u>\$ 5,704,121</u>	<u>\$ 17,525,955</u>	

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.

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

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

The governmental fund balance includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds, notes payable, compensated absences and interest payable are not due and payable in the current period and therefore are not reported in the funds." The details of this \$72,489,344, are as follows:

Bonds payable	\$ 19,655,000
Notes payable	48,116,144
Compensated absences	1,535,209
Postemployment benefits	3,786,275
Interest payable	205,665
Premium on bonds payable	17,942
Less deferred charges	(331,194)
Less refunding charges	<u>(495,697)</u>
Net adjustment	<u>\$ 72,489,344</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 \$5,000,560, difference are as follows:

Depreciation expense	\$ (4,843,378)
Capital outlay	<u>7,890,536</u>
Net adjustment	<u>\$ 3,047,158</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 \$1,816,428 difference are as follows:

Principal repayments:	
General Obligation Bonds	\$ 1,545,000
Notes	470,128
Payment to refunding bond escrow agent	<u>25,337,924</u>
Net adjustment	<u>\$ 27,353,052</u>

Note 10 - COMMITMENTS AND CONTINGENCIES

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

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

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

On September 16, 2005, Cleveland Utilities received a Commissioner's Order from the Tennessee Department of Environment and Conservation. The order deals with the violations of Cleveland Utilities' NPDES Permit related to overflows in the sewer collection system. Cleveland Utilities reported the violations listed in the order to TDEC. The Board authorized the utility to engage the services of legal counsel to appeal the order. The appeal was filed September 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 Regions Bank during the year ended June 30, 2000. This sale changes the parties to the arrangement described above but does not change the Board's role as a fiscal intermediary.

Note 13 - RISK MANAGEMENT

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

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 - LEGAL VIOLATIONS

The 2007 General Improvement Bond Fund, and the Red Light Camera Fund ended the year with deficit fund balances of \$587,738, and \$20,938, respectively.

Note 18 - 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, 2009 was 17.80% of annual covered payroll. The contribution requirement of plan members is set by state statute. Contribution requirements 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, 2009, the City's annual pension cost of \$4,919,306 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost 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 (graded) 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 accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 8 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/09	\$ 4,919,306	100%	\$0.00
6/30/08	4,568,248	100%	\$0.00
6/30/07	4,204,899	100%	\$0.00

FUNDED STATUS AND FUNDING PROGRESS

As of July 1, 2007, the most recent actuarial valuation date, the plan was 78.82% funded. The actuarial accrued liability for benefits was \$74.94 million, and the actuarial value of assets was \$59.07 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$15.87 million. The covered payroll (annual payroll of active employees covered by the plan) was \$25 million, and the ratio of the UAAL to the covered payroll was 63.86%.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

CLEVELAND CITY SCHOOLS SYSTEM

PLAN DESCRIPTION

The Cleveland City Schools contribute to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), 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 SETHEEPP. 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, 2009 was 6.42 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, 2009, 2008, and 2007, were \$1,180,974, \$1,123,267, and \$1,039,095, 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, 2009, 2008 and 2007 were \$972,426 \$818,793, and \$866,496, 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, 2008, 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.

Effective October 1, 2008, the actuarial value of assets are set to the smoothed asset value determined by recognizing the difference between actual versus expected asset return for each year over a five year period. The resulting smoothed asset value cannot be less than 90%, and not more than 110% of the market value of assets. The actuarial value of assets is used to determine the minimum required contribution.

Note 19 - POSTEMPLOYMENT BENEFITS

CITY EMPLOYEES OTHER THAN CITY SCHOOLS AND CLEVELAND UTILITIES

PLAN DESCRIPTION

The City provides postretirement medical, dental and life insurance benefits to employees who retire from the City with 25 years of service, or age 55 with 10 years of service. Medical benefits are provided using a point of service (POS) plan through CIGNA. Dental benefits are provided using a preferred provider organization (PPO) through Blue Cross/Blue Shield. Boston Mutual Life Insurance provides life insurance benefits. The following schedule applies to employees with over 10 years of service. If the retiree has family coverage the City will pay half the difference between the cost of the family plan and the cost of the individual plan.

Years of Service At At Retirement	Percentage of Premium Paid by Participant
<15	100.00%
15	50.00%
16	46.67%
17	40.33%
18	40.00%
19	36.67%
20	33.33%
21	30.00%
22	26.67%
23	23.33%
24	20.00%
25	16.67%
26	13.33%
27	10.00%
28	6.67%
29	3.33%
30+	0.00%

FUNDING POLICY AND ANNUAL OPEB COST

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

Annual Required Contribution (ARC)	\$ 1,675,935
Interest on net OPEB obligation	59,492
Adjustment to annual required contribution	<u>(60,570)</u>
Annual OPEB cost (expense)	\$ 1,674,857
Contributions made	<u>(241,477)</u>
Increase in net OPEB obligation	\$ 1,433,380
Net OPEB obligation - June 30, 2008	<u>1,415,414</u>
Net OPEB obligation - June 30, 2009	<u><u>\$ 2,848,794</u></u>

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

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2008	\$ 1,576,119	10.20%	\$ 1,415,414
6/30/2009	1,674,857	14.42%	2,848,794

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2007, was as follows:

Actuarial accrued liability (AAL)	\$ 14,170,875
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 14,170,875</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 15,125,299
UAAL as a percentage of covered payroll	93.7%

ACTUARIAL METHODS AND ASSUMPTIONS

In the July 1, 2007 actuarial valuation, the projected unit credit method was used. The actuarial assumptions include a 4.25% funding interest rate. The 2007 medical cost trend rate used was 10% with an ultimate medical cost trend rate of 5% projected to be reached in 2012. The annual payroll growth rate is assumed to be 2.5%. The remaining amortization period for the unfunded actuarial accrued liability as of June 30, 2008 is 29 years.

CLEVELAND UTILITIES - POSTEMPLOYMENT BENEFIT PLAN

PLAN DESCRIPTION

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

<u>Years of Service At At Retirement</u>	<u>Percentage of Premium Paid by Participant</u>
<15	100.00%
15	50.00%
16	46.67%
17	40.33%
18	40.00%
19	36.67%
20	33.33%
21	30.00%
22	26.67%
23	23.33%
24	20.00%
25	16.67%
26	13.33%
27	10.00%
28	6.67%
29	3.33%
30+	0.00%

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

Monthly premiums effective August 1, 2008, are as follows:

	<u>Medical</u>	<u>Dental</u>
Pre-65 Retiree	\$ 394.41	\$ 22.73
Pre-65 Retiree and Spouse	1,041.39	58.82
Post-65 Retiree	244.30	22.73
Post-65 Retiree and Spouse	645.07	58.82

FUNDING POLICY AND ANNUAL OPEB COST

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

Annual Required Contribution (ARC)	\$ 1,116,542
Interest on net OPEB obligation	0
Adjustment to annual required contribution	0
Annual OPEB cost (expense)	<u>\$ 1,116,542</u>
Contributions made	(304,206)
Increase in net-OPEB obligation	<u>\$ 812,336</u>
Net OPEB obligation - June 30, 2008	786,243
Net OPEB obligation - June 30, 2009	<u><u>\$ 1,598,579</u></u>

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

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2008	\$ 1,050,631	25.16%	\$ 786,243
6/30/2009	1,116,542	27.25%	1,598,579

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2007, was as follows:

Actuarial accrued liability (AAL)	\$ 12,967,485
Actuarial value of plan assets	0
Unfunded actuarial accrued liability (UAAL)	<u>\$ 12,967,485</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 10,630,264
UAAL as a percentage of covered payroll	122.0%

ACTUARIAL METHODS AND ASSUMPTIONS

In the July 1, 2007 actuarial valuation, the projected unit credit method was used. The actuarial assumptions include a 4.25% funding interest rate. The 2007 medical cost trend rate used was 10% with an ultimate medical

cost trend rate of 5% projected to be reached in 2012. The annual payroll growth rate is assumed to be 2.5%. The remaining amortization period for the unfunded actuarial accrued liability as of June 30, 2008 is 29 years.

CLEVELAND CITY SCHOOLS SYSTEM

The Cleveland City Schools participate in the state-administered Teacher Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Tennessee Code Annotated (TCA) 8-27-302. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered medicare supplement plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/caft.html>.

FUNDING POLICY

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The State does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplemental Plan.

Annual Required Contribution (ARC)	\$ 713,000
Interest on net OPEB obligation	28,088
Adjustment to annual required contribution	<u>(27,337)</u>
Annual OPEB cost (expense)	\$ 713,751
Contributions made	<u>(233,965)</u>
Increase in net OPEB obligation	\$ 479,786
Net OPEB obligation - June 30, 2008	457,694
Net OPEB obligation - June 30, 2009	<u><u>\$ 937,480</u></u>

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

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2008	\$ 705,000	35.08%	\$ 457,694
6/30/2009	713,000	32.78%	937,480

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of June 30, 2009, was as follows:

Actuarial valuation date	7/1/2007
Actuarial accrued liability (AAL)	\$ 6,295,000
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 6,295,000</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 23,270,230
UAAL as a percentage of covered payroll	27.1%

Note 19 - POSTEMPLOYMENT BENEFITS - (Cont.)

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

ACTUARIAL METHODS AND ASSUMPTIONS

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

In the July 1, 2007, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of 6 percent after ten years. Both rates include a 3 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as level percentage of payroll on a closed basis over a 30 year period beginning with June 30, 2008.

Note 20 - SUBSEQUENT EVENTS

On April 23, 2009, the Cleveland Utilities Board approved applying to the Tennessee State Revolving Loan Fund (SRF) for funding of two wastewater projects, namely, the Enclave Annexation Sewer Project and the Exit 20 Sewer Project. The estimated cost of the projects are \$1,359,000. The funding applied for would result in approximately 40% of the costs being funded as a grant through the American Recovery and Reinvestment Act of 2009 and the remainder as a loan from the SRF. Approval was received on October 26, 2009, for the projects and the subsequent financing.

In April, 2009, Cleveland Utilities Board and the Cleveland City Council approved a Voluntary Retirement Program (VRIP) for all eligible employees. Participation in the program is voluntary. Eligible employees include all active employees who, as of December 31, 2009, meet the requirements for retirement under the TCRS or Mass Mutual plans. The last date of employment will be December 31, 2009, for employees accepting the VRIP. The costs including matching payroll taxes to Cleveland Utilities and other City departments is expected to be \$283,330, and 146,485, respectively.

On May 26, 2009, Cleveland Utilities Board approved a plan to refinance all outstanding variable rate loans with fixed rate bonds. In addition, the Board approved an adjustment to the previous loan amortization schedules in order to spread the debt service more evenly over the existing years left on the schedules. New fixed rate bonds were issued in August 2009, in an amount sufficient to pay all existing loans and all costs associated with the refinancing. New bond amounts for Electric, Water and Sewer are \$7,960,000, \$14,505,000 and \$9,600,000, respectively. Interest rates on the new fixed rate bonds are in the 3.50% to 3.75% range.

On May 26, 2009, Cleveland Utilities Board approved an agreement between Bradley County, the City of Cleveland, and Cleveland Utilities to provide sanitary sewer service to the new Bradley County elementary school and recreation park off Minnis Road. Cleveland Utilities will be the owner of the estimated \$1,300,000, project and will be solely responsible for obtaining design, bidding, construction, inspection, and upon completing, operation and maintenance of the facilities. The agreement was executed on June 24, 2009, and calls for Bradley County to loan Cleveland Utilities \$500,000, which represents the utilities costs in the total project. Cleveland Utilities will pay back Bradley County in two installments, one-half at 18 months and one-half at 36 months from the date of the executed agreement. Cleveland Utilities will be charged interest by Bradley County based on the interest rate earned on the funds remaining in the Capital Funds Account maintained by the Office of the Trustee for Bradley County. The project is expected to be completed by July 14, 2010.

Note 20 - SUBSEQUENT EVENTS

In August 2009, the City of Cleveland issued fixed rate refunding bonds Series 2009C and 2009D, in conjunction with Cleveland Utilities for the purpose of paying off variable debt. The City's portion of the refunding issue totaled \$16,335,000, and \$8,625,000, for Series 2009C and 2009D respectively. As a result of this refunding \$24,652,000, in outstanding variable rate notes were defeased.

In December 2009, the Tennessee State School Bond Authority issued bonds for the purpose of making a loan to the City of Cleveland, Tennessee. The proceeds of the loan are to be used for school building construction and improvements. Loan proceeds are approved up to \$4,160,000. The loan matures September 1, 2026, and bears interest at a fixed rate of 1.515%. Interest payments begin March 1, 2010, and principal payments September 1, 2010.

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)
07/01/07	\$59,075	\$74,948	\$15,873	78.82%	\$24,855	63.86%
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%

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/07	\$0	\$14,171	\$14,171	0.00%	\$15,125	93.69%

CLEVELAND UTILITIES
POSTEMPLOYMENT BENEFITS
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/07	\$0	\$12,967	\$12,967	0.00%	\$10,630	121.98%

CLEVELAND CITY SCHOOLS
POSTEMPLOYMENT BENEFITS
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/07	\$0	\$6,295,000	\$6,295,000	0.00%	\$23,270	27.10%

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.

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.

Red Light Camera Fund: This fund accounts for all of the revenues and expenditures associated with red light cameras located at various intersections in the City.

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 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.

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.

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.

2008 TMBF Note Fund: This fund is used to account for the proceeds of a loan from the Tennessee Municipal Bond Fund in the amount of \$2,900,000 for library and school capital projects.

2008 TMBF Note Fund (County Portion): This fund is used to account for the proceeds of a loan from the Tennessee Municipal Bond Fund in the amount of \$1,812,700 for the Bradley County portion of the library building improvements.

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

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, 2009

	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	\$ 17,745	\$ 212,747	\$ 227,406	\$ 46,436	\$ 295,094	\$ 362,101
Cash and cash equivalents - restricted	0	0	0	0	0	0
Investments	0	0	0	0	299,170	0
Accounts receivable	0	178,467	0	0	420	0
Due from other government agencies	179,029	0	53,914	490	0	2,690
Due from other funds	0	0	242,323	142,926	0	0
Total Assets	\$ 196,774	\$ 391,214	\$ 523,643	\$ 189,852	\$ 594,684	\$ 364,791
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accrued liabilities	\$ 3,703	\$ 4,629	\$ 212,152	\$ 0	\$ 0	\$ 0
Accounts payable	184	28	152,633	31,365	122,717	529
Due to other funds	103,700	0	0	0	6,004	0
Matured interest payable	0	0	0	0	0	0
Matured bonds payable	0	0	0	0	0	0
Deferred revenue	0	0	0	12,328	0	0
Total Liabilities	\$ 107,587	\$ 4,657	\$ 364,785	\$ 43,693	\$ 128,721	\$ 529
Fund Balances:						
Reserved for capital outlay	\$ 0	\$ 0	\$ 0	\$ 0	\$ 116,805	\$ 0
Reserved for book and equipment	0	0	0	0	236,075	0
Reserved for federal projects	0	0	158,858	0	0	0
Reserved for endowment	0	0	0	0	13,700	0
Unreserved-undesignated	89,187	386,557	0	146,159	99,383	364,262
Total Fund Balances	\$ 89,187	\$ 386,557	\$ 158,858	\$ 146,159	\$ 465,963	\$ 364,262
Total Liabilities and Fund Balance	\$ 196,774	\$ 391,214	\$ 523,643	\$ 189,852	\$ 594,684	\$ 364,791

Special Revenue

Fletcher Park Trust Fund	Greenway Fund	Storm Water Management Fund	Metropolitan Transportation Planning Organization Fund	Community Development Block Grant Fund	Department of Justice Asset Forfeiture Fund
\$ 14,468	\$ 4,796	\$ 57,645	\$ 40,514	\$ 4,187	\$ 3,522
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,387	79,091	0	11,111	18,108	0
0	0	0	0	0	0
<u>\$ 15,855</u>	<u>\$ 83,887</u>	<u>\$ 57,645</u>	<u>\$ 51,625</u>	<u>\$ 22,295</u>	<u>\$ 3,522</u>
\$ 0	\$ 0	\$ 888	\$ 0	\$ 0	\$ 0
0	1,584	1,060	2,218	15,630	0
0	80,000	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 0</u>	<u>\$ 81,584</u>	<u>\$ 1,948</u>	<u>\$ 2,218</u>	<u>\$ 15,630</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
15,855	2,303	55,697	49,407	6,665	3,522
<u>\$ 15,855</u>	<u>\$ 2,303</u>	<u>\$ 55,697</u>	<u>\$ 49,407</u>	<u>\$ 6,665</u>	<u>\$ 3,522</u>
<u>\$ 15,855</u>	<u>\$ 83,887</u>	<u>\$ 57,645</u>	<u>\$ 51,625</u>	<u>\$ 22,295</u>	<u>\$ 3,522</u>

CITY OF CLEVELAND, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 June 30, 2009

	Special Revenue	Debt Service	Capital Projects	
	Red Light Camera Fund	Debt Service Fund	Capital Improvement Program Fund	2005 D-4-A General Improvement Bond Fund
ASSETS				
Cash and cash equivalents	\$ 4,062	\$ 2,747,981	\$ 1,199	\$ 180,614
Cash and cash equivalents - restricted	0	0	0	0
Investments	0	0	73,894	0
Accounts receivable	0	0	0	0
Due from other government agencies	0	0	2,330,146	0
Due from other funds	0	103,700	0	0
Total Assets	\$ 4,062	\$ 2,851,681	\$ 2,405,239	\$ 180,614
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accrued liabilities	\$ 0	\$ 0	\$ 0	\$ 0
Accounts payable	0	0	64,367	840
Due to other funds	25,000	0	30,000	0
Matured interest payable	0	1,097	0	0
Matured bonds payable	0	1,000	0	0
Deferred revenue	0	0	0	0
Total Liabilities	\$ 25,000	\$ 2,097	\$ 94,367	\$ 840
Fund Balances:				
Reserved for capital outlay	\$ 0	\$ 0	\$ 0	\$ 0
Reserved for book and equipment	0	0	0	0
Reserved for federal projects	0	0	0	0
Reserved for endowment	0	0	0	0
Unreserved-undesignated	(20,938)	2,849,584	2,310,872	179,774
Total Fund Balances	\$ (20,938)	\$ 2,849,584	\$ 2,310,872	\$ 179,774
Total Liabilities and Fund Balances	\$ 4,062	\$ 2,851,681	\$ 2,405,239	\$ 180,614

Capital Projects				Permanent Fund	
2007 General Improvement Bond Fund	2008 TMBF Note Fund	2008 TMBF Note Fund (County Portion)	Sales Tax Capital Projects Fund	Meiler Estate Animal Shelter Trust Fund	Total Nonmajor Governmental Funds
\$ 0	\$ 56,939	\$ 422,318	\$ 0	\$ 6,647	\$ 4,706,421
0	0	0	0	459,740	459,740
0	0	0	0	0	373,064
0	0	0	0	0	178,887
0	0	0	725,448	0	3,401,414
0	0	0	0	0	488,949
<u>\$ 0</u>	<u>\$ 56,939</u>	<u>\$ 422,318</u>	<u>\$ 725,448</u>	<u>\$ 466,387</u>	<u>\$ 9,608,475</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 221,372
0	2,300	422,318	58,805	0	876,578
587,738	0	0	0	0	832,442
0	0	0	0	0	1,097
0	0	0	0	0	1,000
0	0	0	0	0	12,328
<u>\$ 587,738</u>	<u>\$ 2,300</u>	<u>\$ 422,318</u>	<u>\$ 58,805</u>	<u>\$ 0</u>	<u>\$ 1,944,817</u>
\$ 0	\$ 0	\$ 0	\$ 666,643	\$ 0	\$ 783,448
0	0	0	0	0	236,075
0	0	0	0	0	158,858
0	0	0	0	459,740	473,440
(587,738)	54,639	0	0	6,647	6,011,837
<u>\$ (587,738)</u>	<u>\$ 54,639</u>	<u>\$ 0</u>	<u>\$ 666,643</u>	<u>\$ 466,387</u>	<u>\$ 7,663,658</u>
<u>\$ 0</u>	<u>\$ 56,939</u>	<u>\$ 422,318</u>	<u>\$ 725,448</u>	<u>\$ 466,387</u>	<u>\$ 9,608,475</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, 2009

	Special Revenue					
	State Street Aid Fund	Solid Waste Management Fund	School Federal Projects Fund	School Food Services Fund	Library Fund	Drug Enforcement Fund
Revenues:						
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	986,512	0	3,524,240	1,389,735	663,189	0
Fines and forfeitures	0	0	0	0	0	46,224
Charges for services	0	2,214,305	0	828,918	73,378	0
Interest	220	2,654	1,019	288	7,780	6,310
Miscellaneous	0	3,533	0	0	298,378	0
Total revenues	\$ 986,732	\$ 2,220,492	\$ 3,525,259	\$ 2,218,941	\$ 1,042,725	\$ 52,534
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	617,117
Public works	599,799	3,368,437	0	0	0	0
Culture and recreation	0	0	0	0	1,145,999	0
Education	0	0	3,292,734	2,091,588	0	0
Capital Outlay	0	0	0	0	530,213	0
Debt Service	0	0	0	0	0	0
Total expenditures	\$ 599,799	\$ 3,368,437	\$ 3,292,734	\$ 2,091,588	\$ 1,676,212	\$ 617,117
Excess (deficiency) of revenues over expenditures	\$ 386,933	\$ (1,147,945)	\$ 232,525	\$ 127,353	\$ (633,487)	\$ (564,583)
Other financing sources (uses):						
Transfers in	\$ 0	\$ 1,211,000	\$ 0	\$ 0	\$ 539,769	\$ 0
Transfers out	(488,000)	0	(159,625)	0	0	0
Notes issued	0	0	0	0	0	0
Refunding bonds issued	0	0	0	0	0	0
Payment to refunding bond escrow agent	0	0	0	0	0	0
Total other financing sources sources (uses)	\$ (488,000)	\$ 1,211,000	\$ (159,625)	\$ 0	\$ 539,769	\$ 0
Net change in fund balances	\$ (101,067)	\$ 63,055	\$ 72,900	\$ 127,353	\$ (93,718)	\$ (564,583)
Fund balances at beginning of year	190,254	323,502	85,958	18,806	559,681	928,845
Fund balances at end of year	\$ 89,187	\$ 386,557	\$ 158,858	\$ 146,159	\$ 465,963	\$ 364,262

Special Revenue

Fletcher Park Trust Fund	Greenway Fund	Storm Water Management Fund	Metropolitan Transportation Planning Organization Fund	Community Development Block Grant Fund	2007 Byrne Memorial Justice Assistance Grants	2008 Byrne Memorial Justice Assistance Grants
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	79,544	0	60,463	313,473	0	12,048
0	0	0	0	0	0	0
0	0	0	0	0	0	0
224	505	532	0	0	0	0
0	100	66	0	0	0	0
<u>\$ 224</u>	<u>\$ 80,149</u>	<u>\$ 598</u>	<u>\$ 60,463</u>	<u>\$ 313,473</u>	<u>\$ 0</u>	<u>\$ 12,048</u>
\$ 0	\$ 0	\$ 0	\$ 75,659	\$ 0	\$ 0	\$ 0
0	0	0	0	186,855	0	0
0	0	172,617	0	0	2,880	12,048
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	196,765	0	0	126,553	0	0
0	0	0	0	0	0	0
<u>\$ 0</u>	<u>\$ 196,765</u>	<u>\$ 172,617</u>	<u>\$ 75,659</u>	<u>\$ 313,408</u>	<u>\$ 2,880</u>	<u>\$ 12,048</u>
\$ 224	\$ (116,616)	\$ (172,019)	\$ (15,196)	\$ 65	\$ (2,880)	\$ 0
\$ 15,000	\$ 12,000	\$ 194,500	\$ 32,300	\$ 6,600	\$ 0	\$ 0
0	0	(17,900)	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>\$ 15,000</u>	<u>\$ 12,000</u>	<u>\$ 176,600</u>	<u>\$ 32,300</u>	<u>\$ 6,600</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 15,224	\$ (104,616)	\$ 4,581	\$ 17,104	\$ 6,665	\$ (2,880)	\$ 0
631	106,919	51,116	32,303	0	2,880	0
<u>\$ 15,855</u>	<u>\$ 2,303</u>	<u>\$ 55,697</u>	<u>\$ 49,407</u>	<u>\$ 6,665</u>	<u>\$ 0</u>	<u>\$ 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, 2009

	<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital Projects</u>	
	Department of Justice Asset Forfeiture Fund	Red Light Camera Fund	Debt Service Fund	Housing and Community Development UDAG Fund	Capital Improvement Program Fund
Revenues:					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	0	0	47,379	0	1,506,547
Fines and forfeitures	0	111,796	0	0	0
Charges for services	0	0	0	0	0
Interest	0	0	17,280	0	1,349
Miscellaneous	0	0	81,654	0	1,556,403
Total revenues	\$ 0	\$ 111,796	\$ 146,313	\$ 0	\$ 3,064,299
Expenditures:					
Current:					
General government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Community development	0	0	0	0	0
Public safety	136,849	132,734	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	191	2,527,139
Debt Service	0	0	5,035,742	0	0
Total expenditures	\$ 136,849	\$ 132,734	\$ 5,035,742	\$ 191	\$ 2,527,139
Excess (deficiency) of revenues over expenditures	\$ (136,849)	\$ (20,938)	\$ (4,889,429)	\$ (191)	\$ 537,160
Other financing sources (uses):					
Transfers in	\$ 0	\$ 0	\$ 4,839,400	\$ 0	\$ 178,542
Transfers out	0	0	0	0	(12,000)
Notes issued	0	0	0	0	0
Refunding bonds issued	0	0	25,544,831	0	0
Payment to refunding bond escrow agent	0	0	(25,337,924)	0	0
Total other financing sources (uses)	\$ 0	\$ 0	\$ 5,046,307	\$ 0	\$ 166,542
Net change in fund balances	\$ (136,849)	\$ (20,938)	\$ 156,878	\$ (191)	\$ 703,702
Fund balances at beginning of year	140,371	0	2,692,706	191	1,607,170
Fund balances at end of year	\$ 3,522	\$ (20,938)	\$ 2,849,584	\$ 0	\$ 2,310,872

Capital Projects					Permanent Fund	
2005 D-4-A General Improvement Bond Fund	2007 General Improvement Bond Fund	2008 TMBF Note Fund	2008 TMBF Note Fund (County Portion)	Sales Tax Capital Projects Fund	Meiler Estate Animal Shelter Trust Fund	Total Nonmajor Governmental Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 725,448	\$ 0	\$ 725,448
0	0	0	0	0	0	8,583,130
0	0	0	0	0	0	158,020
0	0	0	0	0	0	3,116,601
3,947	0	4,580	0	0	3,826	50,514
0	0	0	0	0	0	1,940,134
<u>\$ 3,947</u>	<u>\$ 0</u>	<u>\$ 4,580</u>	<u>\$ 0</u>	<u>\$ 725,448</u>	<u>\$ 3,826</u>	<u>\$ 14,573,847</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 75,659
0	0	0	0	0	0	186,855
0	0	0	0	0	0	1,074,245
0	0	0	0	0	0	3,968,236
0	0	0	0	0	0	1,145,999
0	0	0	0	0	0	5,384,322
392,708	0	2,346,889	1,800,011	58,805	0	7,979,274
0	0	0	12,689	0	0	5,048,431
<u>\$ 392,708</u>	<u>\$ 0</u>	<u>\$ 2,346,889</u>	<u>\$ 1,812,700</u>	<u>\$ 58,805</u>	<u>\$ 0</u>	<u>\$ 24,863,021</u>
<u>\$ (388,761)</u>	<u>\$ 0</u>	<u>\$ (2,342,309)</u>	<u>\$ (1,812,700)</u>	<u>\$ 666,643</u>	<u>\$ 3,826</u>	<u>\$ (10,289,174)</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,029,111
(41,080)	0	(9,262)	0	0	(17,300)	(745,167)
0	0	1,948,700	1,812,700	0	0	3,761,400
0	0	0	0	0	0	25,544,831
0	0	0	0	0	0	(25,337,924)
<u>\$ (41,080)</u>	<u>\$ 0</u>	<u>\$ 1,939,438</u>	<u>\$ 1,812,700</u>	<u>\$ 0</u>	<u>\$ (17,300)</u>	<u>\$ 10,252,251</u>
\$ (429,841)	\$ 0	\$ (402,871)	\$ 0	\$ 666,643	\$ (13,474)	\$ (36,923)
609,615	(587,738)	457,510	0	0	479,861	7,700,581
<u>\$ 179,774</u>	<u>\$ (587,738)</u>	<u>\$ 54,639</u>	<u>\$ 0</u>	<u>\$ 666,643</u>	<u>\$ 466,387</u>	<u>\$ 7,663,658</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, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State gas tax	\$ 1,062,000	\$ 1,025,000	\$ 986,512	\$ (38,488)
Interest	500	500	220	(280)
Total revenues	<u>\$ 1,062,500</u>	<u>\$ 1,025,500</u>	<u>\$ 986,732</u>	<u>\$ (38,768)</u>
Expenditures:				
Current:				
Public works:				
Salaries	\$ 381,800	\$ 383,200	\$ 382,330	\$ 870
Overtime wages	7,000	5,000	2,869	2,131
Service awards	500	525	525	0
Longevity	6,200	6,200	6,150	50
Sold vacations	3,400	3,400	3,145	255
Christmas bonus	1,200	1,200	1,191	9
Dental insurance	4,800	4,800	4,425	375
Social security tax	30,600	30,600	28,473	2,127
Health insurance	76,000	72,485	72,171	314
Retirement	66,600	66,600	65,615	985
Life and disability insurance	5,200	5,200	4,728	472
Unemployment compensation	0	1,440	1,509	(69)
Worker's compensation insurance	18,700	24,735	24,734	1
Worker's compensation claims	2,000	500	939	(439)
Pre-employment testing	200	0	0	0
Safety shoes	1,300	1,000	995	5
Total expenditures	<u>\$ 605,500</u>	<u>\$ 606,885</u>	<u>\$ 599,799</u>	<u>\$ 7,086</u>
Excess of revenues over expenditures	<u>\$ 457,000</u>	<u>\$ 418,615</u>	<u>\$ 386,933</u>	<u>\$ (31,682)</u>
Other financing sources (uses):				
Transfers out	<u>\$ (507,000)</u>	<u>\$ (488,000)</u>	<u>\$ (488,000)</u>	<u>\$ 0</u>
Total other financing sources (uses)	<u>\$ (507,000)</u>	<u>\$ (488,000)</u>	<u>\$ (488,000)</u>	<u>\$ 0</u>
Net change in fund balances	\$ (50,000)	\$ (69,385)	\$ (101,067)	\$ (31,682)
Fund balance at beginning of year	<u>190,254</u>	<u>190,254</u>	<u>190,254</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 140,254</u></u>	<u><u>\$ 120,869</u></u>	<u><u>\$ 89,187</u></u>	<u><u>\$ (31,682)</u></u>

CITY OF CLEVELAND, TENNESSEE
SOLID WASTE MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Charges for services:				
Commercial garbage	\$ 1,033,900	\$ 1,076,600	\$ 1,083,417	\$ 6,817
Residential garbage	1,051,400	1,125,500	1,130,888	5,388
Interest	10,000	3,000	2,654	(346)
Miscellaneous	0	0	3,533	3,533
Total revenues	\$ 2,095,300	\$ 2,205,100	\$ 2,220,492	\$ 15,392
Expenditures:				
Current:				
Public works:				
Salaries	\$ 485,300	\$ 485,300	\$ 482,155	\$ 3,145
Overtime wages	9,000	11,500	12,250	(750)
Supplement pay	700	700	581	119
Service awards	400	400	350	50
Longevity	9,400	8,500	8,500	0
Sold vacation	4,500	4,500	2,939	1,561
Christmas bonus	1,600	1,600	1,516	84
Dental insurance	5,800	5,300	5,128	172
Social security taxes	39,100	37,600	36,702	898
Health insurance	81,400	79,900	79,589	311
Retirement	84,900	84,900	83,626	1,274
Life insurance	6,600	6,600	6,464	136
Worker's compensation claims	1,000	1,000	1,000	0
Safety shoes	1,500	1,300	1,270	30
Postage	300	300	77	223
Printing	200	200	0	200
Subscriptions and memberships	100	100	75	25
Advertising	100	0	0	0
Training and travel	1,000	500	218	282
Landfill	255,000	257,000	256,288	712
Residential account	1,072,400	1,125,500	1,104,619	20,881
Commercial account	972,900	1,012,800	1,005,135	7,665
Commercial recycling	61,000	63,800	63,622	178
Office expenditures	2,000	2,000	1,575	425
Operating supplies	1,500	1,700	1,564	136
Safety supplies	800	800	623	177
Janitorial supplies	600	600	420	180
Uniforms	6,000	3,400	3,393	7
Gasoline and oil	58,000	52,000	49,485	2,515
Repairs and parts	115,000	111,000	99,889	11,111
Insurance - vehicle	3,400	3,400	1,920	1,480
Insurance - general liability	11,600	11,600	7,652	3,948
Insurance - workers compensation	24,600	27,900	27,895	5
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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Public works - (Continued):				
Miscellaneous	\$ 500	\$ 500	\$ 96	\$ 404
Bradley County recycling	20,000	20,000	20,000	0
Office furniture and equipment	1,000	1,900	1,821	79
Total expenditures	<u>\$ 3,340,200</u>	<u>\$ 3,426,100</u>	<u>\$ 3,368,437</u>	<u>\$ 57,663</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,244,900)</u>	<u>\$ (1,221,000)</u>	<u>\$ (1,147,945)</u>	<u>\$ 73,055</u>
Other financing sources:				
Transfers in	<u>\$ 1,244,900</u>	<u>\$ 1,211,000</u>	<u>\$ 1,211,000</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 1,244,900</u>	<u>\$ 1,211,000</u>	<u>\$ 1,211,000</u>	<u>\$ 0</u>
Net change in fund balances	\$ 0	\$ (10,000)	\$ 63,055	\$ 73,055
Fund balance at beginning of year	<u>323,502</u>	<u>323,502</u>	<u>323,502</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 323,502</u></u>	<u><u>\$ 313,502</u></u>	<u><u>\$ 386,557</u></u>	<u><u>\$ 73,055</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, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government	\$ 3,429,442	\$ 4,003,189	\$ 3,524,240	\$ (478,949)
Interest	0	0	1,019	1,019
Total revenues	<u>\$ 3,429,442</u>	<u>\$ 4,003,189</u>	<u>\$ 3,525,259</u>	<u>\$ (477,930)</u>
Expenditures:				
Current:				
Education:				
Regular instruction	\$ 1,372,262	\$ 1,585,437	\$ 1,501,424	\$ 84,013
Special education	843,019	982,864	794,038	188,826
Vocational education	92,485	92,485	87,655	4,830
Support services	976,676	1,283,361	909,617	373,744
Total expenditures	<u>\$ 3,284,442</u>	<u>\$ 3,944,147</u>	<u>\$ 3,292,734</u>	<u>\$ 651,413</u>
Excess of revenues over expenditures	<u>\$ 145,000</u>	<u>\$ 59,042</u>	<u>\$ 232,525</u>	<u>\$ 173,483</u>
Other financing sources (uses):				
Transfers out	<u>\$ (145,000)</u>	<u>\$ (145,000)</u>	<u>\$ (159,625)</u>	<u>\$ (14,625)</u>
Total other financing sources (uses)	<u>\$ (145,000)</u>	<u>\$ (145,000)</u>	<u>\$ (159,625)</u>	<u>\$ (14,625)</u>
Net change in fund balances	\$ 0	\$ (85,958)	\$ 72,900	\$ 158,858
Fund balance at beginning of year	<u>85,958</u>	<u>85,958</u>	<u>85,958</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 85,958</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 158,858</u></u>	<u><u>\$ 158,858</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, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
USDA reimbursements	\$ 1,233,000	\$ 1,233,000	\$ 1,389,735	\$ 156,735
Charges for services	937,000	1,037,000	828,918	(208,082)
Interest	3,000	3,000	288	(2,712)
Total revenues	<u>\$ 2,173,000</u>	<u>\$ 2,273,000</u>	<u>\$ 2,218,941</u>	<u>\$ (54,059)</u>
Expenditures:				
Current:				
Education:				
Clerical personnel	\$ 54,000	\$ 54,000	\$ 50,966	\$ 3,034
Cafeteria personnel	680,000	700,000	675,674	24,326
In-service training	2,000	2,000	1,090	910
Social security	41,000	41,000	40,808	192
State retirement	113,000	113,000	103,497	9,503
Life insurance	2,500	2,500	2,177	323
Medical insurance	200,000	212,000	210,066	1,934
Unemployment compensation	1,000	1,000	222	778
Employer medicare liability	10,000	10,000	9,544	456
Other fringe benefits	16,000	16,000	16,354	(354)
Communication	500	500	472	28
Dues and membership	600	600	551	49
Maintenance and repair services	15,000	15,000	19,073	(4,073)
Payments to schools - lunch	0	0	971	(971)
Transportation	0	0	2,373	(2,373)
Travel	3,000	3,000	2,821	179
Other contracted services	5,000	5,000	15,727	(10,727)
Food supplies	859,500	907,500	828,315	79,185
Office supplies	6,000	6,000	6,274	(274)
Utilities	4,000	4,000	3,285	715
Uniforms	500	500	39	461
In-service staff development	1,000	1,000	444	556
Other supplies and materials	138,000	158,000	97,347	60,653
Applicant investigation	400	400	480	(80)
Food service equipment	20,000	20,000	3,018	16,982
Total expenditures	<u>\$ 2,173,000</u>	<u>\$ 2,273,000</u>	<u>\$ 2,091,588</u>	<u>\$ 181,412</u>
Excess of revenues over expenditures	\$ 0	\$ 0	\$ 127,353	\$ 127,353
Fund balance at beginning of year	<u>18,806</u>	<u>18,806</u>	<u>18,806</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 18,806</u></u>	<u><u>\$ 18,806</u></u>	<u><u>\$ 146,159</u></u>	<u><u>\$ 127,353</u></u>

CITY OF CLEVELAND, TENNESSEE
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Library archive grant	\$ 0	\$ 0	\$ 420	\$ 420
Technology grant	0	2,500	2,500	0
State building grant	0	0	100,000	100,000
Bradley County	548,200	539,769	560,269	20,500
Charges for services	74,000	76,544	73,378	(3,166)
Interest	15,000	15,000	7,780	(7,220)
Miscellaneous:				
Gifts	70,000	725,000	297,630	(427,370)
E-Rate Money	3,600	1,000	748	(252)
Total revenues	<u>\$ 710,800</u>	<u>\$ 1,359,813</u>	<u>\$ 1,042,725</u>	<u>\$ (317,088)</u>
Expenditures:				
Current:				
Culture and recreation:				
Salaries	\$ 675,700	\$ 675,693	\$ 654,603	\$ 21,090
Employee benefits	208,600	207,459	210,161	(2,702)
Supplies	59,800	59,811	48,979	10,832
Books	153,600	137,871	139,352	(1,481)
Utilities	44,600	44,616	47,747	(3,131)
Equipment repair/replacement	15,300	15,289	0	15,289
Building maintenance	5,000	5,000	24,642	(19,642)
Insurance	11,900	11,863	10,546	1,317
Gift and memorial expenditures	70,000	70,000	9,126	60,874
License fees	0	0	843	(843)
Furniture	1,500	1,500	0	1,500
Capital Outlay:				
CIP Equipment	0	57,756	118,429	(60,673)
Building addition	0	758,317	411,784	346,533
Total expenditures	<u>\$ 1,246,000</u>	<u>\$ 2,045,175</u>	<u>\$ 1,676,212</u>	<u>\$ 368,963</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (535,200)</u>	<u>\$ (685,362)</u>	<u>\$ (633,487)</u>	<u>\$ 51,875</u>
Other financing sources:				
Transfers in	<u>\$ 548,200</u>	<u>\$ 524,556</u>	<u>\$ 539,769</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 548,200</u>	<u>\$ 524,556</u>	<u>\$ 539,769</u>	<u>\$ 0</u>
Net change in fund balances	<u>\$ 13,000</u>	<u>\$ (160,806)</u>	<u>\$ (93,718)</u>	<u>\$ 51,875</u>
Fund balance at beginning of year	<u>559,681</u>	<u>559,681</u>	<u>559,681</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 572,681</u></u>	<u><u>\$ 398,875</u></u>	<u><u>\$ 465,963</u></u>	<u><u>\$ 51,875</u></u>

CITY OF CLEVELAND, TENNESSEE
 DRUG ENFORCEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 40,000	\$ 40,000	\$ 46,224	\$ 6,224
Interest	5,000	5,000	6,310	1,310
Total revenues	\$ 45,000	\$ 45,000	\$ 52,534	\$ 7,534
Expenditures:				
Current:				
Public safety:				
Seized vehicles	\$ 5,000	\$ 5,000	\$ 740	\$ 4,260
Pager	300	100	0	100
Investigative funds	45,000	41,000	15,000	26,000
Telephone	5,800	5,800	2,320	3,480
Auto track	900	1,200	1,196	4
Vehicle maintenance	14,000	14,000	11,277	2,723
Travel and training	3,500	3,500	2,041	1,459
Equipment maintenance	4,000	4,000	0	4,000
Batteries	500	100	0	100
Audio/video tapes	500	500	0	500
Detective supplies	500	500	441	59
Film	100	100	0	100
Office supplies	1,200	600	598	2
OSHA safety supplies	500	500	200	300
Uniforms	2,000	2,000	379	1,621
Drug education	2,500	2,500	2,500	0
Gasoline	17,000	17,000	4,317	12,683
Canine	2,000	2,000	0	2,000
Miscellaneous	500	0	0	0
Firing Range	100,000	564,158	560,853	3,305
Computers	0	4,000	4,000	0
Equipment	10,000	11,500	11,255	245
Total expenditures	\$ 215,800	\$ 680,058	\$ 617,117	\$ 62,941
Excess (deficiency) of revenues over expenditures	\$ (170,800)	\$ (635,058)	\$ (564,583)	\$ 70,475
Fund balance at beginning of year	878,048	928,845	928,845	0
Fund balance at end of year	\$ 707,248	\$ 293,787	\$ 364,262	\$ 70,475

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, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 60,000	\$ 60,000	\$ 0	\$ (60,000)
Interest	0	0	224	224
Total revenues	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 224</u>	<u>\$ (59,776)</u>
Expenditures:				
Capital outlay:				
Fletcher Park	\$ 75,000	\$ 75,000	\$ 0	\$ 75,000
Total expenditures	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 0</u>	<u>\$ 75,000</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>\$ 224</u>	<u>\$ 15,224</u>
Other financing sources:				
Transfers in	\$ 15,000	\$ 15,000	\$ 15,000	\$ 0
Total other financing sources	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 0</u>
Net change in fund balance	\$ 0	\$ 0	\$ 15,224	\$ 15,224
Fund balance at beginning of year	<u>631</u>	<u>631</u>	<u>631</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 631</u></u>	<u><u>\$ 631</u></u>	<u><u>\$ 15,855</u></u>	<u><u>\$ 15,224</u></u>

CITY OF CLEVELAND, TENNESSEE
GREENWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Federal grant	\$ 0	\$ 50,000	\$ 50,453	\$ 453
Bradley County	0	25,000	25,000	0
Bradley County - Hospital funds	0	123,000	4,091	(118,909)
Interest	0	0	505	505
Miscellaneous	0	0	100	100
Total revenues	\$ 0	\$ 198,000	\$ 80,149	\$ (117,851)
Expenditures:				
Capital outlay:				
Phase III	\$ 0	\$ 110,104	\$ 109,822	\$ 282
Phase III - Calhoun Property	0	0	78	(78)
Phase VI - Paul Huff to CU Tower	0	75,000	80,969	(5,969)
Greenway bathrooms	0	5,800	135	5,665
Phase IV - Raider to Tinsley	0	1,200	1,120	80
Phase VI-A HCI funded	0	123,000	4,091	118,909
Playground	0	550	550	0
Total expenditures	\$ 0	\$ 315,654	\$ 196,765	\$ 118,889
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (117,654)	\$ (116,616)	\$ 1,038
Other financing sources:				
Transfers in	\$ 0	\$ 12,000	\$ 12,000	\$ 0
Total other financing sources	\$ 0	\$ 12,000	\$ 12,000	\$ 0
Net change in fund balance	\$ 0	\$ (105,654)	\$ (104,616)	\$ 1,038
Fund balance at beginning of year	106,919	106,919	106,919	0
Fund balance at end of year	\$ 106,919	\$ 1,265	\$ 2,303	\$ 1,038

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, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Interest	\$ 1,500	\$ 600	\$ 532	\$ (68)
Miscellaneous	0	0	66	66
Total revenues	\$ 1,500	\$ 600	\$ 598	\$ (2)
Expenditures:				
Current:				
Public safety:				
Salaries	\$ 98,500	\$ 97,450	\$ 93,378	\$ 4,072
Overtime	300	300	0	300
Part time wages	0	1,250	904	346
Sold vacations	0	1,050	1,044	6
Christmas bonus	300	300	217	83
Dental insurance	900	900	762	138
Social security tax	7,600	7,600	6,425	1,175
Health insurance	13,500	13,500	13,455	45
Retirement	16,500	16,500	15,665	835
Life and disability insurance	1,300	1,300	1,171	129
Education reimbursement	1,500	1,500	1,167	333
Postage	300	300	15	285
Printing	1,000	1,000	0	1,000
Public education programs	6,000	6,000	4,381	1,619
Subscriptions and memberships	800	800	224	576
Advertising	200	200	0	200
Telephone	1,600	2,700	2,816	(116)
Legal	500	500	0	500
Travel and training	5,000	5,000	1,105	3,895
Work session	2,000	2,000	1,515	485
NPDES permit fee	2,500	2,500	2,500	0
Office supplies	1,300	1,300	1,036	264
Operating supplies	3,200	2,760	603	2,157
Benthic sampling/labwork	8,000	5,100	195	4,905
Clothing	900	940	937	3
Gasoline	2,100	3,100	2,314	786
Repairs and parts	2,000	2,000	1,037	963
Insurance - vehicles	600	600	495	105
Insurance - general liability	600	600	424	176
Insurance - worker's compensation	400	296	296	0
Miscellaneous	500	500	33	467
Trash receptacles	4,500	4,500	4,449	51
Computer software	3,100	300	0	300
Data for watershed modeling	10,000	10,400	10,400	0
Office furniture and equipment	500	2,850	3,654	(804)
Total expenditures	\$ 198,000	\$ 197,896	\$ 172,617	\$ 25,279

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, 2009

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Excess (deficiency) of revenues over expenditures	\$ (196,500)	\$ (197,296)	\$ (172,019)	\$ 25,277
Other financing sources:				
Transfers in	\$ 194,500	\$ 194,500	\$ 194,500	\$ 0
Transfers out	(17,900)	(17,900)	(17,900)	0
Total other financing sources	<u>\$ 176,600</u>	<u>\$ 176,600</u>	<u>\$ 176,600</u>	<u>\$ 0</u>
Net change in fund balance	\$ (19,900)	\$ (20,696)	\$ 4,581	\$ 25,277
Fund balance at beginning of year	51,116	51,116	51,116	0
Fund balance at end of year	<u>\$ 31,216</u>	<u>\$ 30,420</u>	<u>\$ 55,697</u>	<u>\$ 25,277</u>

CITY OF CLEVELAND, TENNESSEE
METROPOLITAN TRANSPORTATION PLANNING ORGANIZATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Federal grant	\$ 129,100	\$ 129,100	\$ 60,463	\$ (68,637)
Total revenues	<u>\$ 129,100</u>	<u>\$ 129,100</u>	<u>\$ 60,463</u>	<u>\$ (68,637)</u>
Expenditures:				
Current:				
General government:				
MPO Plan #22				
Salaries	\$ 0	\$ 12,000	\$ 7,962	\$ 4,038
Consultant services	0	1,100	1,069	31
Benefits	0	6,000	3,105	2,895
Postage and shipping	0	900	32	868
Printing and publications	0	3,500	438	3,062
Telephone	0	1,300	92	1,208
Travel and meeting	0	2,800	747	2,053
Supplies	0	1,900	1,353	547
Capital purchase	0	2,200	2,195	5
MPO Plan #33				
Salaries	46,800	34,800	25,478	9,322
Consultant services	68,100	67,000	15,879	51,121
Benefits	22,000	16,000	9,834	6,166
Postage and shipping	1,000	100	75	25
Printing and publications	4,500	500	754	(254)
Telephone	1,700	400	320	80
Travel and meeting	6,000	3,200	1,755	1,445
Supplies	3,800	1,900	1,330	570
Other non-personnel costs	0	500	384	116
Capital purchase	7,500	5,300	2,857	2,443
Total expenditures	<u>\$ 161,400</u>	<u>\$ 161,400</u>	<u>\$ 75,659</u>	<u>\$ 85,741</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (32,300)</u>	<u>\$ (32,300)</u>	<u>\$ (15,196)</u>	<u>\$ 17,104</u>
Other financing sources:				
Transfers in	<u>\$ 32,300</u>	<u>\$ 32,300</u>	<u>\$ 32,300</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 32,300</u>	<u>\$ 32,300</u>	<u>\$ 32,300</u>	<u>\$ 0</u>
Net change in fund balances	\$ 0	\$ 0	\$ 17,104	\$ 17,104
Fund balance at beginning of year	<u>32,303</u>	<u>32,303</u>	<u>32,303</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 32,303</u></u>	<u><u>\$ 32,303</u></u>	<u><u>\$ 49,407</u></u>	<u><u>\$ 17,104</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, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Community Development Block Grant	\$ 331,300	\$ 364,499	\$ 245,899	\$ (118,600)
THDA Emergency Shelter Grant	67,600	67,600	67,574	(26)
Emergency Shelter Matching grant	67,600	67,600	0	(67,600)
Total revenues	\$ 466,500	\$ 499,699	\$ 313,473	\$ (186,226)
Expenditures:				
Current:				
Community development:				
Administration:				
Salaries	\$ 46,900	\$ 46,900	\$ 46,577	\$ 323
Christmas bonus	100	100	100	0
Dental insurance	600	600	489	111
Social security tax	3,600	3,600	3,258	342
Health insurance	8,800	8,800	8,294	506
Retirement	7,800	7,800	7,732	68
Life insurance	300	600	589	11
Printing	400	400	0	400
Advertising	500	575	575	0
Telephone	500	830	866	(36)
Travel and training	1,400	1,400	323	1,077
Office supplies	400	400	360	40
Gasoline	800	800	328	472
Miscellaneous	800	95	40	55
Codes Enforcement:				
Salaries	35,600	35,600	34,923	677
Christmas bonus	100	100	100	0
Dental insurance	300	300	273	27
Social security tax	2,800	2,800	2,726	74
Health insurance	4,800	4,800	4,741	59
Retirement	5,900	5,900	5,808	92
Life insurance	200	440	432	8
Printing	400	40	40	0
Advertising	100	0	0	0
Telephone	500	1,000	1,049	(49)
Legal services	250	177	0	177
Vehicle maintenance	1,500	1,500	1,100	400
Travel and training	500	0	0	0
Office supplies	200	400	381	19
Clothing allowance	350	443	443	0
Gasoline	1,200	1,200	952	248
Insurance - vehicles	300	300	0	300

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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current:				
Community development:				
Emergency shelter :				
Shelter operationg	\$ 132,000	\$ 132,000	\$ 61,138	70,862
Administrative costs	3,200	3,200	3,218	(18)
Capital outlay:				
Northeast Center Improvement	180,000	180,000	78,641	101,359
Housing downpayment assistance	30,000	30,000	30,000	0
Property acquisition	0	19,938	17,912	2,026
Unplanned projects	0	13,261	0	13,261
Total Expenditures	\$ 473,100	\$ 506,299	\$ 313,408	\$ 192,891
Excess (deficiency) of revenues over expenditures	\$ (6,600)	\$ (6,600)	\$ 65	\$ 6,665
Other financing sources:				
Transfers in	\$ 6,600	\$ 6,600	\$ 6,600	\$ 0
Total other financing sources	\$ 6,600	\$ 6,600	\$ 6,600	\$ 0
Net change in fund balance	\$ 0	\$ 0	\$ 6,665	\$ 6,665
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$ 0	\$ 0	\$ 6,665	\$ 6,665

CITY OF CLEVELAND, TENNESSEE
 2007 BYRNE MEMORIAL JUSTICE GRANT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Public safety:				
Laptop Computers	\$ 0	\$ 2,880	\$ 2,880	\$ 0
Total expenditures	\$ 0	\$ 2,880	\$ 2,880	\$ 0
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (2,880)	\$ (2,880)	\$ 0
Fund balance at beginning of year	0	2,880	2,880	0
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF CLEVELAND, TENNESSEE
 2008 BYRNE MEMORIAL JUSTICE GRANT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 0	\$ 12,048	\$ 12,048	\$ 0
Total revenues	\$ 0	\$ 12,048	\$ 12,048	\$ 0
Expenditures:				
Current:				
Public safety:				
Equipment	\$ 0	\$ 12,048	\$ 12,048	\$ 0
Total expenditures	\$ 0	\$ 12,048	\$ 12,048	\$ 0
Excess of revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Public safety:				
Equipment	\$ 0	\$ 140,371	\$ 136,849	\$ 3,522
Total expenditures	\$ 0	\$ 140,371	\$ 136,849	\$ 3,522
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (140,371)	\$ (136,849)	\$ 3,522
Fund balance at beginning of year	140,371	140,371	140,371	0
Fund balance at end of year	<u>\$ 140,371</u>	<u>\$ 0</u>	<u>\$ 3,522</u>	<u>\$ 3,522</u>

CITY OF CLEVELAND, TENNESSEE
RED LIGHT CAMERA FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Charges for services:				
Ticket revenue	\$ 201,000	\$ 201,000	\$ 111,796	\$ (89,204)
Total revenues	<u>\$ 201,000</u>	<u>\$ 201,000</u>	<u>\$ 111,796</u>	<u>\$ (89,204)</u>
Expenditures:				
Current:				
Public safety:				
Fees	\$ 201,000	\$ 201,000	\$ 132,734	\$ 68,266
Total expenditures	<u>\$ 201,000</u>	<u>\$ 201,000</u>	<u>\$ 132,734</u>	<u>\$ 68,266</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ (20,938)	\$ (20,938)
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>\$ (20,938)</u></u>	<u><u>\$ (20,938)</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, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Bradley County	\$ 147,300	\$ 147,300	\$ 47,379	\$ (99,921)
Interest	70,000	70,000	17,280	(52,720)
Miscellaneous:				
Other	89,300	89,300	81,654	(7,646)
Total revenues	<u>\$ 306,600</u>	<u>\$ 306,600</u>	<u>\$ 146,313</u>	<u>\$ (160,287)</u>
Expenditures:				
Debt service:				
Principal retirement	\$ 1,881,300	\$ 1,881,300	\$ 1,858,700	\$ 22,600
Interest and fiscal charges	3,304,200	3,304,200	3,177,042	127,158
Total expenditures	<u>\$ 5,185,500</u>	<u>\$ 5,185,500</u>	<u>\$ 5,035,742</u>	<u>\$ 149,758</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (4,878,900)</u>	<u>\$ (4,878,900)</u>	<u>\$ (4,889,429)</u>	<u>\$ (10,529)</u>
Other financing sources (uses):				
Transfers in	\$ 4,878,900	\$ 4,878,900	\$ 4,839,400	\$ (39,500)
Refunding bonds issued	0	0	25,544,831	25,544,831
Payment to refunding bond escrow agent	0	0	(25,337,924)	(25,337,924)
Total other financing sources	<u>\$ 4,878,900</u>	<u>\$ 4,878,900</u>	<u>\$ 5,046,307</u>	<u>\$ 167,407</u>
Net change in fund balances	\$ 0	\$ 0	\$ 156,878	\$ 156,878
Fund balance at beginning of year	<u>2,692,706</u>	<u>2,692,706</u>	<u>2,692,706</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 2,692,706</u></u>	<u><u>\$ 2,692,706</u></u>	<u><u>\$ 2,849,584</u></u>	<u><u>\$ 156,878</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, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Capital Outlay:				
Housing rehabilitation	\$ 0	\$ 191	\$ 191	\$ 0
Total expenditures	\$ 0	\$ 191	\$ 191	\$ 0
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (191)	\$ (191)	\$ 0
Fund balance at beginning of year	191	191	191	0
Fund balance at end of year	<u>\$ 191</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF CLEVELAND, TENNESSEE
 CAPITAL IMPROVEMENT PROGRAM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental				
Federal grant - homeland security	\$ 0	\$ 193,181	\$ 162,793	\$ (30,388)
Federal grant - homeland security	0	55,200	55,165	(35)
Federal grant - homeland security	0	31,750	31,166	(584)
Federal grant - cpat equipment	0	126,462	7,998	(118,464)
Federal grant - detention pond	0	1,025,000	1,230,022	205,022
State grant - dry cleaner fund	0	8,400	8,403	3
State grant - detention ponds	0	0	6,000	6,000
State appropriation - soccer field	0	5,000	5,000	0
Interest	10,000	2,000	1,349	(651)
Miscellaneous:				
Sale of assets	0	1,471,300	1,482,819	11,519
Other	0	122,940	73,584	(49,356)
Total revenues	\$ 10,000	\$ 3,041,233	\$ 3,064,299	\$ 23,066
Expenditures:				
Capital outlay:				
Legislative and judicial:				
Defibrillators	\$ 0	\$ 1,067	\$ 0	\$ 1,067
Five Points revitalization	0	5,900	0	5,900
First Street Square Project	0	257,603	42,879	214,724
Cemetery Association	0	10,000	0	10,000
City parking lots survey	0	650	650	0
Tri-State Exhibition appropriation	0	50,000	50,000	0
Veterans Park trees	0	8,800	0	8,800
Community development:				
Historic preservation	0	1,007	0	1,007
Lot clearing	0	749	748	1
City-wide computer information systems:				
Electronic document management	0	9,590	8,600	990
Software maintenance	0	101,400	53,966	47,434
Travel and training	0	2,514	2,324	190
Hardware	294,200	100,297	94,967	5,330
GIS	0	55,511	62,165	(6,654)
License fees	0	21,289	21,289	0
GIS flyover	0	14,500	13,163	1,337
Police department:				
Patrol vehicles	0	17,623	17,623	0
Police radios	0	193,181	162,793	30,388
Bomb equipment	0	304,000	0	304,000
Fire department:				
New training tower	0	581	0	581
Extrication rescue equipment	0	10,060	430	9,630
Computer equipment	0	106	0	106
Truck equipment	0	17,292	7,292	10,000
Firehall renovation #1	0	1,004	0	1,004
Radios	0	6,772	2,497	4,275
Fire pumper replacement	0	206,705	206,705	0

CITY OF CLEVELAND, TENNESSEE
 CAPITAL IMPROVEMENT PROGRAM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2009

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Capital outlay - (Continued)				
Fire department - (Continued)				
ISO firefighting equipment	\$ 0	\$ 22,416	\$ 10,191	\$ 12,225
Hazmat equipment	0	18,317	3,008	15,309
Breathing apparatus	0	1,664	0	1,664
Communications upgrade	0	11,425	0	11,425
Driveway #2	0	5,000	0	5,000
Wellness center equipment	0	21,700	12,310	9,390
Fire radios	0	58,775	57,310	1,465
Homeland security equipment	0	31,750	31,166	584
CPAT equipment	0	158,077	7,998	150,079
Public works - operations:				
Detention ponds	0	1,440,000	1,501,919	(61,919)
LED signal project	0	7,296	0	7,296
Wildwood detention ponds	0	20,100	20,095	5
Guardrail projects	0	9,460	8,125	1,335
Sidewalks	0	18,788	0	18,788
Parker Street widening	0	28,000	22,271	5,729
Roadscapes grant match	0	19,000	400	18,600
City-wide ITS system	0	18,000	17,948	52
Public works building property survey	0	4,532	4,531	1
Public works - state street aid:				
Annual street overlays	19,000	64,082	0	64,082
Major drainage	0	121,003	127	120,876
Sidewalks - maintenance	0	4,533	1,781	2,752
Animal Shelter:				
Air conditioning - Vehicle	15,000	17,300	17,288	12
Telephone system	0	5,000	4,591	409
Computer software and equipment	0	1,075	0	1,075
Parks and recreation:				
Golf course building improvements	0	2,100	2,100	0
Reel mower and trailer	0	15,000	14,500	500
Skateboard park	0	21,170	21,148	22
Soccer field	0	5,000	5,000	0
Waterville irrigation system	0	8,400	8,369	31
Dalton Pike widening	0	1,432,800	6,872	1,425,928
Total expenditures	<u>\$ 328,200</u>	<u>\$ 4,989,964</u>	<u>\$ 2,527,139</u>	<u>\$ 2,462,825</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (318,200)</u>	<u>\$ (1,948,731)</u>	<u>\$ 537,160</u>	<u>\$ 2,485,891</u>
Other financing sources (uses):				
Transfers in	\$ 328,200	\$ 172,655	\$ 178,542	\$ 5,887
Transfers out	0	(12,000)	(12,000)	0
Total other financing sources (uses)	<u>\$ 328,200</u>	<u>\$ 160,655</u>	<u>\$ 166,542</u>	<u>\$ 5,887</u>
Net change in fund balances	\$ 10,000	\$ (1,788,076)	\$ 703,702	\$ 2,491,778
Fund balance at beginning of year	1,607,170	1,607,170	1,607,170	0
Fund balance at end of year	<u>\$ 1,617,170</u>	<u>\$ (180,906)</u>	<u>\$ 2,310,872</u>	<u>\$ 2,491,778</u>

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, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 3,800	\$ 3,947	\$ 147
Total revenues	\$ 0	\$ 3,800	\$ 3,947	\$ 147
Expenditures:				
Capital outlay:				
Dalton Pike intersection	\$ 0	\$ 41,500	\$ 0	\$ 41,500
North Lee intersection	0	34,000	32,782	1,218
Parkwood Trail	0	23,000	0	23,000
Paul Huff resurfacing	0	251,291	251,290	1
Roofs	0	12,409	6,072	6,337
HVAC - multiple schools	0	26,244	0	26,244
HVAC - Stuart	0	15,774	0	15,774
Mayfield School road improvements	0	168,117	102,564	65,553
Total expenditures	\$ 0	\$ 572,335	\$ 392,708	\$ 179,627
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (568,535)	\$ (388,761)	\$ 179,774
Other financing sources (uses):				
Transfers out	\$ 0	\$ (41,080)	\$ (41,080)	\$ 0
Total other financing sources (uses)	\$ 0	\$ (41,080)	\$ (41,080)	\$ 0
Net change in fund balances	\$ 0	\$ (609,615)	\$ (429,841)	\$ 179,774
Fund balance at beginning of year	609,615	609,615	609,615	0
Fund balance at end of year	\$ 609,615	\$ 0	\$ 179,774	\$ 179,774

CITY OF CLEVELAND, TENNESSEE
2008 TMBF NOTE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 5,000	\$ 4,580	\$ (420)
Total revenues	\$ 0	\$ 5,000	\$ 4,580	\$ (420)
Expenditures:				
Capital outlay:				
Science Wing - High School	\$ 0	\$ 61,972	\$ 75,574	\$ (13,602)
Stuart HVAC system	0	193,913	125,252	68,661
Buses	0	346,063	346,063	0
Library Building expansion	0	1,800,000	1,800,000	0
Total expenditures	\$ 0	\$ 2,401,948	\$ 2,346,889	\$ 55,059
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (2,396,948)	\$ (2,342,309)	\$ 54,639
Other financing sources (uses):				
Transfers out	\$	\$ (9,262)	\$ (9,262)	\$ 0
Notes issued	0	1,948,700	1,948,700	0
Total other financing sources (uses)	\$ 0	\$ 1,939,438	\$ 1,939,438	\$ 0
Net change in fund balances	\$ 0	\$ (457,510)	\$ (402,871)	\$ 54,639
Fund balance at beginning of year	0	457,510	457,510	0
Fund balance at end of year	\$ 0	\$ 0	\$ 54,639	\$ 54,639

CITY OF CLEVELAND, TENNESSEE
2008 TMBF NOTE FUND (COUNTY PORTION)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Capital Outlay:				
Library expansion	\$ 0	\$ 1,800,011	\$ 1,800,011	\$ 0
Debt service:				
Interest and fiscal charges	0	12,689	12,689	0
Total expenditures	<u>\$ 0</u>	<u>\$ 1,812,700</u>	<u>\$ 1,812,700</u>	<u>\$ 0</u>
Excess of revenues over expenditures	<u>\$ 0</u>	<u>\$ (1,812,700)</u>	<u>\$ (1,812,700)</u>	<u>\$ 0</u>
Other financing sources:				
Sale of notes	<u>\$ 0</u>	<u>\$ 1,812,700</u>	<u>\$ 1,812,700</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 0</u>	<u>\$ 1,812,700</u>	<u>\$ 1,812,700</u>	<u>\$ 0</u>
Net change in fund balances	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE
 SALES TAX CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Local sales tax	\$ 0	\$ 630,000	\$ 725,448	\$ 95,448
Total revenues	\$ 0	\$ 630,000	\$ 725,448	\$ 95,448
Expenditures:				
Capital outlay:				
City capital projects	\$ 0	\$ 420,000	\$ 0	\$ 420,000
School capital projects	0	210,000	58,805	151,195
Total expenditures	\$ 0	\$ 630,000	\$ 58,805	\$ 571,195
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 666,643	\$ 666,643
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$ 0	\$ 0	\$ 666,643	\$ 666,643

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, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 15,000	\$ 5,000	\$ 3,826	\$ (1,174)
Total revenues	<u>\$ 15,000</u>	<u>\$ 5,000</u>	<u>\$ 3,826</u>	<u>\$ (1,174)</u>
Excess of revenues over expenditures	<u>\$ 15,000</u>	<u>\$ 5,000</u>	<u>\$ 3,826</u>	<u>\$ (1,174)</u>
Other financing sources (uses):				
Transfers out	\$ (15,000)	\$ (17,300)	\$ (17,300)	\$ 0
Total other financing sources (uses)	<u>\$ (15,000)</u>	<u>\$ (17,300)</u>	<u>\$ (17,300)</u>	<u>\$ 0</u>
Net change in fund balances	\$ 0	\$ (12,300)	\$ (13,474)	\$ (1,174)
Fund balance at beginning of year	<u>479,861</u>	<u>479,861</u>	<u>479,861</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 479,861</u></u>	<u><u>\$ 467,561</u></u>	<u><u>\$ 466,387</u></u>	<u><u>\$ (1,174)</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, and Signal Mountain.

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.

CITY OF CLEVELAND, TENNESSEE
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS

June 30, 2009

	<u>Brush Chipping Fund</u>	<u>Cleveland Municipal Airport Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 86,841	\$ 624	\$ 87,465
Due from other government agencies	0	367,626	367,626
Total current assets	<u>\$ 86,841</u>	<u>\$ 368,250</u>	<u>\$ 455,091</u>
Noncurrent assets:			
Capital assets:			
Land and construction in progress			
Other capital assets, net of accumulated depreciation	\$ 0 24,425	\$ 10,721,124 309,085	\$ 10,721,124 333,510
Total noncurrent assets	<u>\$ 24,425</u>	<u>\$ 11,030,209</u>	<u>\$ 11,054,634</u>
Total assets	<u>\$ 111,266</u>	<u>\$ 11,398,459</u>	<u>\$ 11,509,725</u>
LIABILITIES AND FUND EQUITY			
Current liabilities:			
Accounts payable	\$ 0	\$ 2,563	\$ 2,563
Due to other funds	0	1,376,000	1,376,000
Total current liabilities	<u>\$ 0</u>	<u>\$ 1,378,563</u>	<u>\$ 1,378,563</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 24,425	\$ 11,030,209	\$ 11,054,634
Unrestricted	86,841	(1,010,313)	(923,472)
Total net assets	<u>\$ 111,266</u>	<u>\$ 10,019,896</u>	<u>\$ 10,131,162</u>

CITY OF CLEVELAND, TENNESSEE
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 For the Fiscal Year Ended June 30, 2009

	Brush Chipping Fund	Cleveland Municipal Airport Fund	Total
Operating Revenues:			
Charges for services	\$ 130,710	\$ 17,484	\$ 148,194
Total operating revenues	<u>\$ 130,710</u>	<u>\$ 17,484</u>	<u>\$ 148,194</u>
Operating Expenses:			
Operations	\$ 112,041	\$ 30,494	\$ 142,535
Depreciation and amortization	28,114	22,097	50,211
Total operating expenses	<u>\$ 140,155</u>	<u>\$ 52,591</u>	<u>\$ 192,746</u>
Operating income (loss)	<u>\$ (9,445)</u>	<u>\$ (35,107)</u>	<u>\$ (44,552)</u>
Non Operating Revenues (Expenses):			
Interest income	\$ 1,065	\$ 586	\$ 1,651
Interest expense	(4,500)	0	(4,500)
Total non operating revenues (expenses)	<u>\$ (3,435)</u>	<u>\$ 586</u>	<u>\$ (2,849)</u>
Income (loss) before contributions and transfers	\$ (12,880)	\$ (34,521)	\$ (47,401)
Capital contributions	0	1,547,111	1,547,111
Transfers in	0	34,000	34,000
Change in net assets	<u>\$ (12,880)</u>	<u>\$ 1,546,590</u>	<u>\$ 1,533,710</u>
Total net assets - beginning	<u>124,146</u>	<u>8,473,306</u>	<u>8,597,452</u>
Total net assets - ending	<u><u>\$ 111,266</u></u>	<u><u>\$ 10,019,896</u></u>	<u><u>\$ 10,131,162</u></u>

CITY OF CLEVELAND, TENNESSEE
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 For the Fiscal Year Ended June 30, 2009

	Brush Chipping Fund	Cleveland Municipal Airport Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 143,119	\$ 17,484	\$ 160,603
Payments to suppliers	(98,698)	(27,931)	(126,629)
Internal activity - payments to other funds	(75,000)	0	(75,000)
Payments to employees for services	(13,342)	0	(13,342)
Net cash provided by (used in) operating activities	<u>\$ (43,921)</u>	<u>\$ (10,447)</u>	<u>\$ (54,368)</u>
Cash flows from (used in) noncapital financing activities:			
Interfund loan repayment	\$ 0	\$ (2,739,000)	\$ (2,739,000)
Net cash provided by financing activities	<u>\$ 0</u>	<u>\$ (2,739,000)</u>	<u>\$ (2,739,000)</u>
Cash flows from capital and related financing activities:			
Additions to plants	\$ 0	\$ (2,003,560)	\$ (2,003,560)
Transfers from other funds	0	34,000	34,000
Capital contributions	0	4,686,817	4,686,817
Payment of interest on long-term debt	(4,500)	0	(4,500)
Net cash provided by (used in) capital and related financing activities	<u>\$ (4,500)</u>	<u>\$ 2,717,257</u>	<u>\$ 2,712,757</u>
Cash flows from investing activities:			
Interest received	\$ 1,064	\$ 586	\$ 1,650
Net cash provided by investing activities	<u>\$ 1,064</u>	<u>\$ 586</u>	<u>\$ 1,650</u>
Net increase (decrease) in cash and cash equivalents	\$ (47,357)	\$ (31,604)	\$ (78,961)
Cash and cash equivalents, beginning of year	134,198	32,228	166,426
Cash and cash equivalents, end of year	<u>\$ 86,841</u>	<u>\$ 624</u>	<u>\$ 87,465</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ (9,445)	\$ (35,107)	\$ (44,552)
Adjustments to reconcile net operating revenues to net cash provided by operating activities:			
Depreciation	28,114	22,097	50,211
Changes in operating assets and liabilities:			
Accounts receivable	12,410	0	12,410
Accounts payable	0	2,563	2,563
Due to other funds	(75,000)	0	(75,000)
Net cash provided by (used in) operating activities	<u>\$ (43,921)</u>	<u>\$ (10,447)</u>	<u>\$ (54,368)</u>

INTERNAL SERVICE FUND

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

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, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for services	\$ 737,500	\$ 737,500	\$ 675,477	\$ (62,023)
Other operating revenue	200	200	100	(100)
Total operating revenues	<u>\$ 737,700</u>	<u>\$ 737,700</u>	<u>\$ 675,577</u>	<u>\$ (62,123)</u>
Operating Expenses:				
General and administrative:				
Salaries	\$ 332,300	\$ 332,300	\$ 327,796	\$ 4,504
Overtime	5,000	5,000	2,721	2,279
Service awards	200	200	175	25
Longevity	1,500	1,500	1,500	0
Sold vacation	1,900	1,900	1,773	127
Christmas bonus	900	900	866	34
Dental insurance	3,600	3,600	3,060	540
Social security taxes	26,200	26,200	24,345	1,855
Health insurance	61,800	61,800	50,284	11,516
Retirement	56,900	56,900	52,035	4,865
Life and disability insurance	4,400	4,400	3,932	468
Worker's compensation claims	1,000	1,000	0	1,000
Postage	1,200	1,000	568	432
Pager	200	200	107	93
Printing	200	200	0	200
Advertising	200	0	72	(72)
Membership dues	700	1,200	1,181	19
Utilities	22,000	22,000	19,748	2,252
Telephone	9,700	9,700	8,771	929
Vehicle maintenance	4,000	3,230	2,556	674
Contracted services - vehicle maintenance	130,000	130,000	128,982	1,018
Building maintenance	4,000	4,500	3,660	840
Central fuel maintenance and supplies	8,000	8,000	4,240	3,760
Travel and training	2,000	300	178	122
Pest control	300	300	270	30
Office expense	3,000	3,570	3,500	70
Waste disposal services	2,000	5,000	3,833	1,167
Janitorial supplies	2,000	2,700	2,043	657
Uniforms	4,000	3,700	3,308	392
Gasoline and oil	4,500	4,800	4,750	50
Repair supplies	0	500	143	357
Insurance - building and contents	2,200	1,832	1,832	0
Insurance - vehicles	800	800	748	52
Insurance - general liability	2,000	2,000	1,784	216
Insurance - worker's compensation	14,900	13,069	12,802	267
Depreciation	49,400	49,400	39,700	9,700

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, 2009

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Operating Expenses (Continued):				
Computer software maintenance	\$ 12,500	\$ 7,000	\$ 4,615	\$ 2,385
Miscellaneous	500	100	193	(93)
Equipment and tools	2,500	7,699	1,509	6,190
Total operating expenses	<u>\$ 778,500</u>	<u>\$ 778,500</u>	<u>\$ 719,580</u>	<u>\$ 58,920</u>
Operating income	<u>\$ (40,800)</u>	<u>\$ (40,800)</u>	<u>\$ (44,003)</u>	<u>\$ (3,203)</u>
Non Operating Revenues (Expenses):				
Interest income	\$ 5,000	\$ 5,000	\$ 1,828	\$ (3,172)
Gain (loss) on sale of assets	0	0	(342)	(342)
Total non operating revenues (expenses)	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 1,486</u>	<u>\$ (3,514)</u>
Income (loss) before contributions and transfers	\$ (35,800)	\$ (35,800)	\$ (42,517)	\$ (6,717)
Capital contributions	0	0	0	0
Change in net assets	<u>\$ (35,800)</u>	<u>\$ (35,800)</u>	<u>\$ (42,517)</u>	<u>\$ (6,717)</u>
Total net assets - beginning	<u>1,592,370</u>	<u>1,592,370</u>	<u>1,592,370</u>	<u>0</u>
Total net assets - ending	<u><u>\$ 1,556,570</u></u>	<u><u>\$ 1,556,570</u></u>	<u><u>\$ 1,549,853</u></u>	<u><u>\$ (6,717)</u></u>

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CAPITAL ASSETS

CITY OF CLEVELAND, TENNESSEE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULE BY SOURCE(1)
 June 30, 2009 and 2008

	2009	2008
Governmental funds capital assets:		
Land	\$ 8,513,433	\$ 8,503,113
Buildings	88,526,425	88,395,101
Public improvements other than buildings	5,884,012	5,719,784
Infrastructure	48,160,827	44,839,495
Furniture, fixtures, equipment and vehicles	26,149,683	25,301,648
Total governmental funds capital assets	\$ 177,234,380	\$ 172,759,141
Investment in governmental funds capital assets:		
Total governmental funds capital assets	\$ 177,234,380	\$ 172,759,141

(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, 2009

<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	\$ 892,739	\$ 1,800	\$ 396,880	\$ 111,553	\$ 0	\$ 382,506
General government	844,940	250,277	185,251	370,027	0	39,385
Community development	518,257	56,361	271,086	0	0	190,810
Library	3,473,331	302,000	779,945	0	0	2,391,386
Total General Government	\$ 5,729,267	\$ 610,438	\$ 1,633,162	\$ 481,580	\$ 0	\$ 3,004,087
Public Safety:						
Police	\$ 8,859,473	\$ 290,097	\$ 5,170,146	\$ 5,059	\$ 0	\$ 3,394,171
Fire	8,805,032	461,500	3,078,947	81,970	0	5,182,615
911 Center	867,618	0	867,618	0	0	0
Total Public Safety	\$ 18,532,123	\$ 751,597	\$ 9,116,711	\$ 87,029	\$ 0	\$ 8,576,786
Public Works:						
Street Department	\$ 4,273,806	\$ 244,387	\$ 318,738	\$ 90,681	\$ 0	\$ 3,620,000
Engineering	461,716	0	146,579	35,130	0	280,007
Old City Landfill	92,500	63,500	25,000	4,000	0	0
Primary Roads	7,118,861	67,965	0	0	7,050,896	0
Secondary Roads	35,223,594	378,887	0	0	34,844,707	0
Drainage	3,019,230	12,147	0	0	3,007,083	0
Detention Ponds	3,613,911	770,558	0	0	2,843,353	0
Sidewalks	340,820	0	0	0	340,820	0
Bridges	73,968	0	0	0	73,968	0
Total Public Works	\$ 54,218,406	\$ 1,537,444	\$ 490,317	\$ 129,811	\$ 48,160,827	\$ 3,900,007
Parks and Recreation:						
Recreation Office	\$ 503,844	\$ 0	\$ 0	\$ 54,163	\$ 0	\$ 449,681
Tinsley Park	1,866,030	211,980	165,860	1,413,820	0	74,370
Waterville Golf Course	1,042,880	256,816	102,500	237,109	0	446,455
East Cleveland Center	597,779	76,890	231,658	238,063	0	51,168
Cleveland Community Center	597,044	47,000	376,318	122,138	0	51,588
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	1,613,006	0	0	1,613,006	0	0
Fletcher Park	661,326	64,373	118,973	477,980	0	0
Soccer Complex	390,562	50,000	0	340,562	0	0
Total Parks and Recreation	\$ 8,176,904	\$ 991,933	\$ 1,013,686	\$ 5,098,023	\$ 0	\$ 1,073,262

CITY OF CLEVELAND, TENNESSEE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY(1)
 JUNE 30, 2009

(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	299,265	0	95,301	60,347	0	143,617
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	\$ 787,007	\$ 448,110	\$ 107,711	\$ 87,569	\$ 0	\$ 143,617
Cleveland City Schools:						
School Property	\$ 88,691,482	\$ 4,173,911	\$ 76,164,838	\$ 0	\$ 0	\$ 8,352,733
Food Service	1,099,191	0	0	0	0	1,099,191
Total City Schools	\$ 89,790,673	\$ 4,173,911	\$ 76,164,838	\$ 0	\$ 0	\$ 9,451,924
Total Capital Assets	\$ 177,234,380	\$ 8,513,433	\$ 88,526,425	\$ 5,884,012	\$ 48,160,827	\$ 26,149,683

(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, 2009

<u>Function and Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
General Government:				
Administration and finance	\$ 901,053	\$ 44,976	\$ 53,290	\$ 892,739
General government	841,300	3,640	0	844,940
Community development	518,737	1,440	1,920	518,257
Library	3,252,364	237,052	16,085	3,473,331
Total General Government	\$ 5,513,454	\$ 287,108	\$ 71,295	\$ 5,729,267
Public Safety:				
Police	\$ 8,784,863	\$ 158,393	\$ 83,783	\$ 8,859,473
Fire	8,317,544	500,079	12,591	8,805,032
911 Center	867,618	0	0	867,618
Total Public Safety	\$ 17,970,025	\$ 658,472	\$ 96,374	\$ 18,532,123
Public Works:				
Street Department	\$ 4,572,521	\$ 9,387	\$ 308,102	\$ 4,273,806
Engineering	461,236	6,126	5,646	461,716
Old City Landfill	92,500	0	0	92,500
Primary Roads	6,867,142	251,719	0	7,118,861
Secondary Roads	35,223,594	0	0	35,223,594
Drainage	2,881,842	137,388	0	3,019,230
Detention Ponds	753,054	2,860,857	0	3,613,911
Sidewalks	251,948	88,872	0	340,820
Bridges	73,968	0	0	73,968
Total Public Works	\$ 51,177,805	\$ 3,354,349	\$ 313,748	\$ 54,218,406
Parks and Recreation:				
Recreation Office	\$ 504,840	\$ 599	\$ 1,595	\$ 503,844
Tinsley Park	1,840,148	25,882	0	1,866,030
Waterville Golf Course	1,035,564	14,500	7,184	1,042,880
East Cleveland Center	588,686	10,145	1,052	597,779
Cleveland Community Center	596,577	1,500	1,033	597,044
Johnston Park	425,000	0	0	425,000
Deer Park	265,740	0	0	265,740
Arnold Mini Park	14,565	0	0	14,565
Mayfield Mini Park	14,000	0	0	14,000
Blythe Mini Park	20,044	0	0	20,044
Bower Mini Park	61,975	0	0	61,975
Stuart Mini Park	9,531	0	0	9,531
E.L. Ross Craigmile Park	9,880	0	0	9,880
East Cleveland Neighborhood	83,698	0	0	83,698
Greenway Project	1,462,215	150,791	0	1,613,006
Fletcher Park	661,326	0	0	661,326
Soccer Complex	390,562	0	0	390,562
Total Parks and Recreation	\$ 7,984,351	\$ 203,417	\$ 10,864	\$ 8,176,904

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, 2009

<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	278,418	21,879	1,032	299,265
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	<u>\$ 766,160</u>	<u>\$ 21,879</u>	<u>\$ 1,032</u>	<u>\$ 787,007</u>
Cleveland City Schools:				
School Property	\$ 88,251,173	\$ 837,040	\$ 396,731	\$ 88,691,482
Food Service	1,096,173	3,018		1,099,191
Total City Schools	<u>\$ 89,347,346</u>	<u>\$ 840,058</u>	<u>\$ 396,731</u>	<u>\$ 89,790,673</u>
Total Capital Assets	<u><u>\$ 172,759,141</u></u>	<u><u>\$ 5,365,283</u></u>	<u><u>\$ 890,044</u></u>	<u><u>\$ 177,234,380</u></u>

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

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.	131
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.	141
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.	152
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.	159
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.	163

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 EIGHT 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>	<u>2008</u>	<u>2009</u>
\$ 51,571,926	\$ 48,522,525	\$ 54,639,891	\$ 58,694,649	\$ 59,721,184
459,646	459,646	459,740	459,740	459,740
<u>17,119,787</u>	<u>22,366,833</u>	<u>22,488,017</u>	<u>16,590,395</u>	<u>15,821,883</u>
<u>\$ 69,151,359</u>	<u>\$ 71,349,004</u>	<u>\$ 77,587,648</u>	<u>\$ 75,744,784</u>	<u>\$ 76,002,807</u>
\$ 92,033,295	\$ 92,062,798	\$ 98,773,538	\$ 100,513,728	\$ 112,581,181
<u>13,421,845</u>	<u>16,935,342</u>	<u>14,329,076</u>	<u>22,347,483</u>	<u>15,355,800</u>
<u>\$ 105,455,140</u>	<u>\$ 108,998,140</u>	<u>\$ 113,102,614</u>	<u>\$ 122,861,211</u>	<u>\$ 127,936,981</u>
\$ 143,605,221	\$ 140,585,323	\$ 153,413,429	\$ 159,208,377	\$ 172,302,365
459,646	459,646	459,740	459,740	459,740
<u>30,541,632</u>	<u>39,302,175</u>	<u>36,817,093</u>	<u>38,937,878</u>	<u>31,177,683</u>
<u>\$ 174,606,499</u>	<u>\$ 180,347,144</u>	<u>\$ 190,690,262</u>	<u>\$ 198,605,995</u>	<u>\$ 203,939,788</u>

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

	2002	2003
EXPENSES		
Governmental activities:		
General government	\$ 1,943,495	\$ 2,586,632
Community development	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
Gain on sale of capital assets	0	0
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	2008	2009
\$ 3,325,573	\$ 2,391,498	\$ 2,693,884	\$ 2,674,062	\$ 3,045,455	\$ 3,125,773
539,414	622,028	1,054,852	882,244	1,071,399	1,052,676
12,683,638	14,180,863	15,151,467	15,897,312	18,599,983	19,173,722
8,138,030	8,429,567	9,265,703	9,080,972	9,076,371	9,442,505
500,734	538,263	552,573	607,956	659,474	665,951
2,559,373	2,952,398	2,962,458	3,451,275	4,387,539	3,807,169
31,429,169	35,475,697	37,495,574	39,363,223	39,878,902	41,239,156
2,094,798	1,992,504	2,297,623	2,637,740	3,152,029	2,923,763
<u>\$ 61,270,729</u>	<u>\$ 66,582,818</u>	<u>\$ 71,474,134</u>	<u>\$ 74,594,784</u>	<u>\$ 79,871,152</u>	<u>\$ 81,430,715</u>
\$ 15,037,429	\$ 16,105,695	\$ 17,588,719	\$ 18,626,226	\$ 20,426,089	\$ 20,856,642
62,524,728	62,737,439	71,747,592	75,438,689	79,179,669	91,699,799
134,631	140,635	197,614	221,463	382,202	197,246
<u>\$ 77,696,788</u>	<u>\$ 78,983,769</u>	<u>\$ 89,533,925</u>	<u>\$ 94,286,378</u>	<u>\$ 99,987,960</u>	<u>\$ 112,753,687</u>
<u>\$ 138,967,517</u>	<u>\$ 145,566,587</u>	<u>\$ 161,008,059</u>	<u>\$ 168,881,162</u>	<u>\$ 179,859,112</u>	<u>\$ 194,184,402</u>
\$ 7,127,661	\$ 7,706,701	\$ 8,200,575	\$ 7,540,322	\$ 7,837,356	\$ 7,644,180
27,093,926	29,500,770	31,417,297	31,719,118	34,905,174	35,612,093
765,700	2,342,151	1,770,080	5,605,567	2,767,768	1,914,789
<u>\$ 34,987,287</u>	<u>\$ 39,549,622</u>	<u>\$ 41,387,952</u>	<u>\$ 44,865,007</u>	<u>\$ 45,510,298</u>	<u>\$ 45,171,062</u>
\$ 16,152,299	\$ 16,437,866	\$ 17,957,369	\$ 19,411,182	\$ 20,208,450	\$ 20,724,856
65,987,477	65,541,717	74,832,241	77,279,666	80,786,137	94,209,090
87,075	202,790	197,167	234,142	200,077	148,194
0	0	0	90,324	40,523	270,000
1,448,663	708,439	1,121,813	2,282,693	8,879,491	3,685,707
<u>\$ 83,675,514</u>	<u>\$ 82,890,812</u>	<u>\$ 94,108,590</u>	<u>\$ 99,298,007</u>	<u>\$ 110,114,678</u>	<u>\$ 119,037,847</u>
<u>\$ 118,662,801</u>	<u>\$ 122,440,434</u>	<u>\$ 135,496,542</u>	<u>\$ 144,163,014</u>	<u>\$ 155,624,976</u>	<u>\$ 164,208,909</u>
\$ (26,283,442)	\$ (27,033,196)	\$ (30,086,182)	\$ (29,729,777)	\$ (34,360,854)	\$ (36,259,653)
5,978,726	3,907,043	4,574,665	5,011,629	10,126,718	6,284,160
<u>\$ (20,304,716)</u>	<u>\$ (23,126,153)</u>	<u>\$ (25,511,517)</u>	<u>\$ (24,718,148)</u>	<u>\$ (24,234,136)</u>	<u>\$ (29,975,493)</u>
\$ 8,508,570	\$ 8,967,774	\$ 14,798,767	\$ 15,480,244	\$ 15,497,594	\$ 15,848,544
3,805,969	4,019,302	0	0	0	0
110,668	119,841	133,275	150,071	156,498	131,485
26,977	19,411	19,829	30,136	19,208	22,112
6,912,834	7,186,302	7,601,091	8,018,692	7,929,077	8,389,829
1,054,330	1,088,535	1,131,612	1,162,392	1,206,434	1,239,216
823,885	943,128	821,430	857,958	883,959	939,795
494,096	716,475	1,142,767	1,041,053	992,888	929,622
2,221,608	2,273,609	2,517,380	2,702,704	2,685,932	2,454,675
1,736,563	919,876	1,075,526	1,800,451	2,116,359	2,513,984
344,205	442,832	481,343	633,364	738,101	455,312
137,287	621,856	960,778	1,203,574	527,603	80,157
0	0	0	0	0	1,893,766
1,469,381	1,493,683	1,600,029	1,688,551	1,526,951	1,619,179
<u>\$ 27,646,373</u>	<u>\$ 28,812,624</u>	<u>\$ 32,283,827</u>	<u>\$ 34,769,190</u>	<u>\$ 34,280,604</u>	<u>\$ 36,517,676</u>
\$ 206,307	\$ 340,266	\$ 568,364	\$ 781,396	\$ 595,448	\$ 410,789
(1,469,381)	(1,493,683)	(1,600,029)	(1,688,551)	(1,526,951)	(1,619,179)
<u>\$ (1,263,074)</u>	<u>\$ (1,153,417)</u>	<u>\$ (1,031,665)</u>	<u>\$ (907,155)</u>	<u>\$ (931,503)</u>	<u>\$ (1,208,390)</u>
<u>\$ 26,383,299</u>	<u>\$ 27,659,207</u>	<u>\$ 31,252,162</u>	<u>\$ 33,862,035</u>	<u>\$ 33,349,101</u>	<u>\$ 35,309,286</u>
\$ 1,362,931	\$ 1,779,428	\$ 2,197,645	\$ 5,039,413	\$ (80,250)	\$ 258,023
4,715,652	2,753,626	3,543,000	4,104,474	9,195,215	5,075,770
<u>\$ 6,078,583</u>	<u>\$ 4,533,054</u>	<u>\$ 5,740,645</u>	<u>\$ 9,143,887</u>	<u>\$ 9,114,965</u>	<u>\$ 5,333,793</u>

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

Function/Program	2002	2003	2004
Governmental activities:			
General government	\$ 13,133	\$ 20,945	\$ 117,132
Community development	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	24,208,518	25,108,052	26,186,918
Subtotal governmental activities	\$ 31,168,261	\$ 32,803,198	\$ 34,987,287
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	431,403	119,333	87,075
Subtotal business-type activities	\$ 74,007,476	\$ 78,244,528	\$ 83,675,514
Total primary government	\$ 105,175,737	\$ 111,047,726	\$ 118,662,801

Source: Official record of Office of City Clerk.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 141,362	\$ 144,712	\$ 94,478	\$ 135,035	\$ 92,145
599,802	845,564	942,799	925,752	554,623
4,046,913	4,037,012	3,280,867	3,593,229	3,500,312
3,861,476	3,740,271	3,394,983	5,130,737	4,609,105
265,624	223,382	272,474	327,852	358,574
1,407,893	1,011,707	1,124,039	1,497,747	1,533,839
<u>29,226,552</u>	<u>31,385,304</u>	<u>35,755,367</u>	<u>33,899,946</u>	<u>34,522,464</u>
<u>\$ 39,549,622</u>	<u>\$ 41,387,952</u>	<u>\$ 44,865,007</u>	<u>\$ 45,510,298</u>	<u>\$ 45,171,062</u>
\$ 17,146,305	\$ 19,079,182	\$ 21,784,199	\$ 21,065,966	\$ 23,133,452
65,541,717	74,832,241	77,279,666	80,826,660	94,209,090
<u>202,790</u>	<u>197,167</u>	<u>234,142</u>	<u>8,222,052</u>	<u>1,695,305</u>
<u>\$ 82,890,812</u>	<u>\$ 94,108,590</u>	<u>\$ 99,298,007</u>	<u>\$ 110,114,678</u>	<u>\$ 119,037,847</u>
<u>\$ 122,440,434</u>	<u>\$ 135,496,542</u>	<u>\$ 144,163,014</u>	<u>\$ 155,624,976</u>	<u>\$ 164,208,909</u>

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

(modified accrual basis of accounting)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Fund				
Reserved	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved	<u>2,705,955</u>	<u>3,903,874</u>	<u>3,329,663</u>	<u>4,098,424</u>
Total general fund	<u>\$ 2,705,955</u>	<u>\$ 3,903,874</u>	<u>\$ 3,329,663</u>	<u>\$ 4,098,424</u>
 All Other Governmental Funds:				
Reserved	\$ 962,043	\$ 1,045,702	\$ 1,085,267	\$ 1,204,694
Unreserved, reported in:				
Special revenue funds	1,264,836	1,951,616	2,055,047	2,815,644
Debt service funds	1,104,949	705,666	1,307,380	1,406,706
Capital projects funds	6,713,453	2,114,238	2,375,529	2,263,708
Permanent funds	<u>0</u>	<u>4,811</u>	<u>12,449</u>	<u>7,475</u>
Total all other governmental funds	<u>\$ 10,045,281</u>	<u>\$ 5,822,033</u>	<u>\$ 6,835,672</u>	<u>\$ 7,698,227</u>

Source: Official record of Office of City Clerk.

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>5,771,581</u>	<u>6,667,277</u>	<u>7,861,168</u>	<u>8,642,201</u>	<u>8,670,275</u>	<u>8,771,673</u>
<u>\$ 5,771,581</u>	<u>\$ 6,667,277</u>	<u>\$ 7,861,168</u>	<u>\$ 8,642,201</u>	<u>\$ 8,670,275</u>	<u>\$ 8,771,673</u>
\$ 1,670,351	\$ 1,117,277	\$ 994,595	\$ 978,663	\$ 982,489	\$ 1,651,821
3,526,721	4,797,634	3,942,290	3,910,827	3,803,130	2,868,027
1,467,483	1,647,744	2,602,622	3,146,620	2,692,706	2,849,584
2,013,662	1,998,815	6,045,791	5,871,288	2,086,748	1,957,547
<u>2,148</u>	<u>8,315</u>	<u>21,825</u>	<u>28,697</u>	<u>20,122</u>	<u>6,647</u>
<u>\$ 8,680,365</u>	<u>\$ 9,569,785</u>	<u>\$ 13,607,123</u>	<u>\$ 13,936,095</u>	<u>\$ 9,585,195</u>	<u>\$ 9,333,626</u>

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

	2000	2001	2002	2003
REVENUES				
Taxes	\$ 15,625,519	\$ 16,409,012	\$ 18,059,457	\$ 20,591,043
Licenses and permits	398,414	364,245	395,149	422,002
Intergovernmental	28,343,620	36,411,509	29,584,658	30,546,411
Fines and forfeitures	657,900	646,857	633,457	816,304
Charges for services	3,956,352	3,919,634	3,153,357	3,770,640
Interest	579,938	701,524	236,900	178,093
Miscellaneous	985,464	541,301	1,234,576	947,595
Total Revenues	\$ 50,547,207	\$ 58,994,082	\$ 53,297,554	\$ 57,272,088
EXPENDITURES				
General government	\$ 1,491,709	\$ 1,540,228	\$ 1,701,528	\$ 1,864,227
Community development	380,608	409,503	400,098	477,536
Public safety	8,538,529	9,287,332	10,337,152	11,284,364
Public works	5,097,625	5,594,626	5,939,039	6,056,573
Health and welfare	300,234	333,034	336,875	361,105
Culture and recreation	2,053,901	1,768,571	2,221,139	2,198,402
Education	25,084,758	26,423,910	27,628,249	28,817,716
Appropriations	918,643	865,030	879,113	898,681
Capital outlay	11,760,086	25,428,018	8,238,956	2,650,162
Debt service:				
Interest	1,551,188	1,740,060	1,865,109	2,121,674
Principal	1,590,000	1,645,000	1,575,000	1,380,000
Total Expenditures	\$ 58,767,281	\$ 75,035,312	\$ 61,122,258	\$ 58,110,440
Excess of revenues over (under) expenditures	\$ (8,220,074)	\$ (16,041,230)	\$ (7,824,704)	\$ (838,352)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 11,443,238	\$ 14,007,122	\$ 12,182,607	\$ 12,164,831
Transfers out	(10,390,884)	(12,989,367)	(11,068,475)	(10,906,924)
Notes issued	3,492,147	9,632,231	7,150,000	1,242,422
Bonds issued	0	0	0	0
Refunding bonds issued	0	3,065,000	0	0
Payment to refunding bond escrow agent	0	(3,063,602)	0	0
Total other financing sources (uses)	\$ 4,544,501	\$ 10,651,384	\$ 8,264,132	\$ 2,500,329
Net change in fund balances	\$ (3,675,573)	\$ (5,389,846)	\$ 439,428	\$ 1,661,977
Debt service as a percent of noncapital expenditures	6.68%	6.82%	6.51%	6.31%

Source: Official record of Office of City Clerk.

2004	2005	2006	2007	2008	2009
\$ 21,820,687	\$ 23,050,456	\$ 25,598,961	\$ 26,692,073	\$ 26,427,496	\$ 27,162,225
614,120	499,409	511,731	540,832	568,441	341,384
32,780,677	36,107,621	36,272,316	41,769,671	41,534,518	41,359,146
897,881	1,135,822	1,863,507	1,179,606	990,387	884,237
3,969,522	4,205,563	5,852,986	5,851,999	6,162,803	6,317,883
137,286	621,858	960,812	1,203,574	527,698	80,159
795,869	775,016	982,971	969,776	2,066,056	3,134,650
<u>\$ 61,016,042</u>	<u>\$ 66,395,745</u>	<u>\$ 72,043,284</u>	<u>\$ 78,207,531</u>	<u>\$ 78,277,399</u>	<u>\$ 79,279,684</u>
\$ 1,929,123	\$ 2,035,118	\$ 2,053,861	\$ 2,266,987	\$ 2,260,515	\$ 2,386,824
446,997	563,108	961,245	770,395	854,944	876,634
12,010,132	13,133,222	13,692,605	14,622,596	16,066,722	17,004,076
6,152,910	7,054,780	7,664,026	7,710,740	7,679,981	8,107,529
379,761	428,047	415,101	483,957	497,414	493,166
2,321,247	2,414,280	2,692,519	2,883,687	3,314,547	3,052,883
29,924,557	32,955,018	34,023,865	35,296,056	38,597,871	38,826,465
856,465	858,485	996,770	1,061,885	1,088,089	1,083,718
2,970,045	4,316,712	12,123,365	24,865,184	9,730,177	7,979,274
2,112,091	2,087,467	1,380,000	1,495,000	1,816,428	2,015,129
1,430,000	1,355,000	2,245,522	2,592,796	3,148,679	3,191,643
<u>\$ 60,533,328</u>	<u>\$ 67,201,237</u>	<u>\$ 78,248,879</u>	<u>\$ 94,049,283</u>	<u>\$ 85,055,367</u>	<u>\$ 85,017,341</u>
<u>\$ 482,714</u>	<u>\$ (805,492)</u>	<u>\$ (6,205,595)</u>	<u>\$ (15,841,752)</u>	<u>\$ (6,777,968)</u>	<u>\$ (5,737,657)</u>
\$ 12,908,687	\$ 13,883,341	\$ 17,533,104	\$ 15,587,872	\$ 14,898,717	\$ 13,963,115
(11,439,306)	(12,414,658)	(15,933,075)	(13,899,321)	(13,371,766)	(12,343,936)
703,200	1,025,000	9,836,795	9,163,205	951,300	3,761,400
0	0	0	6,100,000	0	0
0	10,580,000	0	0	0	25,544,831
0	(10,483,075)	0	0	0	(25,337,924)
<u>\$ 2,172,581</u>	<u>\$ 2,590,608</u>	<u>\$ 11,436,824</u>	<u>\$ 16,951,756</u>	<u>\$ 2,478,251</u>	<u>\$ 5,587,486</u>
<u>\$ 2,655,295</u>	<u>\$ 1,785,116</u>	<u>\$ 5,231,229</u>	<u>\$ 1,110,004</u>	<u>\$ (4,299,717)</u>	<u>\$ (150,171)</u>
6.15%	5.47%	5.48%	5.78%	6.59%	6.76%

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

Schedule 6

Fiscal Year	Property	Interest & Penalty	In lieu	Local Sales	Wholesale Beer	Gross Receipts	Franchise	Total
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
2008	15,239,432	156,498	19,208	7,929,077	1,206,434	883,959	992,888	26,427,496
2009	15,510,166	131,485	22,112	8,389,829	1,239,216	939,795	929,622	27,162,225
Change 2000-2009	114.3%	69.6%	-42.9%	35.6%	35.7%	18.6%	144.1%	73.8%

Source: Official record of Office of City Clerk.

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

Fiscal Year	Residential Property	Commercial Industrial Property	Personal Property
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
2008	347,243,375	425,427,920	139,911,613
2009	355,300,063	436,612,400	166,089,242

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.

Public Utilities	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
\$ 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
22,151,480	934,734,388	1.65	2,972,811,888	31.4
22,742,171	980,743,876	1.65	3,120,258,604	31.4

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

Fiscal Year	City Direct Rate	Overlapping Rate* Bradley County Rate	Combined Tax Rate
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
2008	1.65	2.02	3.67
2009	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

<u>Taxpayer</u>	<u>2008</u>			<u>1999</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Master Foods USA	\$ 26,318,491	1	2.80%	\$ 18,807,138	1	4.03%
Whirlpool	25,045,494	2	2.67	10,271,104	3	2.20
Community Health Systems	23,478,892	3	2.50	-	-	-
Life Care Centers of America	20,318,115	4	2.16	9,129,685	4	1.96
Duracell Company	16,968,177	5	1.81	5,589,575	6	1.20
Peyton's Southern	11,912,353	6	1.27	4,630,641	7	0.99
Schering-Plough	11,585,532	7	1.23	-	-	-
BellSouth	8,846,254	8	0.94	11,553,488	2	2.48
Southeastern Container	8,509,452	9	0.91	-	-	-
Walmart	8,309,144	10	0.89	-	-	-
Bradley Square Mall	-	-	-	6,392,010	5	1.37
Weyerhaeuser	-	-	-	3,540,871	10	0.76
Allied-Signal Inc.	-	-	-	3,897,697	9	0.84
Johnston Coca-Cola	-	-	-	4,489,894	8	0.96
Totals	<u>\$ 161,291,904</u>		<u>17.18%</u>	<u>\$ 78,302,103</u>		<u>16.80%</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

Schedule 10

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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
2008	15,514,444	14,406,638	92.9	958,861	15,365,499	99.0
2009	15,869,700	15,034,281	94.7	893,497	15,927,778	100.4

Source: Official record of Office of City Clerk.

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Apparel Stores	\$ 21,431,647	\$ 20,746,661	\$ 20,229,088	\$ 19,896,935
General Merchandise Stores	136,346,718	144,242,082	150,102,573	152,412,537
Food Stores	87,235,356	87,181,772	89,819,627	90,283,583
Eating and Drinking Places	76,125,457	76,742,514	79,703,228	84,135,260
Furniture Stores	27,985,217	27,250,770	25,605,588	25,376,788
Building Materials	57,494,284	55,728,260	57,409,515	56,627,136
MV Dealers and Service Stations	42,665,370	43,679,856	44,251,983	43,794,271
Other Retail	49,226,027	53,268,036	51,999,304	52,259,172
All Other Outlets	<u>119,161,695</u>	<u>126,679,648</u>	<u>113,444,461</u>	<u>107,011,098</u>
Total	<u>\$ 617,671,771</u>	<u>\$ 635,519,599</u>	<u>\$ 632,565,367</u>	<u>\$ 631,796,780</u>
 City direct sales tax rate	 2.25%	 2.25%	 2.25%	 2.25%

Source: Tennessee Department of Revenue, Research Division.

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 20,067,489	\$ 20,838,181	\$ 22,953,066	\$ 24,138,310	\$ 24,841,406	\$ 24,816,565
156,574,634	185,089,441	186,778,089	194,120,266	199,153,235	198,954,082
86,861,754	81,853,277	80,107,817	80,635,523	81,927,126	81,845,199
89,520,521	99,030,575	102,853,071	107,702,429	114,277,181	114,162,903
27,034,299	29,011,766	29,434,891	30,240,720	28,441,295	28,412,854
61,677,807	71,672,220	81,440,562	92,084,523	86,902,616	86,815,713
44,840,393	49,355,351	48,076,764	49,553,354	59,114,976	59,055,861
52,545,120	54,037,438	56,068,091	56,389,300	56,002,318	55,946,315
<u>109,168,200</u>	<u>116,159,273</u>	<u>120,576,831</u>	<u>126,009,257</u>	<u>133,190,180</u>	<u>133,056,989</u>
<u>\$ 648,290,217</u>	<u>\$ 707,047,522</u>	<u>\$ 728,289,182</u>	<u>\$ 760,873,682</u>	<u>\$ 783,850,333</u>	<u>\$ 783,066,481</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>
2000	2.25 %
2001	2.25
2002	2.25
2003	2.25
2004	2.25
2005	2.25
2006	2.25
2007	2.25
2008	2.25
2009	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.

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

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CITY OF CLEVELAND, TENNESSEE
 LOCAL SALES TAX REVENUE BY INDUSTRY
 FISCAL YEARS 2000 AND 2009

	Fiscal Year 2000			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1 Retail Trade	835	55.40 %	\$ 11,127,323	77.73 %
2 Services	394	26.14	1,189,845	8.31
3 Manufacturing	108	7.17	603,090	4.21
4 Wholesale Trade	83	5.51	554,179	3.87
5 Construction	26	1.73	35,935	0.25
6 Finance Insurance Real Estate	25	1.66	13,061	0.09
7 Transportation and Utilities	23	1.53	775,363	5.42
8 Agriculture	6	0.40	5,368	0.04
Other, Non Classified	7	0.46	10,718	0.07
Total	<u>1,507</u>	<u>100.00 %</u>	<u>\$ 14,314,882</u>	<u>100.00 %</u>

Source: Tennessee Department of Revenue, Research Division.

Notes:

1. Figures subject to revision due to amended taxpayer returns.
2. Figures represent local sales tax collected by merchants during the period, not disbursements from the Department of Revenue.
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 2009			
<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>
863	56.29 %	\$ 14,303,185	83.14 %
368	24.01	1,199,396	6.97
94	6.13	540,999	3.14
92	6.00	599,779	3.49
14	0.91	30,405	0.18
17	1.11	18,147	0.11
9	0.59	114,169	0.66
8	0.52	32,580	0.19
68	4.44	364,233	2.12
<u>1,533</u>	<u>100.00 %</u>	<u>\$ 17,202,893</u>	<u>100.00 %</u>

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

Fiscal Year	Governmental Activities		
	General Obligation Bonds	General Obligation Refunding Bonds	Notes
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
2008	6,370,000	14,785,000	44,664,872
2009	5,885,000	13,770,000	48,116,144

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
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	2.15	3,190
30,245,000	33,845,000	129,909,872	2.47	3,268
28,270,000	32,030,000	128,071,144	N/A	N/A

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

Schedule 15

Fiscal Year	General Obligation Bonds Outstanding	Actual Taxable Value of Property	Population	Percentage of Actual taxable Value of Property	Debt Per Capita
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
2008	65,819,872	2,972,811,888	39,333	2.2	1,673
2009	67,771,144	3,120,258,604	39,753	2.2	1,705

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.

CITY OF CLEVELAND, TENNESSEE
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 June 30, 2009

Schedule 16

	<u>Net Debt Outstanding</u>	<u>Percentage of Debt Applicable to the City</u>	<u>City's Share of Debt</u>
City of Cleveland direct debt - General Obligation Bonds	\$ 64,921,560	100.00%	\$ 64,921,560
Bradley County, Tennessee	<u>49,426,905</u>	55.15%	<u>27,260,470</u>
Total direct and overlapping debt	<u>\$ 114,348,465</u>		<u>\$ 92,182,030</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>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Debt limit	\$ 60,784,182	\$ 62,822,039	\$ 63,175,603	\$ 72,834,260
Total net debt applicable to limit	<u>21,550,051</u>	<u>44,784,334</u>	<u>43,492,620</u>	<u>43,395,094</u>
Legal debt margin	<u>\$ 39,234,131</u>	<u>\$ 18,037,705</u>	<u>\$ 19,682,983</u>	<u>\$ 29,439,166</u>
Total net debt applicable to limit as a percentage of debt limit	35.45%	71.29%	68.84%	59.58%

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.

2004	2005	2006	2007	2008	2009
\$ 75,126,959	\$ 78,684,956	\$ 89,559,361	\$ 93,780,950	\$ 98,015,319	\$ 98,074,388
<u>42,607,517</u>	<u>42,812,256</u>	<u>58,977,378</u>	<u>63,538,380</u>	<u>63,127,166</u>	<u>64,921,560</u>
<u>\$ 32,519,442</u>	<u>\$ 35,872,700</u>	<u>\$ 30,581,983</u>	<u>\$ 30,242,570</u>	<u>\$ 34,888,153</u>	<u>\$ 33,152,828</u>
56.71%	54.41%	65.85%	67.75%	64.41%	66.20%

Legal Debt Margin Calculation for Fiscal Year 2009

Total assessed value		<u>\$ 980,743,876</u>
Legal debt margin:		
Debt limitation - 10% of total assessed value as adopted by resolution		\$ 98,074,388
Debt applicable to limit:		
Total bonded debt	\$ 128,071,144	
Less: Revenue bonds	60,300,000	
Amount available for repayment of general obligation bonds	<u>2,849,584</u>	
Total debt applicable to limit		<u>64,921,560</u>
Legal debt margin		<u>\$ 33,152,828</u>

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

Schedule 18

Fiscal Year	Gross (1) Revenue	Direct Operating (2) Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	(3) Interest	Total	
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
2008	20,208,450	13,823,995	6,384,455	2,615,000	2,136,772	4,751,772	1.34
2009	20,994,856	14,279,638	6,715,218	3,275,000	1,930,027	5,205,027	1.29

Source: From official records of Office of City Clerk.

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

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

Calendar Year	Population	Personal Income	Per Capita Personal Income	Median Age
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	2,650,669	28,280	37
2007	39,333	2,729,670	28,600	37
2008	39,753	3,210,000	29,207	37

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

Percent High School graduate or higher	Percent Bachelor's degree or higher	School Enrollment	Annual Average Adjusted Unemployment Rate (%)
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
76	18	4,456	5.3
76	22	4,503	6.7
76	22	4,632	7.0
76	22	4,849	6.4

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

Employer	2009		
	Employees	Rank	Percentage of Total Labor Force Bradley County
Whirlpool/Maytag	1,400	1	2.96 %
SkyRidge Medical Center	1,175	2	2.49
City Government	990	3	2.10
Peyton's Southeastern	950	4	2.01
Bradley County Schools	820	5	1.74
Wal-Mart	780	6	1.65
Bradley County Government	630	7	1.33
Lee University	625	8	1.32
Jackson Furniture Industries	530	9	1.12
Schering-Plough Inc.	500	10	1.06
Masterfoods USA	495	N/A	1.05
Duracell	410	N/A	0.87
Bradley Memorial Hospital	N/A	N/A	N/A
Total	9,305		19.69 %

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

2000		
Employees	Rank	Percentage of Total Labor Force Bradley County
2,700	1	5.91 %
N/A	N/A	N/A
1,130	3	2.47
850	6	1.86
850	5	1.86
200	9	0.44
200	10	0.44
N/A	N/A	N/A
1,000	4	2.19
N/A	N/A	N/A
650	8	1.42
800	7	1.75
1,150	2	2.52
<u>9,530</u>		<u>20.87 %</u>

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

Schedule 21

<u>Function/Program</u>	Full-time-Equivalent Employees as of June 30									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government										
City Council and legislative	1	1	1	1	1	1	1	1	1	1
Administration and finance	13	16	16	16	16	16	16	16	15	16
Community development	7	7	7	7	8	9	10	10	10	8
Police										
Officers	99	94	92	91	90	90	90	92	92	88
Civilians	7	11	11	11	11	12	12	12	12	11
Fire										
Firefighters and officers	74	77	80	79	79	82	88	91	97	94
Civilians	1	1	1	1	1	1	1	1	1	1
Public works										
Operations	30	30	18	18	19	23	26	26	26	25
Engineering	9	9	9	9	9	9	7	7	7	7
Landscaping maintenance	0	7	7	7	7	8	8	8	8	10
Solid waste management	14	14	13	13	13	13	13	13	13	14
Stormwater management fund	0	0	0	0	1	1	2	2	2	2
State street aid	0	0	13	13	12	11	11	11	11	11
Fleet management	9	9	9	9	9	8	8	8	8	8
Brush chipping	0	0	1	1	1	1	1	1	1	0
Parks and recreation										
Administration and maintenance	15	8	8	8	8	8	8	9	9	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	6	6	6	6	6
Animal control										
Administration and operations	7	7	7	7	7	7	7	8	8	8
Weed and seed program	0	0	1	2	2	3	3	0	0	0
Community development block grant	0	0	0	0	0	1	2	2	2	2
Subtotal	300	305	308	307	308	317	327	331	336	328
Cleveland Utilities										
Electric division	96	101	102	107	105	109	108	114	115	91
Water/wastewater division	85	84	83	83	83	85	86	86	85	109
City schools										
Certificated Staff	349	349	350	350	357	359	364	370	379	383
Non-Certificated Personnel	251	252	253	253	254	253	253	258	263	269
Library	11	11	11	11	11	10	10	10	10	10
Total	1,091	1,102	1,107	1,111	1,118	1,133	1,148	1,169	1,188	1,190

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>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General government				
Building permits issued	468	361	351	392
Value of constructed permitted	\$69,932,000	\$53,391,050	\$49,057,456	\$58,922,242
Police				
Parking violations	2,851	2,677	1,838	1,353
Traffic violations	5,787	5,623	6,519	7,422
Fire				
Emergency responses (city only)	n/a	n/a	420	693
Fires extinguished (city only)	n/a	n/a	59	138
Fire inspections	463	450	516	850
Public works				
Street resurfacing (tonnage)	24,072	29,278	15,865	13,437
Utility cut permits (# Excavations)	483	482	493	392
Drainage pipe installed (linear ft.)	8,843	11,985	11,182	5,781
Tons of brush chipped	962	2,044	1,302	1,007
Parks and recreation				
Softball league participants	3,460	3,632	3,672	3,855
Basketball league participants	680	692	710	746
Soccer league participants	700	721	745	782
Rounds of golf played	27,000	25,000	26,000	21,500
Library				
Volumes in collection	102,802	110,844	117,506	117,829
Circulation	263,979	263,255	273,558	287,494
Attendants	176,297	176,196	169,400	186,388
City Schools				
Average Daily Membership				
High School	1,161	1,106	1,082	1,089
Middle School	644	692	1,047	1,090
Elementary Schools	2,507	2,579	2,166	2,080
Ungraded - Special Education	63	79	54	62
ACT composite scores	20.8	20.8	21	20.9
% of High School graduates	n/a	n/a	n/a	n/a
Electric				
Class of Service # of Customers				
Residential	23,275	23,540	23,701	23,530
Small lighting and power	3,063	3,148	3,182	3,216
Large lighting and power	569	579	550	576
Street and outdoor lighting	61	59	57	53
Kilowatt-hours purchased	1,056,920,307	1,091,932,800	1,073,355,517	1,116,501,227
Kilowatt-hours sold	1,018,065,819	1,054,539,327	1,033,141,279	1,080,749,736
Line losses and kilowatt-hour unaccounted for	38,854,488	37,393,473	40,214,238	35,751,491
Percentage of losses and unaccounted for kilowatt-hours to purchases	3.68%	3.42%	3.75%	3.20%

2004	2005	2006	2007	2008	2009
438	495	460	437	393	247
\$110,607,005	\$56,689,803	\$75,980,803	\$83,346,627	\$107,879,191	\$39,596,442
1,245	1,425	1,625	1,716	1,082	1,349
6,180	9,609	12,143	11,472	8,437	6,244
803	884	1,256	1,313	1,456	1,932
138	252	182	140	178	135
450	450	846	2,522	2,973	2,755
434	22,940	32,863	12,334	6,362	0
310	346	319	422	329	321
8,085	7,280	7,644	4,953	7,119	5,995
1,200	1,188	1,269	1,978	1,080	4,353
1,450	1,400	1,477	1,350	1,500	1,814
350	400	454	350	184	212
638	730	750	850	875	90
11,500	11,900	12,120	14,700	12,400	10,000
124,572	128,491	131,099	135,000	144,202	149,970
290,461	293,402	326,927	348,159	356,498	361,426
215,543	223,546	239,067	245,146	251,246	254,845
1,109	1,152	1,385	1,203	1,274	1,246
1,050	1,069	1,187	1,053	1,035	1,207
2,123	2,162	1,906	2,248	2,241	2,315
48	72	68	61	82	81
21.2	20.9	21.3	21	21	22
n/a	75.4	84.9	83	82	89
23,813	24,031	24,315	24,541	24,672	24,539
3,319	3,382	3,407	3,426	3,627	3,616
587	593	649	620	647	619
135	128	129	119	113	115
1,130,449,913	1,115,957,513	1,150,136,397	1,146,736,443	1,136,162,043	1,095,830,882
1,092,827,383	1,076,529,177	1,118,005,640	1,107,755,437	1,102,780,890	1,060,994,420
37,622,530	39,428,336	32,130,757	38,981,006	33,381,153	34,836,462
3.33%	3.53%	2.79%	3.40%	2.94%	3.18%

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

<u>Function/Program</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Water				
Class of Service # of Customers				
Residential	22,814	23,160	23,581	23,872
Commercial & Industrial	2,889	2,952	3,002	3,029
Gallons purchased	957,051,035	930,966,824	1,021,097,618	1,054,236,887
Gallons pumped	2,366,262,250	2,550,719,250	2,456,792,000	2,586,512,489
Gallons sold	2,786,077,500	2,918,214,750	2,811,535,500	2,860,158,000
Line losses and gallons unaccounted for	537,235,785	563,471,324	666,354,118	780,591,376
Percentage of losses and unaccounted for gallons to total provided	16.17%	16.18%	19.16%	21.44%
Average daily water consumption (gallons)	7,632,694	7,995,109	7,702,837	7,836,049
Wastewater				
Class of Service # of Customers				
Residential	12,428	12,861	13,363	13,438
Commercial & Industrial	2,186	2,241	2,293	2,345
Capacity daily (thousands of gallons)	21,600	21,600	21,600	21,600
Treatment during fiscal year (gallons)	2,937,720,000	2,873,650,000	3,025,509,000	3,837,476,000

Sources: Various city departments.

2004	2005	2006	2007	2008	2009
24,343	24,870	25,414	25,898	26,322	26,286
3,091	3,139	3,220	3,054	3,056	3,017
1,050,685,973	1,103,601,315	1,207,869,115	1,255,708,159	1,411,079,914	1,648,632,220
2,599,175,514	2,569,476,656	2,736,379,124	2,791,321,111	2,526,119,809	2,107,995,107
2,799,868,500	2,779,692,000	2,895,225,000	3,016,467,750	3,040,388,250	2,861,916,000
849,992,987	893,385,971	1,049,023,239	1,030,561,520	896,811,473	894,711,327
23.29%	24.32%	26.60%	25.46%	22.78%	23.82%
7,670,873	7,615,595	7,932,123	8,264,295	8,329,831	7,840,866
13,688	13,903	14,255	14,356	14,663	14,629
2,398	2,420	2,487	2,482	2,534	2,502
21,600	21,600	21,600	21,600	21,600	21,600
3,514,220,000	3,778,740,000	2,927,060,000	2,824,970,000	3,098,910,000	3,482,470,000

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

Schedule 23

<u>Function/Program</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>	<u>2008</u>	<u>2009</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	5	4	4	6	0	0	0	0	0	0
Patrol units	85	95	99	110	117	110	110	103	88	85
Fire										
Stations	4	4	4	4	4	4	5	5	5	5
Fire Trucks (pumpers, ladders & tankers)	10	10	10	10	10	10	15	15	16	16
Public works										
Street (miles)	263	263	270	270	291	302	321	323	323	323
Street lights	5,094	5,240	5,417	5,474	5,594	5,738	5,873	6,047	6,020	6,307
Traffic signals	458	487	487	487	503	517	540	542	566	582
Pedestrians Signals	84	96	96	96	96	88	88	54	56	64
Knucklebooms	4	4	4	5	5	6	6	6	6	5
Parks and recreation										
Acreage	292	292	292	292	292	292	289	289	289	289
Playgrounds	9	9	9	9	9	9	8	8	8	8
Softball fields	5	5	5	5	5	5	5	5	5	5
Soccer fields	15	15	15	15	15	15	15	15	16	16
Tennis courts	12	12	12	12	12	12	12	12	8	8
Community centers	2	2	2	2	2	2	2	2	2	2
Swimming pools	3	3	3	3	3	3	3	3	3	3
Golf courses	1	1	1	1	1	1	1	1	1	1
Schools										
Elementary schools	7	7	7	7	7	7	6	6	6	6
Middle schools	1	1	1	1	1	1	1	1	1	1
High schools	1	1	1	1	1	1	1	1	1	1
Library										
Bookmobiles	0	0	0	0	0	1	1	1	1	1
Electric										
Electric lines (miles)	506	507	507	496	500	500	513	518	522	525
Substations	14	14	14	14	14	14	15	15	15	15
Water										
Water mains (miles)	557	570	576	623	623	688	697	710	728	836
Fire hydrants	1,512	1,639	1,724	1,894	2,127	2,228	2,302	2,343	2,416	2,492
Storage capacity (thousands of gal)	13,000	13,000	14,300	14,300	14,300	14,300	14,300	14,300	15,300	15,300
Wastewater										
Sanitary sewers (miles)	235	249	251	256	273	326	330	333	338	351
Treatment capacity (thousands of gal)	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600

Sources: Various city departments.

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

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OTHER

INSURANCE IN FORCE

ALL FUND TYPES EXCLUDING CLEVELAND UTILITIES

For the Fiscal Year Ended June 30, 2009

<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	9/1/2008 to 8/31/2009	Buildings, contents, boilers, fired vessels electric steam generators. Theft, disappearance and destruction. Radio, video equipment, mobile equip- ment, police dogs.	\$ 36,144,192	\$ 52,038
Comprehensive Liability TML Risk Management Pool	TML-026R	7/1/2008 to 6/30/2009	General and public officials liability, auto liability, auto physical damage, personal injury. Excess auto physical damage. Airport liability	As per schedule	\$ 287,672
Worker's Compensation TML Risk Management Pool	TWC-0187	7/1/2008 to 6/30/2009	Job related injuries, employees	\$ 1,000,000 \$ 1,000 ded.	\$ 540,006
Property (School Buildings and Contents, Boiler, Vehicles) Tennessee Risk Management Trust	CP 65050	7/1/2008 to 7/1/2009	Property Equipment Liability	Various	\$ 212,132
Worker's Compensation Tennessee Risk Management Trust	NXC 0130255-3	7/1/2008 to 7/1/2009	Job related injuries, employees	\$ 1,000,000	\$ 149,199

CITY OF CLEVELAND, TENNESSEE
INSURANCE IN FORCE
CLEVELAND UTILITIES
For the Fiscal Year Ended June 30, 2009

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	\$ 131,201,750
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)
Chubb	Auto liability and physical damage	\$ 1,000,000
Zurich-American	Public official and employees	\$ 5,000,000
Travelers Casualty & Surety Co.	Commercial crime	\$ 1,000,000
National Union	Umbrella liability	\$ 15,000,000
Houston Casualty Co.	Professional liability	\$ 2,000,000
American International Specialty Lines	Corporate Identity	\$ 1,000,000

(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, 2009

Table 3

<u>Property Taxes</u>	<u>Balance 7/1/2008</u>	<u>Levies</u>	<u>Collections & Adjustments</u>	<u>Balance 6/30/2009</u>
2008	\$ 0	\$ 14,869,700	\$ 13,659,032	\$ 1,210,668
2007	1,107,806	0	742,435	365,371
2006	219,952	0	100,119	119,833
2005	56,816	0	25,845	30,971
2004	43,047	0	16,068	26,979
2003	21,992	0	5,522	16,470
2002	28,740	0	1,430	27,310
2001	10,102	0	795	9,307
2000	12,223	0	0	12,223
1999	23,359	0	0	23,359
1998	18,403	0	18,403	0
	<u>\$ 1,542,440</u>	<u>\$ 14,869,700</u>	<u>\$ 14,569,649</u>	<u>\$ 1,842,491</u>

Note - Property taxes receivable also include the 2009 levy reported as deferred revenue in the amount of \$16,215,469

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN GENERAL
 OBLIGATION BONDS PAYABLE
 For the Year Ended June 30, 2009

Table 4

	Interest Rates	Balance 07/01/08	General Obligation		Balance 06/30/09
			New Bonds Issued	Bonds Retired	
General Improvement Refunding Bonds					
Series 1997					
Maturing 2012	3.50-5.00%	\$ 3,220,000	\$ 0	\$ 3,220,000	\$ 0
General Improvement Bonds					
Series 1999					
Maturing 2024	4.80-5.25%	375,000	0	375,000	0
General Improvement Refunding Bonds					
Series 2001					
Maturing 2011	4.25-4.50%	1,210,000	0	1,210,000	0
General Improvement Refunding Bonds					
Series 2005					
Maturing 2024	3.00-4.375%	10,355,000	0	45,000	10,310,000
General Improvement Bonds					
Series 2007A					
Maturing 2037	4.00-5.00%	5,995,000	0	110,000	5,885,000
General Improvement Refunding Bonds					
Series 2009A					
Maturing 2009	2.00%	0	730,000	730,000	0
General Improvement Refunding Bonds					
Series 2009B					
Maturing 2012	2.00-3.00%	0	3,460,000	0	3,460,000
Total General Obligation Bonds		<u>\$ 21,155,000</u>	<u>\$ 4,190,000</u>	<u>\$ 5,690,000</u>	<u>\$ 19,655,000</u>

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN REVENUE BONDS PAYABLE
 For the Year Ended June 30, 2009

Table 5

	Balance 07/01/08	Revenue		Balance 06/30/09
		New Bonds Issued	Bonds Retired	
Water and sewer revenue and tax bonds, maturing through 2037				
Due September 2012 - 4.25% to 4.50%	\$ 2,220,000	\$ 0	\$ 2,220,000	\$ 0
Due September 2013 - 2.00% to 3.50%	3,290,000	0	665,000	2,625,000
Due September 2014 - 3.5% to 5.0%	3,215,000	0	3,215,000	0
Due September 2028 - 2.00% to 4.375%	12,830,000	0	320,000	12,510,000
Due June 2037 - 4.00% to 5.00%	8,690,000	0	60,000	8,630,000
Due June 2015 - 2.00% to 3.00%	0	4,505,000	0	4,505,000
Total Revenue Bonds	\$ 30,245,000	\$ 4,505,000	\$ 6,480,000	\$ 28,270,000

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN NOTES PAYABLE
 For the Year Ended June 30, 2009

Table 6

	Maturity Date	Interest Rate	Balance 06/30/08	Additions	Retirements	Balance 06/30/09
Electric Division:						
Note payable to the public						
Building Authority						
Sevier County, TN						
Series D3						
	2017	Variable	\$ 710,000	\$ 0	\$ 65,000	\$ 645,000
Electric Division:						
Note payable to the public						
Building Authority						
Blount County, TN						
Series A-2-F						
	2021	Variable	1,170,000	0	90,000	1,080,000
Electric Division:						
Note payable to the public						
Building Authority						
Blount County, TN						
Series VI-E-4						
	2025	Variable	1,700,000	0	75,000	1,625,000
Electric Division:						
Note payable to the public						
Building Authority						
Blount County, TN						
Series D-4-A						
	2027	Variable	2,350,000	0	100,000	2,250,000
Electric Division:						
Note payable to the public						
Building Authority						
Blount County, TN						
Series 2007C						
	2037	Variable	2,500,000	0	125,000	2,375,000
Water Division:						
Note payable to the public						
Building Authority						
Sevier County, TN						
Series E4						
	2014	Variable	1,540,000	0	225,000	1,315,000
Water Division:						
Note payable to the public						
Building Authority						
Sevier County, TN						
Series D2						
	2017	Variable	2,675,000	0	255,000	2,420,000
Water Division:						
Note payable to the public						
Building Authority						
Sevier County, TN						
Series C4						
	2021	Variable	2,020,000	0	160,000	1,860,000
Water Division:						
Note payable to the public						
Building Authority						
Blount County, TN						
Series A-2-F						
	2021	Variable	1,580,000	0	120,000	1,460,000
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

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN NOTES PAYABLE
 For the Year Ended June 30, 2009

Table 6
 (Continued)

	Maturity Date	Interest Rate	Balance 06/30/08	Additions	Retirements	Balance 06/30/09
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
Water Division:						
Note payable to the public Building Authority Sevier County, TN Series D-4-A						
	2027	Variable	4,100,000	0	200,000	3,900,000
Water Division:						
Note payable to the public Building Authority Blount County, TN Series 2007C						
	2037	Variable	8,000,000	0	400,000	7,600,000
Public Improvement Loans:						
Note payable to the Public Building Authority Sevier County, TN Series I-E-5						
	2016	Variable	945,000	0	100,000	845,000
Public Improvement Loans:						
Note payable to the Public Building Authority Sevier County, TN Series IV-C-3						
	2025	4.425%	10,000,000	0	10,000,000	0
Public Improvement Loans:						
Note payable to the Public Building Authority Sevier County, TN Series A-2-A						
	2030	4.430%	11,175,000	0	11,175,000	0
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	950,000	0	25,000	925,000
CBCC Capital Outlay						
Note payable to the Public Building Authority Sevier County, TN Series II-C						
	2016	Variable	585,000	0	60,000	525,000
Capital Outlay Notes						
1998 School Capital Outlay						
	2009	4.50%	85,000	0	85,000	0

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN NOTES PAYABLE
 For the Year Ended June 30, 2009

Table 6
 (Continued)

	Maturity Date	Interest Rate	Balance 06/30/08	Additions	Retirements	Balance 06/30/09
Public Improvement Loans:						
Note payable to the Public Building Authority Blount County, TN Series D-4-A						
	2031	Variable	\$ 18,500,000	\$ 0	\$ 0	\$ 18,500,000
Public Improvement Loans:						
Note payable to the Public Building Authority Clarksville, TN Series 2008 TMBF						
	2028	Variable	951,300	1,948,700	88,000	2,812,000
Public Improvement Loans:						
Note payable to the Public Building Authority Clarksville, TN Series 2008 TMBF						
	2028	Variable	0	1,812,700	40,700	1,772,000
Refunding Debt:						
Note payable to the Public Building Authority Blount County, TN Series E-9-A						
	2028	Variable	0	21,335,000	0	21,335,000
Capital Outlay Notes						
Local Government Energy Loan: Local Government Energy Efficiency Loan Program						
	2013	0.00%	428,572	0	71,428	357,144
Totals			<u>\$ 78,509,872</u>	<u>\$ 25,096,400</u>	<u>\$ 23,460,128</u>	<u>\$ 80,146,144</u>

CITY OF CLEVELAND, TENNESSEE
UNCOLLECTED DELINQUENT PROPERTY TAXES FILED
June 30, 2009

Table 7

<u>Tax Year</u>	<u>Original Amount Filed</u>	<u>Unpaid Balance</u>	<u>Percentage Collected</u>
1999	\$ 106,041	\$ 23,359	78.0 %
2000	135,051	12,223	90.9
2001	230,435	9,307	96.0
2002	212,633	27,310	87.2
2003	207,721	16,470	92.1
2004	232,661	26,979	88.4
2005	203,051	30,971	84.7
2006	305,663	119,833	60.8

CITY OF CLEVELAND, TENNESSEE
 BOND PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR GENERAL OBLIGATION BONDS
 June 30, 2009

Fiscal Year	2005 Series		2007 Series	
	Principal	Interest	Principal	Interest
2010	\$ 150,000	\$ 431,412	\$ 150,000	\$ 252,488
2011	150,000	426,538	155,000	246,112
2012	215,000	421,287	160,000	239,913
2013	215,000	412,688	170,000	233,512
2014	570,000	404,087	175,000	226,713
2015	590,000	381,288	250,000	219,712
2016	610,000	351,787	265,000	209,713
2017	800,000	328,913	275,000	199,112
2018	870,000	298,912	285,000	188,113
2019	925,000	261,938	295,000	176,712
2020	960,000	222,625	305,000	164,913
2021	1,000,000	184,225	320,000	152,712
2022	1,050,000	139,225	335,000	139,513
2023	1,075,000	95,125	350,000	125,694
2024	1,130,000	49,438	360,000	111,256
2025			380,000	96,406
2026			390,000	77,406
2027			410,000	57,906
2028			70,000	37,406
2029			75,000	34,344
2030			75,000	31,063
2031			80,000	27,781
2032			85,000	24,281
2033			85,000	20,563
2034			90,000	16,844
2035			95,000	12,906
2036			100,000	8,750
2037			100,000	4,375
Total	<u>\$ 10,310,000</u>	<u>\$ 4,409,488</u>	<u>\$ 5,885,000</u>	<u>\$ 3,336,219</u>

2009B Series		Total	
		Principal	Interest
Principal	Interest		
\$ 1,100,000	\$ 77,776	\$ 1,400,000	\$ 761,676
1,000,000	53,300	1,305,000	725,950
675,000	30,675	1,050,000	691,875
685,000	10,275	1,070,000	656,475
		745,000	630,800
		840,000	601,000
		875,000	561,500
		1,075,000	528,025
		1,155,000	487,025
		1,220,000	438,650
		1,265,000	387,538
		1,320,000	336,937
		1,385,000	278,738
		1,425,000	220,819
		1,490,000	160,694
		380,000	96,406
		390,000	77,406
		410,000	57,906
		70,000	37,406
		75,000	34,344
		75,000	31,063
		80,000	27,781
		85,000	24,281
		85,000	20,563
		90,000	16,844
		95,000	12,906
		100,000	8,750
		100,000.00	4,375.00
<u>\$ 3,460,000</u>	<u>\$ 172,026</u>	<u>\$ 19,655,000</u>	<u>\$ 7,917,733</u>

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR EXCLUDING CLEVELAND UTILITIES
 June 30, 2009

Fiscal Year	Notes Payable - Public Building Authority of Sevier & Blount Counties & Clarksville TN (1)							
	Series II-C Principal Variable	Series I-E-5 Principal Variable	Series A-7-B Principal Variable	Series IV-E-4 Principal Variable	Series D-4-A Principal Variable	2008 TMBF Principal Variable	2008 TMBF Principal Variable	E-9-A Principal Variable
2010	\$65,000	\$105,000		\$50,000	\$ 100,000	\$92,000	\$ 58,000	
2011	70,000	110,000	\$110,000	50,000	125,000	97,000	61,000	
2012	70,000	115,000	305,000	50,000	125,000	102,000	64,000	\$ 125,000
2013	75,000	120,000	330,000	50,000	150,000	107,000	67,000	130,000
2014	80,000	125,000	300,000	50,000	200,000	112,000	70,000	515,000
2015	80,000	130,000		50,000	525,000	117,000	74,000	535,000
2016	85,000	140,000		50,000	550,000	123,000	78,000	580,000
2017				50,000	675,000	130,000	82,000	580,000
2018				50,000	700,000	136,000	86,000	580,000
2019				50,000	725,000	143,000	90,000	595,000
2020				50,000	775,000	150,000	94,000	625,000
2021				75,000	800,000	157,000	99,000	660,000
2022				75,000	825,000	165,000	104,000	685,000
2023				75,000	900,000	174,000	109,000	730,000
2024				75,000	825,000	182,000	115,000	870,000
2025				75,000	75,000	191,000	121,000	2,875,000
2026					3,175,000	201,000	127,000	
2027					2,900,000	211,000	133,000	450,000
2028					125,000	222,000	140,000	3,400,000
2029					100,000			3,600,000
2030					75,000			3,800,000
2031					4,050,000			
	<u>\$525,000</u>	<u>\$845,000</u>	<u>\$1,045,000</u>	<u>\$925,000</u>	<u>\$18,500,000</u>	<u>\$2,812,000</u>	<u>\$1,772,000</u>	<u>\$21,335,000</u>

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

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

Local Government Energy Loan (2)	Total	
	Principal	Interest (1)
Principal		
\$ 71,428	\$ 541,428	\$ 2,316,833
71,429	694,429	2,364,450
71,429	1,027,429	2,333,300
71,429	1,100,429	2,285,500
71,429	1,523,429	2,234,050
	1,511,000	2,161,450
	1,606,000	2,085,900
	1,517,000	2,005,600
	1,552,000	1,929,750
	1,603,000	1,852,150
	1,694,000	1,772,000
	1,791,000	1,687,300
	1,854,000	1,597,750
	1,988,000	1,505,050
	2,067,000	1,405,650
	3,337,000	1,302,300
	3,503,000	1,135,450
	3,694,000	960,300
	3,887,000	775,600
	3,700,000	581,250
	3,875,000	396,250
	4,050,000	202,500
<u>\$357,144</u>	<u>\$48,116,144</u>	<u>\$34,890,383</u>

CITY OF CLEVELAND, TENNESSEE
 BOND PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES
 June 30, 2009

Water and Sewer Revenue and Tax Bonds

Fiscal Year	2003 Series		2004 Series		2007 Series	
	Principal	Interest	Principal	Interest	Principal	Interest
	2010	\$ 665,000	\$ 74,800	\$ 320,000	\$ 491,471	\$ 160,000
2011	505,000	57,250	420,000	480,371	160,000	365,813
2012	500,000	41,550	990,000	456,746	165,000	359,412
2013	495,000	24,762	975,000	422,359	165,000	352,813
2014	460,000	8,050	970,000	385,896	170,000	346,212
2015			965,000	347,196	180,000	339,412
2016			955,000	308,796	190,000	332,212
2017			945,000	270,796	200,000	324,613
2018			710,000	233,697	210,000	316,612
2019			905,000	199,496	225,000	308,213
2020			540,000	174,596	330,000	299,212
2021			440,000	156,676	345,000	286,013
2022			435,000	138,141	360,000	271,781
2023			435,000	119,110	375,000	256,931
2024			430,000	100,188	390,000	241,463
2025			425,000	81,484	405,000	225,375
2026			420,000	63,000	305,000	205,125
2027			415,000	44,735	315,000	189,875
2028			410,000	26,688	330,000	174,125
2029			405,000	8,860	345,000	159,688
2030					355,000	144,594
2031					370,000	129,062
2032					390,000	112,875
2033					405,000	95,812
2034					420,000	78,094
2035					435,000	59,719
2036					455,000	40,687
2037					475,000	20,781
Total	\$ 2,625,000	\$ 206,412	\$ 12,510,000	\$ 4,510,302	\$ 8,630,000	\$ 6,409,137

2009		Total	
Series		Principal	Interest
Principal	Interest		
\$ 1,075,000	\$ 110,406	\$ 2,220,000	\$ 1,049,290
915,000	86,888	2,000,000	990,322
755,000	64,125	2,410,000	921,833
780,000	41,100	2,415,000	841,034
490,000	22,050	2,090,000	762,208
490,000	7,350	1,635,000	693,958
		1,145,000	641,008
		1,145,000	595,409
		920,000	550,309
		1,130,000	507,709
		870,000	473,808
		785,000	442,689
		795,000	409,922
		810,000	376,041
		820,000	341,651
		830,000	306,859
		725,000	268,125
		730,000	234,610
		740,000	200,813
		750,000	168,548
		355,000	144,594
		370,000	129,062
		390,000	112,875
		405,000	95,812
		420,000	78,094
		435,000	59,719
		455,000	40,687
		475,000	20,781
<u>\$ 4,505,000</u>	<u>\$ 331,919</u>	<u>\$ 28,270,000</u>	<u>\$ 11,457,770</u>

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES
 June 30, 2009

Fiscal Year	Notes Payable - Public Building Authority of Sevier, Blount and Montgomery Counties, TN (1)				
	Series D3 Principal	Series E4 Principal	Series D2 Principal	Series C4 Principal	Series A2F Principal
2010	\$ 70,000	\$ 235,000	\$ 265,000	\$ 160,000	\$ 210,000
2011	75,000	250,000	275,000	160,000	210,000
2012	75,000	265,000	285,000	160,000	210,000
2013	80,000	275,000	295,000	160,000	210,000
2014	80,000	290,000	305,000	160,000	210,000
2015	85,000		320,000	160,000	210,000
2016	90,000		330,000	160,000	210,000
2017	90,000		345,000	160,000	210,000
2018				160,000	210,000
2019				140,000	210,000
2020				140,000	210,000
2021				140,000	230,000
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
Total	\$ 645,000	\$ 1,315,000	\$ 2,420,000	\$ 1,860,000	\$ 2,540,000

(1) A rate of 5% has been assumed on variable loans.

Table 11

Series A7B Principal	Series B4C Principal	VI-E-4 Principal	Series D4A Principal	Series 2007C Principal	Total Principal	Total Interest
		\$ 75,000	\$ 300,000	\$ 525,000	\$ 1,840,000	\$ 1,601,500
		75,000	300,000	525,000	1,870,000	1,509,500
		75,000	300,000	525,000	1,895,000	1,416,000
		75,000	300,000	525,000	1,920,000	1,321,250
		75,000	325,000	525,000	1,970,000	1,225,250
		100,000	325,000	525,000	1,725,000	1,126,750
		100,000	325,000	525,000	1,740,000	1,040,500
		100,000	325,000	525,000	1,755,000	953,500
\$ 385,000		100,000	350,000	525,000	1,730,000	865,750
435,000		100,000	350,000	525,000	1,760,000	779,250
560,000		100,000	350,000	525,000	1,885,000	691,250
415,000	\$ 25,000	125,000	375,000	525,000	1,835,000	597,000
530,000	25,000	125,000	400,000	525,000	1,605,000	505,250
575,000	125,000	125,000	425,000	525,000	1,775,000	425,000
100,000	125,000	125,000	450,000	525,000	1,325,000	336,250
	275,000	150,000	450,000	525,000	1,400,000	270,000
	350,000		250,000	525,000	1,125,000	200,000
	350,000		250,000	525,000	1,125,000	143,750
	400,000			525,000	925,000	87,500
	400,000				400,000	41,250
	425,000				425,000	21,250
<u>\$ 3,000,000</u>	<u>\$ 2,500,000</u>	<u>\$ 1,625,000</u>	<u>\$ 6,150,000</u>	<u>\$ 9,975,000</u>	<u>\$ 32,030,000</u>	<u>\$ 15,157,750</u>

CITY OF CLEVELAND, TENNESSEE
 INVESTMENTS

Table 12

June 30, 2009

Description		Cost	Fair Value
Investment in Certificates of Deposit:			
First Tennessee Bank	1.65%	\$ 57,593	\$ 57,593
First Tennessee Bank	1.30%	50,000	50,000
First Tennessee Bank	1.30%	40,548	40,548
First Tennessee Bank	0.25%	37,331	37,331
First Tennessee Bank	1.30%	33,680	33,680
First Tennessee Bank	0.25%	30,328	30,328
First Tennessee Bank	2.40%	25,000	25,000
First Tennessee Bank	1.65%	5,991	5,991
First Tennessee Bank	2.23%	13,699	13,699
First Tennessee Bank	1.85%	5,000	5,000
Total Certificates of Deposit		\$ 299,170	\$ 299,170
Investment in Local Government Investment Pool:			
State of Tennessee		\$ 319	\$ 319
State of Tennessee		73,575	73,575
Total Local Government Investment Pool		\$ 73,894	\$ 73,894
Total Investments		\$ 373,064	\$ 373,064

TRANSFERS

For the Fiscal Year Ended June 30, 2009

<u>Transfers In:</u>	<u>Transfers Out:</u>	<u>Amount</u>
Capital Improvement Program	2008 TMBF Note Fund	\$ 9,262
Capital Improvement Program	2005 General Improvement Bond Fund D-4-A	41,080
Capital Improvement Program	General Fund	110,900
Capital Improvement Program	Meiler Estate Animal Shelter Trust Fund	17,300
Cleveland Municipal Airport Authority Fund	General Fund	34,000
Community Development Block Grant Fund	General Fund	6,600
Debt Service Fund	General Fund	3,628,700
Debt Service Fund	School Fund	704,800
Debt Service Fund	State Street Aid Fund	488,000
Debt Service Fund	Storm Water Management Fund	17,900
Fletcher Park Trust Fund	General Fund	15,000
General Fund	Cleveland Utilities - Electric Division	1,453,709
General Fund	Cleveland Utilities - Water Division	199,470
Greenway Fund	Capital Improvement Program	12,000
Library Fund	General Fund	539,769
Metropolitan Transportation Planning Organization	General Fund	32,300
School Fund	General Fund	5,121,200
School Fund	School Federal Projects Fund	159,625
Solid Waste Management Fund	General Fund	1,211,000
Storm Water Management Fund	General Fund	194,500
	Total	<u>\$ 13,997,115</u>

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF UNACCOUNTED FOR WATER
 For the Year Ended June 30, 2009

Table 14

(All amounts in gallons)

A	Water Treated and Purchased:		
B	Water Pumped (potable)	2,222,037,000	
C	Water Purchased	<u>1,648,632,220</u>	
D	Total Water Treated and Purchased		3,870,669,220
	(Sum of Lines B and C)		
E	Accounted for Water:		
F	Water Sold	2,875,273,500	
G	Metered for Consumption (in house usage)	93,832,500	
H	Fire Department(s) Usage	4,981,324	
I	Flushing	675,200	
J	Tank Cleaning/Filling	76,300	
K	Street Cleaning	64,950	
L	Bulk Sales	0	
M	Water Bill Adjustments/ plus or (minus)	<u>(13,357,500)</u>	
N	Total Accounted for Water		2,961,546,274
	(Sum of Lines F thru M)		
O	Unaccounted for Water		909,122,946
	(Line D minus Line N)		
P	Percent Unaccounted for Water		23.49%
	(Line O divided by Line D times 100)		
Q	Other (explain)	See Below	

Explain Other: 0

CITY OF CLEVELAND, TENNESSEE
 SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS
 For the Year Ended June 30, 2009

Table 15

<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
William Estes	Councilman	7,200	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
Janice S. Casteel	City Manager	136,105	550,000
Michael L. Keith, CPA	City Clerk	74,417	857,559

SINGLE AUDIT SECTION

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CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
 For the Fiscal Year Ended June 30, 2009

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
Vocational Improvement - Perkins Reserve	Dept of Education	84.048	N/A
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
After School Learning Center	Dept. of Education	84.287	N/A
Enhancing Education Through Technology Title II-D	Dept. of Education	84.318	N/A
Reading First Grant	Dept. of Education	84.357 *	GG-04-11041-00
English Language Acquisition Enhancement Title III	Dept. of Education	84.365	N/A
Teacher and Principal Training & Recruiting Title II-A	Dept. of Education	84.367	N/A
School Lunch Program	Dept. of Agriculture	10.555 *	N/A
School Breakfast Program	Dept. of Agriculture	10.553 *	N/A
Police Department:			
Protective Vests	Dept of Justice	16.607	N/A
Homeland Security Grant	Dept. of Military	97.067	N/A
Homeland Security Grant	Dept. of Military	97.067	N/A
Asset Forfeiture Grant	Dept of Treasury	21.053	N/A
Edward Byrne Memorial Justice Assistance	Dept of Justice	16.738	N/A
Edward Byrne Memorial Justice Assistance	Dept of Justice	16.738	N/A
Fire Department:			
Homeland Security Grant	Dept of Military	97.067	N/A
Homeland Security Grant	Dept of Military	97.067	N/A
Homeland Security Grant	Dept of Homeland Sec	97.044	N/A
Engineering:			
Detention Ponds- Hazard Mitigation Grant	Dept of Homeland Sec	97.039 *	N/A
Detention Ponds	Environmental Protection Agency	66.202 *	N/A
Greenway	Dept of Transportation	20.205	CPD06011-02
Greenway	Dept of Environment & Conservation	20.219	Z-07036639
Transportation:			
Transportation Planning	Dept of Transportation	20.205	Z-07036293
Urban Forestry:			
Urban Forestry Grant	Dept of Agriculture	10.664	Z-07033317
Utilities:			
Sipes Road Sewer Project	Dept of Housing & Urban Development	14.228 *	GG-0720745
Planning and Inspection			
Community Development Block Grant	Dept. of Housing & Urban Development	14.218	N/A
Emergency Shelter	Dept. of Housing & Urban Development	14.239	DG-0924555

Total Federal Grants

(Continued)

Balance July 1, 2008	Cash Receipts	Other Additions	Expend- itures	Paid To Grantor	Transfers Out	Balance June 30, 2009
\$ 26,083	\$ 1,213,625	\$ 1,019	\$ 1,162,392	\$ 0	\$ 1,019	\$ 77,316
47,822	1,003,302	0	988,498	0	0	62,626
0	51,359	0	51,359	0	0	0
(21,942)	119,589	0	102,708	0	0	(5,061)
(27,983)	27,983	0	0	0	0	0
0	53,608	0	53,615	0	0	(7)
(3,354)	23,977	0	20,534	0	0	89
(12,438)	131,286	0	145,000	0	0	(26,152)
4,311	11,206	0	17,319	0	0	(1,802)
(287,156)	683,276	0	652,894	0	0	(256,774)
(581)	32,382	0	28,893	0	0	2,908
7,742	281,223	0	279,486	0	0	9,479
(79,916)	1,007,524	0	1,032,615	0	0	(105,007)
(28,995)	348,196	0	357,120	0	0	(37,919)
0	8,654	0	8,654	0	0	0
0	0	0	88,578	0	0	(88,578)
0	0	0	74,215	0	0	(74,215)
140,371	0	0	136,849	0	0	3,522
0	12,048	0	12,048	0	0	0
2,879	0	0	2,879	0	0	0
0	0	0	31,741	0	0	(31,741)
0	0	0	55,165	0	0	(55,165)
0	7,998	0	7,998	0	0	0
(835,000)	0	0	704,422	0	0	(1,539,422)
0	0	0	525,600	0	0	(525,600)
(24,489)	24,941	0	452	0	0	0
0	0	0	50,000	0	0	(50,000)
(41,524)	90,876	0	60,463	0	0	(11,111)
(16,982)	16,982	0	0	0	0	0
0	328,845	0	407,292	0	0	(78,447)
(13,509)	256,890	0	245,899	0	0	(2,518)
0	51,984	0	67,574	0	0	(15,590)
<u>\$ (1,164,661)</u>	<u>\$ 5,787,754</u>	<u>\$ 1,019</u>	<u>\$ 7,372,262</u>	<u>\$ 0</u>	<u>\$ 1,019</u>	<u>\$ (2,749,169)</u>

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
 For the Fiscal Year Ended June 30, 2009

PROGRAM - (Continued)	<u>Grantor</u>	<u>CFDA Number</u>	<u>State Grant Number</u>
State Grants:			
Schools:			
Safe and Secure Schools	Dept. of Education	N/A	N/A
Coordinated School Health	Dept. of Education	N/A	GZ8/AAX
Library:			
Library Archives Grant appropriation	Library and Archives	N/A	Z-09217937
Gates Library Technology Grant	Library and Archives	N/A	Z-09217809
Building Addition	Library and Archives	N/A	GG-0927681
Cleveland Utilities:			
Hiwassee River Park FIDP	Dept of Economic & Community Development	N/A	GG-08249848
Engineering:			
Airport Maintenance	Dept of Transportation	N/A	Z-09213365
Airport Preliminary Engineering for Environmental	Dept of Transportation	N/A	Z-07037599
Airport Phase III Final Design	Dept of Transportation	N/A	Z-09213924
Airport Environmental Permitting	Dept of Transportation	N/A	Z-08200685
Detention Ponds	Dept of Economic & Community Develop.	N/A	GG-0511809
Fletcher Park - Phase V	Dept of Environment & Conservation	N/A	Z-07031367
Community Enhancement Grant	TN Department of State	N/A	Appropriation
Total State Grants			
Total Federal and State Financial Assistance Activity			

*Denotes major programs

(Continued)

<u>Balance</u> <u>July 1, 2008</u>	<u>Cash</u> <u>Receipts</u>	<u>Other</u> <u>Additions</u>	<u>Expend-</u> <u>itures</u>	<u>Paid To</u> <u>Grantor</u>	<u>Transfers</u> <u>Out</u>	<u>Balance</u> <u>June 30,</u> <u>2009</u>
\$ (12,733)	\$ 33,051	\$ 0	\$ 20,318	\$ 0	\$ 0	\$ 0
(59,806)	132,835	0	129,981	0	0	(56,952)
0	0	0	420	0	0	(420)
0	2,500	0	2,500	0	0	0
0	100,000	0	100,000	0	0	0
0	308,331	0	308,331	0	0	0
0	5,763	0	12,780	0	0	(7,017)
0	168	0	168	0	0	0
0	863,469	0	1,056,485	160,000	0	(353,016)
0	477,677	0	477,677	0	0	0
(470,000)	476,000	0	6,000	0	0	0
(45,000)	43,613	0	0	0	0	(1,387)
0	5,000	0	5,000	0	0	0
<u>\$ (587,539)</u>	<u>\$ 2,448,407</u>	<u>\$ 0</u>	<u>\$ 2,119,660</u>	<u>\$ 160,000</u>	<u>\$ 0</u>	<u>\$ (418,792)</u>
<u>\$ (1,752,200)</u>	<u>\$ 8,236,161</u>	<u>\$ 1,019</u>	<u>\$ 9,491,922</u>	<u>\$ 160,000</u>	<u>\$ 1,019</u>	<u>\$ (3,167,961)</u>

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF NON-CASH ASSISTANCE
 For the Year Ended June 30, 2009

<u>CFDA</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Balance July 1, 2008</u>	<u>Receipts</u>	<u>Expend- itures/ Issues</u>	<u>Balance June 30, 2009</u>
10.569	Commodity Assistance	U.S. Department of Agriculture	<u>\$ 0</u>	<u>\$ 150,856</u>	<u>\$ 150,856</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, 2009, and have issued our report thereon dated December 11, 2009. 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 as 2009-1 and 2009-2 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 2009-3 and 2009-4.

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, 2009

ARNETT, KIRKSEY, KIMSEY, SULLIVAN & LAY, PLLC
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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, 2009. 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, 2009.

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, 2009

CITY OF CLEVELAND, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2009

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. Two instances of noncompliance were identified during the audit of the financial statements.
4. No significant deficiencies relating to the audit of the major federal award programs were reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With 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
Sipes Road Sewer Project	CFDA#14.228
Detention Pond	CFDA#66.202
Hazard Mitigation Grant	CFDA#97.039

- 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 2009-1

FINDING: Animal Shelter Refundable Deposits

The Animal Shelter collects a refundable deposit when animals are adopted and requires that within a reasonable time the animals be spayed or neutered upon which the individual can receive a refund of their \$25 deposit. However, the Animal Shelter has not been tracking the deposits to determine if some of the funds in the liability account have expired and should be considered revenue.

RECOMMENDATION:

Management should consider a systematic process to track outstanding deposits and determine when they have expired.

SIGNIFICANT DEFICIENCY 2009-2

FINDING: Deposits

A review of bid files indicated that several checks had been received from companies bidding on projects and the checks had not been deposited or marked void and returned.

RECOMMENDATION:

All checks received should be deposited on a daily basis. If appropriate, a check request should be issued to refund deposits made when it has been determined that the City is not due the revenue.

NONCOMPLIANCE 2009-3

FINDING: Deficit Fund Balance

The 2007 General Improvement Bond Fund ended the fiscal year with a deficit fund balance of \$587,738.

RECOMMENDATION:

Management should take steps to remedy the deficit fund balance as soon as possible.

NONCOMPLIANCE 2009-4

FINDING: Deficit Fund Balance

The Red Light Camera Fund ended the fiscal year with a deficit fund balance of \$20,983.

RECOMMENDATION:

Management should take steps to remedy the deficit fund balance as soon as possible.

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:

Sipes Road Sewer Project	CFDA#14.228
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NONE

U.S. Department of Military:

Hazard Mitigation Grant	CFDA#97.039
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NONE

Environmental Protection Agency

Detention Ponds	CFDA#66.202
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NONE

CITY OF CLEVELAND, TENNESSEE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2009

A. FINANCIAL STATEMENT AUDIT

1. Significant deficiencies 2008-2, 2008-3 and 2008-4 were corrected in the current year.
2. Significant deficiencies 2008-1, and 2008-5, were repeated in the current year as condition 2009-1, and 2009-3.

B. MAJOR FEDERAL AWARD PROGRAMS AUDIT

None from prior year

City of Cleveland

CLEVELAND, TENNESSEE

Michael L. Keith, CPA
Director of Finance/City Clerk
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P.O. Box 1519
Cleveland, Tennessee 37364-1519
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December 11, 2009

U.S. Department of Education

The City of Cleveland, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2009.

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, 2008 to June 30, 2009

SIGNIFICANT DEFICIENCY 2009-1

FINDING: Animal Shelter Refundable Deposits

The Animal Shelter collects a refundable deposit when animals are adopted and requires that within a reasonable time the animals be spayed or neutered upon which the individual can receive a refund of their \$25 deposit. However, the Animal Shelter has not been tracking the deposits to determine if some of the funds in the liability account have expired and should be considered revenue.

RECOMMENDATION:

Management should consider a systematic process to track outstanding deposits and determine when they have expired.

RESPONSE:

An employee at the Animal Shelter is being assigned specific duties to track deposits to determine whether animals have been spayed or neutered and if the deposit has expired.

SIGNIFICANT DEFICIENCY 2009-2

FINDING: Deposits

A review of bid files indicated that several checks had been received from companies bidding on projects and the checks had not been deposited or marked void and returned.

RECOMMENDATION:

All checks received should be deposited on a daily basis. If appropriate, a check request should be issued to refund deposits made when it has been determined that the City is not due the revenue.

RESPONSE:

We will verify that procedures in place will be followed in order to comply with this recommendation.

NONCOMPLIANCE 2009-3

FINDING: Deficit Fund Balance

The 2007 General Improvement Bond Fund ended the fiscal year with a deficit fund balance of \$587,738.

RECOMMENDATION:

Management should take steps to remedy the deficit fund balance as soon as possible.

RESPONSE:

This fund provided the funding for completing Mayfield School. The City Council approved a loan from the General Fund to complete the construction. The deficit will be repaid by the City Schools during the 2010 fiscal year.

NONCOMPLIANCE 2009-4

FINDING: Deficit Fund Balance

The Red Light Camera Fund ended the fiscal year with a deficit fund balance of \$20,983.

RECOMMENDATION:

Management should take steps to remedy the deficit fund balance as soon as possible.

RESPONSE:

The City is working on collection procedures with the camera vendor to collect on past due citations and eliminate the deficit balance.

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:

Sipes Road Sewer Project	CFDA#14.228
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NONE

U.S. Department of Military:
Hazard Mitigation Grant

CFDA#97.039

NONE

Environmental Protection Agency
Detention Ponds

CFDA#66.202

NONE

Respectfully submitted,



Michael L. Keith, CPA
Director of Finance/City Clerk