

Comprehensive Annual Financial Report City of Cleveland, Tennessee



**For the Year Ended
June 30, 2010**

CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2010

Prepared by:
Department of Finance

CITY OF CLEVELAND, TENNESSEE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2010

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INTRODUCTORY SECTION

City of Cleveland

CLEVELAND, TENNESSEE



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December 21, 2010

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, 2010.

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, 2010, 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, 2010, 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 second council meeting in May. The council is required to hold public hearings on the proposed budget and to adopt a final budget and tax rate by June 30th each year, which is the close of the city's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Departmental budget officers, with approval of the department head and finance director, may make transfers of appropriations within a department. Transfers of appropriations between funds, however, require approval of the city council. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 22-43 as part of the basic financial statements for the governmental funds. The school fund comparison is presented on pages 44-53. For nonmajor governmental funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 85.

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 remained at a level comparable to 2009, which was approximately half of the value in 2008. Construction began on the 199 unit gated apartment complex at Spring Creek with a value in excess of \$11,000,000 and the Cleveland City Schools science wing addition valued at \$8,000,000. Sales tax collections were 3.4 percent less than the previous year collections but did not decrease as drastically as the State of Tennessee collections. The unemployment rate decreased from 10.3% to 9.6% for the year.

Despite the bleak economic conditions for the past two years, 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. Total employment related to this plant is expected to exceed 10,000. 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 announced in September that it will invest over \$120 million for a LEED certified plant to replace its current facility and increase its employment from 1,500 to over 1,600. The new plant will be located within the city limits. Amazon recently announced it will locate a \$50,000,000 warehouse in the northern part of Bradley County and employ over 200 full-time employees.

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 has provided much needed funds to purchase equipment and provide paving in the city. It has also funded improvements to the schools including repaying debt incurred for constructing a science wing at Cleveland High School.

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

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. A full-time safety director was hired in the current fiscal year. 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 74-82 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, 2009. This was the twenty-second 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 eleven fiscal years, beginning in Fiscal Year 1999. In order to qualify for the Distinguished Budget Presentation Award, the city's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this CAFR on a timely basis was made possible by the dedicated service of the employees of the finance department. I would like to express my appreciation to all staff members who have assisted and contributed to this report, in addition to the City's independent certified public accountants. Credit must also be given to the mayor and city council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Cleveland's finances.

Respectfully submitted,

Handwritten signature of Michael L. Keith in blue ink.

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

Handwritten signature of Janice S. Casteel in blue ink.

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, 2009

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



President

Executive Director

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CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OFFICIALS
June 30, 2010

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

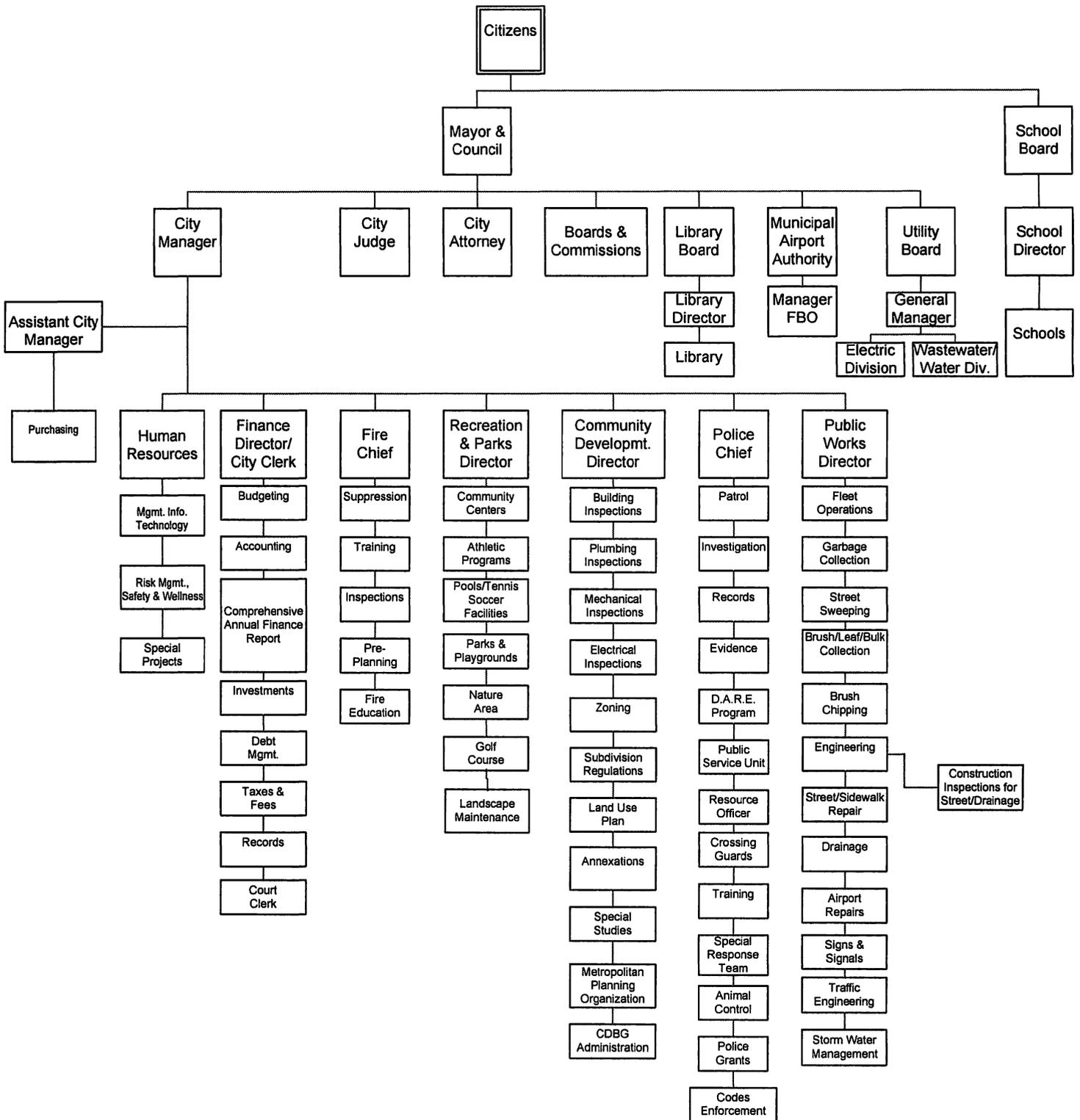
Janice S. Casteel	City Manager
Melinda Carroll	Assistant City Manager

Department Heads

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

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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, 2010, 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, 2010, 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.

As described in Notes 4 and 6, the City of Cleveland, Tennessee, has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, *Accounting and Financial Reporting for Intangible Asset*; and Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which became effective for the year ended June 30, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 21, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 15 and the Schedule of Funding Progress on page 84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted primarily of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not be subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.


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

December 21, 2010

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, 2010. 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, 2010 by \$209,173,621 (net assets). Of this amount, \$30,202,663 (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 \$5,233,833, an increase of 2.6% over FY2009. The City of Cleveland's changes in net assets is detailed in the chart on page seven of this report. Total revenues decreased \$6,183,013 which primarily included an additional \$1,584,268 in operating grants and contributions, an additional \$1,584,813 in capital grants and contributions and a reduction of \$8,236,815 in charges for services. Expenses decreased \$6,083,053 over last fiscal year with the largest increases consisting of \$1,485,963 for education, \$1,169,144 in general government, and the largest decreases consisting of \$7,896,567 in the electric division of Cleveland Utilities for the purchase of power, \$982,908 for public safety and \$625,549 for interest on long-term debt.
- The city's property tax rate decreased to \$1.4904 per hundred dollars of assessment.
- The city's residential sanitation fee decreased \$.09 to \$6.95 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% effective May 1, 2009. The proceeds from the rate increase are required to be used for capital needs.
- The city and county entered the fifth 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 \$21,360,305. Only 10.9% is reserved for specific purposes, and the remaining 89.1%, or \$19,037,710, 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 \$9,115,200, or 35% of total general fund expenditures. Expenditures do not include transfers to other funds, which totaled \$10,569,550 in the city's general fund.
- Long-term debt increased approximately \$400,000. Approximately \$57,000,000 in variable rate notes were refinanced with fixed rate bonds. Debt was also obtained from the Tennessee State Revolving Loan Fund for sewer projects and the Tennessee State School Bond Authority for constructing a science wing at Cleveland High School.
- The City implemented Governmental Accounting Standards Board (GASB) Statement No. 53 which requires the recognition of the fair value of derivative instruments (interest rate swaps) on the Statement of Net Assets. This resulted in a liability and a corresponding deferred asset of approximately \$5,200,000. This is described in more detail in Note 6 of the financial statements.

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-eight 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-six governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements later in this report beginning on page 85.

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 18-53 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 122-124.

The basic proprietary fund financial statements can be found on pages 54-57 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 58-83 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 84 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 85-126 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 \$209,173,621 at the close of this fiscal year.

The largest portion of the City of Cleveland's net assets (85 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	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
Current assets	\$50,682,903	\$46,962,732	\$32,826,369	\$32,930,033	\$83,509,272	\$79,892,765
Receivables and other noncurrent assets	0	0	1,225,951	1,020,728	1,225,951	1,020,728
Deferred Charges	6,093,631	331,194	568,758	458,242	6,662,389	789,436
Capital assets	<u>127,973,344</u>	<u>127,014,573</u>	<u>177,275,563</u>	<u>171,630,002</u>	<u>305,248,907</u>	<u>298,644,575</u>
Total assets	184,749,878	174,308,499	211,896,641	206,039,005	396,646,519	380,347,504
Long-term liabilities outstanding	80,184,017	70,550,628	57,034,463	57,581,695	137,218,480	128,132,323
Other liabilities	<u>28,826,078</u>	<u>27,755,064</u>	<u>21,428,340</u>	<u>20,520,329</u>	<u>50,254,418</u>	<u>48,275,393</u>
Total liabilities	109,010,095	98,305,692	78,462,803	78,102,024	187,472,898	176,407,716
Net assets:						
Invested in capital assets, net of related debt	57,893,731	59,721,184	120,603,787	112,581,181	178,497,518	172,302,365
Restricted	473,440	459,740	0	0	473,440	459,740
Unrestricted	<u>17,372,612</u>	<u>15,821,883</u>	<u>12,830,051</u>	<u>15,355,800</u>	<u>30,202,663</u>	<u>31,177,683</u>
Total net assets	<u>\$75,739,783</u>	<u>\$76,002,807</u>	<u>\$133,433,838</u>	<u>\$127,936,981</u>	<u>\$209,173,621</u>	<u>\$203,939,788</u>

Less than one percent of the City of Cleveland's net assets represents resources that are subject to external restrictions on how they may be used. The remaining \$30,202,663 in unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

At June 30, 2010, 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.

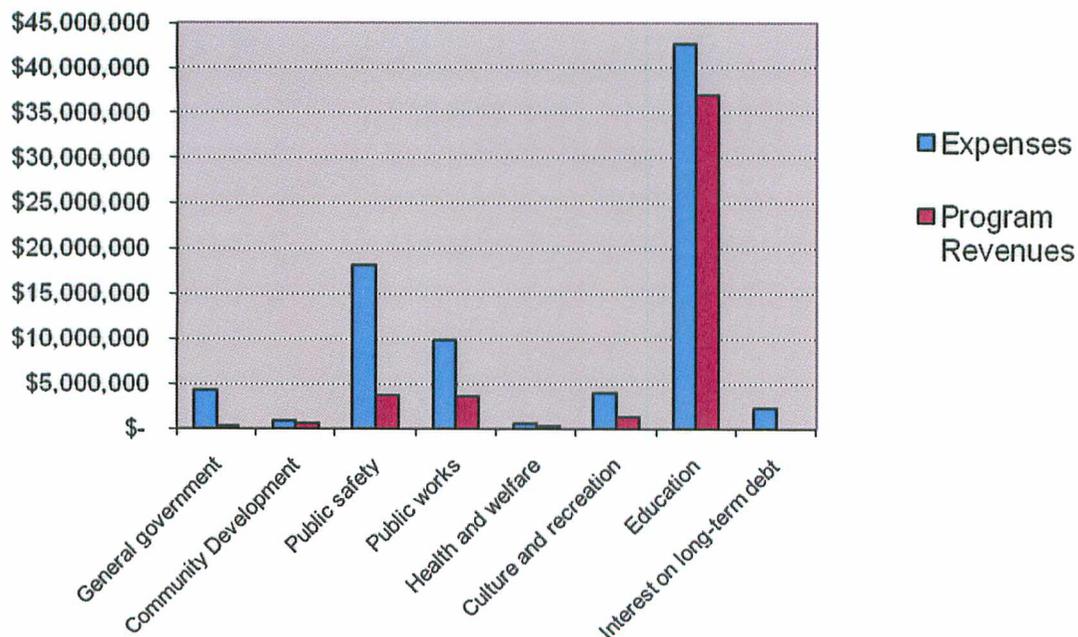
Governmental activities. Governmental activities decreased the City of Cleveland's net assets by \$263,024. Key elements of this decrease are as follows:

City of Cleveland's Changes in Net Assets

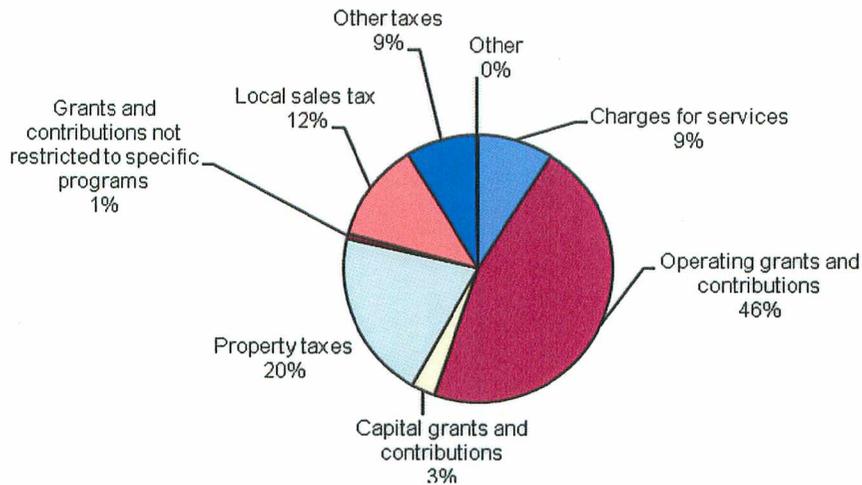
	Governmental Activities		Business-type Activities		Total	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
Revenues:						
Program revenues:						
Charges for services	\$7,331,254	\$7,644,180	\$107,158,251	\$115,082,140	\$114,489,505	\$122,726,320
Operating grants and contributions	37,462,812	35,612,093	3,549	270,000	37,466,361	35,882,093
Capital grants and contributions	2,302,461	1,914,789	4,882,848	3,685,707	7,185,309	5,600,496
General revenues:						
Property taxes	16,465,931	15,848,544	0	0	16,465,931	15,848,544
Other taxes	16,739,221	16,620,718	0	0	16,739,221	16,620,718
Grants and contributions not restricted to specific programs						
Other	536,334	455,312	0	0	536,334	455,312
Other	161,853	1,973,923	290,668	410,789	452,521	2,384,712
Total revenues	80,999,866	80,069,559	112,335,316	119,448,636	193,335,182	199,518,195
Expenses:						
General government	4,294,917	3,125,773	0	0	4,294,917	3,125,773
Planning and inspection	867,709	1,052,676	0	0	867,709	1,052,676
Public safety	18,190,814	19,173,722	0	0	18,190,814	19,173,722
Public works	9,913,297	9,442,505	0	0	9,913,297	9,442,505
Health and welfare	680,086	665,951	0	0	680,086	665,951
Culture and recreation	4,014,995	3,807,169	0	0	4,014,995	3,807,169
Education	42,725,119	41,239,156	0	0	42,725,119	41,239,156
Interest on long-term debt	2,298,214	2,923,763	0	0	2,298,214	2,923,763
Water and sewer	0	0	20,890,587	20,856,642	20,890,587	20,856,642
Electric	0	0	83,803,232	91,699,799	83,803,232	91,699,799
Other enterprise	0	0	422,379	197,246	422,379	197,246
Total expenses	82,985,151	81,430,715	105,116,198	112,753,687	188,101,349	194,184,402
Increase in net assets before transfers	(1,985,285)	(1,361,156)	7,219,118	6,694,949	5,233,833	5,333,793
Transfers	1,722,261	1,619,179	-172,226	-161,917	0	0
Increase in net assets	(263,024)	258,023	5,496,857	5,075,770	5,233,833	5,333,793
Net assets – beginning	76,002,807	75,744,784	127,936,981	122,861,211	203,939,788	198,605,995
Prior period adjustment	0	0	0	0	0	0
Net assets – ending	\$75,739,783	\$76,002,807	\$133,433,838	\$127,936,981	\$209,173,621	\$203,939,788

- The city’s property tax rate was \$1.4904 per \$100 of assessed value in fiscal year 2010. Property tax revenues increased in the commercial, residential and personal property categories.
- Capital grants and contributions increased \$387,672 due to funds received from Bradley County for school capital items.
- Charges for services decreased \$8,236,815 due to decreases in the rates charged for electricity.
- Operating grants and contributions increased \$1,850,719 primarily due to increased funding for education.
- Cleveland’s second largest revenue source is local sales tax which increased \$1,450,636 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 \$257,000 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 changes in expenditures were increases of \$1,169,144 for general government and \$1,485,963 for education and decreases of \$982,908 for public safety and \$625,549 for interest on long-term debt.

Expenses and Program Revenues – Governmental Activities

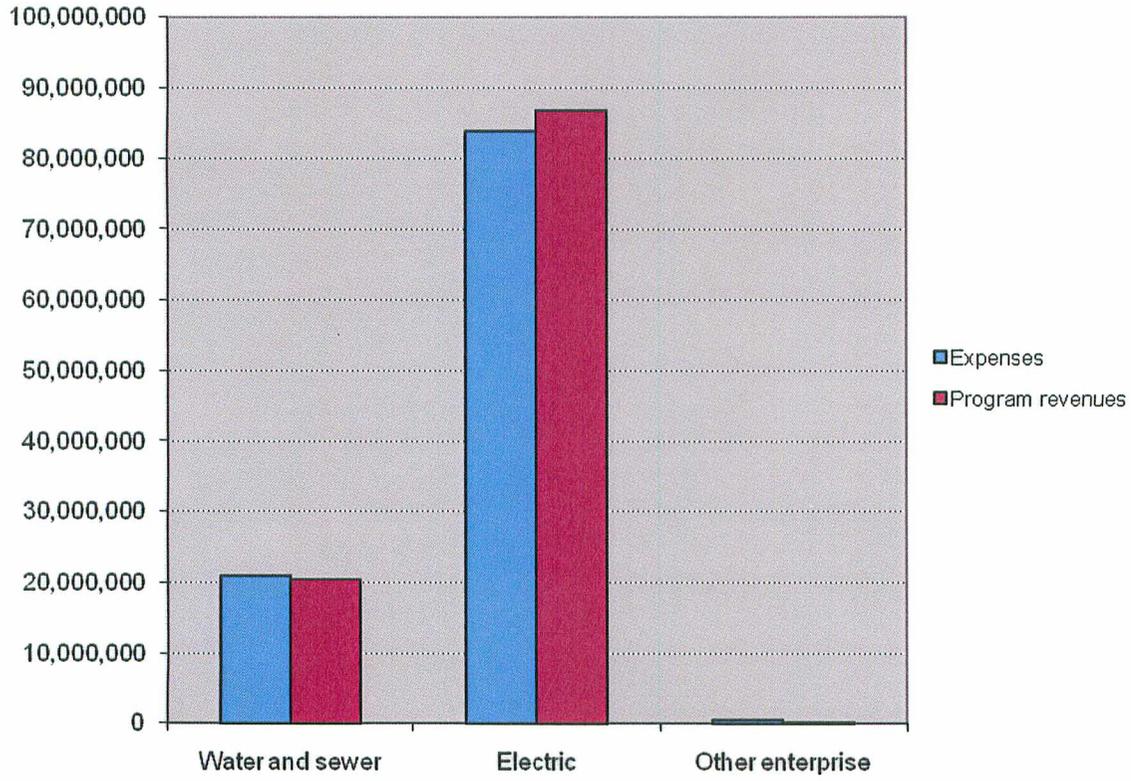


Revenues by Source – Governmental Activities

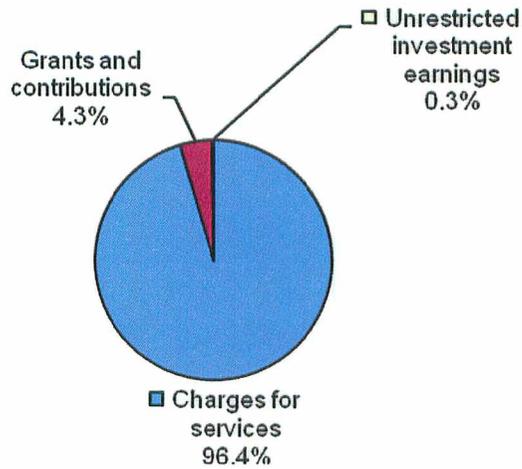


Business-type activities. Business-type activities increased the City of Cleveland's net assets by \$5,496,857, which accounts for all of the increase in net assets. The increase is attributed to a combination of the electric and water operations of Cleveland Utilities and grants received for constructing the first phase of the 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). The charges for services decreased more than \$8,000,000 due to decreases in the rates charged for electricity. This was offset by a corresponding decrease in the purchase of electricity.

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 \$21,360,305, an increase of \$3,255,006. Approximately 89 percent of this total amount (\$19,037,710) 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, \$1,303,154 is reserved for capital outlay, \$247,532 for books and equipment, \$298,469 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 \$9,115,200. 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 35% of total fund expenditures. However, unreserved fund balance only represents 25% 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 \$343,527 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 \$120,174 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 \$3,246,244. The net increase in fund balance during the current year was \$396,660 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 \$7,665,116 for the Cleveland Utilities Water Division, \$6,880,826 for Cleveland Utilities Electric Division, (\$1,715,891) for the Cleveland Municipal Airport Fund and \$286,381 for the Fleet Management Fund.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in a decrease of \$560,556, and significant amounts are listed below:

- \$68,900 in increases in general government activities due to promotions of administration employees, legal fees and building maintenance.
- \$98,908 decrease in community development due to vacancies in the department.
- \$504,843 decrease in public safety activities largely due to decreases in salaries and related fringe benefit savings from some unfilled positions, vehicle maintenance and gasoline costs.

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

Differences between the final amended budget and actual expenditures were \$462,440. Each department contributed to this. Vacancies in various departments, reduced vehicle maintenance costs and reductions in electric and gas costs due to energy conservation methods initiated by the employees provided the majority of the variances.

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, 2010 amounts to \$305,248,907 (net of accumulated depreciation), which is a \$6,604,332 increase over last fiscal year. This investment in capital assets includes land, buildings, other improvements, equipment, and infrastructure.

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

- General government's \$4,173,577 in additions was primarily due to the building addition and equipment for the Cleveland Public Library.
- Public safety activities added \$286,896 in capital assets with the purchase of radios and equipment.
- Public works activities added \$548,667 primarily in road and drainage infrastructure.
- Parks and Recreation activities added \$1,271,986 in capital assets, primarily for Greenway trails, Waterville Golf Course improvements and First Street Square Park.
- City schools placed in service \$559,650 in capital assets with improvements being made to several schools.
- Business-type activities added \$13,965,665 in improvements for water, sewer and electric systems and construction on the new airport.

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

	Governmental activities		Business-type activities		Total	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
Land	\$ 9,112,070	\$ 8,621,724	\$ 16,178,374	\$ 12,171,744	\$ 25,290,444	\$ 20,793,468
Buildings and systems	71,631,550	69,179,214	157,500,920	156,108,895	229,132,470	225,288,109
Improvements other than buildings	3,036,527	2,517,339	0	0	3,036,527	2,517,339
Furniture, fixtures, equipment & vehicles	7,742,669	8,120,963	203,936	248,509	7,946,605	8,369,472
Infrastructure	33,945,065	34,613,374	0	0	33,945,065	34,613,374
Construction in progress	2,505,463	3,961,959	3,392,333	3,100,854	5,897,796	7,062,813
Total	\$127,973,344	\$127,014,573	\$177,275,563	\$171,630,002	\$305,248,907	\$298,644,575

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 \$128,071,710. Of this amount, \$42,805,000 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 \$57,165,000 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 \$27,494,716 for city general projects and \$606,994 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	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
General obligation bonds	42,805,000	19,655,000	0	0	42,805,000	19,655,000
Long-term notes issued through various agencies in TN	27,494,716	48,116,144	606,994	32,030,000	28,101,710	80,146,144
Revenue bonds	0	0	57,165,000	28,270,000	57,165,000	28,270,000
Less bond discount/premiums	261,880	17,942	210,919	(16,522)	472,799	1,420
Less Deferred Charges for refunding	(481,983)	(495,697)	(1,311,137)	(1,234,657)	(1,793,120)	(1,730,354)
Total	70,079,613	67,293,389	56,671,776	59,048,821	126,751,389	126,342,210

During the current year, the city issued \$28,875,000 and \$28,150,000 of general obligation refunding bonds. As a result, the majority of the variable rate debts are considered defeased and have been converted to fixed rates with varying interest rates between 2% and 4.5%.

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 "Aa3" rating from Moody's Investor Service for general obligation debt. The revenue bonds of Cleveland Utilities carry the same ratings.

State statutes do not limit the amount of general obligation debt a governmental entity may issue; however, the city has adopted a financial policy which limits long-term debt to 10 percent of its total assessed valuation. This calculation does not include revenue bonds issued for improvements in the electric and water systems. The city's legal debt margin at June 30, 2010 is \$43,329,298, and is calculated on page 158 of this report.

Economic Factors and Next Year's Budget and Rates

- The June 2010 unemployment rate for Cleveland was 9.6 percent, which is down from the 10.3 percent a year ago. Bradley County was 9.4 percent, which is down from 10.0 percent from a year ago. Tennessee's average unemployment rate was 10.0 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 3.4% 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 2011 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased \$343,527 as previously discussed. Management has again been conservative in estimating revenues for 2011. The city's property tax rate did not increase, and the residential sanitation fee remained at \$6.95 per month. No use of the general fund balance is projected for the new fiscal year.

Requests for Information

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

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BASIC FINANCIAL SECTION

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 13,176,068	\$ 13,666,342	\$ 26,842,410
Cash and cash equivalents - restricted	511,618	291	511,909
Investments	3,850,741	0	3,850,741
Accounts receivable - net	756,009	17,931,320	18,687,329
Property taxes receivable - net	18,475,083	0	18,475,083
Sales tax receivable	903,819	0	903,819
Due from other government agencies	10,543,634	1,460,775	12,004,409
Internal balances	2,276,000	(2,276,000)	0
Inventories	189,931	1,780,936	1,970,867
Prepays	0	262,705	262,705
Total current assets	\$ 50,682,903	\$ 32,826,369	\$ 83,509,272
Noncurrent assets:			
Receivable from customers for conservation loans	\$ 0	\$ 1,177,313	\$ 1,177,313
Deferred charges	869,102	568,758	1,437,860
Deferred outflow of resources	5,224,529	0	5,224,529
Other noncurrent assets	0	48,638	48,638
Capital assets:			
Land and construction in progress	11,617,533	19,570,707	31,188,240
Other capital assets, net of accumulated depreciation	116,355,811	157,704,856	274,060,667
Total noncurrent assets	\$ 134,066,975	\$ 179,070,272	\$ 313,137,247
Total Assets	\$ 184,749,878	\$ 211,896,641	\$ 396,646,519
LIABILITIES			
Current liabilities:			
Accrued liabilities	\$ 2,673,692	\$ 2,943,961	\$ 5,617,653
Accounts payable	2,072,615	12,533,616	14,606,231
Customer deposits	0	2,735,763	2,735,763
Unearned revenue	21,745,396	0	21,745,396
Bonds and notes payable - current	2,203,744	3,215,000	5,418,744
Compensated absences payable - current	130,631	0	130,631
Total current liabilities	\$ 28,826,078	\$ 21,428,340	\$ 50,254,418
Long-term liabilities:			
Conservation advances from TVA	\$ 0	\$ 1,193,148	\$ 1,193,148
Derivative - interest rate swap	5,224,529	0	5,224,529
Bonds and notes payable	67,875,869	53,456,776	121,332,645
Compensated absences payable	1,502,258	0	1,502,258
Post-employment benefits payable	5,581,361	2,384,539	7,965,900
Total long-term liabilities	\$ 80,184,017	\$ 57,034,463	\$ 137,218,480
Total Liabilities	\$ 109,010,095	\$ 78,462,803	\$ 187,472,898
NET ASSETS			
Invested in capital assets, net of related debt	\$ 57,893,731	\$ 120,603,787	\$ 178,497,518
Restricted for:			
Perpetual care:			
Nonexpendable	473,440	0	473,440
Unrestricted	17,372,612	12,830,051	30,202,663
Total Net Assets	\$ 75,739,783	\$ 133,433,838	\$ 209,173,621

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

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Program Revenues			Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 4,294,917	\$ 34,944	\$ 344,140	\$ 0	\$ (3,915,833)	\$ 0	\$ (3,915,833)
Community development	867,709	254,298	187,742	214,097	(211,572)	0	(211,572)
Public safety	18,190,814	3,014,830	204,711	560,925	(14,410,348)	0	(14,410,348)
Public works	9,913,297	2,336,817	1,010,427	209,325	(6,356,728)	0	(6,356,728)
Health and welfare	680,086	376,131	0	0	(303,955)	0	(303,955)
Culture and recreation	4,014,995	343,644	920,832	84,604	(2,665,915)	0	(2,665,915)
Education	42,725,119	970,590	34,794,960	1,233,510	(5,726,059)	0	(5,726,059)
Interest on long-term debt	2,298,214	0	0	0	(2,298,214)	0	(2,298,214)
Total governmental activities	\$ 82,985,151	\$ 7,331,254	\$ 37,462,812	\$ 2,302,461	\$ (35,888,624)	\$ 0	\$ (35,888,624)
Business-type activities:							
Water and sewer	\$ 20,890,587	\$ 20,356,004	\$ 3,150	\$ 1,442,074	\$ 0	\$ 910,641	\$ 910,641
Electric	83,803,232	86,785,472	399	0	0	2,982,639	2,982,639
Brush Chipping	159,000	0	0	0	0	(159,000)	(159,000)
Airport	263,379	16,775	0	3,440,774	0	3,194,170	3,194,170
Total business-type activities	\$ 105,116,198	\$ 107,158,251	\$ 3,549	\$ 4,882,848	\$ 0	\$ 6,928,450	\$ 6,928,450
Total primary government	\$ 188,101,349	\$ 114,489,505	\$ 37,466,361	\$ 7,185,309	\$ (35,888,624)	\$ 6,928,450	\$ (28,960,174)
General revenues:							
Property taxes					\$ 16,465,931	\$ 0	\$ 16,465,931
Interest and penalty on taxes					194,301	0	194,301
In lieu of taxes					90,822	0	90,822
Local sales tax					9,840,465	0	9,840,465
Wholesale beer tax					1,245,869	0	1,245,869
Gross receipts tax					913,170	0	913,170
Franchise tax					953,496	0	953,496
State sales tax - unrestricted					2,397,165	0	2,397,165
Other state taxes - unrestricted					1,298,234	0	1,298,234
Grants and contributions not restricted to specific programs					536,334	0	536,334
Unrestricted investment earnings					27,007	237,684	264,691
Gain on sale of capital assets					(59,455)	52,984	(6,471)
Transfers					1,722,261	(1,722,261)	0
Total general revenues and transfers					\$ 35,625,600	\$ (1,431,593)	\$ 34,194,007
Change in net assets					\$ (263,024)	\$ 5,496,857	\$ 5,233,833
Net assets - beginning					76,002,807	127,936,981	203,939,788
Net assets - ending					\$ 75,739,783	\$ 133,433,838	\$ 209,173,621

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

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CITY OF CLEVELAND, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,790,693	\$ 3,622,411	\$ 5,654,169	\$ 13,067,273
Cash and cash equivalents - restricted	0	0	511,618	511,618
Investments	0	0	3,850,741	3,850,741
Accounts receivable - net	533,546	0	205,023	738,569
Property taxes receivable - net	18,475,083	0	0	18,475,083
Sales tax receivable	425,216	478,603	0	903,819
Due from other government agencies	2,591,870	5,943,423	2,008,341	10,543,634
Due from other funds	3,088,738	552,119	200,000	3,840,857
Inventories	5,359	0	0	5,359
Total Assets	<u>\$ 28,910,505</u>	<u>\$ 10,596,556</u>	<u>\$ 12,429,892</u>	<u>\$ 51,936,953</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accrued liabilities	\$ 229,839	\$ 2,013,180	\$ 275,239	\$ 2,518,258
Accounts payable	191,420	864,057	992,713	2,048,190
Due to other funds	552,119	0	1,012,738	1,564,857
Matured interest payable	0	0	1,097	1,097
Matured bonds payable	0	0	1,000	1,000
Deferred revenue	18,821,927	5,606,892	14,427	24,443,246
Total Liabilities	<u>\$ 19,795,305</u>	<u>\$ 8,484,129</u>	<u>\$ 2,297,214</u>	<u>\$ 30,576,648</u>
Fund balances:				
Reserved for:				
Capital outlay	\$ 0	\$ 0	\$ 354,150	\$ 354,150
School capital outlay	0	0	949,004	949,004
Books and equipment	0	0	247,532	247,532
Federal projects	0	0	298,469	298,469
Endowment	0	0	473,440	473,440
Unreserved	9,115,200	2,112,427	0	11,227,627
Unreserved, reported in nonmajor:				
Special revenue	0	0	1,429,694	1,429,694
Debt service	0	0	3,246,244	3,246,244
Capital projects	0	0	3,133,624	3,133,624
Permanent fund	0	0	521	521
Total fund balances	<u>\$ 9,115,200</u>	<u>\$ 2,112,427</u>	<u>\$ 10,132,678</u>	<u>\$ 21,360,305</u>
Total liabilities and fund balances	<u>\$ 28,910,505</u>	<u>\$ 10,596,556</u>	<u>\$ 12,429,892</u>	<u>\$ 51,936,953</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, 2010

Total fund balances per governmental funds balance sheet	\$ 21,360,305
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	126,777,430
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.	(76,578,096)
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.	1,482,294
Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	2,697,850
Net assets of governmental activities	<u><u>\$ 75,739,783</u></u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2010

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 26,890,200	\$ 0	\$ 2,433,004	\$ 29,323,204
Licenses and permits	362,132	0	15,000	377,132
Intergovernmental	4,155,020	29,204,619	10,138,757	43,498,396
Fines and forfeitures	767,342	0	190,907	958,249
Charges for services	2,716,741	263,197	3,030,174	6,010,112
Interest	6,755	2,238	18,014	27,007
Miscellaneous	123,730	502,897	610,314	1,236,941
Total revenues	\$ 35,021,920	\$ 29,972,951	\$ 16,436,170	\$ 81,431,041
Expenditures:				
Current:				
General government	\$ 2,292,562	\$ 0	\$ 136,498	\$ 2,429,060
Community development	596,149	0	187,706	783,855
Public safety	15,427,007	0	366,328	15,793,335
Public works	3,975,801	0	4,100,171	8,075,972
Health and welfare	506,882	0	0	506,882
Culture and recreation	1,994,149	0	1,194,599	3,188,748
Education	0	33,882,146	6,355,134	40,237,280
Appropriations	1,072,554	0	0	1,072,554
Capital outlay	0	0	7,708,385	7,708,385
Debt service:				
Principal retirement	0	71,428	1,868,000	1,939,428
Interest and fiscal charges	0	0	2,896,597	2,896,597
Total expenditures	\$ 25,865,104	\$ 33,953,574	\$ 24,813,418	\$ 84,632,096
Excess (deficiency) of revenues over expenditures	\$ 9,156,816	\$ (3,980,623)	\$ (8,377,248)	\$ (3,201,055)
Other financing sources (uses):				
Transfers in	\$ 1,756,261	\$ 5,127,982	\$ 6,882,069	\$ 13,766,312
Transfers out	(10,569,550)	(704,900)	(769,601)	(12,044,051)
Notes issued	0	0	4,160,000	4,160,000
Refunding bonds issued	0	0	24,960,000	24,960,000
Premium on bonds issued	0	0	265,800	265,800
Payment to refunding bond escrow agent	0	0	(24,652,000)	(24,652,000)
Total other financing sources (uses)	\$ (8,813,289)	\$ 4,423,082	\$ 10,846,268	\$ 6,456,061
Net change in fund balances	\$ 343,527	\$ 442,459	\$ 2,469,020	\$ 3,255,006
Fund balance at beginning of year	8,771,673	1,669,968	7,663,658	18,105,299
Fund balance at end of year	\$ 9,115,200	\$ 2,112,427	\$ 10,132,678	\$ 21,360,305

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

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, 2010

Net change in fund balances for total governmental funds	\$	3,255,006
<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>		
		1,069,459
<p>Governmental funds report only the proceed from the sale of assets and do not take into effect othe cost of capital assets sold.</p>		
		(79,272)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(351,904)
<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>		
		26,591,428
<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>		
		(29,385,800)
<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>		
		(67,559)
<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	\$	52,328
Debt issuance cost		619,876
Amortization of debt issuance cost		(62,950)
Amortization of deferred charges		(32,732)
Amortization of bond premiums		21,862
Increase in compensated absences		(97,680)
Increase in post-employment benefits		(1,795,086)
Total additional expenditures		(1,294,382)
Change in net assets of governmental activities	\$	<u>(263,024)</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, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Taxes:				
Property taxes - real estate	\$ 15,600,000	\$ 16,010,000	\$ 15,731,524	\$ (278,476)
Property taxes - utility	370,000	362,000	368,472	6,472
Interest and penalty on taxes	160,000	160,000	194,301	34,301
In lieu of taxes	28,000	90,000	90,822	822
Local sales tax	8,100,000	7,400,000	7,407,461	7,461
Wholesale beer tax	1,250,000	1,230,000	1,245,869	15,869
Gross receipts tax	900,000	900,000	898,254	(1,746)
Franchise taxes - gas	670,000	670,000	571,944	(98,056)
Franchise taxes - charter	430,000	370,000	381,553	11,553
Total taxes	\$ 27,508,000	\$ 27,192,000	\$ 26,890,200	\$ (301,800)
Licenses and permits:				
Beer licenses	\$ 5,000	\$ 5,000	\$ 5,792	\$ 792
Beer renewal fee	12,000	11,000	11,487	487
Liquor license	0	1,000	3,575	2,575
Liquor license renewals	17,000	15,000	14,090	(910)
Building permits	180,000	120,000	136,498	16,498
Electrical permits	9,000	7,000	6,145	(855)
Electrical licenses	18,000	16,000	14,992	(1,008)
Mechanical permits	17,000	11,000	9,456	(1,544)
Mechanical licenses	7,000	7,000	6,375	(625)
Plumbing permits	30,000	15,000	26,679	11,679
Plumbing licenses	10,500	9,000	8,825	(175)
Street cut permits	70,000	70,000	82,410	12,410
Land disturbance permit	15,000	5,000	5,430	430
Tree permit	0	0	50	50
Rezoning fee	4,000	2,000	900	(1,100)
Zoning appeal fee	500	1,400	2,450	1,050
Zoning letter fee	1,000	1,000	1,150	150
Minor encroachment fee	0	0	400	400
Certificate of appropriateness	0	0	925	925
Recreation permits and maintenance fee	7,000	5,000	6,120	1,120
Plat review fee	5,000	2,000	1,895	(105)
Plans review fee	15,000	9,000	11,863	2,863
Certificate of occupancy	6,000	4,000	4,475	475
Alley or street abandonment fee	0	0	150	150
Miscellaneous fees	500	0	0	0
Total licenses and permits	\$ 429,500	\$ 316,400	\$ 362,132	\$ 45,732
Intergovernmental revenues:				
Federal grant - protective vest	\$ 0	\$ 4,162	\$ 4,162	\$ 0
Police training supplement	55,200	55,200	51,000	(4,200)
Fire training supplement	48,600	57,600	51,007	(6,593)
State sales tax	2,650,000	2,350,000	2,397,165	47,165
State income tax	250,000	675,000	630,168	(44,832)

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued)				
Intergovernmental revenues - (Continued)				
State beer tax	\$ 22,000	\$ 20,000	\$ 18,543	\$ (1,457)
State mixed drink tax	100,000	90,000	93,745	3,745
State gas inspection tax	85,000	80,000	80,345	345
State highway maintenance tax	190,000	190,000	194,577	4,577
T.V.A. - In lieu of taxes	360,000	420,000	412,391	(7,609)
Excise tax	200,000	200,000	221,917	21,917
Total intergovernmental revenues	<u>\$ 3,960,800</u>	<u>\$ 4,141,962</u>	<u>\$ 4,155,020</u>	<u>\$ 13,058</u>
Fines and forfeitures:				
Traffic tickets	\$ 800,000	\$ 600,000	\$ 585,606	\$ (14,394)
Parking tickets	25,000	30,000	32,245	2,245
Animal Shelter	1,000	1,000	1,150	150
Code enforcement fines	0	0	386	386
Beer fines	2,000	0	0	0
Garnishments	0	0	92	92
Court clerk fees	3,000	1,500	1,754	254
Drug fines	50,000	20,000	25,879	5,879
Sessions court	30,000	30,000	32,882	2,882
Circuit court	22,000	16,000	24,800	8,800
Officers - sessions court	70,000	35,000	54,472	19,472
Officers - circuit court	3,000	1,500	1,971	471
State refunds	1,000	1,000	915	(85)
Sex offender registry	3,000	3,000	5,190	2,190
Total fines and forfeitures	<u>\$ 1,010,000</u>	<u>\$ 739,000</u>	<u>\$ 767,342</u>	<u>\$ 28,342</u>
Charges for services:				
Police protection	\$ 0	\$ 0	\$ 20,319	\$ 20,319
Fire inspection fees	2,000	1,000	1,850	850
Police accident reports	2,000	2,000	2,496	496
Police department contracted services	0	20,000	5,335	(14,665)
Police department housing authority cont.	0	12,000	0	(12,000)
Airport maintenance	5,000	5,000	14,240	9,240
Animal Shelter - boarding fees	9,000	9,000	8,670	(330)
Animal Shelter - spay/neuter	0	18,000	27,720	9,720
Bradley County - animal control	338,700	338,700	339,741	1,041
Bradley County - fire protection	1,822,200	1,822,200	1,822,200	0
Tinsley Pool gate	22,000	22,000	18,816	(3,184)
Tinsley Pool concessions	6,000	5,000	4,276	(724)
Tinsley Pool rental	4,000	4,000	3,320	(680)
Tinsley Park tournament	1,800	3,000	2,970	(30)
Tinsley Park concessions	27,000	22,000	24,892	2,892
Tinsley Park rental	1,500	1,500	1,650	150
Cleveland Community Center	5,000	5,000	5,425	425
Northeast Recreation	4,000	11,000	11,160	160
Northeast program fee	5,000	7,000	7,097	97
Park and recreation miscellaneous	1,000	2,000	2,573	573

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Charges for services - (Continued)				
SRO - City Schools	\$ 180,000	\$ 160,000	\$ 204,381	\$ 44,381
Waterville concessions	27,000	15,000	13,588	(1,412)
Waterville permits-Jr/Sr	31,000	8,000	9,238	1,238
Waterville permits-Individual	10,000	8,000	8,407	407
Waterville permits-Family	7,000	1,000	1,457	457
Waterville tournaments	24,000	12,000	11,949	(51)
Waterville specials	180,000	90,000	83,924	(6,076)
Waterville cart rental fee	33,000	16,000	16,736	736
Waterville trail fee	1,000	500	580	80
Waterville cart shed rental	2,400	800	1,000	200
Waterville green fee weekday reg.	2,500	2,000	1,651	(349)
Waterville green fee weekday 9 hole	7,000	5,000	4,460	(540)
Waterville green fee weekday Jr/Sr	16,000	10,000	10,080	80
Waterville green fee weekend Reg	3,000	2,000	1,615	(385)
Waterville green fee weekend 9 hole	2,000	1,500	1,736	236
Waterville pro shop	13,000	4,000	5,537	1,537
Waterville miscellaneous	6,000	2,000	1,737	(263)
Wellness program dues-city	5,000	0	6,034	6,034
Wellness program dues-schools	7,200	4,000	4,004	4
Wellness program dues	0	4,000	3,877	(123)
Total charges for services	\$ 2,813,300	\$ 2,656,200	\$ 2,716,741	\$ 60,541
Interest	\$ 50,000	\$ 3,000	\$ 6,755	\$ 3,755
Miscellaneous revenues:				
Sale of maps-engineering	\$ 0	\$ 0	\$ 77	\$ 77
Sale of mulch	8,000	5,000	5,384	384
Sale of scrap metal	0	450	450	0
Donations - Memorial tree fund	0	6,250	6,403	153
Old timers banquet	2,200	2,200	2,140	(60)
Sign and decal reimbursement	2,000	2,000	4,234	2,234
Donations-Cleveland Fire Department	0	1,500	1,400	(100)
Donations - Northeast Recreation	0	925	925	0
TML safety grant-Matching	0	2,000	2,000	0
TML package bonus	5,000	5,000	5,000	0
Miscellaneous Insurance	0	0	8,855	8,855
Reimbursements - Public works trucks	0	0	793	793
Animal Shelter donations	0	1,501	1,636	135
Animal Shelter - pet adoptions	0	706	706	0
Donations - historic signs	0	0	5,285	5,285
TML reimbursement - police vehicles	0	21,100	21,144	44
TML reimbursement for property damage	0	900	915	15
TML work comp salary reimb	0	3,000	5,317	2,317
Fire misc/reports	0	0	43	43
Employee jury duty reimbursement	0	0	33	33

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Miscellaneous revenues - (Continued)				
Sundry income - clerk and master	\$ 0	\$ 0	\$ 12,265	\$ 12,265
Sundry income	4,000	41,000	38,725	(2,275)
Total miscellaneous revenues	\$ 21,200	\$ 93,532	\$ 123,730	\$ 30,198
Total revenues	\$ 35,792,800	\$ 35,142,094	\$ 35,021,920	\$ (120,174)
Expenditures:				
Current				
General government:				
Legislative and judicial:				
Salaries - administrative	\$ 59,600	\$ 59,600	\$ 59,859	\$ (259)
Salaries - city council	62,400	62,400	63,528	(1,128)
Salaries - judicial	33,800	33,800	33,948	(148)
Part time wages	1,200	1,200	0	1,200
Service awards	500	500	0	500
Longevity	3,300	3,300	3,300	0
Sold vacations	1,200	1,200	1,145	55
Christmas bonus	300	300	325	(25)
Dental insurance	5,800	5,800	5,431	369
Social Security taxes	12,400	12,400	10,671	1,729
Health insurance	70,800	70,800	69,834	966
Retirement	27,000	27,000	21,795	5,205
Life and disability insurance	4,900	4,900	980	3,920
Postage	500	500	188	312
Printing	1,500	1,500	1,303	197
Subscriptions and memberships	5,200	4,200	291	3,909
Advertising	3,000	4,000	3,223	777
Telephone and pager	11,000	11,000	10,381	619
Government consulting services	8,000	8,000	6,000	2,000
Equipment repair and replacement	1,600	1,100	0	1,100
Contract maintenance services	3,200	3,200	3,241	(41)
Emergency repairs - city buildings	20,000	2,600	0	2,600
Travel and training	12,000	12,000	8,001	3,999
Council work sessions	3,000	3,000	1,133	1,867
Complimentary meals	1,200	1,200	831	369
Office expenditures and paper	4,000	4,000	4,919	(919)
Janitorial	400	400	0	400
Insurance - general liability	900	900	856	44
Insurance - workers compensation	1,100	1,100	(344)	1,444
Rent - parking lots	3,000	3,000	3,000	0
Service pins - all departments	900	900	475	425

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Legislative and judicial - (Continued)				
Employee Christmas dinner	\$ 1,500	\$ 2,000	\$ 1,942	\$ 58
Employee picnic	6,000	6,000	7,509	(1,509)
Miscellaneous	500	500	213	287
Office machinery and equipment	700	700	0	700
Council room equipment and supplies	1,200	1,200	20	1,180
Total legislative and judicial	<u>\$ 373,600</u>	<u>\$ 356,200</u>	<u>\$ 323,998</u>	<u>\$ 32,202</u>
Administration and finance				
Salaries	\$ 814,500	\$ 840,000	\$ 840,378	\$ (378)
Overtime wages	10,000	10,000	10,002	(2)
Part time wages	19,000	19,000	16,794	2,206
Service awards	1,000	1,000	950	50
Longevity	11,100	11,700	11,625	75
Sold vacations	12,000	12,000	10,908	1,092
Christmas bonus	1,900	1,900	1,732	168
College pay	3,500	3,500	3,495	5
Dental insurance	7,300	7,300	6,714	586
Social Security tax	66,800	66,800	63,491	3,309
Health insurance	112,300	112,300	111,033	1,267
Retirement	142,000	142,000	137,522	4,478
Life and disability insurance	10,800	10,800	9,422	1,378
Employee assistance program	9,600	9,600	9,380	220
Education reimbursement	1,400	1,400	0	1,400
Flex spending program	8,000	8,000	8,736	(736)
Laundry and dry cleaning	1,400	1,400	597	803
Postage	19,500	19,500	19,784	(284)
Postage machine lease	1,500	1,500	1,232	268
Printing	16,000	16,000	9,611	6,389
Printing - property taxes	4,000	4,000	4,092	(92)
Citizens Newsletter	1,500	1,500	0	1,500
Subscriptions and memberships	5,000	8,000	8,534	(534)
Advertising	11,000	11,000	4,235	6,765
Utilities	29,000	29,000	24,970	4,030
Telephone	25,000	32,000	27,592	4,408
Contracted services - computer systems	240,000	230,000	200,406	29,594
Drug and alcohol tests	3,500	3,500	2,996	504
Legal fees	100,000	125,000	116,382	8,618
Audit fees	48,300	48,300	47,750	550
Reappraisal fee	50,000	50,000	45,006	4,994

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Administration and finance - (Continued)				
Appraisal fee	\$ 1,500	\$ 2,500	\$ 4,443	\$ (1,943)
Vehicle	500	500	1,454	(954)
Small equipment repairs	600	600	1,025	(425)
Copier maintenance	2,800	2,800	2,852	(52)
Building maintenance	22,800	35,000	31,439	3,561
Car allowance	8,400	10,500	10,500	0
Training and travel	9,000	9,000	7,720	1,280
Departmental work sessions	0	0	743	(743)
Credit card fees	14,000	16,000	17,389	(1,389)
Pest control	800	800	948	(148)
Office expenditures	25,000	28,000	32,167	(4,167)
First aid safety supplies	100	100	127	(27)
Janitorial supplies	2,000	2,000	1,921	79
Gasoline and oil	1,200	1,200	2,110	(910)
Insurance - buildings and contents	3,300	3,300	3,225	75
Insurance - vehicles	500	300	231	69
Insurance - general liability	4,200	4,500	4,495	5
Insurance - workers compensation	3,400	3,700	3,716	(16)
Insurance - professional liability	30,000	35,000	34,159	841
Insurance - employee bonds	0	0	1,535	(1,535)
Contracted services - security	1,500	1,500	1,500	0
Contracted services - MTAS	0	6,500	9,499	(2,999)
Employee appreciation day	6,000	9,000	9,765	(765)
Miscellaneous	500	500	508	(8)
Bad debt	35,000	35,000	29,724	5,276
Equipment	1,100	1,100	0	1,100
Total administration and finance	<u>\$ 1,961,100</u>	<u>\$ 2,047,400</u>	<u>\$ 1,968,564</u>	<u>\$ 78,836</u>
Total general government	<u>\$ 2,334,700</u>	<u>\$ 2,403,600</u>	<u>\$ 2,292,562</u>	<u>\$ 111,038</u>
Community development:				
Salaries	\$ 415,500	\$ 355,000	\$ 343,023	\$ 11,977
Overtime wages	1,600	1,600	678	922
Part time wages	4,500	4,500	4,184	316
Longevity	3,700	4,200	4,591	(391)
Sold vacations	2,800	5,192	5,566	(374)
Christmas bonus	1,000	900	883	17
Dental insurance	5,200	5,200	4,197	1,003
Social security taxes	32,900	28,000	25,365	2,635
Health insurance	83,900	65,000	64,115	885

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Community development - (Continued)				
Retirement	\$ 70,600	\$ 60,000	\$ 54,233	\$ 5,767
Life and disability insurance	5,200	5,200	4,009	1,191
Education reimbursement	0	1,500	1,429	71
Worker's compensation claims	200	200	0	200
Laundry and dry cleaning	1,000	1,000	691	309
Postage	1,000	1,000	1,545	(545)
Printing and artwork	1,300	1,300	721	579
Subscriptions and memberships	4,500	4,500	4,391	109
Advertising	600	1,700	1,269	431
Utilities	9,100	8,800	8,318	482
Telephone	8,000	15,000	13,357	1,643
Legal services - urban renewal	200	0	0	0
Vehicle maintenance	7,000	3,500	2,549	951
Office equipment maintenance	1,500	1,500	1,273	227
Building maintenance	3,000	2,000	1,478	522
Car allowance	4,200	4,200	3,850	350
Travel and training	6,500	6,500	5,089	1,411
Complimentary meals	400	1,000	917	83
Credit card fees	5,000	3,000	1,795	1,205
Contracted services - pest control	300	300	216	84
Office supplies	7,000	7,000	7,244	(244)
First aid kits	200	200	16	184
Janitorial supplies	800	800	618	182
Uniforms	1,800	1,600	1,507	93
Gasoline and oil	10,900	6,000	4,259	1,741
Insurance - buildings and contents	900	800	741	59
Insurance - vehicles and equipment	1,100	800	814	(14)
Insurance - general liability	2,200	1,700	1,673	27
Insurance - workers compensation	18,100	14,000	13,901	99
Insurance - employee bonds	100	100	100	0
Planning commission	4,000	4,000	3,351	649
Board of zoning appeals	700	1,000	848	152
Historic zoning commission	700	700	667	33
Miscellaneous	500	300	678	(378)
Total community development	\$ 729,700	\$ 630,792	\$ 596,149	\$ 34,643
Public safety:				
Police department:				
Salaries	\$ 4,264,000	\$ 4,095,100	\$ 4,148,575	\$ (53,475)
Overtime wages	275,000	240,500	242,675	(2,175)
Part-time wages	0	5,700	4,379	1,321

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Police department - (Continued)				
Accumulated holiday pay	\$ 12,500	\$ 5,000	\$ 2,638	\$ 2,362
Salaries - school patrol	74,400	74,400	74,454	(54)
Supplemental pay	1,800	1,300	1,248	52
State grant - in service training	55,200	50,400	50,400	0
Overtime - contracted services	0	20,000	14,457	5,543
Service awards	2,500	1,900	1,900	0
Longevity	52,000	51,000	50,859	141
Sold vacations	46,000	46,000	49,066	(3,066)
Christmas bonus	13,100	12,941	12,940	1
College pay	9,100	8,820	8,820	0
Dental insurance	51,000	46,100	46,063	37
Social security taxes	370,000	344,680	334,980	9,700
Health insurance	711,100	669,800	678,052	(8,252)
Retirement	927,400	898,500	888,279	10,221
Life and disability insurance	52,700	53,400	53,386	14
Unemployment compensation	2,200	2,800	3,163	(363)
Education reimbursement	4,200	1,700	0	1,700
Worker's compensation claims	10,000	10,000	9,983	17
Laundry and dry cleaning	20,000	20,000	17,952	2,048
Employee physicals	10,000	10,000	10,882	(882)
Pre-employment tests	1,500	10,500	6,027	4,473
Uniforms - school patrol	3,000	1,500	1,306	194
Postage	1,500	2,000	2,164	(164)
Lease - radio tower	4,500	4,500	3,092	1,408
Contracted services - vehicles	5,600	5,600	5,553	47
Communications - replacement	10,500	10,500	6,142	4,358
Printing	10,000	10,000	6,988	3,012
Subscriptions and memberships	3,900	9,900	3,300	6,600
Accreditation	5,000	8,300	9,023	(723)
Advertising	600	800	816	(16)
Utilities	90,700	85,500	73,915	11,585
Telephone	112,900	125,000	131,975	(6,975)
NCIC computer line	8,000	8,000	8,000	0
Vehicle maintenance	360,000	309,900	275,456	34,444
Small equipment repair	2,000	2,000	750	1,250
Copier maintenance	2,500	1,800	1,270	530
Building maintenance	15,500	23,000	23,697	(697)
Travel and training	33,800	43,300	44,778	(1,478)
Mutual aid meals	1,500	1,500	361	1,139

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Police department - (Continued)				
Janitorial contract	\$ 30,000	\$ 30,000	\$ 29,625	\$ 375
Police supplies	5,000	5,000	4,964	36
Batteries	2,000	2,000	1,224	776
Tapes - video and audio	1,000	1,000	758	242
Detective supplies	2,000	1,500	1,397	103
Crime scene unit supplies	2,500	1,600	1,533	67
SRT supplies	6,500	3,500	960	2,540
Office expenditures and paper	26,000	31,000	32,445	(1,445)
Protective vests - federal grants	0	12,816	10,326	2,490
Protective vests	11,000	11,000	0	11,000
Safety supplies	500	900	867	33
Janitorial supplies	1,500	2,200	2,467	(267)
Uniform reimbursement	52,000	47,000	45,796	1,204
Ammunition	35,000	35,000	24,247	10,753
Crime prevention	1,500	7,300	6,009	1,291
Firing range	0	2,000	1,706	294
Code Enf Educational Supplies	0	1,000	0	1,000
Gasoline and oil	230,000	195,000	196,302	(1,302)
Video maintenance	1,500	1,000	92	908
Canine fees	4,500	3,000	3,271	(271)
Insurance - buildings and contents	11,400	11,100	11,052	48
Insurance - vehicles and equipment	40,500	37,000	36,458	542
Insurance - general liability	91,900	74,000	73,636	364
Insurance - workers compensation	180,200	157,000	156,175	825
Insurance - employee bonds	300	500	500	0
Computer software support	500	500	170	330
Miscellaneous	500	500	397	103
Honor Guard	1,500	500	0	500
Volunteer services	4,500	1,500	0	1,500
Investigative funds	2,000	1,500	0	1,500
Sex offender registry	500	3,000	1,600	1,400
Handgun replacement	11,200	11,200	10,627	573
Small equipment	1,500	500	280	220
Office equipment	1,500	100	85	15
Computer equipment	1,800	5,500	5,364	136
Total police department	<u>\$ 8,399,500</u>	<u>\$ 8,031,857</u>	<u>\$ 7,970,097</u>	<u>\$ 61,760</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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Fire department:				
Salaries	\$ 4,250,000	\$ 4,250,000	\$ 4,242,563	\$ 7,437
Overtime wages	180,000	160,000	146,253	13,747
Fire runs	30,000	10,000	6,687	3,313
Supplemental pay	70,500	70,500	69,614	886
State grant - in service training	57,600	57,600	51,600	6,000
Service awards	2,400	2,400	2,100	300
Longevity	46,600	46,600	46,828	(228)
Sold vacations	11,000	11,000	16,130	(5,130)
Christmas bonus	10,600	10,600	8,662	1,938
College pay	1,100	1,100	2,481	(1,381)
Dental insurance	54,800	48,000	48,245	(245)
Social security taxes	356,500	340,000	331,315	8,685
Health insurance	822,600	800,000	808,927	(8,927)
Retirement	926,500	926,500	916,061	10,439
Life and disability insurance	50,600	50,600	55,194	(4,594)
Education reimbursement	8,400	14,400	14,020	380
Worker's compensation claims	6,500	6,500	3,894	2,606
Laundry and dry cleaning	18,000	15,000	13,185	1,815
Immunization and physicals	26,000	10,900	1,225	9,675
Postage	500	500	302	198
Communications replacement	4,000	3,000	741	2,259
Printing	500	500	480	20
Subscriptions and memberships	2,700	3,200	4,286	(1,086)
License/certification renewal	1,400	1,400	1,254	146
Advertising	500	500	244	256
Utilities	117,700	100,000	93,780	6,220
Telephone	66,300	66,300	70,772	(4,472)
Apparatus equipment testing	3,900	3,900	2,664	1,236
Vehicle maintenance	70,000	70,000	86,905	(16,905)
Small equipment repair	2,800	2,800	2,069	731
Copier maintenance	1,800	1,900	2,253	(353)
Building maintenance	30,000	40,000	33,189	6,811
Vehicle body repair	2,000	0	0	0
Travel and training	21,000	21,000	21,054	(54)
Training/education material	3,500	3,500	1,414	2,086
Mutual aid meals	1,000	1,300	2,451	(1,151)
Towels and cloths	800	800	345	455
Batteries	1,000	1,000	669	331
Electronics - camera supplies	500	600	520	80

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Fire department - (Continued)				
Office supplies	\$ 6,500	\$ 6,500	\$ 6,901	\$ (401)
Arson supplies	2,000	1,500	322	1,178
Safety	4,500	4,500	5,253	(753)
Janitorial supplies	17,000	16,000	14,850	1,150
Bedding	1,000	450	490	(40)
Uniforms	49,000	40,000	31,378	8,622
Vehicle graphics	500	500	0	500
Operating costs	2,000	2,000	1,583	417
Gasoline	57,500	50,000	50,788	(788)
Appliance repair	2,000	2,000	1,382	618
Extinguisher refills	2,000	2,000	250	1,750
Insurance - building and contents	8,400	8,000	7,973	27
Insurance - vehicles and equipment	24,600	24,000	23,662	338
Insurance - general liability	35,400	35,900	35,873	27
Insurance - workers compensation	142,500	135,000	134,675	325
Miscellaneous	500	500	213	287
Public information	500	500	0	500
City funded - Honor Guard	1,000	0	0	0
Fire prevention program	2,500	3,675	2,738	937
Office equipment	1,000	1,000	100	900
Breathing apparatus equipment	15,000	15,000	8,629	6,371
Furniture	2,200	2,425	1,496	929
Computer equipment	0	2,650	2,622	28
Small equipment	800	800	720	80
Wellness center	0	1,000	3,055	(2,055)
Total fire department	<u>\$ 7,640,000</u>	<u>\$ 7,509,800</u>	<u>\$ 7,445,329</u>	<u>\$ 64,471</u>
Safety program:				
Salaries	\$ 12,900	\$ 2,400	\$ 2,718	\$ (318)
Social security taxes	1,000	1,000	159	841
Hazard Comm-MSDS	500	500	0	500
Motor vehicle registration	0	1,500	1,055	445
Wellness center operations	0	0	495	(495)
Safety supplies	1,000	1,000	1,027	(27)
TML safety grant	2,000	4,000	3,989	11

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Safety program - (Continued)				
Miscellaneous	\$ 500	\$ 500	\$ 42	\$ 458
Incentive program	5,000	5,000	2,096	2,904
Total safety program	<u>\$ 22,900</u>	<u>\$ 15,900</u>	<u>\$ 11,581</u>	<u>\$ 4,319</u>
Total public safety	<u>\$ 16,062,400</u>	<u>\$ 15,557,557</u>	<u>\$ 15,427,007</u>	<u>\$ 130,550</u>
Public works:				
Operations division:				
Salaries	\$ 822,300	\$ 874,100	\$ 873,132	\$ 968
Overtime wages	10,000	10,500	10,508	(8)
Part time wages	11,100	11,100	11,088	12
Service awards	500	500	475	25
Accumulated holiday pay	0	1,000	948	52
Supplemental pay	700	700	603	97
Longevity	13,100	14,700	14,725	(25)
Sold vacations	7,900	7,900	8,211	(311)
Christmas bonus	2,600	2,600	2,599	1
College pay	200	200	125	75
Dental insurance	11,800	10,700	10,777	(77)
Social security tax	66,900	67,800	66,748	1,052
Health insurance	171,500	160,800	162,407	(1,607)
Retirement	144,500	143,000	139,980	3,020
Life and disability insurance	10,900	10,500	10,360	140
Unemployment compensation	0	2,700	1,013	1,687
Worker's compensation claims	500	1,000	1,000	0
Pre-employment drug testing	0	400	434	(34)
Safety shoes	2,100	2,000	1,904	96
Postage	300	550	332	218
Printing	200	400	231	169
Subscriptions and memberships	400	400	429	(29)
Advertising	200	400	666	(266)
Utilities	38,000	34,000	35,495	(1,495)
Telephone	28,900	23,100	21,933	1,167
Surveys	3,000	3,000	2,590	410
Small equipment maintenance - signs	1,700	500	430	70
Building maintenance	12,000	21,300	16,901	4,399
Travel and training	2,600	2,400	3,394	(994)
Pest control	1,200	900	875	25
Office expenditures and paper	7,000	7,250	5,936	1,314
Operating supplies	4,000	4,000	3,457	543

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Operations division - (Continued)				
Safety supplies	\$ 1,200	\$ 1,200	\$ 1,172	\$ 28
Janitorial supplies	1,500	1,500	1,472	28
Uniforms	10,000	8,800	8,761	39
Educational supplies	0	300	211	89
Gasoline and oil	86,500	82,500	82,902	(402)
Repairs and parts	175,000	192,000	190,396	1,604
Sign shop supplies	2,800	1,700	1,443	257
Sign parts and supplies	40,000	40,700	36,042	4,658
Major safety markings	10,000	300	440	(140)
Thermoplastic contract	22,500	22,500	4,705	17,795
Paving and materials	225,000	235,500	209,165	26,335
Insurance - building and contents	6,600	4,700	4,626	74
Insurance - vehicle and equipment	10,000	11,200	11,192	8
Insurance - general liability	9,900	11,800	11,741	59
Insurance - workers compensation	34,900	31,000	30,721	279
Miscellaneous	500	1,000	1,451	(451)
Incentive program	4,000	2,500	840	1,660
Small equipment	3,000	2,000	817	1,183
Small equipment - signs	1,800	3,400	2,840	560
Total operations division	<u>\$ 2,021,300</u>	<u>\$ 2,075,000</u>	<u>\$ 2,010,643</u>	<u>\$ 64,357</u>
Engineering :				
Salaries	\$ 339,100	\$ 342,700	\$ 343,675	\$ (975)
Overtime wages	2,000	2,000	886	1,114
Part time wages	0	100	112	(12)
Service awards	100	100	75	25
Longevity	1,700	1,700	1,700	0
Sold vacations	2,600	2,600	725	1,875
Christmas bonus	800	800	758	42
Dental insurance	3,800	3,800	3,372	428
Social Security taxes	26,600	26,600	24,742	1,858
Health insurance	49,800	45,000	44,898	102
Retirement	57,600	58,700	57,551	1,149
Life and disability insurance	4,300	4,300	4,363	(63)
Education reimbursement	2,900	0	0	0
Worker's compensation claims	200	200	0	200
Clothing allowance and shoes	1,700	1,700	1,483	217
Postage	200	200	185	15
Printing	100	100	0	100

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Engineering - (Continued)				
Subscriptions and memberships	\$ 2,600	\$ 2,600	\$ 2,222	\$ 378
Advertising	200	200	0	200
Telephone	0	10,500	10,472	28
Vehicle maintenance	5,000	5,000	4,287	713
Office equipment maintenance	1,000	1,400	1,383	17
Travel and training	5,000	5,000	834	4,166
Office expenditures	6,000	4,000	3,712	288
Operating supplies	200	200	259	(59)
Janitorial	1,000	500	557	(57)
Uniforms	600	700	710	(10)
Gasoline and oil	6,000	4,000	4,021	(21)
Insurance - building and contents	0	300	268	32
Insurance - vehicle and equipment	900	900	869	31
Insurance - general liability	1,200	1,200	1,219	(19)
Insurance - workers compensation	7,000	7,000	6,910	90
Miscellaneous	500	500	198	302
Equipment	1,000	1,000	428	572
Total engineering	<u>\$ 531,700</u>	<u>\$ 535,600</u>	<u>\$ 522,874</u>	<u>\$ 12,726</u>
Street lighting and signals:				
Street lighting	\$ 810,000	\$ 685,000	\$ 684,044	\$ 956
Telephone	2,800	2,800	2,383	417
Traffic light utility service	59,000	49,000	40,521	8,479
Traffic light repair maintenance	180,000	180,000	179,913	87
Traffic signal supplies	1,700	1,700	0	1,700
Signalization	3,000	3,000	529	2,471
Small equipment	1,400	1,400	0	1,400
Total street lighting and signals	<u>\$ 1,057,900</u>	<u>\$ 922,900</u>	<u>\$ 907,390</u>	<u>\$ 15,510</u>
Landscaping maintenance:				
Salaries	\$ 314,500	\$ 268,500	\$ 271,617	\$ (3,117)
Overtime wages	900	900	390	510
Service awards	200	200	175	25
Longevity	3,400	3,400	3,350	50
Sold vacations	1,900	1,900	1,795	105
Christmas bonus	1,000	1,000	975	25
Dental insurance	3,900	3,600	3,291	309
Social security taxes	24,800	23,400	20,024	3,376

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

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Landscaping maintenance - (Continued)				
Health Insurance	\$ 62,500	\$ 46,500	\$ 46,356	\$ 144
Retirement	53,600	50,500	46,257	4,243
Life and disability insurance	4,000	3,800	3,537	263
Worker's compensation claims	500	500	0	500
Pre-employment testing	0	100	84	16
Postage	600	350	342	8
Printing	400	300	42	258
Subscriptions and memberships	600	600	573	27
Advertising	400	200	218	(18)
Utilities	2,300	1,200	787	413
Telephone	4,600	5,000	4,585	415
Vehicle maintenance	60,000	59,000	64,129	(5,129)
Equipment repairs	1,800	1,800	1,770	30
Travel and training	2,600	5,000	5,286	(286)
Other contracted services	800	300	180	120
Office expenditures	1,100	1,000	819	181
Botanical supplies	9,000	7,200	5,800	1,400
Uniforms	4,500	3,500	2,762	738
Trees	7,500	7,300	7,095	205
Donations - memorial tree fund	0	8,653	4,454	4,199
Educational supplies	3,000	1,700	1,668	32
Gasoline and oil	26,500	20,000	19,966	34
Insurance - building and contents	0	500	436	64
Insurance - vehicle and equipment	4,000	4,000	3,998	2
Insurance - general liability	1,300	1,400	1,410	(10)
Insurance - workers compensation	11,600	9,600	9,571	29
Miscellaneous	500	200	0	200
Small equipment	800	800	1,152	(352)
Total landscaping maintenance	<u>\$ 615,100</u>	<u>\$ 543,903</u>	<u>\$ 534,894</u>	<u>\$ 9,009</u>
Total public works	<u>\$ 4,226,000</u>	<u>\$ 4,077,403</u>	<u>\$ 3,975,801</u>	<u>\$ 101,602</u>
Health and welfare:				
Animal Control:				
Salaries	\$ 253,700	\$ 248,200	\$ 251,449	\$ (3,249)
Overtime wages	20,400	21,800	17,438	4,362
Service awards	200	250	250	0
Longevity	3,700	3,700	3,700	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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Health and welfare - (Continued)				
Animal Control - (Continued)				
Sold vacations	\$ 700	\$ 700	\$ 663	\$ 37
Christmas bonus	900	800	758	42
Dental insurance	2,900	2,500	2,410	90
Social Security tax	21,400	21,400	20,229	1,171
Health insurance	45,800	42,800	41,010	1,790
Retirement	46,500	46,500	42,814	3,686
Life and disability insurance	3,200	3,200	3,115	85
Worker's compensation claims	1,000	2,000	1,702	298
Laundry and dry cleaning	3,200	4,200	4,351	(151)
Protective immunizations	500	500	410	90
Postage	100	100	228	(128)
Contracted services - vehicles	900	900	802	98
Communications replacement	500	500	0	500
Printing	1,600	1,800	1,686	114
Subscriptions and memberships	800	800	571	229
Advertising	200	350	363	(13)
Utilities and pager	10,100	10,100	9,425	675
Telephone	10,500	10,500	9,300	1,200
Adoption and veterinary fees	0	18,706	23,133	(4,427)
Vehicle maintenance	22,500	15,000	10,649	4,351
Copier maintenance	500	500	458	42
Grounds improvement	1,200	700	0	700
Building maintenance	6,500	6,000	3,944	2,056
Training and travel	2,000	1,000	686	314
Landfill	3,000	3,000	2,533	467
Janitorial contract	5,800	5,800	5,530	270
Office supplies and printing	2,500	2,500	1,912	588
Safety supplies	500	500	96	404
Janitorial supplies	5,000	6,000	5,388	612
Uniforms and safety shoes	4,500	3,950	1,596	2,354
Ammunition	1,000	1,000	806	194
Gasoline and oil	22,000	18,200	17,644	556
Euthanasia and supplies	5,100	6,000	5,986	14
Pet food	5,500	5,500	3,428	2,072
Donations - cages and supplies	0	2,060	0	2,060
Donations - shelter volunteers	0	339	0	339
Insurance - building and contents	300	300	286	14
Insurance - vehicles and equipment	1,300	1,200	1,232	(32)

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Health and welfare - (Continued)				
Animal Control - (Continued)				
Insurance - general liability	\$ 1,200	\$ 1,200	\$ 1,215	\$ (15)
Insurance - workers compensation	9,000	7,600	7,526	74
Miscellaneous	500	500	0	500
Equipment	1,100	1,100	160	940
Total Animal Control	<u>\$ 529,800</u>	<u>\$ 532,255</u>	<u>\$ 506,882</u>	<u>\$ 25,373</u>
Total health and welfare	<u>\$ 529,800</u>	<u>\$ 532,255</u>	<u>\$ 506,882</u>	<u>\$ 25,373</u>
Culture and recreation:				
Northeast Recreation Center:				
Salaries	\$ 108,700	\$ 105,000	\$ 98,602	\$ 6,398
Overtime wages	0	1,000	947	53
Part time wages	39,000	54,000	43,557	10,443
Accumulated holiday pay	0	0	434	(434)
Longevity	1,700	1,700	1,650	50
Sold vacations	2,000	2,000	2,433	(433)
Christmas bonus	400	400	433	(33)
Dental insurance	900	900	727	173
Social security tax	11,600	11,600	11,192	408
Health insurance	14,200	14,200	13,767	433
Retirement	18,800	18,800	17,050	1,750
Life and disability insurance	1,300	1,300	1,088	212
Unemployment compensation	500	500	0	500
Education reimbursement	400	400	0	400
Worker's compensation claims	200	200	0	200
Advertising	0	300	363	(63)
Utilities	37,800	41,900	44,216	(2,316)
Telephone	3,300	6,100	6,777	(677)
Building maintenance	14,700	25,900	26,059	(159)
Team competition and trips	2,600	3,100	3,474	(374)
Office expenditures and paper	1,400	4,200	4,601	(401)
Janitorial supplies	1,500	2,800	3,207	(407)
Gate concession supplies	3,500	7,700	8,461	(761)
Gasoline	300	300	0	300
Pool	4,000	5,000	5,471	(471)
Athletic supplies	3,000	3,000	4,842	(1,842)
Program development	7,000	7,200	6,417	783
Insurance - building and contents	3,000	3,200	3,187	13

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Northeast Recreation Center - (Continued)				
Insurance - general liability	\$ 1,000	\$ 1,500	\$ 1,460	\$ 40
Insurance - workers compensation	3,900	4,600	4,529	71
Program	5,000	14,800	12,614	2,186
Miscellaneous	500	500	528	(28)
BCCSA activities	15,000	15,000	15,000	0
Team donations	0	1,550	875	675
Youth achievement program	5,300	500	308	192
Swim team	2,000	2,000	0	2,000
Roof replacement	0	40,000	40,106	(106)
Total Northeast Recreation Center	<u>\$ 314,500</u>	<u>\$ 403,150</u>	<u>\$ 384,375</u>	<u>\$ 18,775</u>
Parks and recreation:				
Salaries	\$ 305,000	\$ 368,000	\$ 368,677	\$ (677)
Overtime wages	3,500	3,500	4,087	(587)
Part time wages	19,500	19,500	20,944	(1,444)
Service awards	100	100	250	(150)
Longevity	4,000	4,900	4,925	(25)
Sold vacation	2,600	2,600	2,562	38
Christmas bonus	900	1,100	1,083	17
College pay	100	100	125	(25)
Dental insurance	3,600	3,600	4,093	(493)
Social security tax	25,700	29,000	29,550	(550)
Health insurance	54,500	65,500	68,365	(2,865)
Retirement	52,000	60,000	57,817	2,183
Life and disability insurance	4,100	4,100	3,356	744
Unemployment compensation	500	500	1,353	(853)
Worker's compensation claims	900	900	1,105	(205)
Laundry and dry cleaning	500	500	461	39
Pre-employment testing	0	0	21	(21)
Postage	200	200	80	120
Membership	0	300	135	165
Advertising	0	0	118	(118)
Utilities	7,300	6,800	5,827	973
Telephone	6,600	9,000	7,979	1,021
Vehicle maintenance	30,000	50,000	43,926	6,074
Equipment and repairs	5,500	4,000	1,019	2,981
Grounds maintenance	23,000	19,450	18,638	812
Fletcher building	9,000	12,300	15,443	(3,143)

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Parks and recreation - (Continued)				
Car allowance	\$ 4,200	\$ 4,200	\$ 3,850	\$ 350
Training and travel	3,000	4,000	4,279	(279)
Office expenditures	1,300	1,300	1,839	(539)
Uniforms	3,500	2,000	1,883	117
Gasoline and oil	20,000	20,000	24,494	(4,494)
Insurance - building and contents	2,800	2,800	2,785	15
Insurance - vehicles and equipment	3,000	2,800	2,800	0
Insurance - general liability	2,000	2,900	2,831	69
Insurance - worker's compensation	7,200	9,300	9,296	4
Miscellaneous	500	500	460	40
Old timers banquet	2,500	2,500	2,101	399
Small equipment	900	1,000	1,458	(458)
Total parks and recreation	<u>\$ 610,000</u>	<u>\$ 719,250</u>	<u>\$ 720,015</u>	<u>\$ (765)</u>
Cleveland Community Center:				
Salaries	\$ 135,100	\$ 135,100	\$ 121,887	\$ 13,213
Part time wages	36,900	41,900	44,037	(2,137)
Service awards	0	0	250	(250)
Longevity	3,900	3,900	3,900	0
Sold vacations	1,600	1,600	1,452	148
Christmas bonus	500	500	325	175
Dental insurance	900	900	818	82
Social security tax	13,600	13,600	12,970	630
Health insurance	14,200	14,200	14,224	(24)
Retirement	23,500	23,500	19,918	3,582
Life and disability insurance	1,700	1,700	1,358	342
Unemployment compensation	0	0	1,243	(1,243)
Worker's compensation claims	100	100	0	100
Advertising	0	0	104	(104)
Utilities	30,900	30,900	32,126	(1,226)
Telephone	4,000	4,000	4,122	(122)
Vehicle maintenance	500	300	385	(85)
Building maintenance	7,500	8,000	15,802	(7,802)
Team trips and competition	1,500	300	346	(46)
Office expenditures and paper	700	500	303	197
Janitorial contract	2,000	1,900	1,594	306
Pool	4,400	4,400	4,973	(573)
Athletic supplies	1,500	700	260	440

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Cleveland Community Center - (Continued)				
Ceramic supplies	\$ 500	\$ 100	\$ 0	\$ 100
Insurance - building and contents	2,400	2,500	2,444	56
Insurance - general liability	1,000	1,500	1,421	79
Insurance - worker's compensation	3,100	3,684	3,684	0
Contracted services - floor maintenance	2,900	4,200	4,061	139
Contracted services - security	1,400	1,200	1,164	36
Miscellaneous	500	400	379	21
Swim team	2,000	2,000	0	2,000
Junior pro basketball	3,000	3,000	3,074	(74)
Cardinal account	3,700	2,000	1,309	691
Small equipment	600	1,410	1,681	(271)
Total Cleveland Community Center	\$ 306,100	\$ 309,994	\$ 301,614	\$ 8,380
Tinsley Park:				
Salaries	\$ 115,700	\$ 113,700	\$ 90,090	\$ 23,610
Overtime	2,500	1,500	0	1,500
Social Security taxes	9,000	8,800	6,801	1,999
Unemployment compensation	0	0	222	(222)
Advertising	0	0	68	(68)
Utilities	28,700	30,000	31,021	(1,021)
Telephone	1,000	700	774	(74)
Maintenance and repairs	16,300	10,000	12,817	(2,817)
Janitorial supplies	3,500	3,000	2,686	314
Tournament	6,000	4,800	4,531	269
Pool	10,500	17,000	21,004	(4,004)
Concession supplies	16,500	14,400	16,463	(2,063)
Insurance - building and contents	2,200	2,100	2,074	26
Insurance - general liability	600	1,000	997	3
Insurance - worker's compensation	2,300	4,743	4,743	0
Total Tinsley Park	\$ 214,800	\$ 211,743	\$ 194,291	\$ 17,452
Waterville:				
Salaries	\$ 174,300	\$ 144,300	\$ 146,317	\$ (2,017)
Overtime	6,000	6,000	6,515	(515)
Part time wages	43,000	28,000	26,852	1,148
Longevity	1,500	1,500	1,450	50
Sold vacations	2,200	3,200	3,103	97
Christmas bonus	800	600	541	59

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Waterville - (Continued)				
Dental insurance	\$ 2,300	\$ 2,300	\$ 1,764	\$ 536
Social security taxes	17,400	17,400	13,433	3,967
Health insurance	36,400	36,400	35,937	463
Retirement	29,800	29,800	26,076	3,724
Life and disability insurance	2,200	2,200	2,503	(303)
Unemployment	0	200	1,673	(1,473)
Worker's compensation claims	100	100	0	100
Subscriptions and memberships	1,000	800	778	22
Advertising and marketing	1,800	200	448	(248)
Utilities	21,600	20,000	22,320	(2,320)
Telephone	7,800	10,200	11,306	(1,106)
Vehicle maintenance	1,500	1,500	841	659
Equipment parts and maintenance	19,000	16,300	14,795	1,505
Maintenance and repairs	8,000	7,700	9,280	(1,580)
Building maintenance	12,000	10,000	13,795	(3,795)
Golf cart maintenance	5,000	5,500	6,910	(1,410)
Travel and training	900	300	1,017	(717)
Credit card fees	4,000	3,000	2,466	534
Contracted services - pest control	300	200	192	8
Office expenditures	1,000	900	678	222
Janitorial	1,500	2,100	2,178	(78)
Uniform	700	400	190	210
Golf course accessories	1,500	700	617	83
Gasoline	0	0	15	(15)
Tires, tubes, etc.	900	200	0	200
Irrigation and drainage supplies	5,000	1,000	558	442
Proshop	12,500	5,300	5,589	(289)
Concession supplies	23,000	11,000	11,826	(826)
Small supplies	500	800	716	84
Fertilizer and chemicals	20,000	16,000	6,697	9,303
Insurance - building and contents	1,000	1,500	1,442	58
Insurance - general liability	1,600	2,300	2,225	75
Insurance - worker's compensation	8,600	8,500	8,436	64
Contracted services - security	1,900	1,900	1,736	164
Miscellaneous	500	100	7	93
Equipment	400	400	632	(232)
Total Waterville Golf Course	\$ 479,500	\$ 400,800	\$ 393,854	\$ 6,946
Total culture and recreation	\$ 1,924,900	\$ 2,044,937	\$ 1,994,149	\$ 50,788

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Appropriations:				
Jointly funded agencies	\$ 22,000	\$ 10,000	\$ 0	\$ 10,000
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	8,000	7,725	275
Mainstreet Cleveland	25,000	25,000	25,000	0
Cemetery Association	10,000	10,000	10,000	0
Court's Community Services	53,900	53,900	56,230	(2,330)
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
SETHRA - Transit	135,000	135,000	135,000	0
Communications Center	450,000	450,000	450,000	0
Emergency Management	86,000	87,300	87,297	3
Flags - Kiwanis Program	0	3,000	3,000	0
Veterans Affairs Office	20,000	22,100	22,094	6
Behavioral Research	2,000	2,000	2,000	0
Development Services Agency	6,200	6,200	6,200	0
Community Services Agency	88,900	94,400	94,306	94
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>\$ 1,080,600</u>	<u>\$ 1,081,000</u>	<u>\$ 1,072,554</u>	<u>\$ 8,446</u>
Total expenditures	<u>\$ 26,888,100</u>	<u>\$ 26,327,544</u>	<u>\$ 25,865,104</u>	<u>\$ 462,440</u>
Excess of revenues over expenditures	<u>\$ 8,904,700</u>	<u>\$ 8,814,550</u>	<u>\$ 9,156,816</u>	<u>\$ 342,266</u>
Other financing sources (uses):				
Transfers in	\$ 1,646,000	\$ 1,755,000	\$ 1,756,261	\$ 1,261
Transfers out	<u>(10,550,700)</u>	<u>(10,569,550)</u>	<u>(10,569,550)</u>	<u>0</u>
Total other financing sources(uses)	<u>\$ (8,904,700)</u>	<u>\$ (8,814,550)</u>	<u>\$ (8,813,289)</u>	<u>\$ 1,261</u>
Net change in fund balances	\$ 0	\$ 0	\$ 343,527	\$ 343,527
Fund balance at beginning of year	<u>8,771,673</u>	<u>8,771,673</u>	<u>8,771,673</u>	<u>0</u>
Fund balance at end of year	<u>\$ 8,771,673</u>	<u>\$ 8,771,673</u>	<u>\$ 9,115,200</u>	<u>\$ 343,527</u>

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, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government:				
Education of the handicapped	\$ 51,359	\$ 21,327	\$ 21,326	\$ (1)
Other direct federal revenue	0	245,914	89,436	(156,478)
Total federal government	\$ 51,359	\$ 267,241	\$ 110,762	\$ (156,479)
State of Tennessee:				
Basic education program	\$ 17,965,150	\$ 17,469,850	\$ 17,414,700	\$ (55,150)
Basic education Program-ARRA	0	845,300	845,300	0
School food service	24,151	24,655	24,655	0
Driver education	8,000	8,000	8,118	118
Other state education funds	0	104,068	4,955	(99,113)
Coordinated school health-ARRA	0	125,000	125,000	0
Internet connectivity-ARRA	0	16,880	16,880	0
Career ladder program	256,430	256,430	214,828	(41,602)
Career ladder extended contract	161,080	161,080	99,900	(61,180)
Other state grants	900,110	952,020	942,214	(9,806)
State mixed drink tax	76,800	76,800	67,117	(9,683)
State income tax	58,837	46,092	26,664	(19,428)
Safe schools-ARRA	0	13,500	13,430	(70)
Total State of Tennessee	\$ 19,450,558	\$ 20,099,675	\$ 19,803,761	\$ (295,914)
Bradley County:				
Property taxes - current	\$ 4,911,440	\$ 4,961,440	\$ 5,181,258	\$ 219,818
Property taxes - prior	212,061	182,061	165,805	(16,256)
Cir clerk/clerk & master	66,000	66,000	125,021	59,021
Interest and penalty	31,369	31,369	32,941	1,572
In lieu of taxes - Local Utilities	1,370	1,370	1,502	132
In lieu of taxes - Other Utilities	0	0	23,595	23,595
Marriage license	2,825	2,825	2,531	(294)
Bank excise tax	55,201	37,201	41,230	4,029
Interstate telecommunications tax	4,426	4,426	2,563	(1,863)
Local sales tax	3,803,030	3,624,234	3,713,650	89,416
Total Bradley County	\$ 9,087,722	\$ 8,910,926	\$ 9,290,096	\$ 379,170
Total Intergovernmental	\$ 28,589,639	\$ 29,277,842	\$ 29,204,619	\$ (73,223)
Charges for services:				
Tuition	\$ 101,935	\$ 101,935	\$ 96,780	\$ (5,155)
Tuition - other	73,000	0	0	0
Community service fees	216,040	289,040	165,217	(123,823)
Criminal background fee	4,800	4,800	1,200	(3,600)
Total charges for services	\$ 395,775	\$ 395,775	\$ 263,197	\$ (132,578)

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued)				
Interest	\$ 10,000	\$ 2,000	\$ 2,238	\$ 238
Miscellaneous:				
Lease/rentals	\$ 4,650	\$ 2,850	\$ 2,650	\$ (200)
E rate funding	0	51,000	67,966	16,966
Miscellaneous refunds	98,841	98,841	92,990	(5,851)
Sale of equipment	1,640	1,640	891	(749)
Damages recovered	1,800	1,800	1,033	(767)
Contributions	263,294	288,923	283,677	(5,246)
Other	30,000	30,000	53,690	23,690
Total miscellaneous	\$ 400,225	\$ 475,054	\$ 502,897	\$ 27,843
Total revenues	\$ 29,395,639	\$ 30,150,671	\$ 29,972,951	\$ (177,720)
Expenditures:				
Current:				
Education:				
Regular instruction:				
Teachers	\$ 11,705,036	\$ 11,809,886	\$ 11,707,785	\$ 102,101
Career ladder program	154,300	154,300	127,735	26,565
Career ladder extended contract	141,211	141,211	93,500	47,711
Homebound teachers	41,995	41,995	44,299	(2,304)
Assistants	1,039,804	1,050,804	1,016,113	34,691
Other salaries and wages	161,998	161,998	166,030	(4,032)
Certified substitute teachers	92,780	92,780	151,587	(58,807)
Non-certified substitute teachers	120,000	120,000	113,875	6,125
Social security	820,086	812,945	775,514	37,431
State retirement	946,051	946,941	918,879	28,062
Life insurance	15,607	15,607	23,764	(8,157)
Medical insurance	1,537,951	1,656,951	1,634,051	22,900
Unemployment compensation	2,400	32,400	28,177	4,223
Employer medicare liability	191,794	189,995	183,380	6,615
Other fringe benefits	78,008	109,008	102,761	6,247
Maintenance and repair	16,450	16,450	3,793	12,657
Other contracted services	343,065	417,745	456,248	(38,503)
Instructional supplies	245,780	267,980	251,568	16,412
Textbooks	305,000	325,000	345,615	(20,615)
Other supplies and materials	45,135	46,835	22,047	24,788
Other charges	10,325	10,325	9,425	900
Regular instruction equipment	185,564	683,695	589,118	94,577
Total regular instruction	\$ 18,200,340	\$ 19,104,851	\$ 18,765,264	\$ 339,587
Special education:				
Teachers	\$ 1,658,318	\$ 856,614	\$ 815,142	\$ 41,472
Career ladder program	19,000	19,000	18,500	500
Homebound teachers	1,000	1,000	4,117	(3,117)
Assistants	289,123	257,123	255,913	1,210

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Special education - (Continued):				
Speech pathologist	\$ 4,000	\$ 233,795	\$ 256,978	\$ (23,183)
Certified substitute teachers	0	4,000	4,613	(613)
Non-certified substitute teachers	3,000	3,000	5,607	(2,607)
Social security	120,982	87,012	78,265	8,747
State retirement	155,829	120,653	112,435	8,218
Life insurance	1,956	1,956	3,324	(1,368)
Medical insurance	223,500	216,100	215,170	930
Employer medicare liability	28,294	20,349	18,401	1,948
Contracts with private agencies	23,500	2,102	0	2,102
Maintenance and other repair services	1,700	1,700	659	1,041
Other contracted services	8,000	0	481	(481)
Instructional supplies	21,627	21,627	12,557	9,070
Other supplies and materials	6,473	6,473	9,324	(2,851)
Special education equipment	4,100	4,100	5,975	(1,875)
Total special education	<u>\$ 2,570,402</u>	<u>\$ 1,856,604</u>	<u>\$ 1,817,461</u>	<u>\$ 39,143</u>
Vocational education:				
Teachers	\$ 855,592	\$ 820,892	\$ 817,702	\$ 3,190
Certified substitute teachers	1,500	1,500	1,275	225
Non-certified substitute teachers	1,000	1,000	2,732	(1,732)
Social security	52,801	52,801	47,655	5,146
State retirement	54,929	54,929	52,437	2,492
Life insurance	639	639	1,260	(621)
Medical insurance	101,946	109,677	110,198	(521)
Employer medicare liability	12,349	12,349	11,149	1,200
Maintenance and repair services	11,000	8,500	5,198	3,302
Tuition	375	375	0	375
Other contracted services	4,500	4,500	79	4,421
Instructional supplies	35,200	35,200	54,825	(19,625)
Other supplies and materials	2,300	2,300	9,440	(7,140)
Vocational instruction equipment	67,167	67,167	31,231	35,936
Total vocational education	<u>\$ 1,201,298</u>	<u>\$ 1,171,829</u>	<u>\$ 1,145,181</u>	<u>\$ 26,648</u>
Students:				
Attendance:				
Supervisor	\$ 38,392	\$ 38,392	\$ 38,392	\$ 0
Other salaries & wages	35,806	35,806	35,806	0
Social security	4,601	4,601	4,538	63
State retirement	8,419	8,419	8,419	0
Life insurance	120	120	106	14
Medical insurance	2,354	2,401	2,401	0
Employer medicare liability	1,076	1,076	1,061	15
Other contracted services	9,000	9,000	9,000	0
Total attendance	<u>\$ 99,768</u>	<u>\$ 99,815</u>	<u>\$ 99,723</u>	<u>\$ 92</u>

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Students - (Continued):				
Health services:				
Medical personnel	\$ 54,160	\$ 54,160	\$ 54,160	\$ 0
Other salaries and wages	90,309	90,309	88,630	1,679
Social security	8,957	8,957	7,842	1,115
State retirement	16,457	16,457	8,362	8,095
Life insurance	94	94	70	24
Medical insurance	21,952	18,052	18,050	2
Employer medicare liability	2,095	2,095	1,834	261
Travel	2,407	2,407	2,401	6
Other contracted services	515	515	0	515
Drugs and medical supplies	2,000	2,000	1,678	322
Other supplies and materials	13,500	13,500	9,980	3,520
Total health services	<u>\$ 212,446</u>	<u>\$ 208,546</u>	<u>\$ 193,007</u>	<u>\$ 15,539</u>
Other student support:				
Career ladder program	\$ 9,000	\$ 9,000	\$ 9,000	\$ 0
Guidance personnel	598,074	599,774	601,572	(1,798)
Psychological personnel	85,249	85,249	89,497	(4,248)
Social workers	80,360	80,360	79,745	615
Attendants	76,795	76,795	74,949	1,846
Other salaries and wages	50,321	50,321	50,321	0
Social security	55,490	57,490	53,621	3,869
State retirement	62,009	67,539	62,419	5,120
Life insurance	867	867	1,155	(288)
Medical insurance	89,461	85,238	82,797	2,441
Employer medicare liability	13,047	13,470	12,540	930
Evaluation and testing	35,425	35,425	39,982	(4,557)
Maintenance and repair services	300	300	0	300
Other contracted services	187,670	302,270	240,681	61,589
Other supplies and materials	7,665	50,595	17,572	33,023
Other charges	0	25,800	870	24,930
Total other student support	<u>\$ 1,351,733</u>	<u>\$ 1,540,493</u>	<u>\$ 1,416,721</u>	<u>\$ 123,772</u>
Total students	<u>\$ 1,663,947</u>	<u>\$ 1,848,854</u>	<u>\$ 1,709,451</u>	<u>\$ 139,403</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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Instructional staff:				
Regular instruction program :				
Supervisor	\$ 302,851	\$ 311,423	\$ 311,422	\$ 1
Career ladder program	23,500	23,500	20,500	3,000
Librarians	447,338	447,338	446,743	595
Materials supervisor	81,605	81,605	81,605	0
Secretaries	97,412	97,412	89,849	7,563
Other salaries and wages	114,185	119,785	122,455	(2,670)
Social security	65,304	65,304	64,529	775
State retirement	90,098	90,098	80,300	9,798
Life insurance	1,183	1,183	1,453	(270)
Medical insurance	90,708	101,153	97,499	3,654
Employer medicare liability	15,273	15,273	15,134	139
Dues and subscriptions	4,000	4,000	1,162	2,838
Travel	26,040	45,296	30,672	14,624
Other contracted services	8,500	22,000	21,111	889
Library books	36,030	36,030	35,497	533
Other supplies and materials	21,550	21,550	17,791	3,759
In-service staff development	75,400	78,300	68,504	9,796
Other equipment	3,500	103,500	117,719	(14,219)
Total regular instruction program	<u>\$ 1,504,477</u>	<u>\$ 1,664,750</u>	<u>\$ 1,623,945</u>	<u>\$ 40,805</u>
Special education:				
Supervisor	\$ 81,605	\$ 81,605	\$ 81,605	\$ 0
Career ladder program	3,000	3,000	500	2,500
Social security	5,245	5,245	4,946	299
State retirement	5,432	5,432	5,271	161
Life insurance	29	29	70	(41)
Medical insurance	4,707	4,801	4,801	0
Employer medicare liability	1,216	1,216	1,157	59
Consultants	500	500	0	500
Travel	1,500	1,500	1,941	(441)
Total special education	<u>\$ 103,234</u>	<u>\$ 103,328</u>	<u>\$ 100,291</u>	<u>\$ 3,037</u>
Vocational education:				
Supervisor	\$ 76,723	\$ 76,723	\$ 76,723	\$ 0
Career ladder program	3,000	3,000	3,000	0
Secretaries	23,147	23,147	24,647	(1,500)
Social security	6,378	6,378	5,822	556
State retirement	8,968	8,968	9,217	(249)

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, 2010

(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	\$ 140	\$ (68)
Medical insurance	12,922	13,103	13,103	0
Employer medicare liability	1,492	1,492	1,363	129
Travel	2,800	10,300	7,123	3,177
Total vocational education	<u>\$ 135,502</u>	<u>\$ 143,183</u>	<u>\$ 141,138</u>	<u>\$ 2,045</u>
Total instructional staff	<u>\$ 1,743,213</u>	<u>\$ 1,911,261</u>	<u>\$ 1,865,374</u>	<u>\$ 45,887</u>
General administration:				
Board of education:				
Board and committee members fees	\$ 52,800	\$ 52,800	\$ 52,800	\$ 0
Social security	3,274	3,274	3,274	0
Employer medicare	765	765	766	(1)
Other fringe benefits	740	740	733	7
Audit services	11,600	12,250	12,250	0
Dues and membership	11,753	11,753	14,045	(2,292)
Legal services	10,000	10,000	13,024	(3,024)
Travel	0	0	910	(910)
Liability insurance	35,001	35,001	34,864	137
Premiums on corporate surety bonds	8,486	8,486	8,451	35
Trustee's commission	92,000	92,000	110,181	(18,181)
Worker's compensation insurance	137,514	122,514	122,535	(21)
Criminal investigation	8,000	8,000	4,152	3,848
Refund for criminal investigation	2,000	2,000	1,144	856
Other charges	32,000	22,000	19,869	2,131
Total board of education	<u>\$ 405,933</u>	<u>\$ 381,583</u>	<u>\$ 398,998</u>	<u>\$ (17,415)</u>
Office of superintendent:				
Administrative officer	\$ 124,793	\$ 131,721	\$ 131,722	\$ (1)
Assistants	85,030	85,030	85,030	0
Career ladder program	1,000	1,000	400	600
Secretaries	65,991	65,991	65,991	0
Other salaries and wages	8,064	8,580	8,580	0
Social security	17,476	17,476	15,945	1,531
State retirement	25,027	25,027	25,466	(439)
Life insurance	194	194	210	(16)
Medical insurance	19,202	19,346	19,346	0
Employer medicare liability	4,087	4,087	4,178	(91)
Other fringe benefits	4,992	4,992	3,932	1,060
Communication	80,000	80,000	92,013	(12,013)

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, 2010

(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	\$ 1,260	\$ 1,240
Postal charges	6,500	6,500	6,336	164
Travel	4,300	4,300	1,082	3,218
Other contracted services	22,600	22,600	13,189	9,411
Office supplies	17,500	17,500	13,661	3,839
Other charges	17,900	17,900	8,460	9,440
Administrative equipment	5,000	5,000	1,429	3,571
Total office of superintendent	<u>\$ 512,156</u>	<u>\$ 519,744</u>	<u>\$ 498,230</u>	<u>\$ 21,514</u>
Total general administration	<u>\$ 918,089</u>	<u>\$ 901,327</u>	<u>\$ 897,228</u>	<u>\$ 4,099</u>
Office of the Principal:				
Principals	\$ 645,080	\$ 629,280	\$ 629,202	\$ 78
Career ladder program	12,000	12,000	10,000	2,000
Assistant principals	376,201	376,201	376,533	(332)
Secretaries	326,729	315,729	314,053	1,676
Clerical personnel	25,786	22,786	22,786	0
Social security	84,677	84,677	80,084	4,593
State retirement	124,960	124,960	113,770	11,190
Life insurance	1,386	1,386	2,030	(644)
Medical insurance	137,440	124,440	124,408	32
Employer medicare liability	19,804	19,804	18,729	1,075
Dues and memberships	4,255	4,255	3,667	588
Maintenance and repair services	7,100	7,100	1,100	6,000
Postal charges	6,345	6,345	5,110	1,235
Travel	5,100	5,100	2,038	3,062
Other contracted services	17,860	17,860	12,837	5,023
Office supplies	10,775	10,775	11,388	(613)
Other charges	250	250	157	93
Administrative equipment	10,875	10,875	8,201	2,674
Total office of the principal	<u>\$ 1,816,623</u>	<u>\$ 1,773,823</u>	<u>\$ 1,736,093</u>	<u>\$ 37,730</u>
Business administration:				
Bookkeepers	\$ 143,097	\$ 154,907	\$ 156,390	\$ (1,483)
Social security	8,871	8,871	8,615	256
State retirement	23,797	23,797	24,087	(290)
Life insurance	163	163	210	(47)
Medical insurance	10,107	13,097	13,097	0
Employer medicare liability	2,075	2,075	2,180	(105)
Data processing services	9,209	9,386	9,433	(47)
Travel	1,000	1,000	956	44
Total business administration	<u>\$ 198,319</u>	<u>\$ 213,296</u>	<u>\$ 214,968</u>	<u>\$ (1,672)</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, 2010

(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	\$ 22,995	\$ 22,995	\$ 22,995	\$ 0
Other salaries and wages	0	76,785	76,785	0
Social security	1,426	5,570	5,570	0
State retirement	3,824	8,753	8,754	(1)
Life insurance	84	84	140	(56)
Medical insurance	8,282	19,995	19,995	0
Employer medicare liability	333	1,302	1,303	(1)
Janitorial services	716,967	716,967	716,979	(12)
Rentals	6,000	6,000	6,000	0
Other contracted services	51,270	198,668	217,447	(18,779)
Electricity	1,205,588	969,048	1,030,340	(61,292)
Natural gas	157,000	157,000	138,811	18,189
Water and sewer	149,593	149,593	124,407	25,186
Other supplies and materials	25,000	25,000	13,587	11,413
Boiler insurance	6,788	6,788	6,762	26
Building and contents insurance	123,673	123,673	123,183	490
Total operation of plant	<u>\$ 2,478,823</u>	<u>\$ 2,488,221</u>	<u>\$ 2,513,058</u>	<u>\$ (24,837)</u>
Maintenance of plant:				
Supervisor	\$ 62,911	\$ 62,911	\$ 56,548	\$ 6,363
Maintenance personnel	350,174	350,174	340,975	9,199
Other salaries and wages	35,000	35,000	0	35,000
Social security	27,479	27,479	22,894	4,585
State retirement	68,696	68,696	55,916	12,780
Life insurance	592	592	840	(248)
Medical insurance	85,728	71,728	70,900	828
Employer medicare liability	6,497	6,497	5,354	1,143
Maintenance and repair services - building	44,000	162,068	156,491	5,577
Maintenance and repair services - equipment	2,000	2,000	0	2,000
Other contracted services	86,000	86,000	111,572	(25,572)
Equipment and machinery parts	10,200	10,200	0	10,200
Other supplies and materials	200,000	200,000	260,566	(60,566)
Other charges	5,000	5,000	3,910	1,090
Maintenance equipment	2,500	2,500	3,801	(1,301)
Total maintenance of plant	<u>\$ 986,777</u>	<u>\$ 1,090,845</u>	<u>\$ 1,089,767</u>	<u>\$ (1,078)</u>
Total operation and maintenance	<u>\$ 3,465,600</u>	<u>\$ 3,579,066</u>	<u>\$ 3,602,825</u>	<u>\$ (23,759)</u>
Transportation:				
Supervisor	\$ 30,940	\$ 30,940	\$ 32,232	\$ (1,292)
Mechanics	60,285	60,285	67,666	(7,381)
Bus drivers	404,461	404,461	440,890	(36,429)
Social security	30,732	30,732	32,972	(2,240)

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Transportation - (Continued)				
State retirement	\$ 15,171	\$ 15,171	\$ 14,810	\$ 361
Life insurance	94	94	210	(116)
Medical insurance	21,621	22,053	20,502	1,551
Employer medicare	7,187	7,187	7,711	(524)
Contracts with parents	1,000	1,000	0	1,000
Medical and dental services	3,500	3,500	1,430	2,070
Travel	1,100	1,100	1,209	(109)
Other contracted services	5,000	5,000	0	5,000
Diesel fuel	139,427	133,788	124,737	9,051
Gasoline	20,000	20,000	18,861	1,139
Lubricants	2,000	2,000	0	2,000
Tires and tubes	9,962	9,962	12,436	(2,474)
Vehicle parts	65,940	65,940	91,247	(25,307)
Other supplies and materials	2,000	2,000	4,834	(2,834)
Vehicle and equipment insurance	32,394	38,033	38,033	0
Other charges	15,550	15,550	701	14,849
Transportation equipment	176,516	176,516	0	176,516
Total transportation	<u>\$ 1,044,880</u>	<u>\$ 1,045,312</u>	<u>\$ 910,481</u>	<u>\$ 134,831</u>
Food service:				
Other salaries and wages	\$ 38,786	\$ 38,786	\$ 38,786	\$ 0
Social security	2,405	2,405	2,372	33
State retirement	6,450	6,450	6,450	0
Life insurance	47	47	70	(23)
Medical insurance	4,559	4,650	4,650	0
Employer medicare liability	562	562	555	7
Total food service	<u>\$ 52,809</u>	<u>\$ 52,900</u>	<u>\$ 52,883</u>	<u>\$ 17</u>
Community services:				
Supervisor	\$ 41,280	\$ 47,327	\$ 47,327	\$ 0
Other salaries and wages	262,228	162,228	119,265	42,963
Social security	20,368	14,168	10,153	4,015
State retirement	2,815	3,038	3,074	(36)
Life insurance	34	34	70	(36)
Medical insurance	7,982	6,682	6,586	96
Employer medicare liability	4,764	3,314	2,374	940
Advertising	1,075	1,075	1,085	(10)
Janitorial services	1,000	1,000	0	1,000
Travel	11,150	3,150	1,182	1,968
Other contracted services	36,700	18,700	20,003	(1,303)
Food supplies	29,200	29,200	9,498	19,702
Other supplies and materials	24,802	9,482	1,836	7,646
Refunds	350	350	81	269

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Community services - (Continued):				
Other charges	\$ 7,231	\$ 1,231	\$ 189	\$ 1,042
Other equipment	3,542	3,061	0	3,061
Total community services	<u>\$ 454,521</u>	<u>\$ 304,040</u>	<u>\$ 222,723</u>	<u>\$ 81,317</u>
Early Childhood Education				
Contracts with other public agencies	\$ 770,110	\$ 947,020	\$ 942,214	\$ 4,806
Total childhood education	<u>\$ 770,110</u>	<u>\$ 947,020</u>	<u>\$ 942,214</u>	<u>\$ 4,806</u>
Total education	<u>\$ 34,100,151</u>	<u>\$ 34,710,183</u>	<u>\$ 33,882,146</u>	<u>\$ 828,037</u>
Debt Service				
Principal retirement	\$ 342,205	\$ 342,205	\$ 71,428	\$ 270,777
Interest and fiscal charges	181,488	181,488	0	181,488
Other debt service	227,511	227,511	0	227,511
Total debt service	<u>\$ 751,204</u>	<u>\$ 751,204</u>	<u>\$ 71,428</u>	<u>\$ 679,776</u>
Total expenditures	<u>\$ 34,851,355</u>	<u>\$ 35,461,387</u>	<u>\$ 33,953,574</u>	<u>\$ 1,507,813</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (5,455,716)</u>	<u>\$ (5,310,716)</u>	<u>\$ (3,980,623)</u>	<u>\$ 1,330,093</u>
Other Financing Sources (Uses)				
Transfers in	\$ 5,279,200	\$ 5,134,200	\$ 5,127,982	\$ (6,218)
Transfers out	0	0	(704,900)	(704,900)
Note Proceeds	176,516	176,516	0	(176,516)
Total other financing sources(uses)	<u>\$ 5,455,716</u>	<u>\$ 5,310,716</u>	<u>\$ 4,423,082</u>	<u>\$ (887,634)</u>
Net change in fund balances	\$ 0	\$ 0	\$ 442,459	\$ 442,459
Fund balance at beginning of year	<u>1,669,968</u>	<u>1,669,968</u>	<u>1,669,968</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 1,669,968</u></u>	<u><u>\$ 1,669,968</u></u>	<u><u>\$ 2,112,427</u></u>	<u><u>\$ 442,459</u></u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

	Enterprise				Internal Service Fund
	Cleveland	Cleveland	Other	Total	
	Utilities	Utilities			
	Water Division	Electric Division	Enterprise Funds		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 6,787,213	\$ 6,793,784	\$ 85,345	\$ 13,666,342	\$ 108,795
Cash and cash equivalents - restricted	291	0	0	291	0
Accounts receivable - net	4,594,882	13,336,438	0	17,931,320	17,440
Due from other government agencies	0	0	1,460,775	1,460,775	0
Inventories	233,294	1,547,642	0	1,780,936	184,571
Prepays	0	12,000	250,705	262,705	0
Total current assets	<u>\$ 11,615,680</u>	<u>\$ 21,689,864</u>	<u>\$ 1,796,825</u>	<u>\$ 35,102,369</u>	<u>\$ 310,806</u>
Noncurrent assets:					
Receivable from customer for conservation loans	\$ 0	\$ 1,177,313	\$ 0	\$ 1,177,313	\$ 0
Debt issue cost, being amortized	469,233	99,525	0	568,758	0
Other assets	0	48,638	0	48,638	0
Capital assets:					
Land and construction in progress	3,375,165	1,510,934	14,684,608	19,570,707	108,291
Other capital assets, net of accumulated depreciation	99,905,001	57,515,168	284,687	157,704,856	1,087,622
Total noncurrent assets	<u>\$ 103,749,399</u>	<u>\$ 60,351,578</u>	<u>\$ 14,969,295</u>	<u>\$ 179,070,272</u>	<u>\$ 1,195,913</u>
Total assets	<u>\$ 115,365,079</u>	<u>\$ 82,041,442</u>	<u>\$ 16,766,120</u>	<u>\$ 214,172,641</u>	<u>\$ 1,506,719</u>
LIABILITIES AND FUND EQUITY					
Current liabilities:					
Accounts payable	\$ 1,201,357	\$ 10,095,543	\$ 1,236,716	\$ 12,533,616	\$ 24,425
Customer deposits	0	2,735,763	0	2,735,763	0
Due to other funds	0	0	2,276,000	2,276,000	0
Revenue bonds payable - current	2,605,000	610,000	0	3,215,000	0
Other current liabilities	1,859,253	1,084,708	0	2,943,961	0
Total current liabilities	<u>\$ 5,665,610</u>	<u>\$ 14,526,014</u>	<u>\$ 3,512,716</u>	<u>\$ 23,704,340</u>	<u>\$ 24,425</u>
Noncurrent liabilities:					
Post-employment benefits payable	\$ 1,359,187	\$ 1,025,352	\$ 0	\$ 2,384,539	\$ 0
Conservation advances from TVA	0	1,193,148	0	1,193,148	0
Notes payable	606,994	0	0	606,994	0
Revenue bonds payable (net of unamortized discount)	44,712,472	8,137,310	0	52,849,782	0
Total noncurrent liabilities	<u>\$ 46,678,653</u>	<u>\$ 10,355,810</u>	<u>\$ 0</u>	<u>\$ 57,034,463</u>	<u>\$ 0</u>
Total liabilities	<u>\$ 52,344,263</u>	<u>\$ 24,881,824</u>	<u>\$ 3,512,716</u>	<u>\$ 80,738,803</u>	<u>\$ 24,425</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 55,355,700	\$ 50,278,792	\$ 14,969,295	\$ 120,603,787	\$ 1,195,913
Unrestricted	7,665,116	6,880,826	(1,715,891)	12,830,051	286,381
Total net assets	<u>\$ 63,020,816</u>	<u>\$ 57,159,618</u>	<u>\$ 13,253,404</u>	<u>\$ 133,433,838</u>	<u>\$ 1,482,294</u>

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, 2010

	Enterprise Funds				Internal Service Fund
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Other Enterprise Funds	Total	
Operating Revenues:					
Charges for services	\$ 18,795,035	\$ 85,385,293	\$ 16,775	\$ 104,197,103	\$ 637,747
Other operating revenues	1,560,969	1,400,179	0	2,961,148	0
Total operating revenues	\$ 20,356,004	\$ 86,785,472	\$ 16,775	\$ 107,158,251	\$ 637,747
Operating Expenses:					
Power purchased	\$ 0	\$ 70,884,746	\$ 0	\$ 70,884,746	\$ 0
Operation expenses	11,611,853	6,552,911	238,981	18,403,745	668,277
Maintenance expense	2,726,877	2,857,393	0	5,584,270	0
Depreciation and amortization	4,611,942	3,157,304	24,398	7,793,644	36,065
Total operating expenses	\$ 18,950,672	\$ 83,452,354	\$ 263,379	\$ 102,666,405	\$ 704,342
Operating income	\$ 1,405,332	\$ 3,333,118	\$ (246,604)	\$ 4,491,846	\$ (66,595)
Non Operating Revenues (Expenses):					
Interest income	\$ 104,485	\$ 133,111	\$ 88	\$ 237,684	\$ 236
Interest expense	(1,939,915)	(350,878)	0	(2,290,793)	0
Other income (expense)	3,150	399	(106,016)	(102,467)	(1,200)
Total nonoperating revenues (expenses)	\$ (1,832,280)	\$ (217,368)	\$ (105,928)	\$ (2,155,576)	\$ (964)
Income before contributions and transfers	\$ (426,948)	\$ 3,115,750	\$ (352,532)	\$ 2,336,270	\$ (67,559)
Capital contributions	1,442,074	0	3,440,774	4,882,848	0
Transfers in	0	0	34,000	34,000	0
Transfers out	(199,470)	(1,556,791)	0	(1,756,261)	0
Change in net assets	\$ 815,656	\$ 1,558,959	\$ 3,122,242	\$ 5,496,857	\$ (67,559)
Total net assets - beginning	62,205,160	55,600,659	10,131,162	127,936,981	1,549,853
Total net assets - ending	\$ 63,020,816	\$ 57,159,618	\$ 13,253,404	\$ 133,433,838	\$ 1,482,294

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2010

	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	\$ 19,777,069	\$ 85,968,353	\$ 16,775	\$ 105,762,197	\$ 658,468
Payments to suppliers	(8,653,796)	(73,317,492)	(238,952)	(82,210,240)	(325,839)
Payments to employees for services	(4,581,846)	(6,212,685)	0	(10,794,531)	(346,024)
Net cash provided by (used in) operating activities	<u>\$ 6,541,427</u>	<u>\$ 6,438,176</u>	<u>\$ (222,177)</u>	<u>\$ 12,757,426</u>	<u>\$ (13,395)</u>
Cash flows from noncapital financing activities:					
Interfund loan borrowing	\$ 0	\$ 0	\$ 900,000	\$ 900,000	\$ 0
Transfers out	(199,470)	(1,556,791)	0	(1,756,261)	0
Net cash provided by (used in) financing activities	<u>\$ (199,470)</u>	<u>\$ (1,556,791)</u>	<u>\$ 900,000</u>	<u>\$ (856,261)</u>	<u>\$ 0</u>
Cash flows from capital and related financing activities:					
Additions to plants	\$ (4,403,684)	\$ (5,926,936)	\$ (2,729,331)	\$ (13,059,951)	\$ (5,850)
Proceeds received for contributions in aid of construction	1,442,074	373,622	2,096,891	3,912,587	0
Proceeds from sale of assets	3,150	59,594	77,409	140,153	0
Removal cost	(30,471)	(350,465)	0	(380,936)	0
Salvage	32,505	349,961	0	382,466	0
Transfers in	0	0	34,000	34,000	0
Refunds	0	0	(159,000)	(159,000)	0
Proceeds from issuance of debt	24,711,994	7,960,000	0	32,671,994	0
Payment of principal on long-term debt	(26,635,000)	(8,565,000)	0	(35,200,000)	0
Payment of interest on long-term debt	(1,542,090)	(324,958)	0	(1,867,048)	0
Debt issue cost	(281,030)	(39,999)	0	(321,029)	0
Net cash provided by (used in) capital and related financing activities	<u>\$ (6,702,552)</u>	<u>\$ (6,464,181)</u>	<u>\$ (680,031)</u>	<u>\$ (13,846,764)</u>	<u>\$ (5,850)</u>
Cash flows from investing activities:					
Interest received	\$ 104,485	\$ 133,510	\$ 88	\$ 238,083	\$ 236
Net cash provided by investing activities	<u>\$ 104,485</u>	<u>\$ 133,510</u>	<u>\$ 88</u>	<u>\$ 238,083</u>	<u>\$ 236</u>
Net increase (decrease) in cash and cash equivalents	\$ (256,110)	\$ (1,449,286)	\$ (2,120)	\$ (1,707,516)	\$ (19,009)
Cash and cash equivalents, beginning of year	7,043,614	8,243,070	87,465	15,374,149	127,804
Cash and cash equivalents, end of year	<u>\$ 6,787,504</u>	<u>\$ 6,793,784</u>	<u>\$ 85,345</u>	<u>\$ 13,666,633</u>	<u>\$ 108,795</u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2010

(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)	\$ 1,405,332	\$ 3,333,118	\$ (246,604)	\$ 4,491,846	\$ (66,595)
Adjustments to reconcile net operating revenues to net cash provided by operating activities:					
Depreciation	4,818,493	3,346,482	24,398	8,189,373	36,065
Changes in operating assets and liabilities					
Accounts receivable	(578,936)	(769,100)	29	(1,348,007)	20,721
Allowance for doubtful accounts	0	(16,077)	0	(16,077)	0
Inventories	32,489	85,287	0	117,776	(18,401)
Receivable from customers for conservation loans	0	(235,381)	0	(235,381)	0
Prepays	94,725	21,773	0	116,498	0
Accounts payable	214,924	(58,199)	0	156,725	14,815
Customer deposits	0	187,363	0	187,363	0
Other current liabilities	554,400	313,898	0	868,298	0
Conservation loans	0	229,012	0	229,012	0
Net cash provided by operating activities	<u>\$ 6,541,427</u>	<u>\$ 6,438,176</u>	<u>\$ (222,177)</u>	<u>\$ 12,757,426</u>	<u>\$ (13,395)</u>

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

NOTES

CITY OF CLEVELAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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 2010 rates for the Electric Division and Water Divisions were 3.3% and 2.9% respectively. When property subject to depreciation is retired or otherwise disposed of in the normal course of business, its costs, together with the cost of removal less salvage, is charged to the reserve for depreciation. Replacements of property (exclusive of minor items of property) for Cleveland Utilities are charged to utility plant accounts.

Cleveland Utilities Electric and Water Divisions charge a portion of depreciation on certain transportation equipment to other expense classifications based on relative usage. Depreciation charged to other accounts was \$189,178 and \$206,551 for Cleveland Utilities Electric Division and Water Division respectively. The following schedule reconciles this allocation of depreciation expense:

	<u>Reconciliation</u>
Depreciation and amortization per statement of revenues, expenses and changes in net assets	\$ 7,769,246
Depreciation charged to clearing account	<u>395,729</u>
Depreciation and amortization per statement of cash flows	<u><u>\$ 8,164,975</u></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 \$7,645,938, increase budgeted expenditures by \$14,427,001, and increase budgeted expenses by \$167,900. The increase in revenues is from Bradley County issuing debt of which a portion will be received by the City. 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, 2010, and December 21, 2010, 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	\$ 344,318	\$ 344,318	\$ 0
State Treasurer's investment pool	3,506,423	3,506,423	0
Total investments	<u>\$ 3,850,741</u>	<u>\$ 3,850,741</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, 2010, a total of \$265,090 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, 2010, the City's investment in the State Treasurer's investment pool was rated AAA, by Standard & Poor's and Aaa by Moody's Investors Service.

Note 3 - RECEIVABLES

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

Receivables	Inter-governmental	Taxes	Customer Accounts	Other	Allowance for Uncollectibles	Net Receivables
General	\$ 3,070,536	\$ 18,904,083	\$ 0	\$ 533,546	\$ (482,450)	\$ 22,025,715
School	6,047,684	478,603	0	0	(104,261)	6,422,026
Water	0	0	4,594,882	0	0	4,594,882
Electric	0	0	13,476,338	0	(139,900)	13,336,438
Nonmajor	3,469,116	0	17,440	205,023	0	3,691,579
Totals	<u>\$ 12,587,336</u>	<u>\$ 19,382,686</u>	<u>\$ 18,088,660</u>	<u>\$ 738,569</u>	<u>\$ (726,611)</u>	<u>\$ 50,070,640</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)	\$ 1,984,391	\$ 0	\$ 1,984,391
Delinquent property taxes receivable (school fund)	167,993	0	167,993
County shared fire tax (general fund)	112,926	0	112,926
Income tax (general fund)	311,960	0	311,960
State beer tax (general fund)	4,274	0	4,274
TVA - In-lieu of tax (general fund)	103,097	0	103,097
Income tax (school fund)	13,209	0	13,209
2010 Property tax levy (general fund)	0	16,287,209	16,287,209
2010 County shared revenues (school fund)	0	5,425,690	5,425,690
Fees collected in advance (school food service)	0	14,427	14,427
Fees collected in advance (general fund)	0	18,070	18,070
Total	\$ 2,697,850	\$ 21,745,396	\$ 24,443,246

Note 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,621,724	\$ 490,346	\$ 0	\$ 9,112,070
Construction in progress	3,961,959	2,506,514	(3,963,010)	2,505,463
Total capital assets not being depreciated	\$ 12,583,683	\$ 2,996,860	\$ (3,963,010)	\$ 11,617,533
Capital assets, being depreciated:				
Buildings	\$ 89,731,397	\$ 4,427,848	\$ 0	\$ 94,159,245
Improvements other than buildings	5,958,228	702,011	0	6,660,239
Infrastructure	48,160,827	469,252	0	48,630,079
Furniture, fixtures, equipment and vehicles	26,340,521	1,542,544	(913,557)	26,969,508
Total capital assets being depreciated	\$ 170,190,973	\$ 7,141,655	\$ (913,557)	\$ 176,419,071
Less accumulated depreciation for				
Buildings	(20,552,183)	(1,975,512)	0	(22,527,695)
Improvements other than buildings	(3,440,889)	(182,823)	0	(3,623,712)
Infrastructure	(13,547,453)	(1,137,561)	0	(14,685,014)
Furniture, fixtures, equipment and vehicles	(18,219,558)	(1,840,366)	833,085	(19,226,839)
Total accumulated depreciation	\$ (55,760,083)	\$ (5,136,262)	\$ 833,085	\$ (60,063,260)
Total capital assets being depreciated, net	\$ 114,430,890	\$ 2,005,393	\$ (80,472)	\$ 116,355,811
Governmental activities capital assets, net	\$ 127,014,573	\$ 5,002,253	\$ (4,043,482)	\$ 127,973,344
Business-type activities:				
Capital assets not being depreciated:				
Land and land rights, easements	\$ 12,171,744	\$ 4,006,630	\$ 0	\$ 16,178,374
Construction work-in-progress	3,100,854	291,479	0	3,392,333
Total capital assets not being depreciated	\$ 15,272,598	\$ 4,298,109	\$ 0	\$ 19,570,707

Note 4 - CAPITAL ASSETS - (Cont.)

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Plant in service	\$ 264,970,138	\$ 9,667,556	\$ (1,402,781)	\$ 273,234,913
Equipment	722,518	0	(304,206)	418,312
Total capital assets being depreciated	<u>\$ 265,692,656</u>	<u>\$ 9,667,556</u>	<u>\$ (1,706,987)</u>	<u>\$ 273,653,225</u>
Less accumulated depreciation for				
Plant in service	\$ (108,861,243)	\$ (8,275,531)	\$ 1,402,781	\$ (115,733,993)
Equipment	(474,009)	(20,148)	279,781	(214,376)
Total accumulated depreciation	<u>\$ (109,335,252)</u>	<u>\$ (8,295,679)</u>	<u>\$ 1,682,562</u>	<u>\$ (115,948,369)</u>
Total capital assets being depreciated, net	<u>\$ 156,357,404</u>	<u>\$ 1,371,877</u>	<u>\$ (24,425)</u>	<u>\$ 157,704,856</u>
Business-type activities capital assets	<u>\$ 171,630,002</u>	<u>\$ 5,669,986</u>	<u>\$ (24,425)</u>	<u>\$ 177,275,563</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 82,152
Community development	39,124
Public safety	769,769
Public works	1,335,510
Health and welfare	20,071
Culture and recreation	569,326
Education	2,284,245
Capital assets held by the government's internal service fund are charged to various functions based on usage	<u>36,065</u>
Total depreciation expense - governmental activities	<u>\$ 5,136,262</u>

The City has changed its manner of accounting for certain intangible assets that have indefinite useful lives. The City has adopted the requirements of GASB Statement No. 51 ("GASB 51"), Accounting and Financial Reporting for Intangible Assets, for reporting of easements. The objective of this statement is to recognize the value of easements purchased or received through contribution as a non-depreciable capital asset. The City is required to implement GASB 51 in the year ended June 30, 2010. The City has elected to implement this Statement prospectively.

Note 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2010, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental	\$ 812,738
General fund	Nonmajor enterprise	2,276,000
School fund	General fund	552,119
Nonmajor governmental	Nonmajor governmental	<u>200,000</u>
		<u>\$ 3,840,857</u>

Of the total interfund receivable/payable balances, \$1,564,857, 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	\$ 5,120,000	\$ 5,415,550	\$ 34,000	\$ 10,569,550
School fund	0	0	704,900	0	704,900
Cleveland Utilities - Electric	1,556,791	0	0	0	1,556,791
Cleveland Utilities - Water	199,470	0	0	0	199,470
Nonmajor Governmental	0	7,982	761,619	0	769,601
	<u>\$ 1,756,261</u>	<u>\$ 5,127,982</u>	<u>\$ 6,882,069</u>	<u>\$ 34,000</u>	<u>\$ 13,800,312</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	4.00-5.00%	\$ 5,735,000
Governmental activities - refunding	3.00-4.50%	37,070,000
		<u>\$ 42,805,000</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2011	\$ 1,855,000	\$ 1,630,031	\$ 3,485,031
2012	1,855,000	1,584,956	3,439,956
2013	1,950,000	1,533,456	3,483,456
2014	1,660,000	1,486,606	3,146,606
2015	1,785,000	1,433,931	3,218,931
2016-2020	10,350,000	6,164,343	16,514,343
2021-2025	10,570,000	3,935,439	14,505,439
2026-2030	8,095,000	1,627,376	9,722,376
2031-2035	4,485,000	284,625	4,769,625
2036-2040	200,000	13,125	213,125
	<u>\$ 42,805,000</u>	<u>\$ 19,693,888</u>	<u>\$ 62,498,888</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%	\$ 48,415,000
Cleveland Utilities - Electric Division	2.00-5.00%	8,750,000

Debt service requirements to maturity for revenue bonds of Cleveland Utilities for the fiscal year ended June 30, 2010, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2011	\$ 3,215,000	\$ 2,045,029	\$ 5,260,029
2012	3,420,000	1,952,239	5,372,239
2013	3,415,000	1,851,241	5,266,241
2014	3,490,000	1,748,726	5,238,726
2015	3,530,000	1,645,477	5,175,477
2016-2020	16,925,000	6,560,936	23,485,936
2021-2025	13,870,000	3,595,393	17,465,393
2026-2030	6,350,000	1,264,927	7,614,927
2031-2035	2,020,000	475,562	2,495,562
2036-2040	930,000	61,468	991,468
	<u>\$ 57,165,000</u>	<u>\$ 21,200,998</u>	<u>\$ 78,365,998</u>

Notes Payable

Principal requirements to maturity for notes payable accounted for in the governmental activities for the fiscal year ended June 30, 2010, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2011	\$ 348,744	\$ 1,222,408	\$ 1,571,152
2012	520,007	1,220,744	1,740,751
2013	528,006	1,209,561	1,737,567
2014	916,006	1,197,284	2,113,290
2015	868,577	1,168,034	2,036,611
2016-2020	4,687,887	5,356,170	10,044,057
2021-2025	7,665,887	4,437,120	12,103,007
2026-2030	11,959,602	2,339,126	14,298,728
	<u>\$ 27,494,716</u>	<u>\$ 18,150,447</u>	<u>\$ 45,645,163</u>

Changes in Long-Term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 19,655,000	\$ 24,960,000	\$ (1,810,000)	\$ 42,805,000	\$ 1,855,000
Notes payable	48,116,144	4,160,000	(24,781,428)	27,494,716	348,744
Compensated absences	1,535,209	1,453,799	(1,356,119)	1,632,889	130,631
Postemployment benefits	3,786,275	2,474,423	(679,337)	5,581,361	0
Less bond discount/premium	17,942	265,800	(21,862)	261,880	0
Less deferred charges	(495,697)	(19,018)	32,732	(481,983)	0
Total	\$ 72,614,873	\$ 33,295,004	\$ (28,616,014)	\$ 77,293,863	\$ 2,334,375
Business-type activities:					
Revenue bonds	\$ 28,270,000	\$ 32,065,000	\$ (3,170,000)	\$ 57,165,000	\$ 3,215,000
Notes payable	32,030,000	0	(32,030,000)	0	0
State revolving loan fund	0	606,994	0	606,994	0
Conservation advances	1,157,354	484,454	(255,442)	1,386,366	193,218
Postemployment benefits	1,598,579	1,154,947	(368,987)	2,384,539	0
Less bond discount/premiums	(16,522)	239,049	(11,608)	210,919	0
Less deferred charges	(1,234,657)	(208,905)	132,425	(1,311,137)	0
Total	\$ 61,804,754	\$ 34,341,539	\$ (35,703,612)	\$ 60,442,681	\$ 3,408,218

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 August 12, 2009, and August 26, 2009, the City issued Series 2009C and 2009D refunding bonds for \$28,875,000, and \$28,150,000, respectively. As a result of this current refunding, variable rate notes payable totaling \$56,682,000, are considered defeased. The Series 2009C and 2009D bonds are fixed with a coupon rate adjusting from 2.0 to 4.50 percent. The economic gain from the refunding cannot be determined since the notes were at a variable rate.

On April 23, 2009, Cleveland Utilities Board approved applying to the Tennessee State Revolving Loan Fund (SRF) for the purpose of funding 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 results in 50% of the costs being funded as a loan through the American Recovery and Reinvestment Act of 2009, and 50% being funded as a loan from the SRF. Of the amount received from the American Recovery and Reinvestment Act of 2009, 80% will be forgiven. The loan amounts are required to be paid back over a 20 year period once the projects are completed.

On December 17, 2009, the City received a loan from the proceeds of the issuance of \$4,160,000, in aggregate principal amount of Qualified School Construction Bonds. The loan will be used to make capital improvements to the Cleveland City Schools program. The loan matures September 1, 2026. Payments of interest and principal are due monthly.

Interest Rate Swap - Notes Payable

In June 2008, the GASB issued Statement 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). GASB 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by City and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The City adopted GASB 53 in Fiscal Year 2010. All derivatives are to be reported on the statement of net assets at fair value, and all hedges

must be tested for effectiveness to qualify for hedge accounting. The tests are outlined in GASB 53. Depending on the test results, the changes in fair value are either reported on the statement of net assets as a deferral, or in the statement of activities as investment revenue or loss.

The City engaged an independent party to perform the valuations and required tests on the swaps. Both of the City's swaps qualify for hedge accounting under GASB 53, therefore all cumulative changes in fair value, as of June 30, 2010 all swap liabilities, are offset by a corresponding deferred outflow asset on the statement of net assets.

All pay-fixed swap transactions are associated with variable debt. Combining a pay-fixed receive-variable rate swap with variable debt results in what is termed "synthetic" fixed rate debt. It is called synthetic because the economics are similar to fixed rate debt, but another instrument is involved unlike regular fixed rate debt. Each time the City created synthetic fixed rate debt, a comparison and determination was made that the fixed rate on regular debt would have been higher than the fixed rate on the swap.

For all swaps, there are two main strategies the City pursues with respect to each transaction. Each swap can achieve one or more of these strategies. Then as a result of execution of the derivative, its value will change with respect to how prevailing rates on each reporting period compare to when the derivative was put in place. The accumulated changes in fair value, or total fair value of all the derivatives are a function of how prevailing interest rates and other market factors affect each transaction at each reporting period. Pursuant to GASB 53, each swap transaction is then evaluated to determine what type of accounting treatment to apply.

(i) Mitigate the effect of fluctuations in variable interest rates. This is the primary function of the swaps the City pays a fixed rate, and receives a floating rate. In an interest rate environment whose level is generally higher than the rate at which the City is fixed, the swap would result in a positive value to the City. Correspondingly, a lower rate environment than the fixed rate would result in a negative value to the City. The value primarily depends on the overall level of interest rates on the reporting date compared to what the City pays. The overall level of long term interest rates from period to period is the primary driver of changes in value recorded from the investment derivatives where the City pays fixed and receives a floating rate. Interest rates have trended lower since inception of the pay fixed swaps, therefore, the mark-to-market value is generally more negative to the City.

(ii) Reduce interest expense from expected benefit resulting from the difference between tax-exempt and taxable rates. This is a function of swaps where the City receives 70% of 3-Month LIBOR when hedging tax-exempt variable debt, with the expectation of receiving an ongoing net benefit from paying a lower fixed rate at the time of putting on the swap transaction. The historical average ratio of 3-Month LIBOR (short-term taxable rates) versus tax-exempt rates, a direct function of tax rates, is approximately 70%, but the ratio of long-term taxable rates and long-term tax-exempt rates is normally significantly higher than 70%. Therefore, the fixed rate payable in exchange for a smaller percentage of LIBOR will be significantly less than a long-term tax-exempt fixed rate. This reduction in fixed rate is the value of the benefit, the risk being tax rates change over the life of the percentage of LIBOR swap, or the variable rates on the City's hedged bonds do not closely match the percentage of LIBOR variable rate on the swap. The value of such a swap is determined by the prevailing level of taxable interest rates, with no reference to tax-exempt interest rates.

The following table provides a summary of the basic terms of the swap agreements as of June 30, 2010.

Associated Bonds	Current Notional	Effective Date	Maturity Date	Rate Paid	Rate Received	Fair Value	Bank Counterparty	Counterparty Ratings Moody's/S&P/Fitch
Series E-9-A	\$ 11,175,000	1/29/10	6/1/2030	4.4300%	70% of 3-Month	(\$3,125,119)	Deutsche Bank AG -New York Branch	Aa3/A+/AA- Aa3/A+/AA-
Series E-9-A	\$ 10,000,000	2/02/10	6/1/2025	4.4250%	70% of 3-Month	(\$2,099,410)	Deutsche Bank AG -New York Branch	Aa3/A+/AA- Aa3/A+/AA-

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, entered into interest rate swap agreements for Series A-2-A, and IV-C-3. The Series A-2-A and the Series IV-C-3 notes have since been refunded with a portion of the proceeds of the E-9-A notes, and the interest rate swaps are now associated with the Series E-9-A notes.

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 Authorities, on its behalf, to enter into interest rate swaps 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 swaps was to effectively change the City's variable interest rate on the notes to a synthetic fixed rate.

Under the swaps, the Authorities 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 70.0 percent of the three-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 notes. The notes variable-rates have historically approximated the Securities Industry and Financial Markets Association Index (the "SIFMA"). The notes mature and the related swap agreements mature on June 1, 2030. As of June 30, 2010, 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	(1.711)	(1.711)
Net interest rate swap payment	2.714 %	2.719 %
Variable-rate note payments	0.260	0.260
Synthetic interest rate on notes	2.974 %	2.979 %

As of June 30, 2010, the swaps had a negative fair value of \$2,099,410, (IV-C-3) and \$3,125,119, (A-2-A). The negative fair value of the swaps may be countered by reductions in total interest payments required under the variable-rate notes, creating lower synthetic rates. Because the rates on the government's variable-rate notes adjust to changing interest rates, the notes do not have a corresponding fair value increase. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swaps, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the swaps.

The City was not exposed to credit risk because the swaps 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 swaps.

As noted above, the swaps expose the City to basis risk should the rate on the notes increase to above 70% of LIBOR, thus increasing the synthetic rate on the notes. If a change occurs that results in the rate on the notes to be below 70% of LIBOR, then the synthetic rate on the notes will decrease.

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.

Note 6 - LONG-TERM DEBT (Cont.)

As of June 30, 2010, 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	
	Principal	Interest	Interest Rate Swap Payment	Total
2011	\$ 0	\$ 26,000	\$ 271,431	\$ 297,431
2012	110,000	26,000	271,431	407,431
2013	120,000	25,714	268,445	414,159
2014	505,000	25,402	265,188	795,590
2015	530,000	24,089	251,481	805,570
2016-2020	2,935,000	98,566	1,028,995	4,062,561
2021-2025	5,800,000	57,265	597,827	6,455,092
	<u>\$ 10,000,000</u>	<u>\$ 283,036</u>	<u>\$ 2,954,798</u>	<u>\$ 13,237,834</u>

Fiscal Year Ending June 30,	Series A-2-A		Net	
	Principal	Interest	Interest Rate Swap Payment	Total
2011	\$ 0	\$ 29,055	\$ 303,883	\$ 332,938
2012	0	29,055	303,883	332,938
2013	0	29,055	303,883	332,938
2014	0	29,055	303,883	332,938
2015	0	29,055	303,883	332,938
2016-2020	0	145,275	1,519,414	1,664,689
2021-2025	0	145,275	1,519,414	1,664,689
2026-2030	11,175,000	115,037	1,203,159	12,493,196
	<u>\$ 11,175,000</u>	<u>\$ 550,862</u>	<u>\$ 5,761,402</u>	<u>\$ 17,487,264</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 \$76,578,096, are as follows:

Bonds payable	\$ 42,805,000
Notes payable	27,494,716
Compensated absences	1,632,889
Postemployment benefits	5,581,361
Interest payable	153,337
Premium on bonds payable	261,879
Bond issuance costs	(869,103)
Unamortized bond costs	<u>(481,983)</u>
Net adjustment	<u>\$ 76,578,096</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 \$1,069,459, difference are as follows:

Depreciation expense	\$ (5,100,196)
Capital outlay	<u>6,169,655</u>
Net adjustment	<u>\$ 1,069,459</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 \$26,591,428, difference are as follows:

Principal repayments:	
General Obligation Bonds	\$ 1,810,000
Notes	129,428
Payment to refunding bond escrow agent	<u>24,652,000</u>
Net adjustment	<u>\$ 26,591,428</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.

Note 10 - COMMITMENTS AND CONTINGENCIES - (Cont.)

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 ended the year with a deficit fund balance of \$587,738.

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://www.tn.gov/treasury/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, 2010 was 17.76% 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, 2010, the City's annual pension cost of \$4,751,248 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, 2009, which established contribution rates effective July 1, 2010.

Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$ 4,751,248	100%	\$0.00
6/30/09	4,919,306	100%	\$0.00
6/30/08	4,568,248	100%	\$0.00

FUNDED STATUS AND FUNDING PROGRESS

As of July 1, 2009, the most recent actuarial valuation date, the plan was 70.90% funded. The actuarial accrued liability for benefits was \$93.01 million, and the actuarial value of assets was \$65.94 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$27.07 million. The covered payroll (annual payroll of active employees covered by the plan) was \$27.52 million, and the ratio of the UAAL to the covered payroll was 98.36%.

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 SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

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, 2010 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, 2010, 2009, and 2008, were \$1,188,516, \$1,180,974, and \$1,123,267, 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, 2010, 2009 and 2008 were \$1,274,256, \$972,426, and \$818,793, respectively, and were equal to the required contribution established by the CSA Board.

ANNUAL PENSION COST AND NET PENSION OBLIGATION

Determined in accordance with current standards, 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 30 years of service,(public safety employees 25 years) or age 55 with 10 years of service. Medical benefits are provided using a point of service (POS) 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	43.33%
18	40.00%
19	36.67%
20	33.33%
21	30.00%
22	26.67%
23	23.33%
24	20.00%
25	16.67%
26	13.33%
27	10.00%
28	6.67%
29	1.33%
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)	\$ 1,421,934
Interest on net OPEB obligation	113,952
Adjustment to annual required contribution	<u>(122,690)</u>
Annual OPEB cost (expense)	\$ 1,413,196
Contributions made	<u>(348,067)</u>
Increase in net OPEB obligation	\$ 1,065,129
Net OPEB obligation - June 30, 2009	<u>2,848,794</u>
Net OPEB obligation - June 30, 2010	<u><u>\$ 3,913,923</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
6/30/2010	1,413,196	24.62%	3,913,923

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2009, was as follows:

Actuarial accrued liability (AAL)	\$ 14,600,734
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 14,600,734</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 15,112,712
UAAL as a percentage of covered payroll	96.6%

ACTUARIAL METHODS AND ASSUMPTIONS

In the July 1, 2009 actuarial valuation, the projected unit credit method was used. The actuarial assumptions include a 4.00% funding interest rate. The 2009 medical cost trend rate used was 10% with an ultimate medical cost trend rate of 5% projected to be reached in 2014. 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, 2010 is 27.07 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 Retirement</u>	<u>Percentage of Premium Paid by Participant</u>
<15	100.00%
15	50.00%
16	46.67%
17	43.33%
18	40.00%
19	36.67%
20	33.33%
21	30.00%
22	26.67%
23	23.33%
24	20.00%
25	16.67%
26	13.33%
27	10.00%
28	6.67%
29	1.33%
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, 2009, 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	238.52	22.73
Post-65 Retiree and Spouse	477.04	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)	\$ 1,159,618
Interest on net OPEB obligation	65,271
Adjustment to annual required contribution	<u>(69,942)</u>
Annual OPEB cost (expense)	\$ 1,154,947
Contributions made	<u>(368,987)</u>
Increase in net OPEB obligation	\$ 785,960
Net OPEB obligation - June 30, 2008	<u>1,598,579</u>
Net OPEB obligation - June 30, 2009	<u><u>\$ 2,384,539</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
6/30/2010	1,154,947	31.95%	2,384,539

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2009, was as follows:

Actuarial accrued liability (AAL)	\$ 14,771,871
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 14,771,871</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 10,794,531
UAAL as a percentage of covered payroll	136.8%

ACTUARIAL METHODS AND ASSUMPTIONS

In the July 1, 2009, actuarial valuation, the projected unit credit method was used. The actuarial assumptions include a 4.00% funding interest rate. The 2009 medical cost trend rate used was 8% 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, 2010 is 27.07 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)	\$ 1,059,000
Interest on net OPEB obligation	42,187
Adjustment to annual required contribution	<u>(39,959)</u>
Annual OPEB cost (expense)	\$ 1,061,228
Contributions made	<u>(331,270)</u>
Increase in net OPEB obligation	\$ 729,958
Net OPEB obligation - June 30, 2008	937,480
Net OPEB obligation - June 30, 2009	<u><u>\$ 1,667,438</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
6/30/2010	1,061,228	31.22%	1,667,438

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2009, was as follows:

Actuarial accrued liability (AAL)	\$ 8,700,000
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 8,700,000</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 24,213,310
UAAL as a percentage of covered payroll	35.9%

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, 2009, 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 4 percent for fiscal year 2010. The trend will rise to 10% in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of 5 percent by fiscal year 2021. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with June 30, 2008.

Note 20 - SUBSEQUENT EVENTS

On September 29, 2010, Cleveland Utilities approved a resolution to the Cleveland City Council requesting the issuance of \$8,750,000 in new revenue and tax bonds for the purpose of extending and making improvements to the electric and water systems. The electric portion of the bonds was \$6,500,000, and the water portion \$2,250,000. The Council concurred with the Board's recommendation and on December 1, 2010, bids were received on the bonds. The lowest and best bidder was FTN Financial Capital Markets bidding Build America Bonds with a TIC of 3.047188%. The issue matures on June 1, 2031.

On August 1, 2010, Cleveland City Schools entered into a lease purchase agreement to upgrade the lighting systems in its facilities. The cost of the improvements shall be \$848,581. The City School, with approval of the City Council will arrange financing for the balance of the purchase price after deducting available grant monies and TVA incentives. \$312,203 will be financed through the Tennessee Energy Efficient Schools Initiative for 5 years at 3% interest, and the balance will be financed with Excel Energy Group for a nine year term at 4.2% interest.

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)
07/01/09	\$65,941	\$93,010	\$27,069	70.90%	\$27,521	98.36%
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%

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)
07/01/09	\$0	\$14,601	\$14,601	0.00%	\$15,112	96.62%
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)
07/01/09	\$0	\$14,772	\$14,772	0.00%	\$10,795	136.84%
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)
07/01/09	\$0	\$8,700	\$8,700	0.00%	\$24,213	35.93%
07/01/07	\$0	\$6,295	\$6,295	0.00%	\$23,270	27.10%

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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.

2009 Justice Assistance Grant-ARRA: This fund is used to account for grant received from the United States Department of Justice and the America Recovery and Reinvestment Act (ARRA) for the purchase of equipment.

COPS Hiring Recovery Grant Fund: This fund is used to account for grant received from the America Recovery and Reinvestment Act (ARRA) to hire four police officers for a period of three years.

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 equipment.

Debt Service

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

Capital Projects

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

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

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.

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.

2009 QSCB Fund: This fund accounts for proceeds from School Construction Bonds issued by the State of Tennessee. These funds are being used for a portion of the costs for a new science wing at Cleveland High School.

2009 Bradley County Build America Bond Fund: This fund accounts for Build America bonds issued by Bradley County to fund public school systems' capital improvement needs.

ARRA Grants Fund: This fund accounts for the proceeds from America Recovery and Reinvestment Act (ARRA) grants for acquiring various capital assets for the city.

Permanent Fund

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

CITY OF CLEVELAND, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2010

	Special Revenue				
	State Street Aid Fund	Solid Waste Management Fund	School Federal Projects Fund	School Food Services Fund	Library Fund
ASSETS					
Cash and cash equivalents	\$ 24,069	\$ 223,030	\$ 4,274	\$ 101,999	\$ 198,919
Cash and cash equivalents - restricted	0	0	0	0	0
Investments	0	0	0	0	344,318
Accounts receivable	0	189,097	0	0	926
Due from other government agencies	182,616	0	307,740	156,672	0
Due from other funds	0	0	0	0	0
Total Assets	<u>\$ 206,685</u>	<u>\$ 412,127</u>	<u>\$ 312,014</u>	<u>\$ 258,671</u>	<u>\$ 544,163</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued liabilities	\$ 5,496	\$ 7,020	\$ 261,313	\$ 0	\$ 0
Accounts payable	0	649	0	29,032	6,296
Due to other funds	0	0	0	0	0
Matured interest payable	0	0	0	0	0
Matured bonds payable	0	0	0	0	0
Deferred revenue	0	0	0	14,427	0
Total Liabilities	<u>\$ 5,496</u>	<u>\$ 7,669</u>	<u>\$ 261,313</u>	<u>\$ 43,459</u>	<u>\$ 6,296</u>
Fund Balances:					
Reserved for capital outlay	\$ 0	\$ 0	\$ 0	\$ 0	\$ 180,418
Reserved for school capital outlay	0	0	0	0	0
Reserved for book and equipment	0	0	0	0	247,532
Reserved for federal projects	0	0	50,701	0	0
Reserved for endowment	0	0	0	0	13,700
Unreserved-undesignated	201,189	404,458	0	215,212	96,217
Total Fund Balances	<u>\$ 201,189</u>	<u>\$ 404,458</u>	<u>\$ 50,701</u>	<u>\$ 215,212</u>	<u>\$ 537,867</u>
Total Liabilities and Fund Balances	<u>\$ 206,685</u>	<u>\$ 412,127</u>	<u>\$ 312,014</u>	<u>\$ 258,671</u>	<u>\$ 544,163</u>

Special Revenue

Drug Enforcement Fund	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
\$ 287,633	\$ 15,202	\$ 68,881	\$ 45,963	\$ 10,110	\$ 12,701	\$ 2,143
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	15,000	0	0	0
2,118	41,387	73,270	0	51,962	31,390	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 289,751</u>	<u>\$ 56,589</u>	<u>\$ 142,151</u>	<u>\$ 60,963</u>	<u>\$ 62,072</u>	<u>\$ 44,091</u>	<u>\$ 2,143</u>
\$ 0	\$ 0	\$ 0	\$ 1,410	\$ 0	\$ 0	\$ 0
720	49,050	0	80	10,499	27,390	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>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 720</u>	<u>\$ 49,050</u>	<u>\$ 0</u>	<u>\$ 1,490</u>	<u>\$ 10,499</u>	<u>\$ 27,390</u>	<u>\$ 0</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	51,573	16,701	0
0	0	0	0	0	0	0
289,031	7,539	142,151	59,473	0	0	2,143
<u>\$ 289,031</u>	<u>\$ 7,539</u>	<u>\$ 142,151</u>	<u>\$ 59,473</u>	<u>\$ 51,573</u>	<u>\$ 16,701</u>	<u>\$ 2,143</u>
<u>\$ 289,751</u>	<u>\$ 56,589</u>	<u>\$ 142,151</u>	<u>\$ 60,963</u>	<u>\$ 62,072</u>	<u>\$ 44,091</u>	<u>\$ 2,143</u>

CITY OF CLEVELAND, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 June 30, 2010

	Special Revenue			Debt Service	
	Red Light Camera Fund	2009 Justice Assistance Grant ARRA	COPS Hiring Recovery Grant Fund	2009 Byrne Memorial Assistance Justice Grant	Debt Service Fund
ASSETS					
Cash and cash equivalents	\$ 12,281	\$ 145,779	\$ 12,130	\$ 33,715	\$ 3,248,341
Cash and cash equivalents - restricted	0	0	0	0	0
Investments	0	0	0	0	0
Accounts receivable	0	0	0	0	0
Due from other government agencies	0	0	37,870	0	0
Due from other funds	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 12,281</u>	<u>\$ 145,779</u>	<u>\$ 50,000</u>	<u>\$ 33,715</u>	<u>\$ 3,248,341</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accounts payable	0	0	0	0	0
Due to other funds	0	0	50,000	0	0
Matured interest payable	0	0	0	0	1,097
Matured bonds payable	0	0	0	0	1,000
Deferred revenue	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>2,097</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 50,000</u>	<u>\$ 0</u>	<u>\$ 2,097</u>
Fund Balances:					
Reserved for capital outlay	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Reserved for school capital outlay	0	0	0	0	0
Reserved for book and equipment	0	0	0	0	0
Reserved for federal projects	0	145,779	0	33,715	0
Reserved for endowment	0	0	0	0	0
Unreserved-undesignated	12,281	0	0	0	3,246,244
	<u>12,281</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,246,244</u>
Total Fund Balances	<u>\$ 12,281</u>	<u>\$ 145,779</u>	<u>\$ 0</u>	<u>\$ 33,715</u>	<u>\$ 3,246,244</u>
Total Liabilities and Fund Balances	<u>\$ 12,281</u>	<u>\$ 145,779</u>	<u>\$ 50,000</u>	<u>\$ 33,715</u>	<u>\$ 3,248,341</u>

Capital Projects						Permanent Fund	Total Nonmajor Governmental Funds
Capital Improvement Program Fund	2007 General Improvement Bond Fund	Sales Tax Capital Projects Fund	2009 QSCB Fund	2009 Bradley County Build America Bonds	ARRA Grants Fund	Meiler Estate Animal Shelter Trust Fund	
\$ 435,963	\$ 0	\$ 696,356	\$ 4,506	\$ 54,273	\$ 15,380	\$ 521	\$ 5,654,169
0	0	0	51,878	0	0	459,740	511,618
74,157	0	0	3,432,266	0	0	0	3,850,741
0	0	0	0	0	0	0	205,023
578,034	0	435,012	0	0	110,270	0	2,008,341
0	0	0	0	200,000	0	0	200,000
<u>\$ 1,088,154</u>	<u>\$ 0</u>	<u>\$ 1,131,368</u>	<u>\$ 3,488,650</u>	<u>\$ 254,273</u>	<u>\$ 125,650</u>	<u>\$ 460,261</u>	<u>\$ 12,429,892</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 275,239
110,184	0	8,632	634,896	9,635	105,650	0	992,713
0	587,738	0	355,000	0	20,000	0	1,012,738
0	0	0	0	0	0	0	1,097
0	0	0	0	0	0	0	1,000
0	0	0	0	0	0	0	14,427
<u>\$ 110,184</u>	<u>\$ 587,738</u>	<u>\$ 8,632</u>	<u>\$ 989,896</u>	<u>\$ 9,635</u>	<u>\$ 125,650</u>	<u>\$ 0</u>	<u>\$ 2,297,214</u>
\$ 0	\$ 0	\$ 173,732	\$ 0	\$ 0	\$ 0	\$ 0	\$ 354,150
0	0	949,004	0	0	0	0	949,004
0	0	0	0	0	0	0	247,532
0	0	0	0	0	0	0	298,469
0	0	0	0	0	0	459,740	473,440
977,970	(587,738)	0	2,498,754	244,638	0	521	7,810,083
<u>\$ 977,970</u>	<u>\$ (587,738)</u>	<u>\$ 1,122,736</u>	<u>\$ 2,498,754</u>	<u>\$ 244,638</u>	<u>\$ 0</u>	<u>\$ 460,261</u>	<u>\$ 10,132,678</u>
<u>\$ 1,088,154</u>	<u>\$ 0</u>	<u>\$ 1,131,368</u>	<u>\$ 3,488,650</u>	<u>\$ 254,273</u>	<u>\$ 125,650</u>	<u>\$ 460,261</u>	<u>\$ 12,429,892</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, 2010

	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
Licenses and permits	0	0	0	0	0	0
Intergovernmental	993,867	0	4,044,725	1,571,595	567,276	1,040
Fines and forfeitures	0	0	0	0	0	28,292
Charges for services	0	2,248,927	0	707,393	73,854	0
Interest	117	466	224	75	2,762	416
Miscellaneous	2,746	20,936	0	0	354,964	0
Total revenues	\$ 996,730	\$ 2,270,329	\$ 4,044,949	\$ 2,279,063	\$ 998,856	\$ 29,748
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	104,979
Public works	598,028	3,313,728	0	0	0	0
Culture and recreation	0	0	0	0	1,194,599	0
Education	0	0	4,145,124	2,210,010	0	0
Capital Outlay	0	0	0	0	291,003	0
Debt Service	0	0	0	0	0	0
Total expenditures	\$ 598,028	\$ 3,313,728	\$ 4,145,124	\$ 2,210,010	\$ 1,485,602	\$ 104,979
Excess (deficiency) of revenues over expenditures	\$ 398,702	\$ (1,043,399)	\$ (100,175)	\$ 69,053	\$ (486,746)	\$ (75,231)
Other financing sources (uses):						
Transfers in	\$ 103,700	\$ 1,061,300	\$ 0	\$ 0	\$ 558,650	\$ 0
Transfers out	(390,400)	0	(7,982)	0	0	0
Notes issued	0	0	0	0	0	0
Refunding bonds issued	0	0	0	0	0	0
Premium on bond issued	0	0	0	0	0	0
Payment to refunding bond escrow agent	0	0	0	0	0	0
Total other financing sources (uses)	\$ (286,700)	\$ 1,061,300	\$ (7,982)	\$ 0	\$ 558,650	\$ 0
Net change in fund balances	\$ 112,002	\$ 17,901	\$ (108,157)	\$ 69,053	\$ 71,904	\$ (75,231)
Fund balances at beginning of year	89,187	386,557	158,858	146,159	465,963	364,262
Fund balances at end of year	\$ 201,189	\$ 404,458	\$ 50,701	\$ 215,212	\$ 537,867	\$ 289,031

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	Red Light Camera Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	15,000	0	0	0	0
40,000	77,594	0	106,364	401,839	0	0
0	0	0	0	0	15,497	147,118
0	0	0	0	0	0	0
20	82	91	0	0	0	1
714	17,082	0	0	0	0	0
<u>\$ 40,734</u>	<u>\$ 94,758</u>	<u>\$ 15,091</u>	<u>\$ 106,364</u>	<u>\$ 401,839</u>	<u>\$ 15,497</u>	<u>\$ 147,119</u>
\$ 0	\$ 0	\$ 0	\$ 136,498	\$ 0	\$ 0	\$ 0
0	0	0	0	187,706	0	0
0	0	0	0	0	16,876	113,900
0	0	188,415	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
49,050	96,910	0	0	214,097	0	0
0	0	0	0	0	0	0
<u>\$ 49,050</u>	<u>\$ 96,910</u>	<u>\$ 188,415</u>	<u>\$ 136,498</u>	<u>\$ 401,803</u>	<u>\$ 16,876</u>	<u>\$ 113,900</u>
<u>\$ (8,316)</u>	<u>\$ (2,152)</u>	<u>\$ (173,324)</u>	<u>\$ (30,134)</u>	<u>\$ 36</u>	<u>\$ (1,379)</u>	<u>\$ 33,219</u>
\$ 0	\$ 142,000	\$ 194,500	\$ 32,300	\$ 10,000	\$ 0	\$ 0
0	0	(17,400)	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 0</u>	<u>\$ 142,000</u>	<u>\$ 177,100</u>	<u>\$ 32,300</u>	<u>\$ 10,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ (8,316)	\$ 139,848	\$ 3,776	\$ 2,166	\$ 10,036	\$ (1,379)	\$ 33,219
15,855	2,303	55,697	49,407	6,665	3,522	(20,938)
<u>\$ 7,539</u>	<u>\$ 142,151</u>	<u>\$ 59,473</u>	<u>\$ 51,573</u>	<u>\$ 16,701</u>	<u>\$ 2,143</u>	<u>\$ 12,281</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, 2010

	Special Revenue			Debt Service	Capital Projects	
	2009 Justice Assistance Grant ARRA	COPS Hiring Recovery Grant Fund	2009 Byrne Memorial Justice Assistance Grants	Debt Service Fund	Capital Improvement Program Fund	2005 D-4-A General Improvement Bond Fund
Revenues:						
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and permits	0	0	0	0	0	0
Intergovernmental	166,788	102,704	40,575	69,653	610,889	0
Fines and forfeitures	0	0	0	0	0	0
Charges for services	0	0	0	0	0	0
Interest	0	0	0	6,279	1,340	0
Miscellaneous	0	0	0	91,250	63,817	0
Total revenues	\$ 166,788	\$ 102,704	\$ 40,575	\$ 167,182	\$ 676,046	\$ 0
Expenditures:						
Current:						
General government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Community development	0	0	0	0	0	0
Public safety	21,009	102,704	6,860	0	0	0
Public works	0	0	0	0	0	0
Culture and recreation	0	0	0	0	0	0
Education	0	0	0	0	0	0
Capital Outlay	0	0	0	0	2,215,567	78,355
Debt Service	0	0	0	4,671,622	0	0
Total expenditures	\$ 21,009	\$ 102,704	\$ 6,860	\$ 4,671,622	\$ 2,215,567	\$ 78,355
Excess (deficiency) of revenues over expenditures	\$ 145,779	\$ 0	\$ 33,715	\$ (4,504,440)	\$ (1,539,521)	\$ (78,355)
Other financing sources (uses):						
Transfers in	\$ 0	\$ 0	\$ 0	\$ 4,327,300	\$ 452,319	\$ 0
Transfers out	0	0	0	0	(245,700)	(101,419)
Notes issued	0	0	0	0	0	0
Refunding bonds issued	0	0	0	24,960,000	0	0
Premium on bonds issued	0	0	0	265,800	0	0
Payment to refunding bond escrow agent	0	0	0	(24,652,000)	0	0
Total other financing sources (uses)	\$ 0	\$ 0	\$ 0	\$ 4,901,100	\$ 206,619	\$ (101,419)
Net change in fund balances	\$ 145,779	\$ 0	\$ 33,715	\$ 396,660	\$ (1,332,902)	\$ (179,774)
Fund balances at beginning of year	0	0	0	2,849,584	2,310,872	179,774
Fund balances at end of year	\$ 145,779	\$ 0	\$ 33,715	\$ 3,246,244	\$ 977,970	\$ 0

Capital Projects							Permanent Fund	Total Nonmajor Governmental Funds
2007 General Improvement Bond Fund	2008 TMBF Note Fund	Sales Tax Capital Projects Fund	2009 QSCB Fund	2009 Bradley County Build America Bonds	ARRA Grants Fund	Meiler Estate Animal Shelter Trust Fund		
\$ 0	\$ 0	\$ 2,433,004	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,433,004	
0	0	0	0	0	0	0	15,000	
0	0	0	0	1,233,510	110,338	0	10,138,757	
0	0	0	0	0	0	0	190,907	
0	0	0	0	0	0	0	3,030,174	
0	0	313	5,192	62	0	574	18,014	
0	0	58,805	0	0	0	0	610,314	
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,492,122</u>	<u>\$ 5,192</u>	<u>\$ 1,233,572</u>	<u>\$ 110,338</u>	<u>\$ 574</u>	<u>\$ 16,436,170</u>	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 136,498	
0	0	0	0	0	0	0	187,706	
0	0	0	0	0	0	0	366,328	
0	0	0	0	0	0	0	4,100,171	
0	0	0	0	0	0	0	1,194,599	
0	0	0	0	0	0	0	6,355,134	
0	54,639	1,989,130	1,620,362	988,934	110,338	0	7,708,385	
0	0	46,899	46,076	0	0	0	4,764,597	
<u>\$ 0</u>	<u>\$ 54,639</u>	<u>\$ 2,036,029</u>	<u>\$ 1,666,438</u>	<u>\$ 988,934</u>	<u>\$ 110,338</u>	<u>\$ 0</u>	<u>\$ 24,813,418</u>	
<u>\$ 0</u>	<u>\$ (54,639)</u>	<u>\$ 456,093</u>	<u>\$ (1,661,246)</u>	<u>\$ 244,638</u>	<u>\$ 0</u>	<u>\$ 574</u>	<u>\$ (8,377,248)</u>	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,882,069	
0	0	0	0	0	0	(6,700)	(769,601)	
0	0	0	4,160,000	0	0	0	4,160,000	
0	0	0	0	0	0	0	24,960,000	
0	0	0	0	0	0	0	265,800	
0	0	0	0	0	0	0	(24,652,000)	
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,160,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (6,700)</u>	<u>\$ 10,846,268</u>	
\$ 0	\$ (54,639)	\$ 456,093	\$ 2,498,754	\$ 244,638	\$ 0	\$ (6,126)	\$ 2,469,020	
(587,738)	54,639	666,643	0	0	0	466,387	7,663,658	
<u>\$ (587,738)</u>	<u>\$ 0</u>	<u>\$ 1,122,736</u>	<u>\$ 2,498,754</u>	<u>\$ 244,638</u>	<u>\$ 0</u>	<u>\$ 460,261</u>	<u>\$ 10,132,678</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, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
State gas tax	\$ 1,025,000	\$ 1,000,000	\$ 993,867	\$ (6,133)
Interest	500	500	117	(383)
Miscellaneous	0	0	2,746	2,746
Total revenues	<u>\$ 1,025,500</u>	<u>\$ 1,000,500</u>	<u>\$ 996,730</u>	<u>\$ (3,770)</u>
Expenditures:				
Current:				
Public works:				
Salaries	\$ 375,800	\$ 382,300	\$ 382,183	\$ 117
Overtime wages	6,000	6,000	5,601	399
Service awards	500	500	425	75
Longevity	6,500	6,500	6,500	0
Sold vacations	3,200	2,100	2,038	62
Christmas bonus	1,200	1,200	1,191	9
Dental insurance	4,800	4,600	4,605	(5)
Social security tax	30,200	29,500	28,435	1,065
Health insurance	71,900	72,400	72,920	(520)
Retirement	65,400	66,900	65,883	1,017
Life and disability insurance	4,900	4,800	4,776	24
Worker's compensation insurance	24,700	21,300	21,206	94
Worker's compensation claims	500	900	1,205	(305)
Safety shoes	1,100	1,100	1,060	40
Total expenditures	<u>\$ 596,700</u>	<u>\$ 600,100</u>	<u>\$ 598,028</u>	<u>\$ 2,072</u>
Excess of revenues over expenditures	<u>\$ 428,800</u>	<u>\$ 400,400</u>	<u>\$ 398,702</u>	<u>\$ (1,698)</u>
Other financing sources (uses):				
Transfers in	\$ 0	\$ 103,700	\$ 103,700	\$ 0
Transfers out	<u>(390,400)</u>	<u>(494,100)</u>	<u>(390,400)</u>	<u>(103,700)</u>
Total other financing sources (uses)	<u>\$ (390,400)</u>	<u>\$ (390,400)</u>	<u>\$ (286,700)</u>	<u>\$ (103,700)</u>
Net change in fund balances	\$ 38,400	\$ 10,000	\$ 112,002	\$ (105,398)
Fund balance at beginning of year	<u>89,187</u>	<u>89,187</u>	<u>89,187</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 127,587</u></u>	<u><u>\$ 99,187</u></u>	<u><u>\$ 201,189</u></u>	<u><u>\$ (105,398)</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, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Charges for services:				
Commercial garbage	\$ 1,076,600	\$ 989,300	\$ 989,743	\$ 443
Residential garbage	1,125,500	1,257,700	1,259,184	1,484
Interest	1,000	1,000	466	(534)
Miscellaneous	0	20,000	20,936	936
Total revenues	\$ 2,203,100	\$ 2,268,000	\$ 2,270,329	\$ 2,329
Expenditures:				
Current:				
Public works:				
Salaries	\$ 494,300	\$ 494,800	\$ 495,173	\$ (373)
Overtime wages	7,000	14,000	14,229	(229)
Service awards	100	100	100	0
Supplement pay	700	700	603	97
Longevity	9,100	9,800	9,775	25
Sold vacation	4,800	2,000	1,906	94
Christmas bonus	1,600	1,500	1,408	92
Dental insurance	5,800	4,800	4,743	57
Social security taxes	39,700	39,200	37,474	1,726
Health insurance	81,400	81,600	81,118	482
Retirement	86,100	84,600	82,949	1,651
Life insurance	6,500	5,900	5,658	242
Worker's compensation claims	500	1,000	1,811	(811)
Safety shoes	1,300	1,300	1,275	25
Postage	300	300	113	187
Printing	200	0	0	0
Subscriptions and memberships	100	100	69	31
Advertising	100	100	0	100
Training and travel	800	400	0	400
Landfill	215,000	234,000	227,519	6,481
Residential account	1,125,500	1,086,000	1,080,166	5,834
Commercial account	1,012,800	991,000	983,620	7,380
Commercial recycling	63,800	63,000	61,996	1,004
Office expenditures	1,800	1,600	1,331	269
Operating supplies	1,500	1,700	1,547	153
Safety supplies	800	800	793	7
Janitorial supplies	600	800	789	11
Uniforms	4,000	3,300	3,238	62
Gasoline and oil	58,000	47,200	45,861	1,339
Repairs and parts	115,000	121,500	109,367	12,133
Insurance - property	0	800	772	28
Insurance - vehicle	3,400	1,900	1,841	59
Insurance - general liability	11,600	7,900	7,804	96
Insurance - workers compensation	27,900	25,500	25,467	33
Computer maintenance and support	1,000	12,000	2,615	9,385

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Public works - (Continued):				
Miscellaneous	\$ 500	\$ 500	\$ 326	\$ 174
Bradley County recycling	20,000	20,000	20,000	0
Office furniture and equipment	800	600	272	328
Total expenditures	\$ 3,404,400	\$ 3,362,300	\$ 3,313,728	\$ 48,572
 Excess (deficiency) of revenues over expenditures	\$ (1,201,300)	\$ (1,094,300)	\$ (1,043,399)	\$ 50,901
 Other financing sources:				
Transfers in	\$ 1,061,300	\$ 1,061,300	\$ 1,061,300	\$ 0
Total other financing sources	\$ 1,061,300	\$ 1,061,300	\$ 1,061,300	\$ 0
 Net change in fund balances	\$ (140,000)	\$ (33,000)	\$ 17,901	\$ 50,901
 Fund balance at beginning of year	386,557	386,557	386,557	0
Fund balance at end of year	\$ 246,557	\$ 353,557	\$ 404,458	\$ 50,901

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, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government	\$ 5,632,256	\$ 5,922,497	\$ 4,044,725	\$ (1,877,772)
Interest	0	0	224	224
Total revenues	<u>\$ 5,632,256</u>	<u>\$ 5,922,497</u>	<u>\$ 4,044,949</u>	<u>\$ (1,877,548)</u>
Expenditures:				
Current:				
Education:				
Regular instruction	\$ 1,764,363	\$ 1,868,083	\$ 1,331,371	\$ 536,712
Special education	2,166,383	2,180,829	1,709,362	471,467
Vocational education	99,253	99,253	102,486	(3,233)
Support services	<u>1,650,506</u>	<u>1,912,373</u>	<u>1,001,905</u>	<u>910,468</u>
Total expenditures	<u>\$ 5,680,505</u>	<u>\$ 6,060,538</u>	<u>\$ 4,145,124</u>	<u>\$ 1,915,414</u>
Excess of revenues over expenditures	<u>\$ (48,249)</u>	<u>\$ (138,041)</u>	<u>\$ (100,175)</u>	<u>\$ 37,866</u>
Other financing sources (uses):				
Transfers out	<u>\$ (14,376)</u>	<u>\$ (14,376)</u>	<u>\$ (7,982)</u>	<u>\$ 6,394</u>
Total other financing sources (uses)	<u>\$ (14,376)</u>	<u>\$ (14,376)</u>	<u>\$ (7,982)</u>	<u>\$ 6,394</u>
Net change in fund balances	\$ (62,625)	\$ (152,417)	\$ (108,157)	\$ 44,260
Fund balance at beginning of year	<u>158,858</u>	<u>158,858</u>	<u>158,858</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 96,233</u></u>	<u><u>\$ 6,441</u></u>	<u><u>\$ 50,701</u></u>	<u><u>\$ 44,260</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, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
USDA reimbursements	\$ 1,375,000	\$ 1,500,000	\$ 1,571,595	\$ 71,595
Charges for services	915,000	865,000	707,393	(157,607)
Interest	2,000	2,000	75	(1,925)
Total revenues	\$ 2,292,000	\$ 2,367,000	\$ 2,279,063	\$ (87,937)
Expenditures:				
Current:				
Education:				
Clerical personnel	\$ 56,000	\$ 56,000	\$ 51,878	\$ 4,122
Cafeteria personnel	700,000	700,000	668,749	31,251
In-service training	2,000	2,000	640	1,360
Social security	45,000	45,000	40,274	4,726
State retirement	116,000	116,000	98,147	17,853
Life insurance	2,500	2,500	3,478	(978)
Medical insurance	215,000	215,000	218,793	(3,793)
Unemployment compensation	1,000	1,000	910	90
Employer medicare liability	12,000	12,000	9,419	2,581
Other fringe benefits	17,000	17,000	15,293	1,707
Communication	500	500	502	(2)
Dues and membership	600	600	383	217
Maintenance and repair services	15,000	15,000	17,686	(2,686)
Payments to schools - lunch	0	0	208	(208)
Transportation	3,000	3,000	1,184	1,816
Travel	3,000	3,000	3,166	(166)
Other contracted services	10,000	15,000	17,923	(2,923)
Food supplies	900,000	945,000	863,536	81,464
Office supplies	8,000	8,000	7,673	327
Utilities	4,000	4,000	3,411	589
Uniforms	1,000	1,000	125	875
In-service staff development	1,000	1,000	1,882	(882)
Other supplies and materials	159,000	184,000	149,424	34,576
Applicant investigation	400	400	720	(320)
Food service equipment	20,000	20,000	34,606	(14,606)
Total expenditures	\$ 2,292,000	\$ 2,367,000	\$ 2,210,010	\$ 156,990
Excess of revenues over expenditures	\$ 0	\$ 0	\$ 69,053	\$ 69,053
Fund balance at beginning of year	146,159	146,159	146,159	0
Fund balance at end of year	\$ 146,159	\$ 146,159	\$ 215,212	\$ 69,053

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, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Library archive grant	\$ 0	\$ 1,400	\$ 926	\$ (474)
Technology grant	0	7,700	7,700	0
Bradley County	539,800	558,650	558,650	0
Charges for services	77,000	75,000	73,854	(1,146)
Interest	2,000	16,000	2,762	(13,238)
Miscellaneous:				
Gifts	70,000	350,200	352,555	2,355
Sale of equipment		0	1,400	1,400
E-Rate Money	1,000	1,000	1,009	9
Total revenues	\$ 689,800	\$ 1,009,950	\$ 998,856	\$ (11,094)
Expenditures:				
Current:				
Culture and recreation:				
Salaries	\$ 684,300	\$ 676,800	\$ 668,834	\$ 7,966
Employee benefits	204,100	202,300	194,581	7,719
Supplies	62,300	63,100	61,847	1,253
Books	137,900	137,900	140,953	(3,053)
Utilities	67,600	69,100	74,443	(5,343)
Equipment repair/replacement	15,300	15,400	15,201	199
Building maintenance	5,000	8,200	7,398	802
Insurance	19,000	17,300	17,238	62
Gift and memorial expenditures	70,000	30,000	13,854	16,146
License fees	0	300	250	50
Capital Outlay:				
Grant expenditures	0	9,100	8,641	459
Building addition	0	210,000	82,948	127,052
Building landscaping	15,000	15,000	12,408	2,592
CIP Equipment	0	210,000	183,898	26,102
Furniture	1,500	3,200	3,108	92
Total expenditures	\$ 1,282,000	\$ 1,667,700	\$ 1,485,602	\$ 182,098
Excess (deficiency) of revenues over expenditures	\$ (592,200)	\$ (657,750)	\$ (486,746)	\$ 171,004
Other financing sources:				
Transfers in	\$ 539,800	\$ 558,650	\$ 558,650	\$ 0
Total other financing sources	\$ 539,800	\$ 558,650	\$ 558,650	\$ 0
Net change in fund balances	\$ (52,400)	\$ (99,100)	\$ 71,904	\$ 171,004
Fund balance at beginning of year	465,963	465,963	465,963	0
Fund balance at end of year	\$ 413,563	\$ 366,863	\$ 537,867	\$ 171,004

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, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State substance tax	\$ 0	\$ 0	\$ 1,040	\$ 1,040
Fines and forfeitures	40,000	40,000	28,292	(11,708)
Interest	1,000	1,000	416	(584)
Total revenues	<u>\$ 41,000</u>	<u>\$ 41,000</u>	<u>\$ 29,748</u>	<u>\$ (11,252)</u>
Expenditures:				
Current:				
Public safety:				
Seized vehicles	\$ 5,000	\$ 5,000	\$ 2,080	\$ 2,920
Investigative funds	41,000	41,000	40,000	1,000
Telephone	5,500	5,500	2,541	2,959
Auto track	1,300	1,300	1,133	167
Vehicle maintenance	14,000	20,200	20,524	(324)
Travel and training	3,500	3,500	3,829	(329)
Equipment maintenance	4,000	4,000	0	4,000
Batteries	500	600	538	62
Audio/video tapes	500	500	186	314
Detective supplies	500	900	890	10
Film	100	100	0	100
Office supplies	1,200	1,200	385	815
OSHA safety supplies	500	500	0	500
Uniforms	2,000	1,400	1,400	0
Drug education	2,500	2,500	2,500	0
Gasoline	17,000	9,200	3,624	5,576
Canine supplies	2,000	3,000	113	2,887
Miscellaneous	500	500	126	374
Firing Range	0	6,225	6,206	19
Vehicles	0	48,000	0	48,000
Computers	0	4,700	4,680	20
Equipment	10,000	5,300	1,599	3,701
Canine purchase	0	12,700	12,625	75
Total expenditures	<u>\$ 111,600</u>	<u>\$ 177,825</u>	<u>\$ 104,979</u>	<u>\$ 72,846</u>
Excess (deficiency) of revenues over expenditures	\$ (70,600)	\$ (136,825)	\$ (75,231)	\$ 61,594
Fund balance at beginning of year	<u>364,262</u>	<u>364,262</u>	<u>364,262</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 293,662</u></u>	<u><u>\$ 227,437</u></u>	<u><u>\$ 289,031</u></u>	<u><u>\$ 61,594</u></u>

CITY OF CLEVELAND, TENNESSEE
 FLETCHER PARK TRUST FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 0	\$ 40,000	\$ 40,000	\$ 0
Interest	0	0	20	20
Miscellaneous	0	0	714	714
	<u>0</u>	<u>0</u>	<u>714</u>	<u>714</u>
Total revenues	\$ 0	\$ 40,000	\$ 40,734	\$ 734
	<u>0</u>	<u>40,000</u>	<u>40,734</u>	<u>734</u>
Expenditures:				
Capital outlay:				
Fletcher Park	\$ 0	\$ 50,000	\$ 49,050	\$ 950
	<u>0</u>	<u>50,000</u>	<u>49,050</u>	<u>950</u>
Total expenditures	\$ 0	\$ 50,000	\$ 49,050	\$ 950
	<u>0</u>	<u>50,000</u>	<u>49,050</u>	<u>950</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (10,000)	\$ (8,316)	\$ 1,684
Fund balance at beginning of year	<u>15,855</u>	<u>15,855</u>	<u>15,855</u>	<u>0</u>
Fund balance at end of year	<u>\$ 15,855</u>	<u>\$ 5,855</u>	<u>\$ 7,539</u>	<u>\$ 1,684</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, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
State grant	\$ 569,000	\$ 569,000	\$ 0	\$ (569,000)
Bradley County - Hospital funds	0	193,909	77,594	(116,315)
Interest	0	0	82	82
Miscellaneous	0	7,700	17,082	9,382
Total revenues	\$ 569,000	\$ 770,609	\$ 94,758	\$ (675,851)
Expenditures:				
Capital outlay:				
Ground maintenance	\$ 0	\$ 1,000	\$ 606	\$ 394
Phase V Raider to Mouse Creek	0	0	600	(600)
Phase IV - Raider to Tinsley	711,000	711,000	9,622	701,378
Phase VI-A HCI funded	0	118,909	63,221	55,688
Playground	0	2,200	915	1,285
Greenway benches	0	6,700	7,573	(873)
Ocoee - HCI funded	0	25,000	14,373	10,627
Pedestrian bridge - HCI funded	0	50,000	0	50,000
Total expenditures	\$ 711,000	\$ 914,809	\$ 96,910	\$ 817,899
Excess (deficiency) of revenues over expenditures	\$ (142,000)	\$ (144,200)	\$ (2,152)	\$ 142,048
Other financing sources:				
Transfers in	\$ 142,000	\$ 142,000	\$ 142,000	\$ 0
Total other financing sources	\$ 142,000	\$ 142,000	\$ 142,000	\$ 0
Net change in fund balance	\$ 0	\$ (2,200)	\$ 139,848	\$ 142,048
Fund balance at beginning of year	2,303	2,303	2,303	0
Fund balance at end of year	\$ 2,303	\$ 103	\$ 142,151	\$ 142,048

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, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Licenses and permits	\$ 0	\$ 15,000	\$ 15,000	\$ 0
Interest	200	200	91	(109)
Total revenues	\$ 200	\$ 15,200	\$ 15,091	\$ (109)
Expenditures:				
Current:				
Public works:				
Salaries	\$ 92,900	\$ 96,200	\$ 96,506	\$ (306)
Overtime	100	100	0	100
Part time wages	0	1,200	1,168	32
Service awards	200	100	100	0
Sold vacations	800	800	743	57
Christmas bonus	300	300	217	83
Dental insurance	900	900	879	21
Social security tax	7,300	6,900	6,534	366
Health insurance	13,500	16,100	16,103	(3)
Retirement	15,700	16,300	16,138	162
Life and disability insurance	1,200	1,200	1,217	(17)
Education reimbursement	1,500	0	0	0
Postage	200	200	18	182
Printing	200	200	0	200
Public education programs	6,000	2,500	2,636	(136)
Subscriptions and memberships	700	200	198	2
Advertising	200	200	0	200
Telephone	2,100	3,400	3,140	260
Travel and training	4,500	2,200	1,394	806
Work session	1,700	2,200	2,107	93
NPDES permit fee	2,500	3,500	3,460	40
Office supplies	1,300	1,000	606	394
Operating supplies	3,200	1,600	815	785
Benthic sampling/labwork	7,000	7,000	0	7,000
Clothing	1,000	800	784	16
Gasoline	3,200	2,700	2,383	317
Repairs and parts	2,000	4,000	3,156	844
Insurance - vehicles	500	500	407	93
Insurance - general liability	400	400	446	(46)
Insurance - worker's compensation	300	0	0	0
Miscellaneous	500	200	106	94
Trash receptacles	5,000	2,800	2,724	76
Computer software	0	400	409	(9)
Office furniture and equipment	400	900	1,058	(158)
Drainage projects	0	25,000	22,963	2,037
Total expenditures	\$ 177,300	\$ 202,000	\$ 188,415	\$ 13,585

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, 2010

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Excess (deficiency) of revenues over expenditures	\$ (177,100)	\$ (186,800)	\$ (173,324)	\$ 13,476
Other financing sources:				
Transfers in	\$ 194,500	\$ 194,500	\$ 194,500	\$ 0
Transfers out	(17,400)	(17,400)	(17,400)	0
Total other financing sources	<u>\$ 177,100</u>	<u>\$ 177,100</u>	<u>\$ 177,100</u>	<u>\$ 0</u>
Net change in fund balance	\$ 0	\$ (9,700)	\$ 3,776	\$ 13,476
Fund balance at beginning of year	<u>55,697</u>	<u>55,697</u>	<u>55,697</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 55,697</u></u>	<u><u>\$ 45,997</u></u>	<u><u>\$ 59,473</u></u>	<u><u>\$ 13,476</u></u>

CITY OF CLEVELAND, TENNESSEE
METROPOLITAN TRANSPORTATION PLANNING ORGANIZATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 129,100	\$ 200,000	\$ 106,364	\$ (93,636)
Total revenues	<u>\$ 129,100</u>	<u>\$ 200,000</u>	<u>\$ 106,364</u>	<u>\$ (93,636)</u>
Expenditures:				
Current:				
General government:				
MPO Plan #44				
Salaries	\$ 46,800	\$ 46,800	\$ 31,422	\$ 15,378
Consultant services	68,100	68,100	72,237	(4,137)
Benefits	22,000	22,000	11,023	10,977
Postage and shipping	1,000	1,000	0	1,000
Printing and publications	4,500	4,500	2,003	2,497
Telephone	1,700	1,700	290	1,410
Travel and meeting	6,000	6,000	3,144	2,856
Supplies	3,800	3,800	1,011	2,789
Capital purchase	7,500	7,500	995	6,505
MPO Plan #33				
Salaries	0	21,322	8,935	12,387
Consultant services	0	52,222	0	52,222
Benefits	0	12,166	3,515	8,651
Postage and shipping	0	925	0	925
Printing and publications	0	3,246	353	2,893
Telephone	0	1,380	57	1,323
Travel and meeting	0	4,245	518	3,727
Supplies	0	2,470	0	2,470
Other non-personnel costs	0	116	0	116
Capital purchase	0	4,643	995	3,648
Total expenditures	<u>\$ 161,400</u>	<u>\$ 264,135</u>	<u>\$ 136,498</u>	<u>\$ 127,637</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (32,300)</u>	<u>\$ (64,135)</u>	<u>\$ (30,134)</u>	<u>\$ 34,001</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	<u>\$ 0</u>	<u>\$ (31,835)</u>	<u>\$ 2,166</u>	<u>\$ 34,001</u>
Fund balance at beginning of year	<u>49,407</u>	<u>49,407</u>	<u>49,407</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 49,407</u></u>	<u><u>\$ 17,572</u></u>	<u><u>\$ 51,573</u></u>	<u><u>\$ 34,001</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, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Community Development Block Grant	\$ 331,300	\$ 454,317	\$ 244,090	\$ (210,227)
Community Development Block Grant - reserve	0	89,967	89,967	0
THDA Emergency Shelter Grant	67,600	67,600	67,782	182
Emergency Shelter Matching grant	67,600	67,600	0	(67,600)
Total revenues	<u>\$ 466,500</u>	<u>\$ 679,484</u>	<u>\$ 401,839</u>	<u>\$ (277,645)</u>
Expenditures:				
Current:				
Community development:				
Administration:				
Salaries	\$ 46,900	\$ 46,900	\$ 46,368	\$ 532
Christmas bonus	100	100	100	0
Dental insurance	600	600	489	111
Social security tax	3,600	3,600	3,245	355
Health insurance	8,800	8,800	8,633	167
Retirement	7,800	7,800	7,726	74
Life insurance	300	600	594	6
Printing	400	400	217	183
Advertising	500	750	629	121
Telephone	500	1,000	667	333
Travel and training	1,400	1,150	175	975
Office supplies	400	400	365	35
Gasoline	800	800	355	445
Miscellaneous	800	0	0	0
Codes Enforcement:				
Salaries	35,600	35,600	34,865	735
Christmas bonus	100	100	100	0
Dental insurance	300	300	273	27
Social security tax	2,800	2,800	2,711	89
Health insurance	4,800	4,800	5,251	(451)
Retirement	5,900	5,900	5,816	84
Life insurance	200	440	436	4
Printing	400	278	79	199
Advertising	100	100	0	100
Telephone	500	1,400	1,156	244
Legal services	250	250	0	250
Vehicle maintenance	1,500	500	0	500
Travel and training	500	180	180	0
Office supplies	200	200	259	(59)
Clothing allowance	350	680	619	61
Gasoline	1,200	1,200	1,135	65
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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current:				
Community development:				
Emergency shelter :				
Shelter operationg	\$ 132,000	\$ 132,000	\$ 64,554	67,446
Administrative costs	3,200	3,200	709	2,491
Capital outlay:				
Northeast Center Improvement	180,000	302,139	118,130	184,009
Northeast Center Improvement - recovery	0	89,967	89,967	0
Housing downpayment assistance	30,000	30,000	6,000	24,000
Total Expenditures	\$ 473,100	\$ 685,234	\$ 401,803	\$ 283,431
Excess (deficiency) of revenues over expenditures	\$ (6,600)	\$ (5,750)	\$ 36	\$ 5,786
Other financing sources:				
Transfers in	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Total other financing sources	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Net change in fund balance	\$ 3,400	\$ 4,250	\$ 10,036	\$ 5,786
Fund balance at beginning of year	6,665	6,665	6,665	0
Fund balance at end of year	\$ 10,065	\$ 10,915	\$ 16,701	\$ 5,786

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, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 0	\$ 15,497	\$ 15,497	\$ 0
Total revenues	\$ 0	\$ 15,497	\$ 15,497	\$ 0
Expenditures:				
Current:				
Public safety:				
Equipment	\$ 0	\$ 19,019	\$ 16,876	\$ 2,143
Total expenditures	\$ 0	\$ 19,019	\$ 16,876	\$ 2,143
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (3,522)	\$ (1,379)	\$ 2,143
Fund balance at beginning of year	3,522	3,522	3,522	0
Fund balance at end of year	\$ 3,522	\$ 0	\$ 2,143	\$ 2,143

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, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Charges for services:				
Ticket revenue	\$ 201,000	\$ 201,000	\$ 147,118	\$ (53,882)
Interest	0	0	1	1
Total revenues	<u>\$ 201,000</u>	<u>\$ 201,000</u>	<u>\$ 147,119</u>	<u>\$ (53,881)</u>
Expenditures:				
Current:				
Public safety:				
Fees	\$ 201,000	\$ 201,000	\$ 113,900	\$ 87,100
Total expenditures	<u>\$ 201,000</u>	<u>\$ 201,000</u>	<u>\$ 113,900</u>	<u>\$ 87,100</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 33,219	\$ 33,219
Fund balance at beginning of year	<u>(20,938)</u>	<u>(20,938)</u>	<u>(20,938)</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ (20,938)</u></u>	<u><u>\$ (20,938)</u></u>	<u><u>\$ 12,281</u></u>	<u><u>\$ 33,219</u></u>

CITY OF CLEVELAND, TENNESSEE
 2009 JUSTICE ASSISTANCE GRANT - ARRA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government	\$ 0	\$ 166,788	\$ 166,788	\$ 0
Total Revenues	<u>\$ 0</u>	<u>\$ 166,788</u>	<u>\$ 166,788</u>	<u>\$ 0</u>
Expenditures:				
Current:				
Public safety:				
Firing range backstops	\$ 0	\$ 98,906	\$ 0	\$ 98,906
Taser cameras	<u>0</u>	<u>67,882</u>	<u>21,009</u>	<u>46,873</u>
Total expenditures	<u>\$ 0</u>	<u>\$ 166,788</u>	<u>\$ 21,009</u>	<u>\$ 145,779</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 145,779	\$ 145,779
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>\$ 145,779</u></u>	<u><u>\$ 145,779</u></u>

CITY OF CLEVELAND, TENNESSEE
COPS HIRING RECOVERY GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government	\$ 0	\$ 137,000	\$ 102,704	\$ (34,296)
Total Revenues	<u>\$ 0</u>	<u>\$ 137,000</u>	<u>\$ 102,704</u>	<u>\$ (34,296)</u>
Expenditures:				
Current:				
Public safety:				
Salaries	\$ 0	\$ 97,600	\$ 82,882	\$ 14,718
Christmas bonus	0	400	433	(33)
Dental insurance	0	1,000	535	465
Social security tax	0	7,500	6,183	1,317
Health insurance	0	15,800	9,417	6,383
Retirement	0	6,600	3,185	3,415
Life & Disability insurance	0	800	69	731
Worker's compensation	0	7,300	0	7,300
Total expenditures	<u>\$ 0</u>	<u>\$ 137,000</u>	<u>\$ 102,704</u>	<u>\$ 34,296</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE
 2009 BYRNE MEMORIAL JUSTICE GRANT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 0	\$ 40,575	\$ 40,575	\$ 0
Total revenues	\$ 0	\$ 40,575	\$ 40,575	\$ 0
Expenditures:				
Current:				
Public safety:				
Ballistic Helmets & Transmitters	\$ 0	\$ 6,391	\$ 6,388	\$ 3
Firing Range Buggy-Brass	0	446	472	(26)
Special Events - Cycles	0	33,738	0	33,738
Total expenditures	\$ 0	\$ 40,575	\$ 6,860	\$ 33,715
Excess of revenues over expenditures	\$ 0	\$ 0	\$ 33,715	\$ 33,715
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 33,715</u>	<u>\$ 33,715</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, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Bradley County	\$ 146,600	\$ 146,600	\$ 69,653	\$ (76,947)
Interest	6,000	6,000	6,279	279
Miscellaneous:				
Other	93,000	93,000	91,250	(1,750)
Total revenues	<u>\$ 245,600</u>	<u>\$ 245,600</u>	<u>\$ 167,182</u>	<u>\$ (78,418)</u>
Expenditures:				
Debt service:				
Principal retirement	\$ 1,725,000	\$ 1,868,000	\$ 1,868,000	\$ 0
Interest and fiscal charges	3,227,100	3,084,100	2,803,622	280,478
Total expenditures	<u>\$ 4,952,100</u>	<u>\$ 4,952,100</u>	<u>\$ 4,671,622</u>	<u>\$ 280,478</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (4,706,500)</u>	<u>\$ (4,706,500)</u>	<u>\$ (4,504,440)</u>	<u>\$ 202,060</u>
Other financing sources (uses):				
Transfers in	\$ 4,369,700	\$ 4,369,700	\$ 4,327,300	\$ (42,400)
Refunding bonds issued	0	0	24,960,000	24,960,000
Premium on bonds issued	0	0	265,800	265,800
Payment to refunding bond escrow agent	0	0	(24,652,000)	(24,652,000)
Total other financing sources	<u>\$ 4,369,700</u>	<u>\$ 4,369,700</u>	<u>\$ 4,901,100</u>	<u>\$ 531,400</u>
Net change in fund balances	\$ (336,800)	\$ (336,800)	\$ 396,660	\$ 733,460
Fund balance at beginning of year	<u>2,849,584</u>	<u>2,849,584</u>	<u>2,849,584</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 2,512,784</u></u>	<u><u>\$ 2,512,784</u></u>	<u><u>\$ 3,246,244</u></u>	<u><u>\$ 733,460</u></u>

CITY OF CLEVELAND, TENNESSEE
 CAPITAL IMPROVEMENT PROGRAM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental				
Federal grant - homeland security	\$ 0	\$ 0	\$ 575	\$ 575
Federal grant - homeland security	0	152,000	111,415	(40,585)
Federal grant - homeland security	0	118,943	118,946	3
Federal grant - cpat equipment	0	118,464	118,464	0
Federal grant - detention pond	0	0	21,393	21,393
Federal grant - eda	0	0	6,020	6,020
State grant - coca cola	0	252,000	231,756	(20,244)
State grant - safe routes to schools	0	232,200	0	(232,200)
Department of transportation	0	2,320	2,320	0
Interest	0	1,200	1,340	140
Miscellaneous:				
Sale of assets	0	9,745	18,926	9,181
Veterans Park	0	6,800	1,001	(5,799)
Mainstreet - 1st Street Square	0	42,610	43,890	1,280
Chamber - Exit 25	0	6,500	0	(6,500)
Total revenues	\$ 0	\$ 942,782	\$ 676,046	\$ (266,736)
Expenditures:				
Capital outlay:				
Legislative and judicial:				
First Street Square Project	\$ 0	\$ 214,724	\$ 249,655	\$ (34,931)
Veterans Park trees	0	8,800	540	8,260
Coca-cola project	0	252,000	231,756	20,244
City-wide computer information systems:				
Electronic document management	0	5,000	4,974	26
Software maintenance	0	81,625	63,448	18,177
City-wide system	294,200	0	0	0
Travel and training	0	5,000	4,388	612
Hardware	0	153,703	103,122	50,581
GIS	0	62,500	58,658	3,842
License fees	0	25,000	21,289	3,711
GIS flyover	0	10,000	0	10,000
Police department:				
Police radios	0	87,143	87,146	(3)
Bomb equipment	0	152,000	111,415	40,585
Fire department:				
Radios	0	0	17	(17)
Homeland security equipment	0	584	575	9
CPAT equipment	0	150,079	150,135	(56)
Homeland security radios	0	31,800	31,800	0
Public works - street department				
Detention ponds	0	75,000	42,543	32,457
Roadscapes grant match	0	26,000	0	26,000
City-wide ITS system	0	0	6,500	(6,500)
Safe routes to schools	0	232,200	992	231,208
LIC on APD 40	0	5,000	248	4,752
Land - Hill & 3rd Street	0	5,400	5,329	71

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Capital outlay - (Continued)				
Public works - street department - (Continued)				
Roadscapes grant match II	\$ 0	\$ 30,000	\$ 0	\$ 30,000
Roadscapes grant match III	0	30,000	0	30,000
LIC on Stone Lake Road	0	0	82,500	(82,500)
Exit 25 beautification	0	6,500	6,207	293
Public works - state street aid				
Annual street overlays	0	64,082	0	64,082
Major drainage	0	17,176	0	17,176
Sidewalks - maintenance	0	2,752	0	2,752
Parks and recreation:				
Waterville Lightning detection	0	5,000	0	5,000
Dalton Pike widening	0	1,431,493	952,330	479,163
Total expenditures	<u>\$ 294,200</u>	<u>\$ 3,170,561</u>	<u>\$ 2,215,567</u>	<u>\$ 954,994</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (294,200)</u>	<u>\$ (2,227,779)</u>	<u>\$ (1,539,521)</u>	<u>\$ 688,258</u>
Other financing sources (uses):				
Transfers in	\$ 357,600	\$ 357,600	\$ 452,319	\$ 94,719
Transfers out	<u>(142,000)</u>	<u>(245,700)</u>	<u>(245,700)</u>	<u>0</u>
Total other financing sources (uses)	<u>\$ 215,600</u>	<u>\$ 111,900</u>	<u>\$ 206,619</u>	<u>\$ 94,719</u>
Net change in fund balances	\$ (78,600)	\$ (2,115,879)	\$ (1,332,902)	\$ 782,977
Fund balance at beginning of year	<u>2,310,872</u>	<u>2,310,872</u>	<u>2,310,872</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 2,232,272</u></u>	<u><u>\$ 194,993</u></u>	<u><u>\$ 977,970</u></u>	<u><u>\$ 782,977</u></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, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Capital outlay:				
Cleveland High School Science Wing	\$ 0	\$ 48,355	\$ 48,447	\$ (92)
Mayfield School road improvements	0	30,000	29,908	92
Total expenditures	<u>\$ 0</u>	<u>\$ 78,355</u>	<u>\$ 78,355</u>	<u>\$ 0</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 0</u>	<u>\$ (78,355)</u>	<u>\$ (78,355)</u>	<u>\$ 0</u>
Other financing sources (uses):				
Transfers out	<u>\$ 0</u>	<u>\$ (101,419)</u>	<u>\$ (101,419)</u>	<u>\$ 0</u>
Total other financing sources (uses)	<u>\$ 0</u>	<u>\$ (101,419)</u>	<u>\$ (101,419)</u>	<u>\$ 0</u>
Net change in fund balances	\$ 0	\$ (179,774)	\$ (179,774)	\$ 0
Fund balance at beginning of year	<u>179,774</u>	<u>179,774</u>	<u>179,774</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 179,774</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

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, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Capital outlay:				
Science Wing - High School	\$ 0	\$ 54,639	\$ 54,639	\$ 0
Total expenditures	\$ 0	\$ 54,639	\$ 54,639	\$ 0
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (54,639)	\$ (54,639)	\$ 0
Fund balance at beginning of year	54,639	54,639	54,639	0
Fund balance at end of year	\$ 54,639	\$ 0	\$ 0	\$ 0

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, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Local sales tax	\$ 4,500,000	\$ 1,600,000	\$ 1,651,036	\$ 51,036
School 1/2 cent sales tax	0	750,000	781,968	31,968
Interest	0	0	313	313
Miscellaneous	0	0	58,805	58,805
Total revenues	\$ 4,500,000	\$ 2,350,000	\$ 2,492,122	\$ 142,122
Expenditures:				
Capital outlay:				
City capital projects	\$ 3,000,000	\$ 0	\$ 0	\$ 0
Lee University crosswalk	0	19,700	20,262	(562)
Whirlpool investment	0	1,000,000	1,000,000	0
25th/Ocoee design	0	30,000	30,000	0
Ocoee Street curb & sidewalk	0	138,000	85,111	52,889
EMA cell tower	0	50,000	50,000	0
Street paving	0	208,000	309,996	(101,996)
Police vehicles	0	67,500	48,500	19,000
20th/Dalton Pike design	0	41,500	5,440	36,060
Mouse Creek road design	0	60,000	44,000	16,000
Strategic plan	0	45,000	30,360	14,640
Tinsley Park tennis courts	0	20,000	0	20,000
1st Street square project	0	150,000	285,000	(135,000)
Firehall #6 survey and design	0	9,500	0	9,500
Public works building survey and design	0	7,500	0	7,500
Fire training tower survey and design	0	2,000	0	2,000
Knuckleboom replacement	0	150,000	0	150,000
Guardrail at Blythe Ferry Road	0	6,500	0	6,500
CSCC - business incubator	0	37,500	37,500	0
Ocoee Street drainage	0	0	15,080	(15,080)
School capital projects	1,500,000	708,000	27,881	680,119
Debt service				
QSCB Interest	0	42,000	46,899	(4,899)
Total expenditures	\$ 4,500,000	\$ 2,792,700	\$ 2,036,029	\$ 756,671
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (442,700)	\$ 456,093	\$ 898,793
Fund balance at beginning of year	666,643	666,643	666,643	0
Fund balance at end of year	\$ 666,643	\$ 223,943	\$ 1,122,736	\$ 898,793

CITY OF CLEVELAND, TENNESSEE
2009 QSCB Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 5,000	\$ 5,192	\$ 192
Total revenues	\$ 0	\$ 5,000	\$ 5,192	\$ 192
Expenditures:				
Capital outlay:				
Science wing	\$ 0	\$ 4,118,924	\$ 1,620,362	\$ 2,498,562
Debt service				
Bond issuance cost	0	46,076	46,076	0
Total expenditures	\$ 0	\$ 4,165,000	\$ 1,666,438	\$ 2,498,562
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (4,160,000)	\$ (1,661,246)	\$ 2,498,754
Other financing sources (uses):				
Notes issued	\$ 0	\$ 4,160,000	\$ 4,160,000	\$ 0
Total other financing sources (uses)	\$ 0	\$ 4,160,000	\$ 4,160,000	\$ 0
Net change in fund balances	\$ 0	\$ 0	\$ 2,498,754	\$ 2,498,754
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$ 0	\$ 0	\$ 2,498,754	\$ 2,498,754

CITY OF CLEVELAND, TENNESSEE
2009 BRADLEY COUNTY BUILD AMERICA BONDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Bradley County	\$ 0	\$ 5,555,900	\$ 1,233,510	(4,322,390)
Interest	0	100	62	(38)
Total revenues	<u>\$ 0</u>	<u>\$ 5,556,000</u>	<u>\$ 1,233,572</u>	<u>\$ (4,322,428)</u>
Expenditures:				
Capital Outlay:				
Fillauer Land	\$ 0	\$ 485,000	\$ 485,000	\$ 0
Cleveland High School science wing	0	4,454,724	164,694	4,290,030
Cleveland High School dome	0	74,650	74,650	0
Buses	0	176,600	176,516	84
Building improvements	0	365,026	88,074	276,952
Total expenditures	<u>\$ 0</u>	<u>\$ 5,556,000</u>	<u>\$ 988,934</u>	<u>\$ 4,567,066</u>
Excess of revenues over expenditures	\$ 0	\$ 0	\$ 244,638	\$ 244,638
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>\$ 244,638</u></u>	<u><u>\$ 244,638</u></u>

CITY OF CLEVELAND, TENNESSEE
ARRA GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Freewill Road Paving - ARRA	\$ 0	\$ 471,000	\$ 535	(470,465)
Raider Drive Paving - ARRA	0	243,000	106,160	(136,840)
Sidewalks - ARRA	0	138,000	943	(137,057)
Greenway Restrooms - ARRA	0	40,000	749	(39,251)
Train Depot - ARRA	0	451,152	68	(451,084)
Energy Grant - Roofs	0	76,300	1,883	(74,417)
Energy Grant - HVAC	0	51,000	0	(51,000)
Energy Grant - 1st Street lighting	0	39,300	0	(39,300)
Energy Grant - Replacement lights	0	19,700	0	(19,700)
Total Revenues	<u>\$ 0</u>	<u>\$ 1,529,452</u>	<u>\$ 110,338</u>	<u>\$ (1,419,114)</u>
Expenditures:				
Capital outlay:				
Roofs	\$ 0	\$ 76,300	\$ 1,883	\$ 74,417
HVAC	0	51,000	0	51,000
1st Street Square lights	0	39,300	0	39,300
Replacement lights	0	19,700	0	19,700
Freewill Road paving	0	471,000	535	470,465
Raider Drive paving	0	243,000	106,160	136,840
Sidewalks	0	138,000	943	137,057
Restrooms	0	40,000	749	39,251
Train Depot	0	451,152	68	451,084
Total expenditures	<u>\$ 0</u>	<u>\$ 1,529,452</u>	<u>\$ 110,338</u>	<u>\$ 1,419,114</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE
 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, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 6,000	\$ 1,000	\$ 574	\$ (426)
Total revenues	<u>\$ 6,000</u>	<u>\$ 1,000</u>	<u>\$ 574</u>	<u>\$ (426)</u>
Excess of revenues over expenditures	<u>\$ 6,000</u>	<u>\$ 1,000</u>	<u>\$ 574</u>	<u>\$ (426)</u>
Other financing sources (uses):				
Transfers out	\$ (13,400)	\$ (6,700)	\$ (6,700)	\$ 0
Total other financing sources (uses)	<u>\$ (13,400)</u>	<u>\$ (6,700)</u>	<u>\$ (6,700)</u>	<u>\$ 0</u>
Net change in fund balances	\$ (7,400)	\$ (5,700)	\$ (6,126)	\$ (426)
Fund balance at beginning of year	<u>466,387</u>	<u>466,387</u>	<u>466,387</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 458,987</u></u>	<u><u>\$ 460,687</u></u>	<u><u>\$ 460,261</u></u>	<u><u>\$ (426)</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
STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUND
June 30, 2010

	Cleveland Municipal Airport Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 85,345
Due from other government agencies	1,460,775
Prepays	250,705
Total current assets	\$ 1,796,825
Noncurrent assets:	
Capital assets:	
Land and construction in progress	
Other capital assets, net of accumulated depreciation	\$ 14,684,608
Total noncurrent assets	\$ 14,969,295
Total assets	\$ 16,766,120
 LIABILITIES AND FUND EQUITY	
Current liabilities:	
Accounts payable	\$ 1,236,716
Due to other funds	2,276,000
Total current liabilities	\$ 3,512,716
 NET ASSETS	
Invested in capital assets, net of related debt	\$ 14,969,295
Unrestricted	(1,715,891)
Total net assets	\$ 13,253,404

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, 2010

	Brush Chipping Fund	Cleveland Municipal Airport Fund	Total
Operating Revenues:			
Charges for services	\$ 0	\$ 16,775	\$ 16,775
 Total operating revenues	 \$ 0	 \$ 16,775	 \$ 16,775
Operating Expenses:			
Operations	\$ 0	\$ 238,981	\$ 238,981
Depreciation and amortization	0	24,398	24,398
 Total operating expenses	 \$ 0	 \$ 263,379	 \$ 263,379
 Operating income (loss)	 \$ 0	 \$ (246,604)	 \$ (246,604)
Non Operating Revenues (Expenses):			
Interest income	\$ 0	\$ 88	\$ 88
Gain on sale of assets	47,734	5,250	52,984
Refund to municipalities	(159,000)	0	(159,000)
 Total non operating revenues (expenses)	 \$ (111,266)	 \$ 5,338	 \$ (105,928)
 Income (loss) before contributions and transfers	 \$ (111,266)	 \$ (241,266)	 \$ (352,532)
Capital contributions	0	3,440,774	3,440,774
Transfers in	0	34,000	34,000
 Change in net assets	 \$ (111,266)	 \$ 3,233,508	 \$ 3,122,242
 Total net assets - beginning	 111,266	 10,019,896	 10,131,162
 Total net assets - ending	 \$ 0	 \$ 13,253,404	 \$ 13,253,404

CITY OF CLEVELAND, TENNESSEE
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 For the Fiscal Year Ended June 30, 2010

	Brush Chipping Fund	Cleveland Municipal Airport Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 0	\$ 16,775	\$ 16,775
Payments to suppliers	0	(238,952)	(238,952)
Net cash provided by (used in) operating activities	<u>\$ 0</u>	<u>\$ (222,177)</u>	<u>\$ (222,177)</u>
Cash flows from noncapital financing activities:			
Interfund loan borrowing	\$ 0	\$ 900,000	\$ 900,000
Net cash provided by financing activities	<u>\$ 0</u>	<u>\$ 900,000</u>	<u>\$ 900,000</u>
Cash flows from capital and related financing activities:			
Additions to plants	\$ 0	\$ (2,729,331)	\$ (2,729,331)
Proceeds from sale of assets	72,159	5,250	77,409
Transfers from other funds	0	34,000	34,000
Capital contributions	0	2,096,891	2,096,891
Refunds to other municipalities	(159,000)	0	(159,000)
Net cash provided by (used in) capital and related financing activities	<u>\$ (86,841)</u>	<u>\$ (593,190)</u>	<u>\$ (680,031)</u>
Cash flows from investing activities:			
Interest received	\$ 0	\$ 88	\$ 88
Net cash provided by investing activities	<u>\$ 0</u>	<u>\$ 88</u>	<u>\$ 88</u>
Net increase (decrease) in cash and cash equivalents	\$ (86,841)	\$ 84,721	\$ (2,120)
Cash and cash equivalents, beginning of year	<u>86,841</u>	<u>624</u>	<u>87,465</u>
Cash and cash equivalents, end of year	<u><u>\$ 0</u></u>	<u><u>\$ 85,345</u></u>	<u><u>\$ 85,345</u></u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 0	\$ (246,604)	\$ (246,604)
Adjustments to reconcile net operating revenues to net cash provided by operating activities:			
Depreciation	0	24,398	24,398
Changes in operating assets and liabilities			
Accounts payable	0	29	29
Net cash provided by (used in) operating activities	<u><u>\$ 0</u></u>	<u><u>\$ (222,177)</u></u>	<u><u>\$ (222,177)</u></u>

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INTERNAL SERVICE FUND

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

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

CITY OF CLEVELAND, TENNESSEE
INTERNAL SERVICE FUND - FLEET MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Operating Revenues:				
Charges for services	\$ 737,500	\$ 737,500	\$ 637,237	\$ (100,263)
Other operating revenue	200	200	510	310
Total operating revenues	<u>\$ 737,700</u>	<u>\$ 737,700</u>	<u>\$ 637,747</u>	<u>\$ (99,953)</u>
Operating Expenses:				
General and administrative:				
Salaries	\$ 335,700	\$ 336,300	\$ 337,471	\$ (1,171)
Overtime	5,000	5,000	4,983	17
Service awards	200	100	100	0
Longevity	2,000	1,700	1,700	0
Sold vacation	2,700	2,700	3,019	(319)
Christmas bonus	900	900	866	34
Dental insurance	3,600	3,300	3,264	36
Social security taxes	26,600	25,700	24,818	882
Health insurance	53,800	57,600	57,556	44
Retirement	57,600	58,200	57,544	656
Life and disability insurance	4,400	4,200	4,123	77
Worker's compensation claims	500	500	0	500
Postage	1,200	800	535	265
Pager	0	100	98	2
Printing	200	200	167	33
Advertising	200	200	65	135
Membership dues	700	1,000	974	26
Utilities	19,000	21,000	19,428	1,572
Telephone	8,500	8,600	8,339	261
Vehicle maintenance	4,000	4,000	3,627	373
Contracted services - vehicle maintenance	130,000	126,000	89,986	36,014
Building maintenance	4,000	4,000	3,865	135
Central fuel maintenance and supplies	8,000	8,000	6,312	1,688
Travel and training	1,000	300	200	100
Pest control	300	300	270	30
Office expense	3,000	3,000	3,045	(45)
Waste disposal services	2,500	4,500	3,701	799
Janitorial supplies	2,000	2,600	1,973	627
Uniforms	4,000	4,000	3,073	927
Gasoline and oil	5,000	4,500	4,365	135
Insurance - building and contents	1,800	1,800	1,767	33
Insurance - vehicles	800	800	717	83
Insurance - general liability	2,000	2,000	1,748	252
Insurance - worker's compensation	13,100	13,100	12,421	679
Depreciation	47,500	41,900	36,065	5,835

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, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Operating Expenses (Continued):				
Computer software maintenance	\$ 8,500	\$ 4,500	\$ 4,495	\$ 5
Miscellaneous	500	200	443	(243)
Equipment and tools	1,900	1,900	1,079	821
Computer equipment	0	16,500	140	16,360
Total operating expenses	<u>\$ 762,700</u>	<u>\$ 772,000</u>	<u>\$ 704,342</u>	<u>\$ 67,658</u>
Operating income	<u>\$ (25,000)</u>	<u>\$ (34,300)</u>	<u>\$ (66,595)</u>	<u>\$ (32,295)</u>
Non Operating Revenues (Expenses):				
Interest income	\$ 5,000	\$ 5,000	\$ 236	\$ (4,764)
Gain (loss) on sale of assets	0	0	(1,200)	(1,200)
Total non operating revenues (expenses)	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ (964)</u>	<u>\$ (5,964)</u>
Income (loss) before contributions and transfers	\$ (20,000)	\$ (29,300)	\$ (67,559)	\$ (38,259)
Capital contributions	0	0	0	0
Change in net assets	<u>\$ (20,000)</u>	<u>\$ (29,300)</u>	<u>\$ (67,559)</u>	<u>\$ (38,259)</u>
Total net assets - beginning	<u>1,549,853</u>	<u>1,549,853</u>	<u>1,549,853</u>	<u>0</u>
Total net assets - ending	<u><u>\$ 1,529,853</u></u>	<u><u>\$ 1,520,553</u></u>	<u><u>\$ 1,482,294</u></u>	<u><u>\$ (38,259)</u></u>

CAPITAL ASSETS

CITY OF CLEVELAND, TENNESSEE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULE BY SOURCE(1)
 June 30, 2010 and 2009

	2010	2009
Governmental funds capital assets:		
Land	\$ 9,003,779	\$ 8,513,433
Buildings	92,954,273	88,526,425
Public improvements other than buildings	6,586,023	5,884,012
Infrastructure	48,630,078	48,160,827
Furniture, fixtures, equipment and vehicles	26,692,719	26,149,683
Total governmental funds capital assets	\$ 183,866,872	\$ 177,234,380
 Investment in governmental funds capital assets:		
Total governmental funds capital assets	\$ 183,866,872	\$ 177,234,380

(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, 2010

Function and Activity	Total Capital Assets	Land	Buildings	Other Improve- ments	Infrastructure	Equipment
General Government:						
Administration and finance	\$ 920,315	\$ 1,800	\$ 396,880	\$ 111,553	\$ 0	\$ 410,082
General government	670,363	75,700	185,251	370,027	0	39,385
Community development	519,107	56,361	271,086	0	0	191,660
Library	7,574,959	302,000	4,742,955	0	0	2,530,004
Total General Government	\$ 9,684,744	\$ 435,861	\$ 5,596,172	\$ 481,580	\$ 0	\$ 3,171,131
Public Safety:						
Police	\$ 9,040,873	\$ 290,097	\$ 5,170,146	\$ 6,120	\$ 0	\$ 3,574,510
Fire	8,757,802	461,500	3,078,947	81,970	0	5,135,385
911 Center	867,618	0	867,618	0	0	0
Total Public Safety	\$ 18,666,293	\$ 751,597	\$ 9,116,711	\$ 88,090	\$ 0	\$ 8,709,895
Public Works:						
Street Department	\$ 4,319,313	\$ 249,715	\$ 318,738	\$ 90,681	\$ 0	\$ 3,660,179
Engineering	483,590	0	146,579	35,130	0	301,881
Old City Landfill	92,500	63,500	25,000	4,000	0	0
Primary Roads	7,196,409	67,965	0	0	7,128,444	0
Secondary Roads	35,461,960	378,887	0	0	35,083,073	0
Drainage	3,126,892	12,147	0	0	3,114,745	0
Detention Ponds	3,613,911	770,558	0	0	2,843,353	0
Sidewalks	386,495	0	0	0	386,495	0
Bridges	73,968	0	0	0	73,968	0
Total Public Works	\$ 54,755,038	\$ 1,542,772	\$ 490,317	\$ 129,811	\$ 48,630,078	\$ 3,962,060
Parks and Recreation:						
Recreation Office	\$ 511,890	\$ 0	\$ 0	\$ 54,163	\$ 0	\$ 457,727
Tinsley Park	1,866,030	211,980	165,860	1,413,820	0	74,370
Waterville Golf Course	1,455,509	256,816	492,688	244,731	0	461,274
East Cleveland Center	875,535	76,890	231,658	484,963	0	82,024
Cleveland Community Center	606,079	47,000	376,318	122,138	0	60,623
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	1,818,296	0	0	1,700,222	0	118,074
Fletcher Park	661,326	64,373	118,973	477,980	0	0
1st Street Square Park	533,807	174,595	0	359,212	0	0
Soccer Complex	390,562	50,000	0	340,562	0	0
Total Parks and Recreation	\$ 9,623,467	\$ 1,166,528	\$ 1,403,874	\$ 5,798,973	\$ 0	\$ 1,254,092

CITY OF CLEVELAND, TENNESSEE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY(1)
 JUNE 30, 2010

(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	\$ 89,251,132	\$ 4,658,911	\$ 76,239,488	\$ 0	\$ 0	\$ 8,352,733
Food Service	1,099,191	0	0	0	0	1,099,191
Total City Schools	\$ 90,350,323	\$ 4,658,911	\$ 76,239,488	\$ 0	\$ 0	\$ 9,451,924
Total Capital Assets	\$ 183,866,872	\$ 9,003,779	\$ 92,954,273	\$ 6,586,023	\$ 48,630,078	\$ 26,692,719

(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, 2010

<u>Function and Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
General Government:				
Administration and finance	\$ 892,739	\$ 27,576	\$ 0	\$ 920,315
General government	670,363	0	0	670,363
Community development	518,257	850	0	519,107
Library	3,473,331	4,145,151	43,523	7,574,959
Total General Government	\$ 5,729,267	\$ 4,173,577	\$ 43,523	\$ 9,684,744
Public Safety:				
Police	\$ 8,859,473	\$ 187,399	\$ 5,999	\$ 9,040,873
Fire	8,805,032	99,497	146,727	8,757,802
911 Center	867,618	0	0	867,618
Total Public Safety	\$ 18,532,123	\$ 286,896	\$ 152,726	\$ 18,666,293
Public Works:				
Street Department	\$ 4,273,806	\$ 57,542	\$ 12,035	\$ 4,319,313
Engineering	461,716	21,874	0	483,590
Old City Landfill	92,500	0	0	92,500
Primary Roads	7,118,861	77,548	0	7,196,409
Secondary Roads	35,223,594	238,366	0	35,461,960
Drainage	3,019,230	107,662	0	3,126,892
Detention Ponds	3,613,911	0	0	3,613,911
Sidewalks	340,820	45,675	0	386,495
Bridges	73,968	0	0	73,968
Total Public Works	\$ 54,218,406	\$ 548,667	\$ 12,035	\$ 54,755,038
Parks and Recreation:				
Recreation Office	\$ 503,844	\$ 8,046	\$ 0	\$ 511,890
Tinsley Park	1,866,030	0	0	1,866,030
Waterville Golf Course	1,042,880	412,629	0	1,455,509
East Cleveland Center	597,779	277,756	0	875,535
Cleveland Community Center	597,044	9,035	0	606,079
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	1,613,006	205,290	0	1,818,296
Fletcher Park	661,326	0	0	661,326
1st Street Square Park	174,577	359,230	0	533,807
Soccer Complex	390,562	0	0	390,562
Total Parks and Recreation	\$ 8,176,904	\$ 1,271,986	\$ 0	\$ 9,623,467

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, 2010

<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	299,265	0	0	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	\$ 787,007	\$ 0	\$ 0	\$ 787,007
Cleveland City Schools:				
School Property	\$ 88,691,482	\$ 559,650	\$ 0	\$ 89,251,132
Food Service	1,099,191	0	0	1,099,191
Total City Schools	\$ 89,790,673	\$ 559,650	\$ 0	\$ 90,350,323
Total Capital Assets	\$ 177,234,380	\$ 6,840,776	\$ 208,284	\$ 183,866,872

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

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STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	132
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.	142
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.	153
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.	160
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.	164

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

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 53,783,708	\$ 54,406,384	\$ 52,526,979	\$ 51,571,926
Restricted	458,233	459,646	459,646	459,646
Unrestricted	<u>10,602,633</u>	<u>11,142,970</u>	<u>14,385,306</u>	<u>17,119,787</u>
Total governmental activities net assets	<u>\$ 64,844,574</u>	<u>\$ 66,009,000</u>	<u>\$ 67,371,931</u>	<u>\$ 69,151,359</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 87,429,850	\$ 86,878,434	\$ 89,150,550	\$ 92,033,295
Unrestricted	<u>7,874,505</u>	<u>11,107,428</u>	<u>13,550,964</u>	<u>13,421,845</u>
Total business-type activities	<u>\$ 95,304,355</u>	<u>\$ 97,985,862</u>	<u>\$ 102,701,514</u>	<u>\$ 105,455,140</u>
Primary government				
Invested in capital assets, net of related debt	\$ 141,213,558	\$ 141,284,818	\$ 141,677,529	\$ 143,605,221
Restricted	458,233	459,646	459,646	459,646
Unrestricted	<u>18,477,138</u>	<u>22,250,398</u>	<u>27,936,270</u>	<u>30,541,632</u>
Total primary government net assets	<u>\$ 160,148,929</u>	<u>\$ 163,994,862</u>	<u>\$ 170,073,445</u>	<u>\$ 174,606,499</u>

Source: Official record of Office of City Clerk.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 48,522,525	\$ 54,639,891	\$ 58,694,649	\$ 59,721,184	\$ 57,893,731
459,646	459,740	459,740	459,740	473,440
<u>22,366,833</u>	<u>22,488,017</u>	<u>16,590,395</u>	<u>15,821,883</u>	<u>17,372,612</u>
<u>\$ 71,349,004</u>	<u>\$ 77,587,648</u>	<u>\$ 75,744,784</u>	<u>\$ 76,002,807</u>	<u>\$ 75,739,783</u>
\$ 92,062,798	\$ 98,773,538	\$ 100,513,728	\$ 112,581,181	\$ 120,603,787
<u>16,935,342</u>	<u>14,329,076</u>	<u>22,347,483</u>	<u>15,355,800</u>	<u>12,830,051</u>
<u>\$ 108,998,140</u>	<u>\$ 113,102,614</u>	<u>\$ 122,861,211</u>	<u>\$ 127,936,981</u>	<u>\$ 133,433,838</u>
\$ 140,585,323	\$ 153,413,429	\$ 159,208,377	\$ 172,302,365	\$ 178,497,518
459,646	459,740	459,740	459,740	473,440
<u>39,302,175</u>	<u>36,817,093</u>	<u>38,937,878</u>	<u>31,177,683</u>	<u>30,202,663</u>
<u>\$ 180,347,144</u>	<u>\$ 190,690,262</u>	<u>\$ 198,605,995</u>	<u>\$ 203,939,788</u>	<u>\$ 209,173,621</u>

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

	2002	2003	2004
EXPENSES			
Governmental activities:			
General government	\$ 1,943,495	\$ 2,586,632	\$ 3,325,573
Community development	423,856	310,918	539,414
Public safety	11,298,693	12,132,200	12,683,638
Public works	5,624,531	7,203,565	8,138,030
Health and welfare	459,735	491,225	500,734
Culture and recreation	2,468,434	2,564,187	2,559,373
Education	29,003,808	30,729,336	31,429,169
Interest on long-term debt	1,855,911	2,119,811	2,094,798
Total governmental activities	<u>\$ 53,078,463</u>	<u>\$ 58,137,874</u>	<u>\$ 61,270,729</u>
Business-type activities:			
Water and sewer	\$ 13,875,409	\$ 14,356,114	\$ 15,037,429
Electric	56,725,306	59,697,868	62,524,728
Brush Chipping	95,422	123,343	134,631
Golf Course	424,922	0	0
Airport	0	0	0
Total business-type activities expenses	<u>\$ 71,121,059</u>	<u>\$ 74,177,325</u>	<u>\$ 77,696,788</u>
Total primary government expenses	<u>\$ 124,199,522</u>	<u>\$ 132,315,199</u>	<u>\$ 138,967,517</u>
PROGRAM REVENUES			
Governmental activities:			
Charges for services	\$ 5,582,015	\$ 6,543,638	\$ 7,127,661
Operating grants and contributions	25,077,943	26,248,710	27,093,926
Capital grants and contributions	508,303	10,850	765,700
Total governmental activities program revenues	<u>\$ 31,168,261</u>	<u>\$ 32,803,198</u>	<u>\$ 34,987,287</u>
Business-type activities:			
Charges for services:			
Water and sewer	\$ 14,081,706	\$ 15,187,407	\$ 16,152,299
Electric	58,996,876	61,925,568	65,987,477
Brush Chipping	108,096	119,333	87,075
Golf Course	323,307	0	0
Airport	0	0	0
Operating grants and contributions	0	0	0
Capital grants and contributions	497,491	1,012,220	1,448,663
Total business-type activities program revenues	<u>\$ 74,007,476</u>	<u>\$ 78,244,528</u>	<u>\$ 83,675,514</u>
Total primary government program revenues	<u>\$ 105,175,737</u>	<u>\$ 111,047,726</u>	<u>\$ 118,662,801</u>
Net (Expense) Revenue			
Governmental activities	\$ (21,910,202)	\$ (25,334,676)	\$ (26,283,442)
Business-type activities	2,886,417	4,067,203	5,978,726
Total primary government net expense	<u>\$ (19,023,785)</u>	<u>\$ (21,267,473)</u>	<u>\$ (20,304,716)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS			
Governmental activities:			
Property taxes	\$ 6,631,884	\$ 8,320,628	\$ 8,508,570
Property taxes - fire	3,222,076	3,723,281	3,805,969
Interest and penalty on taxes	79,345	100,204	110,668
In lieu of taxes	34,948	32,972	26,977
Local sales tax	6,138,123	6,319,495	6,912,834
Wholesale beer tax	975,310	995,889	1,054,330
Gross receipts tax	813,185	708,331	823,885
Franchise tax	351,722	463,846	494,096
State sales tax	2,239,968	2,247,016	2,221,608
Other state taxes	1,173,306	1,055,125	1,736,563
Grants and contributions not restricted	468,052	735,014	344,205
Unrestricted investment earnings	236,901	178,092	137,287
Gain on sale of capital assets	0	0	0
Transfers	1,114,132	1,257,907	1,469,381
Total governmental activities	<u>\$ 23,478,952</u>	<u>\$ 26,137,800</u>	<u>\$ 27,646,373</u>
Business-type activities:			
Unrestricted investment earnings	\$ 290,262	\$ 233,513	\$ 206,307
Transfers	(1,114,132)	(1,257,907)	(1,469,381)
Total business-type activities	<u>\$ (823,870)</u>	<u>\$ (1,024,394)</u>	<u>\$ (1,263,074)</u>
Total primary government	<u>\$ 22,655,082</u>	<u>\$ 25,113,406</u>	<u>\$ 26,383,299</u>
CHANGE IN NET ASSETS			
Governmental activities	\$ 1,568,750	\$ 803,124	\$ 1,362,931
Business-type activities	2,062,547	3,042,809	4,715,652
Total primary government	<u>\$ 3,631,297</u>	<u>\$ 3,845,933</u>	<u>\$ 6,078,583</u>

Source: Official record of Office of City Clerk.

2005	2006	2007	2008	2009	2010
\$ 2,391,498	\$ 2,693,884	\$ 2,674,062	\$ 3,045,455	\$ 3,125,773	\$ 4,294,917
622,028	1,054,852	882,244	1,071,399	1,052,676	867,709
14,180,863	15,151,467	15,897,312	18,599,983	19,173,722	18,190,814
8,429,567	9,265,703	9,080,972	9,076,371	9,442,505	9,913,297
538,263	552,573	607,956	659,474	665,951	680,086
2,952,398	2,962,458	3,451,275	4,387,539	3,807,169	4,014,995
35,475,697	37,495,574	39,363,223	39,878,902	41,239,156	42,725,119
1,992,504	2,297,623	2,637,740	3,152,029	2,923,763	2,298,214
<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>	<u>\$ 82,985,151</u>
\$ 16,105,695	\$ 17,588,719	\$ 18,626,226	\$ 20,426,089	\$ 20,856,642	\$ 20,890,587
62,737,439	71,747,592	75,438,689	79,179,669	91,699,799	83,803,232
140,635	197,614	221,463	176,191	144,655	159,000
0	0	0	0	0	0
0	0	0	206,011	52,591	263,379
<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>\$ 105,116,198</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>	<u>\$ 188,101,349</u>
\$ 7,706,701	\$ 8,200,575	\$ 7,540,322	\$ 7,837,356	\$ 7,644,180	\$ 7,331,254
29,500,770	31,417,297	31,719,118	34,905,174	35,612,093	37,462,812
2,342,151	1,770,080	5,605,567	2,767,768	1,914,789	2,302,461
<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>	<u>\$ 47,096,527</u>
\$ 16,437,866	\$ 17,957,369	\$ 19,411,182	\$ 20,208,450	\$ 20,724,856	\$ 20,356,004
65,541,717	74,832,241	77,279,666	80,786,137	94,209,090	86,785,472
202,790	197,167	234,142	187,296	130,710	0
0	0	0	0	0	0
0	0	0	12,781	17,484	16,775
0	0	90,324	40,523	270,000	3,549
708,439	1,121,813	2,282,693	8,879,491	3,685,707	4,882,848
<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>\$ 112,044,648</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>	<u>\$ 159,141,175</u>
\$ (27,033,196)	\$ (30,086,182)	\$ (29,729,777)	\$ (34,360,854)	\$ (36,259,653)	\$ (35,888,624)
3,907,043	4,574,665	5,011,629	10,126,718	6,284,160	6,928,450
<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>	<u>\$ (28,960,174)</u>
\$ 8,967,774	\$ 14,798,767	\$ 15,480,244	\$ 15,497,594	\$ 15,848,544	\$ 16,465,931
4,019,302	0	0	0	0	0
119,841	133,275	150,071	156,498	131,485	194,301
19,411	19,829	30,136	19,208	22,112	90,822
7,186,302	7,601,091	8,018,692	7,929,077	8,389,829	9,840,465
1,088,535	1,131,612	1,162,392	1,206,434	1,239,216	1,245,869
943,128	821,430	857,958	883,959	939,795	913,170
716,475	1,142,767	1,041,053	992,888	929,622	953,496
2,273,609	2,517,380	2,702,704	2,685,932	2,454,675	2,397,165
919,876	1,075,526	1,800,451	2,116,359	2,513,984	1,298,234
442,832	481,343	633,364	738,101	455,312	536,334
621,856	960,778	1,203,574	527,603	80,157	27,007
0	0	0	0	1,893,766	(59,455)
1,493,683	1,600,029	1,688,551	1,526,951	1,619,179	1,722,261
<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>	<u>\$ 35,625,600</u>
\$ 340,266	\$ 568,364	\$ 781,396	\$ 595,448	\$ 410,789	\$ 290,668
(1,493,683)	(1,600,029)	(1,688,551)	(1,526,951)	(1,619,179)	(1,722,261)
<u>\$ (1,153,417)</u>	<u>\$ (1,031,665)</u>	<u>\$ (907,155)</u>	<u>\$ (931,503)</u>	<u>\$ (1,208,390)</u>	<u>\$ (1,431,593)</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>	<u>\$ 34,194,007</u>
\$ 1,779,428	\$ 2,197,645	\$ 5,039,413	\$ (80,250)	\$ 258,023	\$ (263,024)
2,753,626	3,543,000	4,104,474	9,195,215	5,075,770	5,496,857
<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>	<u>\$ 5,233,833</u>

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

Function/Program	<u>2002</u>	<u>2003</u>	<u>2004</u>
Governmental activities:			
General government	\$ 13,133	\$ 20,945	\$ 117,132
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	<u>24,208,518</u>	<u>25,108,052</u>	<u>26,186,918</u>
 Subtotal governmental activities	 <u>\$ 31,168,261</u>	 <u>\$ 32,803,198</u>	 <u>\$ 34,987,287</u>
 Business-type activities			
Water and sewer	\$ 14,579,197	\$ 16,199,627	\$ 17,600,962
Electric	58,996,876	61,925,568	65,987,477
Other enterprise	<u>431,403</u>	<u>119,333</u>	<u>87,075</u>
 Subtotal business-type activities	 <u>\$ 74,007,476</u>	 <u>\$ 78,244,528</u>	 <u>\$ 83,675,514</u>
 Total primary government	 <u><u>\$ 105,175,737</u></u>	 <u><u>\$ 111,047,726</u></u>	 <u><u>\$ 118,662,801</u></u>

Source: Official record of Office of City Clerk.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 141,362	\$ 144,712	\$ 94,478	\$ 135,035	\$ 92,145	\$ 379,084
599,802	845,564	942,799	925,752	554,623	656,137
4,046,913	4,037,012	3,280,867	3,593,229	3,500,312	3,780,466
3,861,476	3,740,271	3,394,983	5,130,737	4,609,105	3,556,569
265,624	223,382	272,474	327,852	358,574	376,131
1,407,893	1,011,707	1,124,039	1,497,747	1,533,839	1,349,080
<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>36,999,060</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>	<u>\$ 47,096,527</u>
\$ 17,146,305	\$ 19,079,182	\$ 21,784,199	\$ 21,065,966	\$ 23,133,452	\$ 21,801,228
65,541,717	74,832,241	77,279,666	80,826,660	94,209,090	86,785,871
<u>202,790</u>	<u>197,167</u>	<u>234,142</u>	<u>8,222,052</u>	<u>1,695,305</u>	<u>3,457,549</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>\$ 112,044,648</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>	<u>\$ 159,141,175</u>

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

(modified accrual basis of accounting)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund				
Reserved	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved	<u>3,903,874</u>	<u>3,329,663</u>	<u>4,098,424</u>	<u>5,771,581</u>
Total general fund	<u><u>\$ 3,903,874</u></u>	<u><u>\$ 3,329,663</u></u>	<u><u>\$ 4,098,424</u></u>	<u><u>\$ 5,771,581</u></u>
All Other Governmental Funds:				
Reserved	\$ 1,045,702	\$ 1,085,267	\$ 1,204,694	\$ 1,670,351
Unreserved, reported in:				
Special revenue funds	1,951,616	2,055,047	2,815,644	3,526,721
Debt service funds	705,666	1,307,380	1,406,706	1,467,483
Capital projects funds	2,114,238	2,375,529	2,263,708	2,013,662
Permanent funds	<u>4,811</u>	<u>12,449</u>	<u>7,475</u>	<u>2,148</u>
Total all other governmental funds	<u><u>\$ 5,822,033</u></u>	<u><u>\$ 6,835,672</u></u>	<u><u>\$ 7,698,227</u></u>	<u><u>\$ 8,680,365</u></u>

Source: Official record of Office of City Clerk.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<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>9,115,200</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>\$ 9,115,200</u>
\$ 1,117,277	\$ 994,595	\$ 978,663	\$ 982,489	\$ 1,651,821	\$ 2,322,595
4,797,634	3,942,290	3,910,827	3,803,130	2,868,027	3,542,121
1,647,744	2,602,622	3,146,620	2,692,706	2,849,584	3,246,244
1,998,815	6,045,791	5,871,288	2,086,748	1,957,547	3,133,624
<u>8,315</u>	<u>21,825</u>	<u>28,697</u>	<u>20,122</u>	<u>6,647</u>	<u>521</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>	<u>\$ 12,245,105</u>

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

	2001	2002	2003	2004
REVENUES				
Taxes	\$ 16,409,012	\$ 18,059,457	\$ 20,591,043	\$ 21,820,687
Licenses and permits	364,245	395,149	422,002	614,120
Intergovernmental	36,411,509	29,584,658	30,546,411	32,780,677
Fines and forfeitures	646,857	633,457	816,304	897,881
Charges for services	3,919,634	3,153,357	3,770,640	3,969,522
Interest	701,524	236,900	178,093	137,286
Miscellaneous	541,301	1,234,576	947,595	795,869
Total Revenues	\$ 58,994,082	\$ 53,297,554	\$ 57,272,088	\$ 61,016,042
EXPENDITURES				
General government	\$ 1,540,228	\$ 1,701,528	\$ 1,864,227	\$ 1,929,123
Community development	409,503	400,098	477,536	446,997
Public safety	9,287,332	10,337,152	11,284,364	12,010,132
Public works	5,594,626	5,939,039	6,056,573	6,152,910
Health and welfare	333,034	336,875	361,105	379,761
Culture and recreation	1,768,571	2,221,139	2,198,402	2,321,247
Education	26,423,910	27,628,249	28,817,716	29,924,557
Appropriations	865,030	879,113	898,681	856,465
Capital outlay	25,428,018	8,238,956	2,650,162	2,970,045
Debt service:				
Interest	1,740,060	1,865,109	2,121,674	2,112,091
Principal	1,645,000	1,575,000	1,380,000	1,430,000
Total Expenditures	\$ 75,035,312	\$ 61,122,258	\$ 58,110,440	\$ 60,533,328
Excess of revenues over (under) expenditures	\$ (16,041,230)	\$ (7,824,704)	\$ (838,352)	\$ 482,714
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 14,007,122	\$ 12,182,607	\$ 12,164,831	\$ 12,908,687
Transfers out	(12,989,367)	(11,068,475)	(10,906,924)	(11,439,306)
Notes issued	9,632,231	7,150,000	1,242,422	703,200
Bonds issued	0	0	0	0
Refunding bonds issued	3,065,000	0	0	0
Premium on bonds issued	0	0	0	0
Payment to refunding bond escrow agent	(3,063,602)	0	0	0
Total other financing sources (uses)	\$ 10,651,384	\$ 8,264,132	\$ 2,500,329	\$ 2,172,581
Net change in fund balances	\$ (5,389,846)	\$ 439,428	\$ 1,661,977	\$ 2,655,295
Debt service as a percent of noncapital expenditures	6.82%	6.51%	6.31%	6.15%

Source: Official record of Office of City Clerk.

2005	2006	2007	2008	2009	2010
\$ 23,050,456	\$ 25,598,961	\$ 26,692,073	\$ 26,427,496	\$ 27,162,225	\$ 29,323,204
499,409	511,731	540,832	568,441	341,384	377,132
36,107,621	36,272,316	41,769,671	41,534,518	41,359,146	43,498,396
1,135,822	1,863,507	1,179,606	990,387	884,237	958,249
4,205,563	5,852,986	5,851,999	6,162,803	6,317,883	6,010,112
621,858	960,812	1,203,574	527,698	80,159	27,007
775,016	982,971	969,776	2,066,056	3,134,650	1,236,941
<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>	<u>\$ 81,431,041</u>
\$ 2,035,118	\$ 2,053,861	\$ 2,266,987	\$ 2,260,515	\$ 2,386,824	\$ 2,429,060
563,108	961,245	770,395	854,944	876,634	783,855
13,133,222	13,692,605	14,622,596	16,066,722	17,004,076	15,793,335
7,054,780	7,664,026	7,710,740	7,679,981	8,107,529	8,075,972
428,047	415,101	483,957	497,414	493,166	506,882
2,414,280	2,692,519	2,883,687	3,314,547	3,052,883	3,188,748
32,955,018	34,023,865	35,296,056	38,597,871	38,826,465	40,237,280
858,485	996,770	1,061,885	1,088,089	1,083,718	1,072,554
4,316,712	12,123,365	24,865,184	9,730,177	7,979,274	7,708,385
2,087,467	1,380,000	1,495,000	1,816,428	2,015,129	1,939,428
1,355,000	2,245,522	2,592,796	3,148,679	3,191,643	2,896,597
<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>\$ 84,632,096</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>	<u>\$ (3,201,055)</u>
\$ 13,883,341	\$ 17,533,104	\$ 15,587,872	\$ 14,898,717	\$ 13,963,115	\$ 13,766,312
(12,414,658)	(15,933,075)	(13,899,321)	(13,371,766)	(12,343,936)	(12,044,051)
1,025,000	9,836,795	9,163,205	951,300	3,761,400	4,160,000
0	0	6,100,000	0	0	0
10,580,000	0	0	0	25,525,000	24,960,000
0	0	0	0	19,831	265,800
(10,483,075)	0	0	0	(25,337,924)	(24,652,000)
<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>\$ 6,456,061</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>	<u>\$ 3,255,006</u>
5.47%	5.48%	5.78%	6.59%	6.76%	6.29%

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

Fiscal Year	Property	Interest & Penalty	In lieu	Local Sales	Wholesale Beer	Gross Receipts	Franchise	Total
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
2010	16,099,996	194,301	90,822	9,840,465	1,245,869	898,254	953,497	29,323,204
Change 2001-2010	105.0%	139.3%	80.3%	60.3%	33.3%	14.8%	68.0%	78.7%

Source: Official record of Office of City Clerk.

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

Fiscal Year	Residential Property	Commercial Industrial Property	Personal Property
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
2010	407,472,125	506,762,040	166,851,361

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. In tax year 2009, the State conducted a comprehensive reappraisal which is reflected in the FY 2010 financial statements. Public utility assessments increased in tax year 1999. A statewide court ruling awarded reduction in the assessment ratio from 55% to 40% for specific public utilities. After several years of appeals Bellsouth assessments were also reduced.
- (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
\$	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
	22,742,171	1,103,827,697	1.4904	3,508,298,553	31.5

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
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
2010	1.4904	1.7920	3.2824

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>2009</u>			<u>2000</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	\$ 32,434,320	1	3.00%	\$ 26,778,857	1	4.42%
Community Health Systems	29,677,594	2	2.75	-	-	-
Whirlpool	22,522,543	3	2.09	9,524,687	3	1.57
Life Care Centers of America	21,562,346	4	2.00	9,453,633	4	1.56
Procter & Gamble	18,832,034	5	1.74	6,253,747	7	1.03
Schering-Plough	15,843,787	6	1.47	-	-	-
Peyton's Southeastern	12,714,069	7	1.18	5,003,036	9	0.83
Walmart	9,754,529	8	0.90	-	-	-
Bellsouth	9,719,435	9	0.90	12,262,049	2	2.02
Southeastern Container	6,164,243	10	0.57	-	-	-
Bradley Square Mall	-	-	-	7,527,591	5	1.24
Johnston Coca-Cola	-	-	-	6,704,193	6	1.11
Honeywell International	-	-	-	5,588,980	8	0.92
Chattanooga Gas	-	-	-	4,525,865	10	0.75
Totals	<u>\$ 179,224,900</u>		<u>16.60%</u>	<u>\$ 93,622,638</u>		<u>15.45%</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
2001	\$ 7,912,786	\$ 7,378,221	93.2 %	\$ 523,206	\$ 7,901,427	99.9 %
2002	9,859,583	9,187,496	93.2	662,780	9,850,276	99.9
2003	11,947,480	11,303,576	94.6	621,070	11,924,646	99.8
2004	12,464,657	11,671,276	93.6	777,036	12,448,312	99.9
2005	13,004,505	12,257,261	94.3	728,396	12,985,657	99.9
2006	14,777,295	13,963,167	94.5	797,093	14,760,260	99.9
2007	15,473,857	14,486,289	93.6	916,625	15,402,914	99.5
2008	15,514,444	14,406,638	92.9	928,462	15,335,100	98.8
2009	15,869,700	15,034,281	94.7	407,680	15,441,961	97.3
2010	16,491,558	14,982,438	90.8	0	14,982,438	90.8

Source: Official record of Office of City Clerk.

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Apparel Stores	\$ 20,746,661	\$ 20,229,088	\$ 19,896,935	\$ 20,067,489
General Merchandise Stores	144,242,082	150,102,573	152,412,537	156,574,634
Food Stores	87,181,772	89,819,627	90,283,583	86,861,754
Eating and Drinking Places	76,742,514	79,703,228	84,135,260	89,520,521
Furniture Stores	27,250,770	25,605,588	25,376,788	27,034,299
Building Materials	55,728,260	57,409,515	56,627,136	61,677,807
MV Dealers and Service Stations	43,679,856	44,251,983	43,794,271	44,840,393
Other Retail	53,268,036	51,999,304	52,259,172	52,545,120
All Other Outlets	<u>126,679,648</u>	<u>113,444,461</u>	<u>107,011,098</u>	<u>109,168,200</u>
Total	<u>\$ 635,519,599</u>	<u>\$ 632,565,367</u>	<u>\$ 631,796,780</u>	<u>\$ 648,290,217</u>
City direct sales tax rate	2.25%	2.25%	2.25%	2.25%

Source: Tennessee Department of Revenue, Research Division.

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 20,838,181	\$ 22,953,066	\$ 24,138,310	\$ 24,841,406	\$ 24,816,565	\$ 23,466,544
185,089,441	186,778,089	194,120,266	199,153,235	198,954,082	188,130,980
81,853,277	80,107,817	80,635,523	81,927,126	81,845,199	77,392,820
99,030,575	102,853,071	107,702,429	114,277,181	114,162,903	107,952,441
29,011,766	29,434,891	30,240,720	28,441,295	28,412,854	26,867,195
71,672,220	81,440,562	92,084,523	86,902,616	86,815,713	82,092,938
49,355,351	48,076,764	49,553,354	59,114,976	59,055,861	55,843,222
54,037,438	56,068,091	56,389,300	56,002,318	55,946,315	52,902,835
<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>125,818,689</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>	<u>\$ 740,467,664</u>
2.25%	2.25%	2.25%	2.25%	2.25%	2.25%/2.75%

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

Schedule 12

<u>Fiscal Year</u>	<u>City of Cleveland and Bradley County Rate</u>
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
2010	2.75

Source: Official records of Office of City Clerk.

Note: The maximum local sales tax rate allowed by Tennessee State law is 2.75%.

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

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CITY OF CLEVELAND, TENNESSEE
 LOCAL SALES TAX REVENUE BY INDUSTRY
 FISCAL YEARS 2001 AND 2010

	Fiscal Year 2001			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1 Retail Trade	832	55.47 %	\$ 11,049,432	77.75 %
2 Services	393	26.20	1,231,516	8.66
3 Manufacturing	107	7.13	588,868	4.14
4 Wholesale Trade	83	5.53	560,300	3.94
5 Construction	26	1.73	35,683	0.25
6 Finance Insurance Real Estate	25	1.67	12,970	0.09
7 Transportation and Utilities	21	1.40	719,935	5.06
8 Agriculture	6	0.40	5,330	0.04
Other, Non Classified	7	0.47	10,643	0.07
Total	1,500	100.00 %	\$ 14,214,677	100.00 %

Source: Tennessee Department of Revenue, Research Division.

Notes:

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

Fiscal Year 2010			
<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>
859	57.03 %	\$ 13,791,180	82.90 %
357	23.71	1,221,816	7.34
90	5.98	515,146	3.10
91	6.04	573,986	3.45
10	0.66	29,402	0.18
17	1.13	17,548	0.11
9	0.60	108,401	0.65
8	0.53	30,505	0.18
65	4.32	347,213	2.09
<u>1,506</u>	<u>100.00 %</u>	<u>\$ 16,635,197</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
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
2010	5,735,000	37,070,000	27,494,716

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
\$ 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	2.32	3,181
57,165,000	606,994	128,071,710	N/A	N/A

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

Fiscal Year	General Obligation Bonds Outstanding	Actual Taxable Value of Property	Population	Percentage of Actual taxable Value of Property	Debt Per Capita
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
2010	70,299,716	3,508,298,553	40,261	2.0	1,746

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, 2010

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	\$ 67,053,472	100.00%	\$ 67,053,472
Bradley County, Tennessee	<u>64,402,891</u>	55.15%	<u>35,520,191</u>
Total direct and overlapping debt	<u>\$ 131,456,363</u>		<u>\$ 102,573,663</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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Debt limit	\$ 62,822,039	\$ 63,175,603	\$ 72,834,260	\$ 75,126,959
Total net debt applicable to limit	<u>44,784,334</u>	<u>43,492,620</u>	<u>43,395,094</u>	<u>42,607,517</u>
Legal debt margin	<u>\$ 18,037,705</u>	<u>\$ 19,682,983</u>	<u>\$ 29,439,166</u>	<u>\$ 32,519,442</u>
Total net debt applicable to limit as a percentage of debt limit	71.29%	68.84%	59.58%	56.71%

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

Source: Official record of Office of City Clerk.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 78,684,956	\$ 89,559,361	\$ 93,780,950	\$ 98,015,319	\$ 98,074,388	\$ 110,382,770
<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>67,053,472</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>	<u>\$ 43,329,298</u>
54.41%	65.85%	67.75%	64.41%	66.20%	60.75%

Legal Debt Margin Calculation for Fiscal Year 2010

Total assessed value		<u>\$ 1,103,827,697</u>
Legal debt margin:		
Debt limitation - 10% of total assessed value as adopted by resolution		\$ 110,382,770
Debt applicable to limit:		
Total bonded debt	\$ 128,071,710	
Less: Revenue bonds	57,771,994	
Amount available for repayment of general obligation bonds	<u>3,246,244</u>	
Total debt applicable to limit		<u>67,053,472</u>
Legal debt margin		<u>\$ 43,329,298</u>

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

Fiscal Year	Gross (1) Revenue	Direct Operating (2) Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	(3) Interest	Total	
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
2010	20,359,154	14,338,730	6,020,424	3,535,000	1,939,915	5,474,915	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
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
2009	40,261	3,367,000	29,704	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.

<u>Percent High School graduate or higher</u>	<u>Percent Bachelor's degree or higher</u>	<u>School Enrollment</u>	<u>Annual Average Adjusted Unemployment Rate (%)</u>
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
76	22	4,869	9.9

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

<u>Employer</u>	2010		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Labor Force Bradley County</u>
Whirlpool/Maytag	1,386	1	2.95 %
Bradley County Schools	1,200	2	2.55
SkyRidge Medical Center	1,199	3	2.55
City Government	999	4	2.13
Peyton's Southeastern	917	5	1.95
Wal-Mart	763	6	1.62
Lee University	763	7	1.62
Bradley County Government	620	8	1.32
Masterfoods USA	495	9	1.05
Schering-Plough Inc.	465	10	0.99
Duracell	347	N/A	0.74
Jackson Furniture Industries	380	N/A	0.81
Bradley Memorial Hospital	N/A	N/A	N/A
Total	<u>9,534</u>		<u>20.28 %</u>

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

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

2001		
Employees	Rank	Percentage of Total Labor Force Bradley County
2,400	1	5.34 %
798	7	1.77
N/A	N/A	N/A
967	4	2.15
850	5	1.89
780	8	1.73
N/A	N/A	N/A
372	10	0.83
650	9	1.45
N/A	N/A	N/A
800	6	1.78
1,400	2	3.11
1,200	3	2.67
<u>10,217</u>		<u>22.72 %</u>

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

Schedule 21

<u>Function/Program</u>	<u>Full-time-Equivalent Employees as of June 30</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>	<u>2010</u>
General government										
City Council and legislative	1	1	1	1	1	1	1	1	1	1
Administration and finance	16	16	16	16	16	16	16	16	16	15
Community development	7	7	7	8	9	10	10	10	8	7
Police										
Officers	94	92	91	90	90	90	92	92	88	94
Civilians	11	11	11	11	12	12	12	12	11	11
Fire										
Firefighters and officers	77	80	79	79	82	88	91	97	94	94
Civilians	1	1	1	1	1	1	1	1	1	1
Public works										
Operations	30	18	18	19	23	26	26	26	25	25
Engineering	9	9	9	9	9	7	7	7	7	7
Landscaping maintenance	7	7	7	7	8	8	8	8	10	0
Solid waste management	14	13	13	13	13	13	13	13	14	14
Stormwater management fund	0	0	0	1	1	2	2	2	2	2
State street aid	0	13	13	12	11	11	11	11	11	11
Fleet management	9	9	9	9	8	8	8	8	8	8
Brush chipping	0	1	1	1	1	1	1	1	0	0
Parks and recreation										
Administration and maintenance	8	8	8	8	8	8	9	9	9	9
Landscaping maintenance	0	0	0	0	0	0	0	0	0	7
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	6	6	6	6	6	6
Animal control										
Administration and operations	7	7	7	7	7	7	8	8	8	8
Weed and seed program	0	1	2	2	3	3	0	0	0	0
Community development block grant	0	0	0	0	1	2	2	2	2	2
Subtotal	305	308	307	308	317	327	331	337	328	329
Cleveland Utilities										
Electric division	101	102	107	105	109	108	114	115	91	89
Water/wastewater division	84	83	83	83	85	86	86	85	109	102
City schools										
Certificated staff	349	350	350	357	359	364	370	379	383	387
Non-certificated personnel	252	253	253	254	253	253	258	263	268	270
Library	11	11	11	11	10	10	10	10	10	10
Total	1,102	1,107	1,111	1,118	1,133	1,148	1,169	1,189	1,189	1,187

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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General government				
Building permits issued	361	351	392	438
Value of constructed permitted	\$53,391,050	\$49,057,456	\$58,922,242	\$110,607,005
Police				
Parking violations	2,677	1,838	1,353	1,245
Traffic violations	5,623	6,519	7,422	6,180
Fire				
Emergency responses (city only)	n/a	420	693	803
Fires extinguished (city only)	n/a	59	138	138
Fire inspections	450	516	850	450
Public works				
Street resurfacing (tonnage)	29,278	15,865	13,437	434
Utility cut permits (# Excavations)	482	493	392	310
Drainage pipe installed (linear ft.)	11,985	11,182	5,781	8,085
Tons of brush chipped	2,044	1,302	1,007	1,200
Parks and recreation				
Softball league participants	3,632	3,672	3,855	1,450
Basketball league participants	692	710	746	350
Football league participants	n/a	n/a	n/a	n/a
Soccer league participants	721	745	782	638
Rounds of golf played	25,000	26,000	21,500	11,500
Library				
Volumes in collection	110,844	117,506	117,829	124,572
Circulation	263,255	273,558	287,494	290,461
Attendants	176,196	169,400	186,388	215,543
City Schools				
Average Daily Membership				
High School	1,106	1,082	1,089	1,109
Middle School	692	1,047	1,090	1,050
Elementary Schools	2,579	2,166	2,080	2,123
Ungraded - Special Education	79	54	62	48
ACT composite scores	20.8	21	20.9	21.2
% of High School graduates	n/a	n/a	n/a	n/a
Electric				
Class of Service # of Customers				
Residential	23,540	23,701	23,530	23,813
Small lighting and power	3,148	3,182	3,216	3,319
Large lighting and power	579	550	576	587
Street and outdoor lighting	59	57	53	135
Kilowatt-hours purchased	1,091,932,800	1,073,355,517	1,116,501,227	1,130,449,913
Kilowatt-hours sold	1,054,539,327	1,033,141,279	1,080,749,736	1,092,827,383
Line losses and kilowatt-hour unaccounted for	37,393,473	40,214,238	35,751,491	37,622,530
Percentage of losses and unaccounted for kilowatt-hours to purchases	3.42%	3.75%	3.20%	3.33%

2005	2006	2007	2008	2009	2010
495	460	437	393	247	286
\$56,689,803	\$75,980,803	\$83,346,627	\$107,879,191	\$39,596,442	\$41,805,750
1,425	1,625	1,716	1,082	1,349	1,659
9,609	12,143	11,472	8,437	6,244	7,617
884	1,256	1,313	1,456	1,932	2,497
252	182	140	178	135	150
450	846	2,522	2,973	2,755	2,713
22,940	32,863	12,334	6,362	0	3,773
346	319	422	329	321	290
7,280	7,644	4,953	7,119	5,995	3,166
1,188	1,269	1,978	1,080	4,353	5,507
1,400	1,477	1,350	1,500	1,814	1,820
400	454	350	184	212	220
n/a	n/a	n/a	n/a	90	258
730	750	850	875	920	950
11,900	12,120	14,700	12,400	10,000	9,600
128,491	131,099	135,000	144,202	149,970	149,867
293,402	326,927	348,159	356,498	356,050	361,590
223,546	239,067	245,146	251,246	282,718	296,265
1,152	1,385	1,203	1,274	1,246	n/a
1,069	1,187	1,053	1,035	1,207	n/a
2,162	1,906	2,248	2,241	2,315	n/a
72	68	61	82	81	81
20.9	21.3	21	21	22	n/a
75.4	84.9	83	82	89	n/a
24,031	24,315	24,541	24,672	24,539	24,720
3,382	3,407	3,426	3,627	3,616	3,652
593	649	620	647	619	624
128	129	119	113	115	110
1,115,957,513	1,150,136,397	1,146,736,443	1,136,162,043	1,095,830,882	1,112,981,850
1,076,529,177	1,118,005,640	1,107,755,437	1,102,780,890	1,060,994,420	1,078,380,377
39,428,336	32,130,757	38,981,006	33,381,153	34,836,462	34,601,473
3.53%	2.79%	3.40%	2.94%	3.18%	3.11%

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

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Water				
Class of Service # of Customers				
Residential	23,160	23,581	23,872	24,343
Commercial & Industrial	2,952	3,002	3,029	3,091
Gallons purchased	930,966,824	1,021,097,618	1,054,236,887	1,050,685,973
Gallons pumped	2,550,719,250	2,456,792,000	2,586,512,489	2,599,175,514
Gallons sold	2,918,214,750	2,811,535,500	2,860,158,000	2,799,868,500
Line losses and gallons unaccounted for	563,471,324	666,354,118	780,591,376	849,992,987
Percentage of losses and unaccounted for gallons to total provided	16.18%	19.16%	21.44%	23.29%
Average daily water consumption (gallons)	7,995,109	7,702,837	7,836,049	7,670,873
Wastewater				
Class of Service # of Customers				
Residential	12,861	13,363	13,438	13,688
Commercial & Industrial	2,241	2,293	2,345	2,398
Capacity daily (thousands of gallons)	21,600	21,600	21,600	21,600
Treatment during fiscal year (gallons)	2,873,650,000	3,025,509,000	3,837,476,000	3,514,220,000

Sources: Various city departments.

2005	2006	2007	2008	2009	2010
24,870	25,414	25,898	26,322	26,286	26,465
3,139	3,220	3,054	3,056	3,017	3,034
1,103,601,315	1,207,869,115	1,255,708,159	1,411,079,914	1,648,632,220	1,827,886,130
2,569,476,656	2,736,379,124	2,791,321,111	2,526,119,809	2,107,995,107	1,664,898,520
2,779,692,000	2,895,225,000	3,016,467,750	3,040,388,250	2,861,916,000	2,668,847,250
893,385,971	1,049,023,239	1,030,561,520	896,811,473	894,711,327	823,937,400
24.32%	26.60%	25.46%	22.78%	23.82%	23.59%
7,615,595	7,932,123	8,264,295	8,329,831	7,840,866	7,311,910
13,903	14,255	14,356	14,663	14,629	14,792
2,420	2,487	2,482	2,534	2,502	2,517
21,600	21,600	21,600	21,600	21,600	21,600
3,778,740,000	2,927,060,000	2,824,970,000	3,098,910,000	3,482,470,000	3,955,870,000

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

Schedule 23

<u>Function/Program</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>	<u>2010</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	4	4	6	0	0	0	0	0	0	0
Patrol units	95	99	110	117	110	110	103	88	85	85
Fire										
Stations	4	4	4	4	4	5	5	5	5	5
Fire Trucks (pumpers, ladders & tankers	10	10	10	10	10	15	15	16	16	16
Public works										
Street (miles)	263	270	270	291	302	321	323	323	323	323
Street lights	5,240	5,417	5,474	5,594	5,738	5,873	6,047	6,020	6,307	5,714
Traffic signals	487	487	487	503	517	540	542	566	582	595
Pedestrians signals	96	96	96	96	88	88	54	56	64	70
Knucklebooms	4	4	5	5	6	6	6	6	5	6
Parks and recreation										
Acreage	292	292	292	292	292	289	289	289	289	289
Playgrounds	9	9	9	9	9	8	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	16	16	16
Tennis courts	12	12	12	12	12	12	12	8	8	8
Community centers	2	2	2	2	2	2	2	2	2	2
Swimming pools	3	3	3	3	3	3	3	3	3	3
Golf courses	1	1	1	1	1	1	1	1	1	1
Schools										
Elementary schools	7	7	7	7	7	6	6	6	6	6
Middle schools	1	1	1	1	1	1	1	1	1	1
High schools	1	1	1	1	1	1	1	1	1	1
Library										
Bookmobiles	0	0	0	0	1	1	1	1	1	1
Electric										
Electric lines (miles)	507	507	496	500	500	513	518	522	525	528
Substations	14	14	14	14	14	15	15	15	15	15
Water										
Water mains (miles)	570	576	623	623	688	697	710	728	836	738
Fire hydrants	1,639	1,724	1,894	2,127	2,228	2,302	2,343	2,416	2,492	2,510
Storage capacity (thousands of gal)	13,000	14,300	14,300	14,300	14,300	14,300	14,300	15,300	15,300	15,300
Wastewater										
Sanitary sewers (miles)	249	251	256	273	326	330	333	338	351	359
Treatment capacity (thousands of gal)	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600

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

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

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OTHER

INSURANCE IN FORCE

ALL FUND TYPES EXCLUDING CLEVELAND UTILITIES

For the Fiscal Year Ended June 30, 2010

<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	9/1/2009 to 8/31/2010	Buildings, contents, boilers, fired vessels electric steam generators. Theft, disappearance and destruction. Radio, video equipment, mobile equip- ment, police dogs.	\$ 38,744,387	\$ 57,854
Comprehensive Liability TML Risk Management Pool	TML-026R	7/1/2009 to 6/30/2010	General and public officials liability, auto liability, auto physical damage, personal injury. Excess auto physical damage. Airport liability	As per schedule	\$ 273,983
Worker's Compensation TML Risk Management Pool	TWC-0187	7/1/2009 to 6/30/2010	Job related injuries, employees	\$ 1,000,000 \$ 1,000 ded.	\$ 409,941
Property (School Buildings and Contents, Boiler, Vehicles) Tennessee Risk Management Trust	CP 65050	7/1/2009 to 7/1/2010	Property Equipment Liability	Various	\$ 211,292
Worker's Compensation Tennessee Risk Management Trust	NXC 0130255-3	7/1/2009 to 7/1/2010	Job related injuries, employees	\$ 1,000,000	\$ 136,490

CITY OF CLEVELAND, TENNESSEE
INSURANCE IN FORCE
CLEVELAND UTILITIES
For the Fiscal Year Ended June 30, 2010

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	\$ 132,570,464
Hartford	Machinery and equipment breakdown	\$ 10,000,000
Affiliated FM	Flood and earthquake	\$ 10,000,000
Federal	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
Crum & Forster	Umbrella liability	\$ 15,000,000
Houston Casualty Co.	Professional liability	\$ 2,000,000
CFC Underwriting	Corporate Identity	\$ 1,000,000

(1) The general liability insurance policies with Federal 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, 2010

Table 3

<u>Property Taxes</u>	<u>Balance 7/1/2009</u>	<u>Levies</u>	<u>Collections & Adjustments</u>	<u>Balance 6/30/2010</u>
2009	\$ 0	\$ 16,491,558	\$ 14,982,438	\$ 1,509,120
2008	1,210,668	0	782,929	427,739
2007	365,371	0	186,027	179,344
2006	119,833	0	48,890	70,943
2005	30,971	0	13,936	17,035
2004	26,979	0	8,131	18,848
2003	16,470	0	125	16,345
2002	27,310	0	4,476	22,834
2001	9,307	0	0	9,307
2000	12,223	0	864	11,359
1999	23,359	0	23,359	0
	<u>\$ 1,842,491</u>	<u>\$ 16,491,558</u>	<u>\$ 16,051,175</u>	<u>\$ 2,282,874</u>

Note - Property taxes receivable also include the 2010 levy reported as deferred revenue in the amount of \$16,287.209.

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN GENERAL
 OBLIGATION BONDS PAYABLE
 For the Year Ended June 30, 2010

Table 4

	Interest Rates	Balance 07/01/09	General Obligation		Balance 06/30/10
			New Bonds Issued	Bonds Retired	
General Improvement Refunding Bonds					
Series 2005					
Maturing 2024	3.00-4.375%	\$ 10,310,000	\$ 0	\$ 150,000	\$ 10,160,000
General Improvement Bonds					
Series 2007A					
Maturing 2037	4.00-5.00%	5,885,000	0	150,000	5,735,000
General Improvement Refunding Bonds					
Series 2009B					
Maturing 2012	2.00-3.00%	3,460,000	0	1,100,000	2,360,000
General Improvement Refunding Bonds					
Series 2009C					
Maturing 2031	2.00-4.50%	0	16,335,000	175,000	16,160,000
General Improvement Refunding Bonds					
Series 2009D					
Maturing 2022	2.00-4.00%	0	8,625,000	235,000	8,390,000
Total General Obligation Bonds		<u>\$ 19,655,000</u>	<u>\$ 24,960,000</u>	<u>\$ 1,810,000</u>	<u>\$ 42,805,000</u>

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN REVENUE BONDS PAYABLE
 For the Year Ended June 30, 2010

Table 5

	Balance 07/01/09	Revenue		Balance 06/30/10
		New Bonds Issued	Bonds Retired	
Water and sewer revenue and tax bonds, maturing through 2037				
Due September 2013 - 2.00% to 3.50%	\$ 2,625,000	\$ 0	\$ 665,000	\$ 1,960,000
Due September 2028 - 2.00% to 4.375%	12,510,000	0	320,000	12,190,000
Due June 2037 - 4.00% to 5.00%	8,630,000	0	160,000	8,470,000
Due June 2015 - 2.00% to 3.00%	4,505,000	0	1,075,000	3,430,000
Due June 2028 - 2.00% to 4.375%	0	19,525,000	525,000	19,000,000
Due June 2028 - 2.50% to 4.25%	0	12,540,000	425,000	12,115,000
Total Revenue Bonds	\$ 28,270,000	\$ 32,065,000	\$ 3,170,000	\$ 57,165,000

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN NOTES PAYABLE
 For the Year Ended June 30, 2010

Table 6

	Maturity Date	Interest Rate	Balance 06/30/09	Additions	Retirements	Balance 06/30/10
Electric Division:						
Note payable to the public Building Authority Sevier County, TN Series D3	2017	Variable	\$ 645,000	\$ 0	\$ 645,000	\$ 0
Electric Division:						
Note payable to the public Building Authority Blount County, TN Series A-2-F	2021	Variable	1,080,000	0	1,080,000	0
Electric Division:						
Note payable to the public Building Authority Blount County, TN Series VI-E-4	2025	Variable	1,625,000	0	1,625,000	0
Electric Division:						
Note payable to the public Building Authority Blount County, TN Series D-4-A	2027	Variable	2,250,000	0	2,250,000	0
Electric Division:						
Note payable to the public Building Authority Blount County, TN Series 2007C	2037	Variable	2,375,000	0	2,375,000	0
Water Division:						
Note payable to the public Building Authority Sevier County, TN Series E4	2014	Variable	1,315,000	0	1,315,000	0
Water Division:						
Note payable to the public Building Authority Sevier County, TN Series D2	2017	Variable	2,420,000	0	2,420,000	0
Water Division:						
Note payable to the public Building Authority Sevier County, TN Series C4	2021	Variable	1,860,000	0	1,860,000	0
Water Division:						
Note payable to the public Building Authority Blount County, TN Series A-2-F	2021	Variable	1,460,000	0	1,460,000	0
Water Division:						
Note payable to the public Building Authority Sevier County, TN Series A-7-B	2024	Variable	3,000,000	0	3,000,000	0

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN NOTES PAYABLE
 For the Year Ended June 30, 2010

Table 6
 (Continued)

	Maturity Date	Interest Rate	Balance 06/30/09	Additions	Retirements	Balance 06/30/10
Water Division:						
Note payable to the public						
Building Authority						
Sevier County, TN						
Series B-4-C						
	2030	Variable	\$ 2,500,000	\$ 0	\$ 2,500,000	\$ 0
Water Division:						
Note payable to the public						
Building Authority						
Sevier County, TN						
Series D-4-A						
	2027	Variable	3,900,000	0	3,900,000	0
Water Division:						
Note payable to the public						
Building Authority						
Blount County, TN						
Series 2007C						
	2037	Variable	7,600,000	0	7,600,000	0
Water Division:						
Note payable to the State of						
Tennessee revolving loan						
fund						
	2031	Variable	0	505,828	0	505,828
Water Division:						
Note payable to the State of						
Tennessee revolving loan						
fund - ARRA						
	2031	Variable	0	101,166	0	101,166
Public Improvement Loans:						
Note payable to the Public						
Building Authority						
Sevier County, TN						
Series I-E-5						
	2016	Variable	845,000	0	845,000	0
Public Improvement Loans:						
Note payable to the Public						
Building Authority						
Blount County, TN						
Series A-7-B						
	2014	Variable	1,045,000	0	1,045,000	0
Public Improvement Loans:						
Note payable to the Public						
Building Authority						
Blount County, TN						
Series IV-E-4						
	2025	Variable	925,000	0	925,000	0
CBCC Capital Outlay						
Note payable to the Public						
Building Authority						
Sevier County, TN						
Series II-C						
	2016	Variable	525,000	0	525,000	0
Public Improvement Loans:						
Note payable to the Public						
Building Authority						
Blount County, TN						
Series D-4-A						
	2031	Variable	18,500,000	0	18,500,000	0

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN NOTES PAYABLE
 For the Year Ended June 30, 2010

Table 6
 (Continued)

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 06/30/09</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 06/30/10</u>
Public Improvement Loans:						
Note payable to the Public Building Authority Clarksville, TN						
Series 2008 TMBF	2028	Variable	\$ 2,812,000	\$ 0	\$ 2,812,000	\$ 0
Public Improvement Loans:						
Note payable to the Public Building Authority Clarksville, TN						
Series 2008 TMBF	2028	Variable	1,772,000	0	58,000	1,714,000
Refunding Debt:						
Note payable to the Public Building Authority Blount County, TN						
Series E-9-A	2028	Variable	21,335,000	0	0	21,335,000
Capital Outlay Notes						
Local Government Energy Loan: Local Government Energy Efficiency Loan Program						
	2013	0.00%	357,144	0	71,428	285,716
School Construction Loan:						
Qualified School Construction Loan (QSCB)						
Series 2009	2027	1.1515%	<u>0</u>	<u>4,160,000</u>	<u>0</u>	<u>4,160,000</u>
Totals			<u>\$ 80,146,144</u>	<u>\$ 4,766,994</u>	<u>\$ 56,811,428</u>	<u>\$ 28,101,710</u>

CITY OF CLEVELAND, TENNESSEE
 UNCOLLECTED DELINQUENT PROPERTY TAXES FILED
 June 30, 2010

Table 7

Tax Year	Original Amount Filed	Unpaid Balance	Percentage Collected
2000	\$ 135,051	\$ 11,359	91.6 %
2001	230,435	9,307	96.0
2002	212,633	22,834	89.3
2003	207,721	16,345	92.1
2004	232,661	18,848	91.9
2005	203,051	17,035	91.6
2006	305,663	70,943	76.8
2007	452,759	179,344	60.4
2008	501,311	427,739	14.7

CITY OF CLEVELAND, TENNESSEE
 BOND PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR GENERAL OBLIGATION BONDS
 June 30, 2010

Fiscal Year	2005		2007		2009B	
	Series		Series		Series	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 150,000	\$ 426,538	\$ 155,000	\$ 246,112	\$ 1,000,000	\$ 53,300
2012	215,000	421,287	160,000	239,913	675,000	30,675
2013	215,000	412,688	170,000	233,512	685,000	10,275
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	\$ 10,160,000	\$ 3,978,076	\$ 5,735,000	\$ 3,083,731	\$ 2,360,000	\$ 94,250

Table 8

2009C Series		2009D Series		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 300,000	\$ 632,406	\$ 250,000	\$ 271,675	\$ 1,855,000	\$ 1,630,031
525,000	626,406	280,000	266,675	1,855,000	1,584,956
550,000	615,906	330,000	261,075	1,950,000	1,533,456
550,000	602,156	365,000	253,650	1,660,000	1,486,606
250,000	588,406	695,000	244,525	1,785,000	1,433,931
250,000	582,156	740,000	227,150	1,865,000	1,370,806
30,000	574,656	870,000	206,800	1,975,000	1,309,481
30,000	573,756	890,000	180,700	2,075,000	1,241,481
25,000	572,781	910,000	151,775	2,155,000	1,163,206
25,000	571,906	990,000	119,925	2,280,000	1,079,369
25,000	570,969	1,040,000	82,800	2,385,000	990,706
25,000	569,969	1,030,000	41,200	2,440,000	889,907
1,100,000	568,969			2,525,000	789,788
1,050,000	524,969			2,540,000	685,663
300,000	482,969			680,000	579,375
3,400,000	470,969			3,790,000	548,375
3,125,000	334,969			3,535,000	392,875
350,000	206,063			420,000	243,469
100,000	190,750			175,000	225,094
100,000	186,500			175,000	217,563
4,050,000	182,250			4,130,000	210,031
				85,000	24,281
				85,000	20,563
				90,000	16,844
				95,000	12,906
				100,000	8,750
				100,000	4,375
<u>\$ 16,160,000</u>	<u>\$ 10,229,881</u>	<u>\$ 8,390,000</u>	<u>\$ 2,307,950</u>	<u>\$ 42,805,000</u>	<u>\$ 19,693,888</u>

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR EXCLUDING CLEVELAND UTILITIES
 June 30, 2010

Fiscal Year	Note Payable - Public Building Authority of Clarksville TN 2008 TMBF Series		Note Payable - Public Building Authority of Blount County TN E-9-A Series	
	Principal	Interest	Principal	Interest
	2011	\$ 61,000	\$ 85,700	
2012	64,000	82,650	\$ 125,000	1,066,750
2013	67,000	79,450	130,000	1,060,500
2014	70,000	76,100	515,000	1,054,000
2015	74,000	72,600	535,000	1,028,250
2016	78,000	68,900	580,000	1,001,500
2017	82,000	65,000	580,000	972,500
2018	86,000	60,900	580,000	943,500
2019	90,000	56,600	595,000	914,500
2020	94,000	52,100	625,000	884,750
2021	99,000	47,400	660,000	853,500
2022	104,000	42,450	685,000	820,500
2023	109,000	37,250	730,000	786,250
2024	115,000	31,800	870,000	749,750
2025	121,000	26,050	2,875,000	706,250
2026	127,000	20,000		562,500
2027	133,000	13,650	450,000	562,500
2028	140,000	7,000	3,400,000	540,000
2029			3,600,000	370,000
2030			3,800,000	190,000
2031				
	<u>\$ 1,714,000</u>	<u>\$ 925,600</u>	<u>\$ 21,335,000</u>	<u>\$ 16,134,250</u>

- (1) Variable rates of 5% have been assumed on loans through Blount Counties and Clarksville, TN.
 (2) Non-interest bearing loan from Tennessee Department of Economic and Community Development.

Table 9

2009 QSCB Series		Local Government Energy Loan (2)		Total	
Principal	Interest	Principal	Principal	Interest (1)	
\$ 216,315	\$ 69,958	\$ 71,429	\$ 348,744	\$ 1,222,408	
259,578	71,344	71,429	520,007	1,220,744	
259,577	69,611	71,429	528,006	1,209,561	
259,577	67,184	71,429	916,006	1,197,284	
259,577	67,184		868,577	1,168,034	
259,578	67,184		917,578	1,137,584	
259,577	67,184		921,577	1,104,684	
259,577	67,184		925,577	1,071,584	
259,577	67,184		944,577	1,038,284	
259,578	67,184		978,578	1,004,034	
259,577	67,184		1,018,577	968,084	
259,577	67,184		1,048,577	930,134	
259,577	67,184		1,098,577	890,684	
259,578	67,184		1,244,578	848,734	
259,578	67,184		3,255,578	799,484	
285,130	67,184		412,130	649,684	
24,472	6,292		607,472	582,442	
			3,540,000	547,000	
			3,600,000	370,000	
			3,800,000	190,000	
<u>\$ 4,160,000</u>	<u>\$ 1,090,597</u>	<u>\$ 285,716</u>	<u>\$ 27,494,716</u>	<u>\$ 18,150,447</u>	

CITY OF CLEVELAND, TENNESSEE
 BOND PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES
 June 30, 2010

Water and Sewer Revenue and Tax Bonds

Fiscal Year	2003		2004		2007	
	Series		Series		Series	
	Principal	Interest	Principal	Interest	Principal	Interest
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	100,187	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	26,687	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	\$ 1,960,000	\$ 131,612	\$ 12,190,000	\$ 4,018,829	\$ 8,470,000	\$ 6,036,524

Table 10

2009B Series		2009C Series		2009D Series		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 915,000	\$ 86,888	\$ 670,000	\$ 415,369	\$ 545,000	\$ 639,338	\$ 3,215,000	\$ 2,045,029
755,000	64,125	475,000	401,969	535,000	628,437	3,420,000	1,952,239
780,000	41,100	475,000	392,469	525,000	617,738	3,415,000	1,851,241
490,000	22,050	860,000	380,594	540,000	605,924	3,490,000	1,748,726
490,000	7,350	895,000	359,094	1,000,000	592,425	3,530,000	1,645,477
		600,000	336,719	1,805,000	567,424	3,550,000	1,545,151
		410,000	318,719	2,100,000	517,788	3,655,000	1,431,916
		435,000	306,419	2,040,000	454,787	3,395,000	1,311,515
		475,000	292,281	1,545,000	388,488	3,150,000	1,188,478
		625,000	275,656	1,680,000	334,412	3,175,000	1,083,876
		500,000	252,219	1,895,000	271,413	3,180,000	966,321
		575,000	232,218	1,800,000	195,612	3,170,000	837,752
		675,000	209,219	1,385,000	123,613	2,870,000	708,873
		600,000	182,218	1,010,000	68,213	2,430,000	592,081
		970,000	158,219	420,000	25,288	2,220,000	490,366
		1,040,000	119,418	75,000	7,438	1,840,000	394,981
		985,000	77,819	50,000	4,250	1,765,000	316,679
		850,000	37,188	50,000	2,125	1,640,000	240,125
						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>\$ 3,430,000</u>	<u>\$ 221,513</u>	<u>\$ 12,115,000</u>	<u>\$ 4,747,807</u>	<u>\$ 19,000,000</u>	<u>\$ 6,044,713</u>	<u>\$ 57,165,000</u>	<u>\$ 21,200,998</u>

CITY OF CLEVELAND, TENNESSEE
 INVESTMENTS

Table 11

June 30, 2010

Description		Cost	Fair Value
Investment in Certificates of Deposit:			
First Tennessee Bank	1.00%	\$ 57,593	\$ 57,593
First Tennessee Bank	0.75%	50,000	50,000
First Tennessee Bank	0.75%	40,548	40,548
First Tennessee Bank	1.00%	37,464	37,464
First Tennessee Bank	0.75%	33,680	33,680
First Tennessee Bank	0.90%	30,328	30,328
First Tennessee Bank	0.30%	25,000	25,000
First Tennessee Bank	1.00%	5,991	5,991
First Tennessee Bank	0.80%	13,699	13,699
First Tennessee Bank	1.00%	30,000	30,000
First Tennessee Bank	1.00%	15,000	15,000
First Tennessee Bank	1.00%	5,015	5,015
Total Certificates of Deposit		<u>\$ 344,318</u>	<u>\$ 344,318</u>
Investment in Local Government Investment Pool:			
State of Tennessee		\$ 320	\$ 320
State of Tennessee		73,837	73,837
State of Tennessee		298,809	298,809
State of Tennessee		3,133,457	3,133,457
Total Local Government Investment Pool		<u>\$ 3,506,423</u>	<u>\$ 3,506,423</u>
Total Investments		<u>\$ 3,850,741</u>	<u>\$ 3,850,741</u>

TRANSFERS

For the Fiscal Year Ended June 30, 2010

<u>Transfers In:</u>	<u>Transfers Out:</u>	<u>Amount</u>
Capital Improvement Program	2005 General Improvement Bond Fund D-4-A	\$ 101,419
Capital Improvement Program	General Fund	344,200
Capital Improvement Program	Meiler Estate Animal Shelter Trust Fund	6,700
Cleveland Municipal Airport Authority Fund	General Fund	34,000
Community Development Block Grant Fund	General Fund	10,000
Debt Service Fund	General Fund	3,214,600
Debt Service Fund	School Fund	704,900
Debt Service Fund	State Street Aid Fund	390,400
Debt Service Fund	Storm Water Management Fund	17,400
General Fund	Cleveland Utilities - Electric Division	1,556,791
General Fund	Cleveland Utilities - Water Division	199,470
Greenway Fund	Capital Improvement Program	142,000
Library Fund	General Fund	558,650
Metropolitan Transportation Planning Organization	General Fund	32,300
School Fund	General Fund	5,120,000
School Fund	School Federal Projects Fund	7,982
Solid Waste Management Fund	General Fund	1,061,300
State Street Aid Fund	Capital Improvement Program	103,700
Storm Water Management Fund	General Fund	194,500
		<hr/>
	Total	<u>\$ 13,800,312</u>

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF UNACCOUNTED FOR WATER
 For the Year Ended June 30, 2010

(All amounts in gallons)

A	Water Treated and Purchased:		
B	Water Pumped (potable)	1,772,150,000	
C	Water Purchased	<u>1,827,886,130</u>	
D	Total Water Treated and Purchased (Sum of Lines B and C)		3,600,036,130
E	Accounted for Water:		
F	Water Sold	2,699,590,074	
G	Metered for Consumption (in house usage)	85,930,150	
H	Fire Department(s) Usage	1,668,608	
I	Flushing	1,756,340	
J	Tank Cleaning/Filling	0	
K	Street Cleaning	72,200	
L	Bulk Sales	0	
M	Water Bill Adjustments/ plus or (minus)	<u>(29,111,250)</u>	
N	Total Accounted for Water (Sum of Lines F thru M)		2,759,906,122
O	Unaccounted for Water (Line D minus Line N)		840,130,008
P	Percent Unaccounted for Water (Line O divided by Line D times 100)		23.337%
Q	Other (explain)	See Below	

Explain Other:

0

All amounts included in this schedule are supported by documentation on file at the water system.
 If no support is on file for a line item or if the line item is not applicable, a "0" is shown.

CITY OF CLEVELAND, TENNESSEE
SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS
For the Year Ended June 30, 2010

Table 14

<u>Name</u>	<u>Office</u>	<u>Salary</u>	<u>Amount of Bond</u>
Tom Rowland	Mayor	\$ 12,000	\$ 550,000
Avery Johnson, Sr.	Vice Mayor	7,200	550,000
Richard Banks	Councilman	7,200	100,000
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	1,000,000

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SINGLE AUDIT SECTION

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
 For the Fiscal Year Ended June 30, 2010

PROGRAM	Grantor	CFDA Number	State Grant Number
Federal Grants:			
American Recovery Grants:			
Education Technology State Grants - ARRA	Dept. of Education	84.386	N/A
Title I Grants to Local Educational Agencies - ARRA	Dept. of Education	84.389 *	N/A
Special Education - Grants to States - ARRA	Dept. of Education	84.391 *	N/A
Special Education - Grants to States - ARRA	Dept. of Education	84.392 *	N/A
SFSF - Education State Grants BEP - ARRA	Dept. of Education	84.394 *	N/A
SFSF - Government Services Health - ARRA	Dept. of Education	84.397 *	N/A
SFSF - Government Services Internet - ARRA	Dept. of Education	84.397 *	N/A
SFSF - Government Services Ext Cont. - ARRA	Dept. of Education	84.397 *	N/A
SFSF - Government Services Safe Schools - ARRA	Dept. of Education	84.397 *	N/A
USDA Equipment - ARRA	Dept. of Agriculture	10.579	N/A
COPS Hiring Recovery Program - ARRA	Dept. of Justice	16.710	N/A
Edward Byrne Memorial Justice Grant - ARRA	Dept. of Justice	16.804	N/A
Resurfacing Freewill Road - ARRA	Dept. of Transportation	20.205	N/A
Resurfacing Raider Drive - ARRA	Dept. of Transportation	20.205	N/A
Pedestrian Facilities - ARRA	Dept. of Transportation	20.205	N/A
Restroom Facilities Construction - ARRA	Dept. of Transportation	20.205	N/A
Train Depot Restoration - ARRA	Dept. of Transportation	20.205	N/A
Grants for Clean Water State Revolving Loan Fund - Loan - ARRA	Environmental Protection Agency	66.458 *	N/A
Grants for Clean Water State Revolving Loan Fund - Principal Forgiveness - ARRA	Environmental Protection Agency	66.458 *	N/A
Community Development Block Grant - ARRA	Dept. of Housing & Urban Development	14.253 *	N/A
Schools:			
Title I Grant to Local Educational Agencies	Dept. of Education	84.010 *	N/A
Special Education - Grants to States	Dept. of Education	84.027 *	N/A
Special Education - Grants to States	Dept. of Education	84.027 *	N/A
Autism Grant	Dept. of Education	84.027 *	N/A
Vocational Improvement	Dept. of Education	84.048	N/A
Special Education - Preschool Grants	Dept. of Education	84.173 *	N/A
Readiness and Emergency Management for Schools	Dept. of Education	84.184	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
Education Technology State Grants	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
USDA Fresh Fruits and Vegetables	Dept. of Agriculture	10.582	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
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
Fire Department:			
Homeland Security Grant	Dept. of Military	97.067	N/A
Homeland Security Grant	Dept. of Military	97.067	N/A

(Continued)

Balance July 1, 2009	Cash Receipts	Other Additions	Expend- itures	Paid To Grantor	Transfers Out	Balance June 30, 2010
\$ 0	\$ 25,249	\$ 0	\$ 25,249	\$ 0	\$ 0	\$ 0
0	112,761	0	206,864	0	0	(94,103)
0	775,912	0	813,804	0	0	(37,892)
0	21,343	0	21,343	0	0	0
0	845,300	0	845,300	0	0	0
0	72,590	0	125,000	0	0	(52,410)
0	16,880	0	16,880	0	0	0
0	7,186	0	99,900	0	0	(92,714)
0	8,938	0	13,430	0	0	(4,492)
0	20,000	0	20,000	0	0	0
0	64,834	0	102,704	0	0	(37,870)
0	166,788	0	21,009	0	0	145,779
0	0	0	535	0	0	(535)
0	0	0	106,160	0	0	(106,160)
0	0	0	943	0	0	(943)
0	0	0	749	0	0	(749)
0	68	0	68	0	0	0
0	101,166	0	101,166	0	0	0
0	404,663	0	404,663	0	0	0
0	89,967	0	89,967	0	0	0
77,316	1,213,181	223	1,334,676	0	7,982	(51,938)
62,626	965,452	0	1,049,784	0	0	(21,706)
0	21,327	0	21,327	0	0	0
0	39,003	0	44,500	0	0	(5,497)
(5,061)	108,430	0	115,166	0	0	(11,797)
(7)	50,087	0	47,807	0	0	2,273
0	60,905	0	89,436	0	0	(28,531)
89	19,259	0	19,348	0	0	0
(26,152)	26,152	0	0	0	0	0
(1,802)	14,782	0	12,980	0	0	0
(256,774)	398,215	0	182,572	0	0	(41,131)
2,908	31,645	0	30,423	0	0	4,130
9,479	231,752	0	240,608	0	0	623
(105,007)	1,133,818	0	1,140,001	0	0	(111,190)
(37,919)	395,715	0	398,120	0	0	(40,324)
0	8,316	0	13,473	0	0	(5,157)
0	4,162	0	4,162	0	0	0
(88,578)	88,578	0	0	0	0	0
(74,215)	74,215	0	0	0	0	0
0	81,001	0	111,415	0	0	(30,414)
0	118,946	0	118,946	0	0	0
3,522	0	0	3,522	0	0	0
0	40,575	0	6,860	0	0	33,715
(31,741)	32,316	0	575	0	0	0
(55,165)	55,165	0	0	0	0	0

CITY OF CLEVELAND, TENNESSEE
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
For the Fiscal Year Ended June 30, 2010

PROGRAM	<u>Grantor</u>	<u>CFDA Number</u>	<u>State Grant Number</u>
Federal Grants:			
Fire Department - (Continued)			
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
Detention Ponds	Dept of Military	97.039	
Greenway	Dept of Environment & Conservation	20.219	Z-07036639
Transportation:			
Transportation Planning	Dept of Transportation	20.205	Z-07036293
Airport Construction Phase I	Dept of Transportation	20.106 *	DG-1029290
Municipal Building:			
Energy Efficiency & Conservation Block Grant	Dept. of Energy	81.128	N/A
Utilities:			
Sipes Road Sewer Project	Dept of Housing & Urban Development	14.228	GG-0720745
Library:			
2010 LSTA Technology Grant	Library & Archieves	45.310	1226
Planning and Inspection:			
Community Development Block Grant	Dept. of Housing & Urban Development	14.218 *	N/A
Emergency Shelter	Dept. of Housing & Urban Development	14.231	ESG-09-24
Strategic Planning Award	Dept. of Commerce	11.303	N/A
Parks & Recreation:			
Fletcher Park Recreation Trail	Dept. of Environment & Conservation	20.219	Z-0927137
Total Federal Grants			
State Grants:			
Schools:			
Coordinated School Health	Dept. of Education	N/A	GZ8/AAX
High Schools That Work	Dept. of Education	N/A	N/A
Library:			
Library Archives Grant appropriation	Library and Archives	N/A	Z-09217937
Archives Development	Library and Archives	N/A	941
Engineering:			
Airport Maintenance	Dept of Transportation	N/A	Z-09213365
Airport Maintenance	Dept of Transportation	N/A	
Airport Phase III Final Design	Dept of Transportation	N/A	Z-09213924
Airport Phase II Land Acquisition	Dept of Transportation	N/A	Z-08200743
Fletcher Park - Phase V	Dept of Environment & Conservation	N/A	Z-07031367
Fast Track Infrastructure Development	Dept. of Economic & Community Develop	N/A	GG-1030348
Total State Grants			
Total Federal and State Financial Assistance Activity			

*Denotes major programs

(Continued)

Balance July 1, 2009	Cash Receipts	Other Additions	Expend- itures	Paid To Grantor	Transfers Out	Balance June 30, 2010
0	118,464	0	118,464	0	0	0
(1,539,422)	1,539,422	0	0	0	0	0
(525,600)	0	0	0	0	0	(525,600)
0	21,393	0	21,393	0	0	0
(50,000)	0	0	0	0	0	(50,000)
(11,111)	65,513	0	106,364	0	0	(51,962)
0	1,648,797	0	2,554,169	240,874	0	(1,146,246)
0	0	0	1,883	0	0	(1,883)
(78,447)	142,655	0	64,208	0	0	0
0	7,700	0	7,700	0	0	0
(2,518)	245,796	0	244,090	0	0	(812)
(15,590)	52,794	0	67,782	0	0	(30,578)
0	0	0	6,020	0	0	(6,020)
0	0	0	40,000	0	0	(40,000)
<u>\$ (2,749,169)</u>	<u>\$ 11,789,176</u>	<u>\$ 223</u>	<u>\$ 11,233,508</u>	<u>\$ 240,874</u>	<u>\$ 7,982</u>	<u>\$ (2,442,134)</u>
(56,952)	56,952	0	0	0	0	0
0	4,495	0	4,955	0	0	(460)
(420)	420	0	0	0	0	0
0	0	0	926	0	0	(926)
(7,017)	7,017	0	0	0	0	0
0	11,500	0	13,220	0	0	(1,720)
(353,016)	703,813	0	353,512	0	0	(2,715)
0	0	0	279,000	31,000	0	(310,000)
(1,387)	0	0	0	0	0	(1,387)
0	231,756	0	231,756	0	0	0
<u>\$ (418,792)</u>	<u>\$ 1,015,953</u>	<u>\$ 0</u>	<u>\$ 883,369</u>	<u>\$ 31,000</u>	<u>\$ 0</u>	<u>\$ (317,208)</u>
<u>\$ (3,167,961)</u>	<u>\$ 12,805,129</u>	<u>\$ 223</u>	<u>\$ 12,116,877</u>	<u>\$ 271,874</u>	<u>\$ 7,982</u>	<u>\$ (2,759,342)</u>

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF NON-CASH ASSISTANCE

For the Year Ended June 30, 2010

<u>CFDA</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Balance July 1, 2009</u>	<u>Receipts</u>	<u>Expend- itures/ Issues</u>	<u>Balance June 30, 2010</u>
10.569	Commodity Assistance	U.S. Department of Agriculture	<u>\$ 0</u>	<u>\$ 129,302</u>	<u>\$ 129,302</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, 2010, which collectively comprise the City of Cleveland, Tennessee's basic financial statements and have issued our report thereon dated December 21, 2010. 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.

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

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

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2010-1.

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, PLLC
Certified Public Accountants

December 21, 2010

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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, 2010. The City of Cleveland, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. 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, 2010.

Internal Control Over Compliance

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

programs. In planning and performing our audit, we considered the City of Cleveland, Tennessee's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Cleveland, Tennessee's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 21, 2010

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Cleveland, Tennessee.
2. There were no significant deficiencies disclosed during the audit of the financial statements
3. One material instance of noncompliance was 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:

	CFDA#
(Cluster)	
Title I Grants to Local Educational Agencies	84.010
Title I Grants to Local Educational Agencies - Recovery Act	84.389
 (Cluster)	
Special Education - Grants to States	84.027
Special Education - Preschool Grants	84.173
Special Education - Grants to States - Recovery Act	84.391
Special Education - Preschool Grants - Recovery Act	84.392
 (Cluster)	
SFSF - Education State Grants - Recovery Act	84.394
SFSF - Government Services - Recovery Act	84.397
 (Cluster)	
School Breakfast Program	10.553
School Lunch Program	10.555
 (Cluster)	
Community Development Block Grant	14.218
Community Development Block Grant - Recovery Act	14.253
 Airport Improvement Program	 20.106
 Clean Water State Revolving Loan Fund - Recovery Act	 66.458

7 The threshold for distinguishing Types A and B programs was \$325,709

8 The City of Cleveland, Tennessee, was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

NONCOMPLIANCE 2010-1

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.

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

U.S. Department of Education:

Title I Grants to Local Educational Agencies	84.010
Title I Grants to Local Educational Agencies - Recovery Act	84.389
Special Education - Grants to States	84.027
Special Education - Preschool Grants	84.173
Special Education - Grants to States -Recovery Act	84.391
Special Education - Preschool Grants - Recovery Act	84.392
SFSF - Education State Grants - Recovery Act	84.394
SFSF - Government Services - Recovery Act	84.397

NONE

U.S. Department of Agriculture:

School Breakfast Program	10.553
School Lunch Program	10.555

NONE

U.S. Department of Housing and Urban Development:

Community Development Block Grant	14.218
Community Development Block Grant - Recovery Act	14.253

NONE

U.S. Department of Transportation:

Airport Improvement Program	20.106
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NONE

Environmental Protection Agency

Clean Water State Revolving Loan Fund - Recovery Act	66.458
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NONE

CITY OF CLEVELAND, TENNESSEE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2010

A. FINANCIAL STATEMENT AUDIT

1. Significant deficiencies 2009-1 and 2009-2 were corrected in the current year and compliance finding 2009-4 was corrected in the current year.
2. Compliance finding 2009-3 was repeated in the current year as condition 2010-1

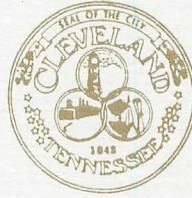
B. MAJOR FEDERAL AWARD PROGRAMS AUDIT

None from prior year

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City of Cleveland

CLEVELAND, TENNESSEE



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Director of Finance/City Clerk
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Cleveland, Tennessee 37364-1519
(423) 472-4551

December 21, 2010

U.S. Department of Education

The City of Cleveland, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2010.

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, 2009 to June 30, 2010

NONCOMPLIANCE 2010-1

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 2011 fiscal year.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. Department of Education:

Title I Grants to Local Educational Agencies	84.010
Title I Grants to Local Educational Agencies - Recovery Act	84.389
Special Education - Grants to States	84.027
Special Education - Preschool Grants	84.173
Special Education - Grants to States -Recovery Act	84.391
Special Education - Preschool Grants - Recovery Act	84.392
SFSF - Education State Grants - Recovery Act	84.394
SFSF - Government Services - Recovery Act	84.397

NONE

U.S. Department of Agriculture:

School Breakfast Program	10.553
School Lunch Program	10.555

NONE

U.S. Department of Housing and Urban Development:

Community Development Block Grant	14.218
Community Development Block Grant - Recovery Act	14.253

NONE

U.S. Department of Transportation:

Airport Improvement Program	20.106
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NONE

Environmental Protection Agency

Clean Water State Revolving Loan Fund - Recovery Act	66.458
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NONE

Respectfully submitted,



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