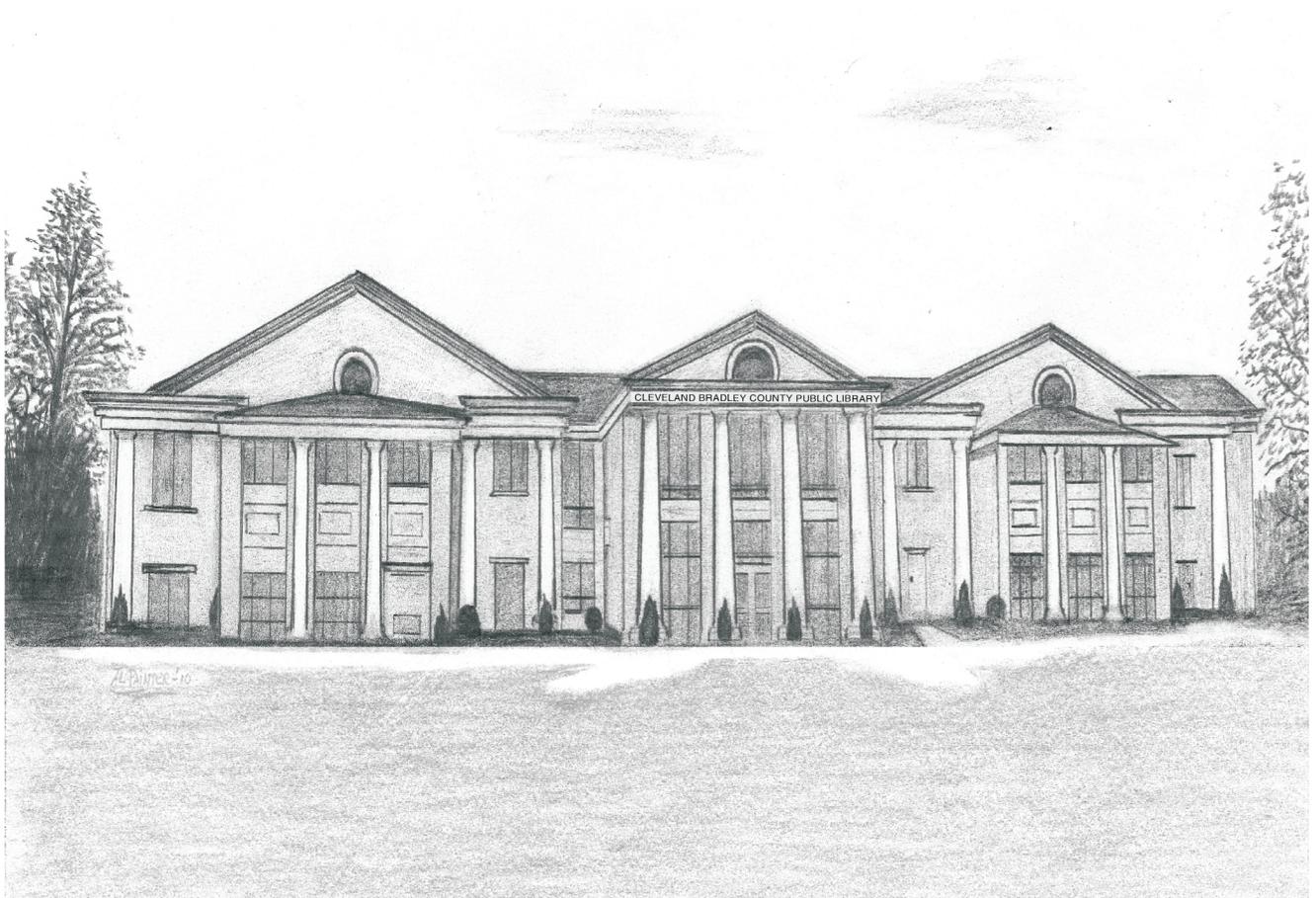


Comprehensive Annual Financial Report City of Cleveland, Tennessee



**For the Year Ended
June 30, 2011**

CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2011

Prepared by:
Department of Finance

CITY OF CLEVELAND, TENNESSEE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2011

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INTRODUCTORY SECTION

City of Cleveland

CLEVELAND, TENNESSEE



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December 16, 2011

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, 2011.

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, 2011, 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, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Cleveland was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City of Cleveland's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are located in the Single Audit Section at the end of this Comprehensive Annual Financial Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Cleveland's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY OF CLEVELAND

The City of Cleveland, incorporated in 1903, is located in the southeastern corner of the state. Cleveland has a highly diversified economy, being the fifth largest industrial city in the state with twelve Fortune 500 manufacturers, and being a regional shopping destination and health care provider for surrounding counties. Its proximity to the mountains, whitewater rafting, and Cherokee Indian heritage is increasing the tourism component of the economy.

The City of Cleveland operates under the council-manager form of government, established by an amended Private Act Charter in 1993, following a referendum. Five council-members are elected from districts, and the mayor and two council members are elected at large. All elections are non-partisan, and the terms are for four years, with half the members elected every two years. Policy-making and legislative authority are vested in the council. The council is responsible, 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 87.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Cleveland operates.

Local economy. The local economy began to show signs of sustaining economic growth for the last half of the current year, after two years of decline. The decline was not as drastic as many other locations in the state or nation because of the diverse economy and the proximity to several large industrial construction projects. These projects are as follows:

- Whirlpool Corporation is the largest employer in the City with approximately 1,400 employees and one of the largest taxpayers. The company began construction in November 2010 on a new 1.4 million square foot facility. This will allow all of the current employees, plus an additional 130 positions, to be in one location within the City. Production will begin in early 2012 at the new plant.
- Volkswagen has completed its commitment to invest up to \$1 billion for a manufacturing plant in nearby Hamilton County. The plant is located less than twenty minutes from much of Cleveland and has begun shipping Passats around the country. Cleveland, and the surrounding area is benefitting from the approximately 2,000 jobs created at the facility, as well as the estimated additional 9,500 jobs created by suppliers to the plant.
- Wacker Chemie AF, a Munich, Germany-based company, is progressing with its construction of a new facility in Bradley County with an estimated capital investment of \$1.5 billion and initial employment of approximately 750 highly skilled workers. The new facility will produce hyper pure polycrystalline silicon, a key component in photovoltaic for solar energy and semiconductors for the electronics industry.
- Amazon has also completed a distribution center in Bradley County which opened in time to ship items for the 2011 holiday season. Amazon will employ approximately 250 full time employees, with a peak employment of approximately 600.

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

The City is working with the Industrial Development Board, Bradley County, and Cleveland Utilities to develop a new industrial park. Potential funding would require \$2,000,000 each from the City, County and Cleveland Utilities to purchase the land necessary for the park. The City will also be required to provide \$2,000,000 toward the construction of two local interstate connectors in southern area of the City near the industrial park property. The City believes the development of this area will produce additional tax revenues and jobs.

Financial Policies.

Revenue policies. The City will budget revenues conservatively so that the chance of a revenue shortage during the year is remote. This also will help finance contingencies and Budget amendments that were unforeseen when the Budget was first adopted. The City

will review annually all fees and charges to assure that they maintain their inflation-adjusted purchasing power. Since different revenue sources impact classes of taxpayers differently, the City Council recognizes that the only way to minimize these different impacts is to have a diversified revenue system. These impacts will be considered in making any needed adjustments to the various sources of revenue. The City will make every effort not to become too dependent on one source of revenue in order to minimize serious fluctuations in any year. The City will consider market rates and rates of comparable cities in the region when changing tax rates, fees, and charges. The City will make every effort to maintain its favorable comparative position with other Tennessee cities in this regard, which has contributed to our economic development success.

Reserve fund policy. It is the policy of the City Council to maintain a reserve in the various operating funds for the City. The reserves are to be maintained at a level that is sufficient for temporary financing of unforeseen emergency needs and to continue orderly operations during the months of July through December when cash inflows are less because the majority of property tax collections occur in January and February. The percentage is calculated by taking fund balance or working capital as a percentage of expenditures or operating expenses and transfers to other funds. These reserves are reviewed annually by the City Manager and finance director.

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, 2010. This was the twenty-third consecutive year that the city has received this prestigious award. In order to be awarded a Certificate of Achievement, the city published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

In addition, the city also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the last twelve fiscal years, beginning in Fiscal Year 1999. In order to qualify for the Distinguished Budget Presentation Award, the city's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

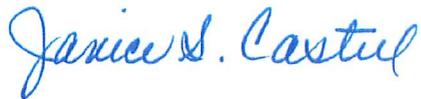
The preparation of this CAFR on a timely basis was made possible by the dedicated service of the employees of the finance department. I would like to express my appreciation to all staff members who have assisted and contributed to this report, in addition to the City's independent certified public accountants. 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.

Councilman Bill Robertson passed away in April of 2011. "Hey big guy" was a common greeting from him prior to most City Council meetings. "Coach" or "Chief" as he was called by many, will be greatly missed. He was a positive influence on many of the young people in our community and was a great public servant.

Respectfully submitted,



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



Janice S. Casteel
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cleveland
Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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.



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

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CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OFFICIALS
June 30, 2011

Tom Rowland
Mayor

Richard Banks	Councilman
William Estes	Councilman
Dale Hughes	Councilman
Avery Johnson, Sr.	Councilman/Vice Mayor
David May, Jr.	Councilman
Charlie McKenzie	Councilman
George Poe, Jr.	Councilman

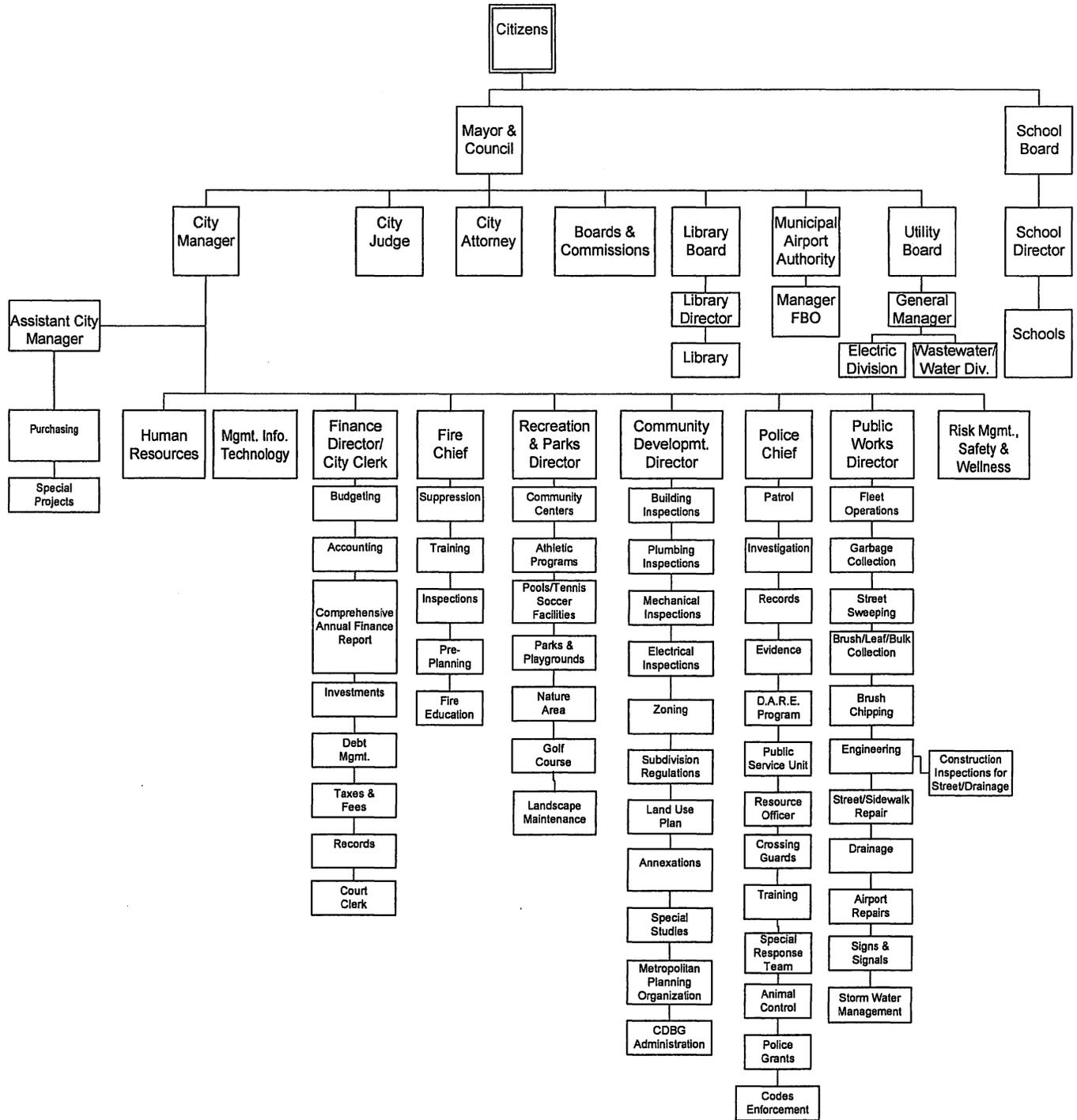
Janice S. Casteel	City Manager
Melinda Carroll	Assistant City Manager

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 Bernard 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, 2011, 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, 2011, 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 Note 19, the City of Cleveland, Tennessee, has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 16, 2011, 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 86 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 been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



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

December 16, 2011

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, 2011. 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, 2011 by \$227,275,624 (net assets). Of this amount, \$25,615,884 (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 \$18,102,003, an increase of 8.9% over FY2010. The City of Cleveland's changes in net assets is detailed in the chart on page seven of this report. Total revenues increased \$25,248,924 which primarily included an additional \$11,339,821 in charges for services, \$4,746,067 in operating grants and contributions, and an additional \$8,022,603 in capital grants and contributions. Expenses increased \$12,380,754 over last fiscal year with the largest increases consisting of \$8,862,785 in the electric division of Cleveland Utilities for the purchase of power and \$3,412,090 for education, and the largest decrease of \$898,615 in general government.
- The city's property tax rate remained the same at \$1.4904 per hundred dollars of assessment.
- The city's residential sanitation fee remained at \$6.95 per month and the Solid Waste Management Fund did not require a subsidy from the General Fund for residential service.
- The city and county entered the first year of a new three-year fire contract in which the county agreed to pay for fire suppression service for the fringe area. The contract ends June 30, 2013 and is not expected to be renewed.
- As of the close of the current fiscal year, the City of Cleveland's governmental funds reported combined ending fund balances of \$21,060,855.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,152,078, or 38% of total general fund expenditures. Expenditures do not include transfers to other funds, which totaled \$11,095,943 in the city's general fund.
- Long-term debt increased approximately \$4,144,000. Revenue bonds for approximately \$8,900,000 were issued for the water and electric divisions of Cleveland Utilities
- The City implemented Governmental Accounting Standards Board (GASB) Statement No. 54 which requires new classifications of fund balances. This is described in more detail in Note 19 of the financial statements.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Cleveland that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Cleveland include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities of the City of Cleveland include Cleveland Utilities Electric and Water Systems and 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 a number of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and school fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements later in this report beginning on page 87.

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 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 and the Airport fund, all of which are considered to be major funds of the City.

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 58-85 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 86 of this report.

The combining statements referred to earlier in connection with the nonmajor governmental funds, as well as the data for the internal service fund, are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 87-130 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 \$227,275,624 at the close of this fiscal year.

The largest portion of the City of Cleveland's net assets (87 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	
	FY2011	FY2010	FY2011	FY2010	FY2011	FY2010
Current assets	\$51,224,566	\$50,682,903	\$40,151,720	\$32,826,369	\$91,376,286	\$83,509,272
Receivables and other noncurrent assets	0	0	1,513,450	1,225,951	1,513,450	1,225,951
Deferred Charges	5,283,658	6,093,631	572,160	568,758	5,855,818	6,662,389
Capital assets	<u>134,902,606</u>	<u>127,973,344</u>	<u>190,439,077</u>	<u>177,275,563</u>	<u>325,341,683</u>	<u>305,248,907</u>
Total assets	191,410,830	184,749,878	232,676,407	211,896,641	424,087,237	396,646,519
Long-term liabilities outstanding	79,715,582	80,184,017	63,287,814	57,034,463	143,003,396	137,218,480
Other liabilities	<u>29,941,446</u>	<u>28,826,078</u>	<u>23,866,771</u>	<u>21,428,340</u>	<u>53,808,217</u>	<u>50,254,418</u>
Total liabilities	109,657,028	109,010,095	87,154,585	78,462,803	196,811,613	187,472,898
Net assets:						
Invested in capital assets, net of related debt	66,391,099	57,893,731	132,342,820	120,603,787	198,733,919	178,497,518
Restricted	2,926,017	473,440	0	0	2,926,017	473,440
Unrestricted	<u>12,436,686</u>	<u>17,372,612</u>	<u>13,179,002</u>	<u>12,830,051</u>	<u>25,615,688</u>	<u>30,202,663</u>
Total net assets	<u>\$81,753,802</u>	<u>\$75,739,783</u>	<u>\$145,521,822</u>	<u>\$133,433,838</u>	<u>\$227,275,624</u>	<u>\$209,173,621</u>

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 \$25,615,688 in unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

At June 30, 2011, the City of Cleveland is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental activities. Governmental activities increased the City of Cleveland's net assets by \$6,014,019. Key elements of this increase are as follows:

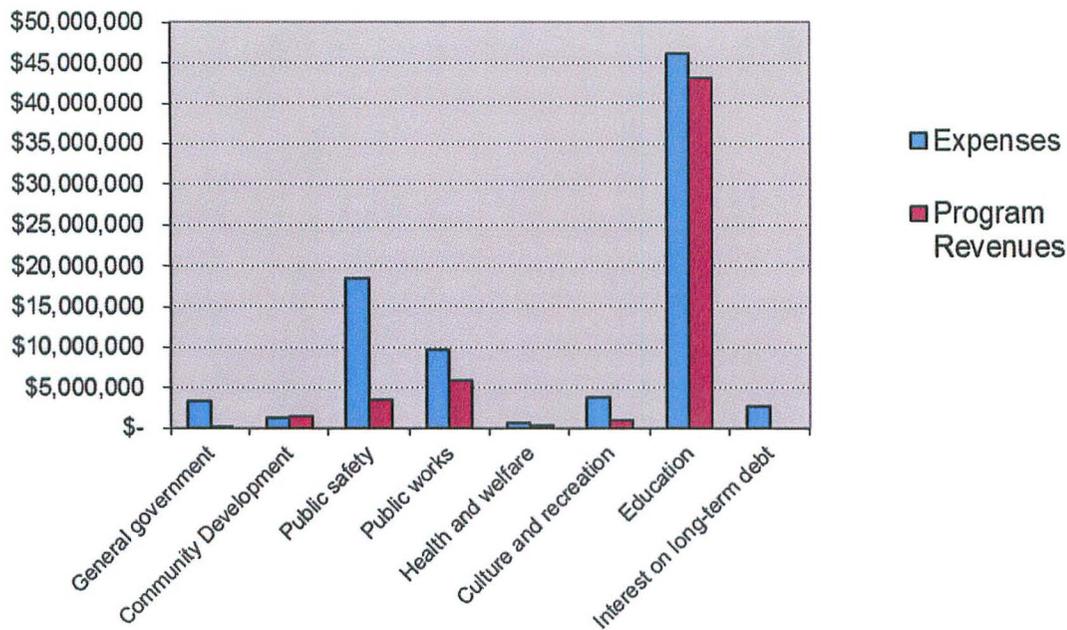
City of Cleveland's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	FY2011	FY2010	FY2011	FY2010	FY2011	FY2010
Revenues:						
Program revenues:						
Charges for services	\$7,618,007	\$7,331,254	\$118,211,319	\$107,158,251	\$125,829,326	\$114,489,505
Operating grants and contributions	42,206,859	37,462,812	5,569	3,549	42,212,428	37,466,361
Capital grants and contributions	5,806,175	2,302,461	9,401,737	4,882,848	15,207,912	7,185,309
General revenues:						
Property taxes	16,629,270	16,465,931	0	0	16,629,270	16,465,931
Other taxes	17,551,769	16,739,221	0	0	17,551,769	16,739,221
Grants and contributions not restricted to specific programs						
Other	605,104	536,334	0	0	605,104	536,334
Other	303,315	161,853	244,982	290,668	548,297	452,521
Total revenues	90,720,499	80,999,866	127,863,607	112,335,316	218,584,106	193,335,182
Expenses:						
General government	3,396,302	4,294,917	0	0	3,396,302	4,294,917
Planning and inspection	1,373,602	867,709	0	0	1,373,602	867,709
Public safety	18,488,592	18,190,814	0	0	18,488,592	18,190,814
Public works	9,725,715	9,913,297	0	0	9,725,715	9,913,297
Health and welfare	699,095	680,086	0	0	699,095	680,086
Culture and recreation	3,864,303	4,014,995	0	0	3,864,303	4,014,995
Education	46,137,209	42,725,119	0	0	46,137,209	42,725,119
Interest on long-term debt	2,814,385	2,298,214	0	0	2,814,385	2,298,214
Water and sewer	0	0	21,254,266	20,890,587	21,254,266	20,890,587
Electric	0	0	92,666,017	83,803,232	92,666,017	83,803,232
Other enterprise	0	0	62,617	422,379	62,617	422,379
Total expenses	86,499,203	82,985,151	113,982,900	105,116,198	200,482,103	188,101,349
Increase in net assets before transfers	4,221,296	(1,985,285)	13,880,707	7,219,118	18,102,003	5,233,833
Transfers	1,792,723	1,722,261	(1,792,723)	(1,722,261)	0	0
Increase in net assets	6,014,019	(263,024)	12,087,984	5,496,857	18,102,003	5,233,833
Net assets – beginning	75,739,783	76,002,807	133,433,838	127,936,981	209,173,621	203,939,788
Net assets – ending	\$81,753,802	\$75,739,783	\$145,521,822	\$133,433,838	\$227,275,624	\$209,173,621

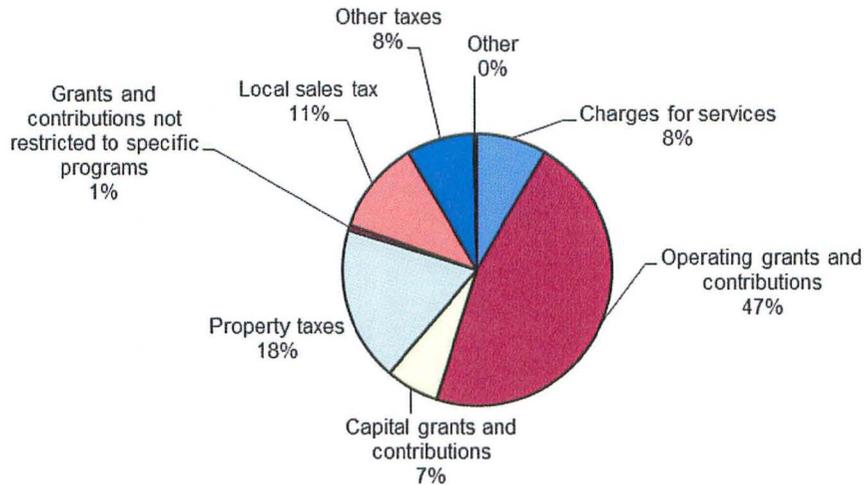
- The city's property tax rate was \$1.4904 per \$100 of assessed value in fiscal year 2011. Property tax revenues increased in the commercial, residential and personal property categories.
- Operating grants and contributions increased \$4,744,047 due to a combination of increases in federal, state and Bradley County funds received for education.

- Capital grants and contributions increased \$3,503,714 primarily due to funding for ARRA road and sidewalk projects, Safe Routes to Schools sidewalk funding and funding from Bradley County for the completion of the Science Wing at Cleveland High School.
- Cleveland's second largest revenue source is local sales tax which increased \$332,949. This is an indication that the local economy is beginning to recover. 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 change in expenditures was an increase of \$3,412,090 for education.

Expenses and Program Revenues – Governmental Activities

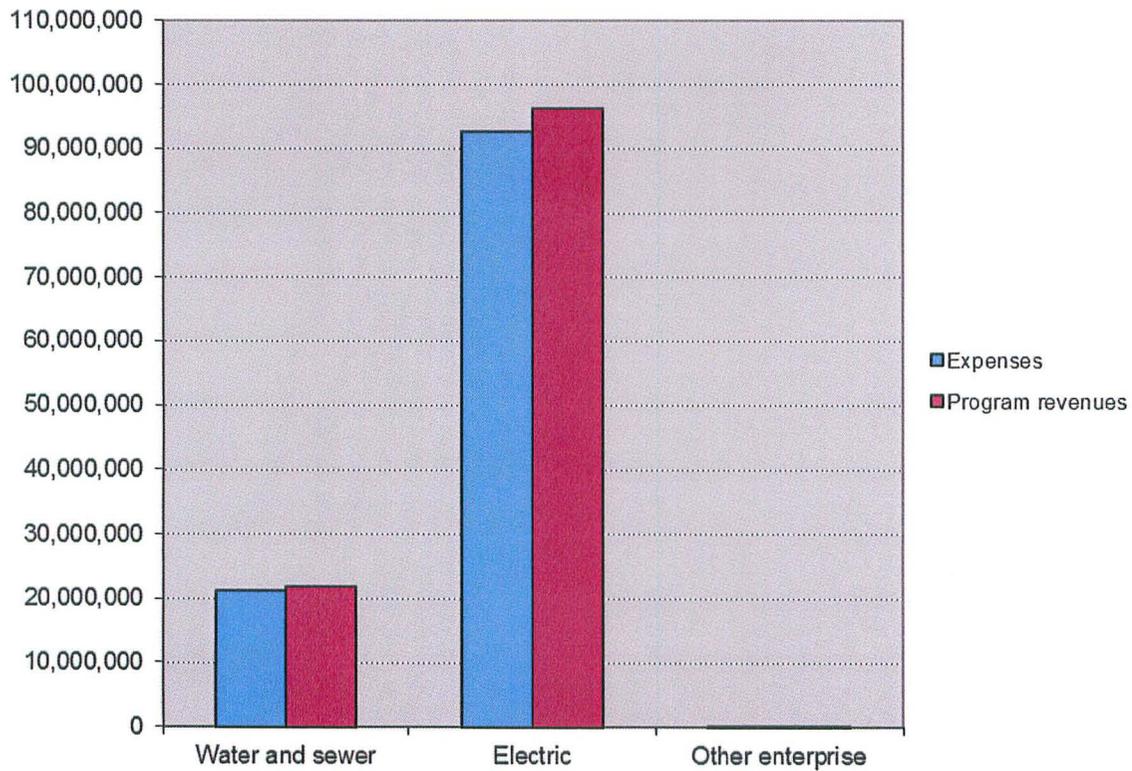


Revenues by Source – Governmental Activities

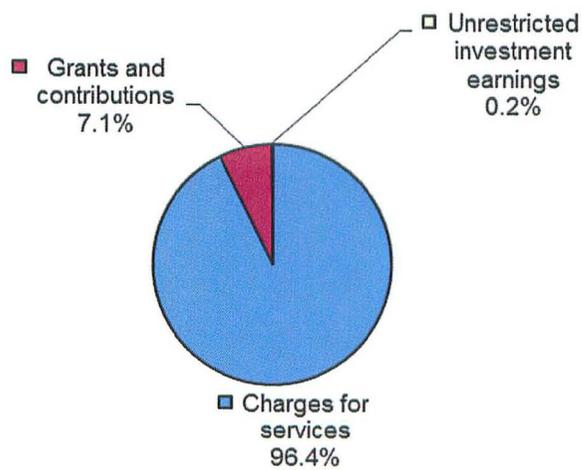


Business-type activities. Business-type activities increased the City of Cleveland's net assets by \$12,087,984. The increase is attributed to a combination of the electric and water operations of Cleveland Utilities and grants received for constructing the first and second phases of the new airport. 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 increased more than \$11,000,000 primarily due to increases in the rates charged for electricity. This was offset by a corresponding increase 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 unassigned fund balance may serve as a useful measure of a government's net resources available at the end of the fiscal year for future unforeseen emergencies.

As of the end of the current fiscal year, the City of Cleveland's governmental funds reported combined ending fund balances of \$21,060,855, a decrease of \$299,450. Of this amount, \$477,703 is nonspendable inventories and set aside for endowment, \$2,452,381 is restricted with externally enforceable limitations on use, \$812,939 is committed by the City Council to a specific fund or use, \$7,165,754 is assigned for designated usage, and \$10,152,078 is unassigned.

The general fund is the chief operating fund of the City of Cleveland. At the end of the current fiscal year, unassigned fund balance was \$10,152,078. Unassigned fund balance represents 38% of total fund expenditures. However, unassigned fund balance only represents 27% 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 \$1,040,945 during the current fiscal year. This is attributed to revenues exceeding budgeted amounts (property taxes and state-shared revenues) and all city departments spending less than the final amended budget. Several vacant employee positions were not filled due to the decline in the national and local economy. The fund balance of the School Fund increased \$751,516. The increase is due to a combination of increased federal and state funding over the original budget and expenditures for regular instruction and other student support being less than budgeted.

The debt service fund has a total fund balance of \$2,543,546. The net decrease in fund balance during the current year was \$702,698 due to reducing the transfer from the general fund in order to balance that fund's original budget. The remaining decrease in the governmental funds is primarily due to the use of the debt proceeds received in the prior year and used in the current year for capital items at the City Schools.

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

Unrestricted net assets at the end of the year amounted to \$8,316,884 for the Cleveland Utilities Water Division, \$7,215,331 for Cleveland Utilities Electric Division, (\$2,353,213) for the Cleveland Municipal Airport Fund and \$296,461 for the Fleet Management Fund.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an increase of \$647,718 in expenditures and \$900,000 in transfers. Significant differences are listed below:

- \$500,000 increase in the FEMA storm damage due to cleanup from tornado damages and \$60,000 for public works operations due to increased repair costs and paving costs.
- Transfers to the capital improvement fund increased \$900,000 in order to meet obligations related to the relocation of the Whirlpool plant.

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 \$637,709. Each department contributed to this. Vacancies in various departments and reductions in various line items throughout all departments accounted for this.

Capital Asset and Debt Administration

Capital assets. The City of Cleveland's investment in capital assets for its governmental and business type activities as of June 30, 2011 amounts to \$325,341,683 (net of accumulated depreciation), which is a \$20,092,776 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:

- Parks and Recreation added \$320,530 in improvements to the Greenway and the two recreation centers.
- Public safety activities added \$340,905 in capital assets with the purchase of vehicles, radios and bomb handling equipment.
- Public works activities added \$2,659,368 primarily in road, sidewalk and drainage infrastructure.
- City schools placed in service \$1,654,740 in capital assets with improvements being made to several schools.
- Business-type activities added \$13,163,514 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	
	FY2011	FY2010	FY2011	FY2010	FY2011	FY2010
Land	\$ 9,112,070	\$ 9,112,070	\$ 25,549,104	\$ 16,178,374	\$ 34,661,174	\$ 25,290,444
Buildings and systems	70,964,415	71,631,550	159,770,610	157,500,920	230,735,025	229,132,470
Improvements other than buildings	3,162,758	3,036,527	0	0	3,162,758	3,036,527
Furniture, fixtures, equipment & vehicles	7,213,506	7,742,669	186,645	203,936	7,400,151	7,946,605
Infrastructure	35,328,914	33,945,065	0	0	35,328,914	33,945,065
Construction in progress	9,120,943	2,505,463	4,932,718	3,392,333	14,053,661	5,897,796
Total	\$ 34,902,606	\$ 27,973,344	\$190,439,077	\$177,275,563	\$325,341,683	\$305,248,907

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 \$132,215,523. Of this amount, \$40,950,000 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 \$62,700,000 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 \$27,398,285 for city general projects and \$792,000 for Cleveland Utilities. The City also has a capital lease on lighting upgrades for the City Schools in the amount of \$375,238.

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	
	FY2011	FY2010	FY2011	FY2010	FY2011	FY2010
General obligation bonds	40,950,000	42,805,000	0	0	40,950,000	42,805,000
Long-term notes issued through various agencies in TN	27,398,285	27,494,716	792,000	606,994	28,190,285	28,101,710
Capital leases	375,238	0	0	0	375,238	0
Revenue bonds	0	0	62,700,000	57,165,000	62,700,000	57,165,000
Less bond discount/premiums	237,132	261,880	154,692	210,919	391,824	472,799
Less Deferred Charges for refunding	(449,148)	(481,983)	(1,180,176)	(1,311,137)	(1,629,324)	(1,793,120)
Total	68,511,507	70,079,613	62,466,516	56,671,776	130,978,023	126,751,389

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 68-73.

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, 2011 is \$45,661,023, and is calculated on page 162 of this report.

Economic Factors and Next Year's Budget and Rates

- The June 2011 unemployment rate for Cleveland was 10.3 percent, which is up from the 9.6 percent a year ago. Bradley County was 10.1 percent, which is up from 9.4 percent from a year ago. Tennessee's average unemployment rate was 9.8 percent and the national average rate was 9.3 percent.
- The city qualifies as an Entitlement Community for the CDBG program due to designation as a principal city in a Metropolitan Statistical Area (MSA).
- Local sales tax collections increased 3.4% from the previous fiscal year. This is a positive sign that a recovery in the current economy may be occurring. State sales tax collections have shown positive signs as well.

All of these factors were considered in preparing the city's budget for the 2012 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased \$1,040,945 as previously discussed. Management has again been conservative in estimating revenues for 2012. 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 STATEMENTS

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 15,082,791	\$ 14,794,905	\$ 29,877,696
Cash and cash equivalents - restricted	459,936	4,370,259	4,830,195
Investments	388,735	0	388,735
Accounts receivable - net	739,562	19,215,219	19,954,781
Property taxes receivable - net	17,956,697	0	17,956,697
Sales tax receivable	1,117,667	0	1,117,667
Due from other government agencies	12,797,451	1,372,349	14,169,800
Internal balances	2,480,000	(2,480,000)	0
Inventories	201,727	1,900,210	2,101,937
Prepays	0	978,778	978,778
Total current assets	<u>\$ 51,224,566</u>	<u>\$ 40,151,720</u>	<u>\$ 91,376,286</u>
Noncurrent assets:			
Receivable from customers for conservation loans	\$ 0	\$ 1,464,812	\$ 1,464,812
Deferred charges	800,620	572,160	1,372,780
Deferred outflow of resources	4,483,038	0	4,483,038
Other noncurrent assets	0	48,638	48,638
Capital assets:			
Land and construction in progress	18,233,013	30,481,822	48,714,835
Other capital assets, net of accumulated depreciation	116,669,593	159,957,255	276,626,848
Total noncurrent assets	<u>\$ 140,186,264</u>	<u>\$ 192,524,687</u>	<u>\$ 332,710,951</u>
Total Assets	<u>\$ 191,410,830</u>	<u>\$ 232,676,407</u>	<u>\$ 424,087,237</u>
LIABILITIES			
Current liabilities:			
Accrued liabilities	\$ 3,613,616	\$ 3,145,735	\$ 6,759,351
Accounts payable	2,134,609	14,072,754	16,207,363
Customer deposits	0	2,789,864	2,789,864
Unearned revenue	21,607,230	0	21,607,230
Bonds, notes and capital leases - current	2,451,065	3,858,418	6,309,483
Compensated absences payable - current	134,926	0	134,926
Total current liabilities	<u>\$ 29,941,446</u>	<u>\$ 23,866,771</u>	<u>\$ 53,808,217</u>
Long-term liabilities:			
Conservation advances from TVA	\$ 0	\$ 1,502,945	\$ 1,502,945
Derivative - interest rate swap	4,483,038	0	4,483,038
Bonds, notes and capital leases payable	66,060,442	58,608,098	124,668,540
Compensated absences payable	1,551,654	0	1,551,654
Post-employment benefits payable	7,620,448	3,176,771	10,797,219
Total long-term liabilities	<u>\$ 79,715,582</u>	<u>\$ 63,287,814</u>	<u>\$ 143,003,396</u>
Total Liabilities	<u>\$ 109,657,028</u>	<u>\$ 87,154,585</u>	<u>\$ 196,811,613</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 66,391,099	\$ 132,342,820	\$ 198,733,919
Restricted	2,926,017	0	2,926,017
Unrestricted	12,436,686	13,179,002	25,615,688
Total Net Assets	<u>\$ 81,753,802</u>	<u>\$ 145,521,822</u>	<u>\$ 227,275,624</u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government	
						Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,396,302	\$ 37,634	\$ 197,032	\$ 0	\$ (3,161,636)	\$ 0	\$ (3,161,636)
Community development	1,373,602	507,009	576,782	388,251	98,440	0	98,440
Public safety	18,488,592	2,929,562	558,849	0	(15,000,181)	0	(15,000,181)
Public works	9,725,715	2,451,685	1,578,494	1,859,719	(3,835,817)	0	(3,835,817)
Health and welfare	699,095	356,526	0	0	(342,569)	0	(342,569)
Culture and recreation	3,864,303	321,937	622,423	4,250	(2,915,693)	0	(2,915,693)
Education	46,137,209	1,013,654	38,673,279	3,553,955	(2,896,321)	0	(2,896,321)
Interest on long-term debt	2,814,385	0	0	0	(2,814,385)	0	(2,814,385)
Total governmental activities	\$ 86,499,203	\$ 7,618,007	\$ 42,206,859	\$ 5,806,175	\$ (30,868,162)	\$ 0	\$ (30,868,162)
Business-type activities:							
Water and sewer	\$ 21,254,266	\$ 21,846,514	\$ 0	\$ 804,385	\$ 0	\$ 1,396,633	\$ 1,396,633
Electric	92,666,017	96,353,160	819	0	0	3,687,962	3,687,962
Airport	62,617	11,645	4,750	8,597,352	0	8,551,130	8,551,130
Total business-type activities	\$ 113,982,900	\$ 118,211,319	\$ 5,569	\$ 9,401,737	\$ 0	\$ 13,635,725	\$ 13,635,725
Total primary government	\$ 200,482,103	\$ 125,829,326	\$ 42,212,428	\$ 15,207,912	\$ (30,868,162)	\$ 13,635,725	\$ (17,232,437)
General revenues:							
Property taxes					\$ 16,629,270	\$ 0	\$ 16,629,270
Interest and penalty on taxes					275,607	0	275,607
In lieu of taxes					77,898	0	77,898
Local sales tax					10,173,414	0	10,173,414
Wholesale beer tax					1,303,212	0	1,303,212
Gross receipts tax					962,609	0	962,609
Franchise tax					843,753	0	843,753
State sales tax - unrestricted					2,505,215	0	2,505,215
Other state taxes - unrestricted					1,685,668	0	1,685,668
Grants and contributions not restricted to specific programs					605,104	0	605,104
Unrestricted investment earnings					50,070	244,982	295,052
Loss on sale of capital assets					(22,362)	0	(22,362)
Transfers					1,792,723	(1,792,723)	0
Total general revenues and transfers					\$ 36,882,181	\$ (1,547,741)	\$ 35,334,440
Change in net assets					\$ 6,014,019	\$ 12,087,984	\$ 18,102,003
Net assets - beginning					75,739,783	133,433,838	209,173,621
Net assets - ending					\$ 81,753,802	\$ 145,521,822	\$ 227,275,624

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

CITY OF CLEVELAND, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,032,893	\$ 4,170,262	\$ 5,791,532	\$ 14,994,687
Cash and cash equivalents - restricted	0	0	459,936	459,936
Investments	0	0	388,735	388,735
Accounts receivable - net	506,919	0	194,671	701,590
Property taxes receivable - net	17,956,697	0	0	17,956,697
Sales tax receivable	450,732	666,935	0	1,117,667
Due from other government agencies	3,533,478	6,833,446	2,430,527	12,797,451
Due from other funds	2,755,500	34,064	41,834	2,831,398
Inventories	4,067	0	0	4,067
Total Assets	\$ 30,240,286	\$ 11,704,707	\$ 9,307,235	\$ 51,252,228
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accrued liabilities	\$ 991,645	\$ 2,094,682	\$ 382,059	\$ 3,468,386
Accounts payable	570,772	988,846	547,716	2,107,334
Due to other funds	41,834	0	309,564	351,398
Matured interest payable	0	0	1,097	1,097
Matured bonds payable	0	0	1,000	1,000
Deferred revenue	18,479,890	5,757,236	25,032	24,262,158
Total Liabilities	\$ 20,084,141	\$ 8,840,764	\$ 1,266,468	\$ 30,191,373
Fund balances:				
Nonspendable:				
Inventories	\$ 4,067	\$ 0	\$ 0	\$ 4,067
Permanent fund principal	0	0	473,636	473,636
Restricted for:				
Law enforcement	0	0	221,699	221,699
Community development - federal grants	0	0	29,787	29,787
Street improvements	0	0	220,031	220,031
Capital outlay	0	0	1,850,014	1,850,014
Education	0	61,180	69,670	130,850
Committed to:				
Solid Waste	0	0	694,904	694,904
Stormwater	0	0	116,724	116,724
Law enforcement	0	0	1,311	1,311
Assigned to:				
Education	0	2,802,763	300,790	3,103,553
Library	0	0	261,045	261,045
Debt service	0	0	2,543,546	2,543,546
Capital outlay	0	0	1,257,610	1,257,610
Unassigned	10,152,078	0	0	10,152,078
Total fund balances	\$ 10,156,145	\$ 2,863,943	\$ 8,040,767	\$ 21,060,855
Total liabilities and fund balances	\$ 30,240,286	\$ 11,704,707	\$ 9,307,235	\$ 51,252,228

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, 2011

Total fund balances per governmental funds balance sheet	\$ 21,060,855
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	133,734,705
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.	(77,161,048)
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.	1,464,360
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.	2,654,930
Net assets of governmental activities	<u>\$ 81,753,802</u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2011

Revenues:	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
Taxes	\$ 27,886,082	\$ 0	\$ 2,533,563	\$ 30,419,645
Licenses and permits	541,038	0	43,500	584,538
Intergovernmental	4,798,721	31,355,264	15,723,740	51,877,725
Fines and forfeitures	787,414	0	85,266	872,680
Charges for services	2,721,820	226,121	3,212,847	6,160,788
Interest	23,474	5,295	22,136	50,905
Miscellaneous	130,625	433,302	269,231	833,158
Total revenues	<u>\$ 36,889,174</u>	<u>\$ 32,019,982</u>	<u>\$ 21,890,283</u>	<u>\$ 90,799,439</u>
Expenditures:				
Current:				
General government	\$ 2,145,914	\$ 0	\$ 230,584	\$ 2,376,498
Community development	580,004	0	180,468	760,472
Public safety	15,934,366	0	704,591	16,638,957
Public works	4,312,289	0	4,100,192	8,412,481
Health and welfare	533,470	0	0	533,470
Culture and recreation	2,002,069	0	1,252,074	3,254,143
Education	0	36,027,805	7,700,356	43,728,161
Appropriations	1,070,897	0	0	1,070,897
Capital outlay	0	0	11,792,319	11,792,319
Debt service:				
Principal retirement	0	128,721	2,153,946	2,282,667
Interest and fiscal charges	0	15,003	2,733,019	2,748,022
Total expenditures	<u>\$ 26,579,009</u>	<u>\$ 36,171,529</u>	<u>\$ 30,847,549</u>	<u>\$ 93,598,087</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 10,310,165</u>	<u>\$ (4,151,547)</u>	<u>\$ (8,957,266)</u>	<u>\$ (2,798,648)</u>
Other financing sources (uses):				
Transfers in	\$ 1,826,723	\$ 5,120,282	\$ 7,566,072	\$ 14,513,077
Transfers out	(11,095,943)	(611,491)	(1,012,920)	(12,720,354)
Notes issued	0	0	312,203	312,203
Capital leases	0	394,272	0	394,272
Total other financing sources (uses)	<u>\$ (9,269,220)</u>	<u>\$ 4,903,063</u>	<u>\$ 6,865,355</u>	<u>\$ 2,499,198</u>
Net change in fund balances	\$ 1,040,945	\$ 751,516	\$ (2,091,911)	\$ (299,450)
Fund balance at beginning of year	<u>9,115,200</u>	<u>2,112,427</u>	<u>10,132,678</u>	<u>21,360,305</u>
Fund balance at end of year	<u>\$ 10,156,145</u>	<u>\$ 2,863,943</u>	<u>\$ 8,040,767</u>	<u>\$ 21,060,855</u>

CITY OF CLEVELAND, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

Net change in fund balances for total governmental funds	\$	(299,450)
<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>		
		6,993,292
<p>Governmental funds report only the proceed from the sale of assets and do not take into effect the cost of capital assets sold.</p>		
		(36,017)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(42,922)
<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>		
		2,282,667
<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 and capital leases payable issued.</p>		
		(706,475)
<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>		
		(17,934)
<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	\$	10,204
Amortization of debt issuance cost		(68,481)
Amortization of deferred charges		(32,835)
Amortization of bond premiums		24,748
Increase in compensated absences		(53,691)
Increase in post-employment benefits		(2,039,087)
Total additional expenditures		(2,159,142)
Change in net assets of governmental activities	\$	<u><u>6,014,019</u></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, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Taxes:				
Property taxes - real estate	\$ 16,000,000	\$ 16,200,000	\$ 16,433,499	\$ 233,499
Property taxes - utility	362,000	349,000	349,653	653
Interest and penalty on taxes	160,000	250,000	275,607	25,607
In lieu of taxes	70,000	80,000	77,898	(2,102)
Local sales tax	7,400,000	7,600,000	7,639,851	39,851
Wholesale beer tax	1,230,000	1,260,000	1,303,212	43,212
Gross receipts tax	900,000	900,000	962,609	62,609
Franchise taxes - gas	670,000	600,000	442,508	(157,492)
Franchise taxes - charter	370,000	400,000	401,245	1,245
Total taxes	\$ 27,162,000	\$ 27,639,000	\$ 27,886,082	\$ 247,082
Licenses and permits:				
Beer licenses	\$ 5,000	\$ 5,000	\$ 5,600	\$ 600
Beer renewal fee	11,000	11,000	13,409	2,409
Liquor license	0	0	2,860	2,860
Liquor license renewals	15,000	15,000	15,765	765
Building permits	120,000	299,000	294,257	(4,743)
Electrical permits	7,000	7,000	8,214	1,214
Electrical licenses	16,000	16,000	17,116	1,116
Mechanical permits	11,000	11,000	13,555	2,555
Mechanical licenses	7,000	7,000	6,850	(150)
Plumbing permits	15,000	15,000	20,287	5,287
Plumbing licenses	9,000	9,000	10,850	1,850
Street cut permits	70,000	70,000	67,740	(2,260)
Land disturbance permit	5,000	5,000	8,985	3,985
Tree permit	0	0	120	120
Rezoning fee	2,000	2,000	1,200	(800)
Pud rezoning fee	0	0	500	500
Zoning appeal fee	500	500	1,450	950
Zoning letter fee	1,000	1,000	525	(475)
Minor encroachment fee	0	0	400	400
Certificate of appropriateness	0	0	625	625
Recreation permits and maintenance fee	5,000	5,000	5,950	950
Plat review fee	2,000	2,000	1,634	(366)
Plans review fee	9,000	40,100	38,271	(1,829)
Certificate of occupancy	4,000	4,000	4,550	550
Alley or street abandonment fee	0	0	300	300
Wrecker permit fees	0	0	25	25
Total licenses and permits	\$ 314,500	\$ 524,600	\$ 541,038	\$ 16,438
Intergovernmental revenues:				
Federal grant - FEMA	\$ 0	\$ 500,000	\$ 553,499	\$ 53,499
Police training supplement	55,200	55,200	51,000	(4,200)
Fire training supplement	57,600	57,600	52,200	(5,400)
State-highway safety grant	0	4,900	2,550	(2,350)
State sales tax	2,300,000	2,450,000	2,505,215	55,215
State income tax	675,000	675,000	721,957	46,957

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued)				
Intergovernmental revenues - (Continued)				
State beer tax	\$ 20,000	\$ 20,000	\$ 19,521	\$ (479)
State mixed drink tax	90,000	90,000	98,790	8,790
State gas inspection tax	80,000	80,000	80,683	683
State highway maintenance tax	180,000	180,000	194,575	14,575
T.V.A. - In lieu of taxes	370,000	370,000	421,870	51,870
Excise tax	200,000	200,000	96,861	(103,139)
Total intergovernmental revenues	<u>\$ 4,027,800</u>	<u>\$ 4,682,700</u>	<u>\$ 4,798,721</u>	<u>\$ 116,021</u>
Fines and forfeitures:				
Traffic tickets	\$ 650,000	\$ 650,000	\$ 610,416	\$ (39,584)
Parking tickets	30,000	30,000	30,031	31
Animal Shelter	1,000	1,000	650	(350)
Code enforcement fines	0	0	1,865	1,865
Garnishments	0	0	258	258
Court clerk fees	1,500	1,500	2,419	919
Drug fines	20,000	20,000	19,024	(976)
Sessions court	30,000	30,000	26,917	(3,083)
Circuit court	16,000	16,000	14,537	(1,463)
Officers - sessions court	35,000	35,000	71,003	36,003
Officers - circuit court	1,500	1,500	2,573	1,073
State refunds	0	0	970	970
Sex offender registry	3,000	3,000	6,751	3,751
Total fines and forfeitures	<u>\$ 788,000</u>	<u>\$ 788,000</u>	<u>\$ 787,414</u>	<u>\$ (586)</u>
Charges for services:				
Fire inspection fees	\$ 1,000	\$ 1,000	\$ 1,480	\$ 480
Police accident reports	2,000	2,000	0	(2,000)
Police department contracted services	0	0	26,841	26,841
Police department housing authority cont.	50,000	50,000	49,681	(319)
Airport maintenance	5,000	5,000	25,151	20,151
Animal Shelter - boarding fees	9,000	9,000	8,735	(265)
Animal Shelter - spay/neuter	33,000	33,000	22,012	(10,988)
Bradley County - animal control	335,000	335,000	325,779	(9,221)
Bradley County - fire protection	1,822,200	1,822,200	1,822,200	0
Tinsley Pool gate	22,000	22,000	24,900	2,900
Tinsley Pool concessions	5,000	5,000	4,732	(268)
Tinsley Pool rental	4,000	4,000	4,225	225
Tinsley Park tournament	0	0	1,165	1,165
Tinsley Park concessions	22,000	22,000	17,474	(4,526)
Tinsley Park rental	1,500	1,500	1,130	(370)
Cleveland Community Center	5,000	5,000	5,236	236
College Hill Recreation	11,000	11,000	7,392	(3,608)
College Hill program fee	7,000	7,000	8,159	1,159
Park and recreation miscellaneous	1,000	1,000	2,101	1,101

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Charges for services - (Continued)				
SRO - City Schools	\$ 180,000	\$ 180,000	\$ 199,580	\$ 19,580
Waterville concessions	15,000	15,000	27,816	12,816
Waterville permits-Jr/Sr	8,000	8,000	19,865	11,865
Waterville permits-Individual	8,000	8,000	6,916	(1,084)
Waterville permits-Family	1,000	1,000	1,970	970
Waterville tournaments	12,000	12,000	6,735	(5,265)
Waterville specials	90,000	90,000	46,209	(43,791)
Waterville cart rental fee	16,000	16,000	16,427	427
Waterville trail fee	500	500	0	(500)
Waterville cart shed rental	800	800	1,700	900
Waterville green fee weekday reg.	2,000	2,000	611	(1,389)
Waterville green fee weekday 9 hole	5,000	5,000	4,560	(440)
Waterville green fee weekday Jr/Sr	10,000	10,000	6,590	(3,410)
Waterville green fee weekend Reg	2,000	2,000	731	(1,269)
Waterville green fee weekend 9 hole	1,500	1,500	3,304	1,804
Waterville pro shop	4,000	4,000	3,235	(765)
Waterville miscellaneous	2,000	2,000	1,355	(645)
Wellness program dues-city	4,000	0	8,727	8,727
Wellness program dues-schools	4,000	4,000	2,657	(1,343)
Wellness program dues	0	4,000	4,439	439
Total charges for services	\$ 2,701,500	\$ 2,701,500	\$ 2,721,820	\$ 20,320
Interest	\$ 3,000	\$ 10,000	\$ 23,474	\$ 13,474
Miscellaneous revenues:				
Sale of maps-engineering	\$ 0	\$ 0	\$ 134	\$ 134
Sale of mulch	0	0	2,695	2,695
Sale of scrap metal	0	0	84	84
Sale of land-Ocoee Corporate	0	10,005	10,005	0
Donations - Memorial tree fund	0	7,125	9,640	2,515
Old timers banquet	2,200	2,200	1,800	(400)
Sign and decal reimbursement	2,000	2,000	2,924	924
Donations - Cleveland Fire Department	0	700	700	0
Police dept .- Miscellaneous donations	0	500	501	1
D.A.R.E. Program	0	0	25	25
Donations - police dog	0	0	900	900
TML package bonus	5,000	5,000	5,000	0
TML driver safety grant	0	5,000	1,308	(3,692)
Miscellaneous insurance revenue	0	0	12,824	12,824
Reimbursements - Fire truck	0	3,600	3,568	(32)
Animal Shelter donations	0	1,307	1,660	353
City's nickname donations	0	0	200	200
Fire misc/reports	0	0	409	409
TML reimbursement for property damage	0	42,952	29,188	(13,764)
TML work comp salary reimbursement	0	0	4,711	4,711
Employee jury duty reimbursement	0	0	22	22
Sundry income	4,000	60,529	25,050	(35,479)

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Miscellaneous revenues - (Continued)				
Sundry income - copies	\$ 0	\$ 0	\$ 2	\$ 2
Sundry income - clerk and master	0	0	17,015	17,015
Temporary collection account	0	0	235	235
Sundry - city code books	0	0	25	25
Total miscellaneous revenues	<u>\$ 13,200</u>	<u>\$ 140,918</u>	<u>\$ 130,625</u>	<u>\$ (10,293)</u>
Total revenues	<u>\$ 35,010,000</u>	<u>\$ 36,486,718</u>	<u>\$ 36,889,174</u>	<u>\$ 402,456</u>
Expenditures:				
Current				
General government:				
Legislative and judicial:				
Salaries - administrative	\$ 60,200	\$ 60,200	\$ 60,450	\$ (250)
Salaries - city council	62,400	62,400	62,833	(433)
Salaries - judicial	34,200	34,200	34,283	(83)
Part time wages	1,200	1,200	0	1,200
Service awards	500	500	200	300
Longevity	3,500	3,500	3,400	100
Sold vacations	1,200	1,200	1,157	43
Christmas bonus	300	300	325	(25)
Dental insurance	5,800	5,800	4,926	874
Social Security taxes	12,400	12,400	11,027	1,373
Health insurance	70,800	70,800	56,343	14,457
Retirement	27,000	27,000	21,924	5,076
Life and disability insurance	4,900	4,900	1,197	3,703
Election expense	15,000	15,000	0	15,000
Postage	500	500	226	274
Printing	1,500	1,500	376	1,124
Subscriptions and memberships	5,200	5,200	303	4,897
Advertising	3,000	3,000	1,435	1,565
Telephone and pager	11,000	11,000	10,352	648
Government consulting services	8,000	8,000	6,000	2,000
Equipment repair and replacement	1,600	1,600	0	1,600
Contract maintenance services	3,500	3,500	3,330	170
Emergency repairs - city buildings	20,000	15,000	17,008	(2,008)
Travel and training	12,000	12,000	6,565	5,435
Council work sessions	3,000	3,000	3,095	(95)
Complimentary meals	1,200	1,200	966	234
Office expenditures and paper	4,000	4,000	4,233	(233)
Janitorial	400	400	0	400
Gasoline	0	0	25	(25)
Insurance - general liability	900	900	899	1
Insurance - workers compensation	1,100	1,100	621	479
Rent - parking lots	3,000	3,000	0	3,000
Service pins - all departments	900	900	310	590

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Legislative and judicial - (Continued)				
Employee Christmas dinner	\$ 1,800	\$ 1,800	\$ 2,206	\$ (406)
Employee picnic	6,000	6,000	8,149	(2,149)
Miscellaneous	500	500	269	231
Contingency	0	2,500	2,500	0
Office machinery and equipment	700	700	0	700
Council room equipment and supplies	1,200	1,200	92	1,108
Total legislative and judicial	\$ 390,400	\$ 387,900	\$ 327,025	\$ 60,875
Administration and finance				
Salaries	\$ 702,000	\$ 642,000	\$ 641,258	\$ 742
Overtime wages	8,000	13,000	12,131	869
Part time wages	56,000	63,000	65,188	(2,188)
Service awards	400	400	75	325
Longevity	9,300	9,300	7,800	1,500
Sold vacations	10,000	10,000	8,277	1,723
Christmas bonus	1,700	1,700	1,408	292
College pay	2,600	2,600	1,965	635
Dental insurance	6,200	6,200	5,506	694
Social Security tax	60,000	60,000	53,213	6,787
Health insurance	108,000	96,000	92,365	3,635
Retirement	123,000	123,000	111,224	11,776
Life and disability insurance	8,500	8,500	7,797	703
Employee assistance program	9,600	9,600	9,156	444
Education reimbursement	0	0	711	(711)
Worker's compensation claims	0	0	546	(546)
Flex spending program	8,000	8,000	10,521	(2,521)
Laundry and dry cleaning	1,400	1,400	1,511	(111)
Postage	19,500	19,500	17,333	2,167
Postage machine lease	800	800	714	86
Printing	12,000	12,000	3,330	8,670
Printing - property taxes	4,200	4,200	4,650	(450)
Citizens Newsletter	1,500	1,500	0	1,500
Subscriptions and memberships	5,000	5,000	6,115	(1,115)
Advertising	11,000	11,000	13,669	(2,669)
Utilities	26,000	26,000	26,745	(745)
Telephone	27,000	27,000	28,693	(1,693)
Contracted services - computer systems	230,000	230,000	222,223	7,777
Drug and alcohol tests	3,500	3,500	2,266	1,234
Legal fees	105,000	165,000	183,346	(18,346)
Audit fees	50,000	50,000	48,500	1,500
Reappraisal fee	50,000	50,000	47,012	2,988

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Administration and finance - (Continued)				
Appraisal fee	\$ 1,500	\$ 1,500	\$ 0	\$ 1,500
Actuarial services	10,000	10,000	10,000	0
Vehicle	500	500	40	460
Small equipment repairs	600	600	182	418
Copier maintenance	2,800	2,800	2,571	229
Building maintenance	22,000	22,000	28,878	(6,878)
Car allowance	12,600	12,600	12,600	0
Training and travel	9,000	9,000	8,950	50
Departmental work sessions	0	0	1,139	(1,139)
Credit card fees	16,000	16,000	16,927	(927)
Pest control	1,000	1,000	948	52
Office expenditures	28,000	28,000	28,751	(751)
First aid safety supplies	100	100	78	22
Janitorial supplies	2,000	2,000	1,566	434
Gasoline and oil	2,000	2,000	2,617	(617)
Insurance - buildings and contents	3,300	3,300	3,240	60
Insurance - vehicles	300	300	210	90
Insurance - general liability	4,500	4,400	4,303	97
Insurance - workers compensation	3,600	3,600	2,822	778
Insurance - professional liability	35,000	32,000	31,326	674
Insurance - employee bonds	0	1,500	1,275	225
Contracted services - security	1,500	0	1,500	(1,500)
Contracted services - MTAS	6,500	6,500	0	6,500
Employee appreciation day	9,000	9,000	12,378	(3,378)
Miscellaneous	500	500	448	52
Bad debt	35,000	35,000	10,047	24,953
Equipment	1,100	1,100	845	255
Total administration and finance	<u>\$ 1,868,600</u>	<u>\$ 1,865,500</u>	<u>\$ 1,818,889</u>	<u>\$ 46,611</u>
Total general government	<u>\$ 2,259,000</u>	<u>\$ 2,253,400</u>	<u>\$ 2,145,914</u>	<u>\$ 107,486</u>
Community development:				
Salaries	\$ 310,700	\$ 330,000	\$ 334,758	\$ (4,758)
Overtime wages	1,600	1,600	1,539	61
Part time wages	4,500	4,500	4,493	7
Service awards	100	600	525	75
Longevity	2,700	2,900	3,259	(359)
Sold vacations	2,800	4,300	1,773	2,527
Christmas bonus	800	800	775	25
College pay	0	0	625	(625)
Dental insurance	3,900	4,300	4,227	73
Social security taxes	24,800	26,800	24,622	2,178
Health insurance	57,700	56,200	53,185	3,015

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Community development - (Continued)				
Retirement	\$ 53,300	\$ 55,000	\$ 52,761	\$ 2,239
Life and disability insurance	3,900	3,900	3,612	288
Education reimbursement	2,900	2,900	0	2,900
Worker's compensation claims	200	200	0	200
Laundry and dry cleaning	1,000	1,000	657	343
Postage	1,000	3,800	4,999	(1,199)
Contracted services	0	900	11,271	(10,371)
Printing and artwork	1,300	1,300	887	413
Subscriptions and memberships	4,500	4,500	2,719	1,781
Advertising	1,500	1,500	659	841
Utilities	9,100	9,100	9,380	(280)
Telephone	13,000	13,000	11,806	1,194
Vehicle maintenance	4,400	3,800	1,664	2,136
Office equipment maintenance	1,500	1,500	1,150	350
Building maintenance	3,000	4,000	3,919	81
Car allowance	4,200	4,200	4,200	0
Travel and training	6,500	8,500	8,320	180
Complimentary meals	400	400	107	293
Credit card fees	3,000	3,000	4,018	(1,018)
Contracted services - pest control	300	300	216	84
Office supplies	6,000	7,000	6,940	60
O.S.H.A. first aid kits	200	200	83	117
Janitorial supplies	800	800	589	211
Uniforms	1,100	1,500	1,603	(103)
Gasoline and oil	7,000	7,500	4,203	3,297
Insurance - buildings and contents	800	800	402	398
Insurance - vehicles and equipment	800	800	740	60
Insurance - general liability	1,700	1,300	1,290	10
Insurance - workers compensation	11,000	9,000	8,631	369
Insurance - employee bonds	100	100	0	100
Planning commission	4,000	3,000	1,980	1,020
Board of zoning appeals	700	700	659	41
Historic zoning commission	700	700	533	167
Miscellaneous	500	500	225	275
Total community development	<u>\$ 560,000</u>	<u>\$ 588,700</u>	<u>\$ 580,004</u>	<u>\$ 8,696</u>
Public safety:				
Police department:				
Salaries	\$ 4,255,000	\$ 4,161,500	\$ 4,177,867	\$ (16,367)
Overtime wages	225,000	250,000	298,470	(48,470)
Part-time wages	14,700	14,700	13,464	1,236
Accumulated holiday pay	5,000	2,500	10	2,490
Salaries - school patrol	75,200	80,200	73,210	6,990

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Police department - (Continued)				
Supplemental pay	\$ 1,300	\$ 1,400	\$ 1,652	\$ (252)
State grant - in service training	55,200	55,200	50,400	4,800
Overtime - contracted services	0	25,000	18,955	6,045
Service awards	1,800	2,100	2,050	50
Longevity	56,500	55,500	55,233	267
Sold vacations	46,000	46,000	41,401	4,599
Christmas pay	13,200	11,900	11,911	(11)
College pay	8,600	8,700	8,695	5
Dental insurance	48,400	46,900	44,711	2,189
Social security taxes	366,300	354,300	341,908	12,392
Health insurance	722,700	710,000	658,074	51,926
Retirement	936,500	923,100	895,796	27,304
Life and disability insurance	52,400	52,900	52,626	274
Unemployment compensation	2,800	10,000	11,232	(1,232)
Education reimbursement	1,700	4,300	4,290	10
Worker's compensation claims	10,000	15,000	14,595	405
Laundry and dry cleaning	20,000	21,100	18,498	2,602
Employee physicals	10,000	10,000	5,718	4,282
Pre-employment tests	3,000	11,500	8,138	3,362
Uniforms - school patrol	2,000	2,000	380	1,620
Postage	2,000	5,000	4,020	980
800 MHZ radio expense	24,000	24,000	5,705	18,295
Lease - radio tower	4,500	8,100	8,032	68
Contracted services - vehicles	5,600	5,600	5,442	158
Communications - replacement	11,000	11,000	6,711	4,289
Printing	10,000	10,000	4,153	5,847
Subscriptions and memberships	3,900	11,900	9,273	2,627
Accreditation	5,500	7,000	6,119	881
Advertising	800	800	1,036	(236)
Utilities	90,700	85,000	81,515	3,485
Telephone	125,000	140,000	146,882	(6,882)
NCIC computer line	8,000	8,000	8,000	0
TBI evidence analysis fees	14,000	14,000	0	14,000
Vehicle maintenance	330,000	330,000	308,903	21,097
Small equipment repair	2,000	2,200	1,913	287
Copier maintenance	1,800	1,600	1,286	314
Building maintenance	20,000	20,000	19,169	831
Travel and training	33,800	39,800	39,724	76
Mutual aid meals	1,500	1,500	375	1,125

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, 2011

(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	\$ 29,463	\$ 537
Police supplies	5,000	5,000	5,368	(368)
Batteries	2,000	2,000	861	1,139
Tapes - video and audio	1,000	1,000	0	1,000
Detective supplies	2,000	5,000	4,020	980
Crime scene unit supplies	2,000	2,000	1,384	616
SRT supplies	5,000	5,000	630	4,370
Office expenditures and paper	28,000	28,000	26,137	1,863
Protective vests - federal grants	0	2,500	0	2,500
Protective vests	8,000	8,000	942	7,058
OSHA safety supplies	800	800	690	110
Janitorial supplies	2,000	2,000	2,458	(458)
Uniforms	47,000	47,000	27,987	19,013
Ammunition	35,000	35,000	27,224	7,776
Crime prevention	1,500	1,500	945	555
Firing range	2,000	2,000	2,165	(165)
Code Enf Educational Supplies	0	3,000	39	2,961
Gasoline and oil	200,000	250,000	256,277	(6,277)
Video maintenance	1,000	0	0	0
Canine fees	3,000	3,000	3,551	(551)
Insurance - buildings and contents	11,100	11,100	7,863	3,237
Insurance - vehicles and equipment	37,000	38,000	38,122	(122)
Insurance - general liability	74,000	74,000	73,232	768
Insurance - workers compensation	157,000	113,000	107,844	5,156
Insurance - employee bonds	500	500	600	(100)
Computer software support	0	2,000	1,950	50
Miscellaneous	500	500	402	98
Honor Guard	500	500	27	473
Volunteer services	2,500	1,800	793	1,007
Investigative funds	1,500	1,500	1,500	0
Sex offender registry	3,000	3,000	2,297	703
Donations - detectives	0	500	500	0
Guns/taser replacements	11,000	11,000	5,223	5,777
Small equipment	500	500	401	99
Computer equipment	3,000	3,000	1,340	1,660
Total police department	<u>\$ 8,304,800</u>	<u>\$ 8,295,000</u>	<u>\$ 8,099,777</u>	<u>\$ 195,223</u>

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Fire department:				
Salaries	\$ 4,340,000	\$ 4,340,000	\$ 4,356,088	\$ (16,088)
Overtime wages	160,000	160,000	179,116	(19,116)
Fire runs	10,000	10,000	7,556	2,444
Supplemental pay	70,500	70,500	72,121	(1,621)
State grant - in service training	57,600	57,600	52,800	4,800
Service awards	1,900	1,900	1,700	200
Longevity	50,400	50,400	55,145	(4,745)
Sold vacations	15,000	15,000	12,736	2,264
Christmas bonus	10,300	10,300	8,554	1,746
College pay	1,000	1,000	2,572	(1,572)
Dental insurance	48,100	48,100	45,483	2,617
Social security taxes	375,200	375,200	339,857	35,343
Health insurance	800,000	800,000	855,658	(55,658)
Retirement	952,000	952,000	940,292	11,708
Life and disability insurance	50,600	50,600	54,816	(4,216)
Education reimbursement	15,000	11,000	3,524	7,476
Worker's compensation claims	6,500	6,500	2,073	4,427
Laundry and dry cleaning	18,000	18,000	17,563	437
Immunization and physicals	40,000	40,000	37,974	2,026
Recruit testing	5,000	5,000	4,932	68
Postage	500	500	445	55
800 MHZ radio maintenance fee	0	6,000	6,264	(264)
Radio and repeater maintenance	6,000	1,800	1,800	0
Communications replacement	3,000	3,000	1,105	1,895
Printing	500	500	360	140
Subscriptions and memberships	3,200	3,200	3,697	(497)
License/certification renewal	1,400	1,400	1,857	(457)
Advertising	500	0	96	(96)
Utilities	105,000	105,000	96,886	8,114
Telephone	66,300	66,300	79,033	(12,733)
Apparatus equipment testing	3,900	3,900	2,463	1,437
Vehicle maintenance	65,000	68,600	108,413	(39,813)
Small equipment repair	2,800	2,800	223	2,577
Copier maintenance	1,900	1,900	2,413	(513)
Building maintenance	40,000	40,000	35,654	4,346
Car allowance	0	3,900	3,850	50
Travel and training	21,000	21,000	19,111	1,889
Training/education material	3,500	3,500	2,284	1,216
Mutual aid meals	1,300	1,800	2,001	(201)
Towels and cloths	800	800	608	192
Batteries	1,000	1,000	485	515
Electronics - camera supplies	600	600	0	600
Office supplies	6,500	6,500	8,091	(1,591)
Arson supplies	1,500	1,500	1,096	404

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Fire department - (Continued)				
Safety	\$ 4,500	\$ 4,500	\$ 1,458	\$ 3,042
Medical supplies/equipment	0	9,000	8,281	719
Janitorial supplies	16,000	16,000	12,991	3,009
Bedding	1,000	495	89	406
Uniforms	40,000	37,360	24,173	13,187
Vehicle graphics	500	500	0	500
Operating costs	2,000	3,000	3,007	(7)
Gasoline	53,000	52,300	60,088	(7,788)
Appliance repair	3,500	3,500	3,638	(138)
PPE equipment gear	0	29,448	24,175	5,273
Extinguisher refills	2,000	2,000	761	1,239
Hazmat supplies	0	2,000	2,702	(702)
Insurance - building and contents	8,000	8,000	5,687	2,313
Insurance - vehicles and equipment	24,000	23,000	22,293	707
Insurance - general liability	35,900	32,000	31,724	276
Insurance - workers compensation	135,000	135,000	85,855	49,145
Miscellaneous	500	500	865	(365)
Public information	500	500	0	500
City funded - Honor Guard	1,000	1,000	896	104
Fire prevention program	3,200	4,136	2,572	1,564
Radio tower/repeater maintenance	1,800	0	0	0
Medical supplies/equipment	9,000	0	0	0
Hazmat supplies	2,000	0	0	0
PPE equipment	25,000	0	0	0
Donation expense	0	700	0	700
ISO firefighting equipment	15,000	14,300	5,473	8,827
Office equipment	1,000	1,000	0	1,000
Breathing apparatus equipment	15,000	18,504	7,871	10,633
Furniture	2,200	8,345	8,115	230
Computer equipment	0	0	8	(8)
Small equipment	800	800	558	242
Radio equipment	3,500	4,200	3,817	383
Total fire department	\$ 7,769,200	\$ 7,780,688	\$ 7,745,892	\$ 34,796
Safety program:				
Salaries	\$ 48,700	\$ 48,700	\$ 48,929	\$ (229)
Longevity	1,100	1,100	1,100	0
Sold vacation	900	900	936	(36)
Christmas bonus	100	100	108	(8)
College pay	300	300	280	20
Dental insurance	300	300	273	27
Social security taxes	3,900	3,900	3,762	138
Health insurance	4,800	4,800	4,733	67
Retirement expense	8,500	8,500	8,532	(32)

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Safety program - (Continued)				
Life/disability expense	\$ 600	\$ 600	\$ 618	\$ (18)
Clothing allowance	400	400	350	50
Hazard Comm-MSDS	500	500	428	72
Telephone expense	800	800	936	(136)
Training and travel	1,000	1,000	2,081	(1,081)
Office supplies	0	0	165	(165)
Wellness center operations	0	8,500	9,851	(1,351)
Safety supplies	1,000	1,000	436	564
Gasoline and oil	1,200	1,200	0	1,200
TML driver safety grant	0	5,000	2,616	2,384
TML safety grant	2,000	2,000	0	2,000
Insurance - vehicles	300	300	210	90
Insurance - general liability	300	200	190	10
Worker's comp	200	200	0	200
Professional liability	300	300	0	300
Miscellaneous	500	500	14	486
Incentive program	5,000	5,000	2,149	2,851
Total safety program	<u>\$ 82,700</u>	<u>\$ 96,100</u>	<u>\$ 88,697</u>	<u>\$ 7,403</u>
Total public safety	<u>\$ 16,156,700</u>	<u>\$ 16,171,788</u>	<u>\$ 15,934,366</u>	<u>\$ 237,422</u>
Public works:				
Operations division:				
Salaries	\$ 760,500	\$ 721,100	\$ 715,370	\$ 5,730
Overtime wages	10,000	13,000	13,511	(511)
Part time wages	39,500	39,500	36,986	2,514
Supplemental pay	700	700	628	72
Service awards	800	500	450	50
Longevity	10,600	10,600	10,842	(242)
Sold vacations	6,000	6,500	7,862	(1,362)
Christmas bonus	2,400	2,300	2,274	26
College pay	200	200	125	75
Dental insurance	11,300	11,300	10,797	503
Social security tax	63,900	60,900	57,200	3,700
Health insurance	164,200	157,600	152,309	5,291
Retirement	132,800	127,300	124,975	2,325
Life and disability insurance	9,900	9,900	9,254	646
Unemployment compensation	0	1,000	905	95
Worker's compensation claims	500	500	933	(433)
Pre-employment drug testing	500	500	335	165
Safety shoes	2,000	2,000	1,492	508
Postage	1,800	800	716	84
Printing	200	200	81	119
Subscriptions and memberships	400	400	373	27

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Operations division - (Continued)				
Advertising	\$ 200	\$ 200	\$ 167	\$ 33
Utilities	38,000	40,000	34,473	5,527
Telephone	24,000	24,000	21,279	2,721
Surveys	3,000	1,100	22	1,078
Small equipment maintenance - signs	1,700	1,300	156	1,144
Building maintenance	9,000	15,000	14,477	523
Travel and training	3,000	1,300	824	476
Pest control	1,200	1,200	875	325
Office expenditures and paper	7,000	5,500	3,312	2,188
Operating supplies	4,000	3,500	2,308	1,192
Safety supplies	1,500	1,500	1,496	4
Janitorial supplies	1,500	1,500	1,005	495
Uniforms	9,000	9,000	9,416	(416)
Educational supplies	3,000	0	0	0
Gasoline and oil	84,000	100,000	102,867	(2,867)
Repairs and parts	175,000	200,000	218,589	(18,589)
Sign shop supplies	2,800	2,800	1,677	1,123
Sign parts and supplies	40,000	36,200	26,917	9,283
Major safety markings	75,000	75,000	73	74,927
Thermoplastic contract	7,500	24,500	16,967	7,533
Paving and materials	225,000	285,000	244,436	40,564
Insurance - building and contents	6,600	6,600	4,387	2,213
Insurance - vehicle and equipment	11,200	11,500	11,440	60
Insurance - general liability	11,800	9,200	9,190	10
Insurance - workers compensation	31,000	31,000	25,878	5,122
Miscellaneous	500	500	125	375
Incentive program	4,000	1,700	1,688	12
Small equipment	3,000	5,800	5,567	233
Small equipment - signs	1,800	1,800	2,253	(453)
Total operations division	<u>\$ 2,003,500</u>	<u>\$ 2,063,500</u>	<u>\$ 1,909,282</u>	<u>\$ 154,218</u>
Engineering :				
Salaries	\$ 348,300	\$ 299,600	\$ 298,693	\$ 907
Overtime wages	2,000	800	701	99
Service awards	200	200	150	50
Longevity	2,400	2,600	2,550	50
Sold vacations	2,400	3,900	3,889	11
Christmas bonus	800	800	758	42
Dental insurance	2,700	2,900	2,625	275
Social Security taxes	27,400	23,400	22,008	1,392
Health insurance	37,800	39,300	38,294	1,006
Retirement	59,700	52,300	51,232	1,068
Life and disability insurance	4,500	4,500	3,788	712
Unemployment compensation	0	9,600	6,090	3,510
Education reimbursement	0	1,500	1,348	152

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Engineering - (Continued)				
Worker's compensation claims	\$ 200	\$ 200	\$ 0	\$ 200
Clothing allowance and shoes	1,700	1,700	1,238	462
Postage	200	200	173	27
Printing	100	100	0	100
Subscriptions and memberships	2,700	2,700	1,180	1,520
Advertising	200	200	0	200
Utilities	0	0	11	(11)
Telephone	10,000	10,000	9,524	476
Vehicle maintenance	5,000	5,000	3,807	1,193
Office equipment maintenance	1,000	1,000	478	522
Travel and training	3,000	3,000	654	2,346
Office expenditures	4,000	4,000	3,790	210
Operating supplies	200	200	288	(88)
Janitorial	500	500	218	282
Uniforms	700	800	584	216
Gasoline and oil	4,000	4,000	4,947	(947)
Insurance - building and contents	300	300	66	234
Insurance - vehicle and equipment	900	1,000	950	50
Insurance - general liability	1,200	1,300	1,226	74
Insurance - workers compensation	7,000	7,000	4,658	2,342
Miscellaneous	500	400	269	131
Equipment	1,000	1,000	845	155
Total engineering	<u>\$ 532,600</u>	<u>\$ 486,000</u>	<u>\$ 467,032</u>	<u>\$ 18,968</u>
Street lighting and signals:				
Street lighting	\$ 700,000	\$ 720,000	\$ 670,792	\$ 49,208
Telephone	2,500	2,500	2,396	104
Traffic light utility service	42,000	48,500	45,243	3,257
Traffic light repair maintenance	196,000	232,000	230,095	1,905
Traffic signal supplies	1,700	0	55	(55)
Signalization expenses	3,000	0	0	0
Small equipment	1,400	1,400	949	451
Total street lighting and signals	<u>\$ 946,600</u>	<u>\$ 1,004,400</u>	<u>\$ 949,530</u>	<u>\$ 54,870</u>
Landscaping maintenance:				
Salaries	\$ 221,600	\$ 221,600	\$ 217,933	\$ 3,667
Overtime wages	900	900	1,152	(252)
Part-time	0	0	1,980	(1,980)
Service awards	300	300	325	(25)
Longevity	2,600	2,600	2,600	0
Sold vacations	1,900	1,900	1,055	845
Christmas bonus	800	800	758	42
Dental insurance	2,600	2,600	2,612	(12)

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Landscaping maintenance - (Continued)				
Social security taxes	\$ 17,700	\$ 17,700	\$ 16,251	\$ 1,449
Health Insurance	37,100	37,100	36,532	568
Retirement	44,800	44,800	35,374	9,426
Life and disability insurance	2,800	2,800	3,616	(816)
Worker's compensation claims	500	500	752	(252)
Pre-employment testing	100	100	230	(130)
Postage	100	100	162	(62)
Printing	400	400	0	400
Subscriptions and memberships	700	700	1,530	(830)
Advertising	200	200	107	93
Utilities	1,200	1,200	2,941	(1,741)
Telephone	4,600	4,600	3,770	830
Vehicle maintenance	60,000	60,000	56,834	3,166
Equipment repairs	1,800	1,500	802	698
Travel and training	2,600	2,756	3,731	(975)
Work sessions	0	0	830	(830)
Other contracted services	300	1,400	1,342	58
Office expenditures	800	500	84	416
Botanical supplies	9,000	8,800	9,477	(677)
Uniforms	3,500	3,500	3,341	159
Trees	7,500	7,500	8,152	(652)
Donations - memorial tree fund	0	11,477	7,153	4,324
Gasoline and oil	22,000	21,625	24,507	(2,882)
Insurance - building and contents	500	500	0	500
Insurance - vehicle and equipment	4,000	4,100	4,031	69
Insurance - general liability	1,500	1,600	1,501	99
Insurance - workers compensation	9,600	9,600	7,074	2,526
Miscellaneous	200	100	100	0
Small equipment	800	600	589	11
Total landscaping maintenance	<u>\$ 465,000</u>	<u>\$ 476,458</u>	<u>\$ 459,228</u>	<u>\$ 17,230</u>
FEMA Storm Damage				
Tornado storm damage	<u>\$ 0</u>	<u>\$ 500,000</u>	<u>\$ 527,217</u>	<u>\$ (27,217)</u>
Total FEMA storm damage	<u>\$ 0</u>	<u>\$ 500,000</u>	<u>\$ 527,217</u>	<u>\$ (27,217)</u>
Total public works	<u>\$ 3,947,700</u>	<u>\$ 4,530,358</u>	<u>\$ 4,312,289</u>	<u>\$ 218,069</u>
Health and welfare:				
Animal Control:				
Salaries	\$ 274,800	\$ 259,800	\$ 267,135	\$ (7,335)
Overtime wages	20,400	19,400	14,922	4,478
Service awards	200	100	100	0
Longevity	4,000	4,000	4,000	0

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

CITY OF CLEVELAND, TENNESSEE

GENERAL FUND

(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Health and welfare - (Continued)				
Animal Control - (Continued)				
Sold vacations	\$ 700	\$ 700	\$ 620	\$ 80
Christmas bonus	1,100	800	758	42
Dental insurance	2,700	2,700	2,428	272
Social Security tax	23,000	22,000	21,126	874
Health insurance	45,800	41,800	43,052	(1,252)
Retirement	41,000	45,600	43,105	2,495
Life and disability insurance	3,200	3,200	3,200	0
Education reimbursement	0	0	419	(419)
Unemployment compensation	0	0	1,314	(1,314)
Worker's compensation claims	1,000	1,000	0	1,000
Laundry and dry cleaning	4,000	5,000	3,674	1,326
Employee physicals	0	0	105	(105)
Protective immunizations	500	300	121	179
Postage	100	900	523	377
Contracted services - vehicles	900	900	747	153
Communications replacement	500	500	105	395
Printing	1,600	1,600	384	1,216
Subscriptions and memberships	800	800	1,127	(327)
Advertising	200	300	331	(31)
Utilities and pager	10,100	10,100	10,691	(591)
Telephone	10,500	10,500	10,541	(41)
Adoption and veterinary fees	0	22,000	22,012	(12)
Vehicle maintenance	15,000	15,000	18,497	(3,497)
Copier maintenance	500	600	269	331
Grounds improvement	1,200	1,200	0	1,200
Building maintenance	6,500	6,500	3,974	2,526
Training and travel	1,500	1,500	0	1,500
Landfill	3,000	3,000	2,063	937
Janitorial contract	6,000	6,000	5,910	90
Office supplies and printing	2,500	2,500	2,079	421
OSHA safety supplies	500	500	159	341
Janitorial supplies	6,000	6,000	6,032	(32)
Uniforms and safety shoes	4,500	4,500	1,104	3,396
Ammunition	1,000	1,000	437	563
Gasoline and oil	20,000	19,780	21,148	(1,368)
Euthanasia and supplies	6,000	6,000	3,156	2,844
Pet food	5,500	5,500	4,421	1,079
Donations - cages and supplies	0	3,192	2,088	1,104
Insurance - building and contents	300	300	294	6
Insurance - vehicles and equipment	1,200	1,200	1,119	81

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

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CITY OF CLEVELAND, TENNESSEE

GENERAL FUND

(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Health and welfare - (Continued)				
Animal Control - (Continued)				
Insurance - general liability	\$ 1,200	\$ 1,300	\$ 1,240	\$ 60
Insurance - workers compensation	7,600	7,600	5,600	2,000
Miscellaneous	500	500	511	(11)
Equipment	1,100	1,100	829	271
Total Animal Control	\$ 538,700	\$ 548,772	\$ 533,470	\$ 15,302
Total health and welfare	\$ 538,700	\$ 548,772	\$ 533,470	\$ 15,302
Culture and recreation:				
College Hill Recreation Center:				
Salaries	\$ 107,400	\$ 107,400	\$ 98,751	\$ 8,649
Overtime wages	1,000	1,000	194	806
Part time wages	39,000	39,000	51,396	(12,396)
Service awards	300	300	250	50
Longevity	2,000	2,000	2,000	0
Sold vacations	2,000	2,000	1,180	820
Christmas bonus	500	500	325	175
Dental insurance	900	900	908	(8)
Social security tax	11,700	11,700	10,942	758
Health insurance	14,200	14,200	16,161	(1,961)
Retirement	21,400	21,400	17,062	4,338
Life and disability insurance	1,300	1,300	1,253	47
Unemployment compensation	500	500	296	204
Education reimbursement	400	400	0	400
Worker's compensation claims	200	200	1,000	(800)
Utilities	47,300	47,300	42,738	4,562
Telephone	3,300	3,300	4,791	(1,491)
Building maintenance	18,700	19,300	18,574	726
Team competition and trips	2,600	2,600	2,229	371
Office expenditures and paper	1,400	1,400	1,559	(159)
Janitorial supplies	1,500	1,500	2,686	(1,186)
Gate concession supplies	3,500	3,500	5,370	(1,870)
Gasoline	300	300	0	300
Pool	4,000	4,000	5,887	(1,887)
Athletic supplies	3,000	3,000	2,353	647
Program development	6,000	6,000	5,711	289
Insurance - building and contents	3,200	3,200	4,521	(1,321)

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
College Hill Recreation Center - (Continued)				
Insurance - general liability	\$ 1,500	\$ 1,100	\$ 1,075	\$ 25
Insurance - workers compensation	4,600	4,600	3,780	820
Program	5,000	15,000	15,777	(777)
Miscellaneous	500	500	560	(60)
BCCSA activities	15,000	15,000	15,000	0
Team donations	1,500	1,500	900	600
Youth achievement program	5,300	5,300	4,569	731
Swim team	2,000	2,000	1,996	4
Furniture	0	4,400	4,696	(296)
Total College Hill Recreation Center	\$ 333,000	\$ 347,600	\$ 346,490	\$ 1,110
Parks and recreation:				
Salaries	\$ 341,000	\$ 341,000	\$ 321,732	\$ 19,268
Overtime wages	3,500	3,500	1,577	1,923
Part time wages	19,500	19,500	17,734	1,766
Service awards	200	200	150	50
Longevity	2,900	3,200	3,150	50
Sold vacation	2,600	2,600	1,431	1,169
Christmas bonus	900	900	975	(75)
College pay	200	200	125	75
Dental insurance	4,100	4,100	4,026	74
Social security tax	28,700	28,700	25,448	3,252
Health insurance	60,300	60,300	64,978	(4,678)
Retirement	58,700	58,700	54,855	3,845
Life and disability insurance	4,100	4,100	2,826	1,274
Unemployment compensation	500	500	1,532	(1,032)
Worker's compensation claims	900	900	0	900
Laundry and dry cleaning	500	500	470	30
Pre-employment testing	0	0	70	(70)
Postage	200	200	143	57
Membership	300	300	265	35
Advertising	0	0	67	(67)
Utilities	7,300	7,300	8,572	(1,272)
Telephone	9,000	9,000	7,454	1,546
Vehicle maintenance	30,000	30,000	49,713	(19,713)
Equipment and repairs	5,500	3,000	1,589	1,411
Grounds maintenance	23,000	22,400	13,723	8,677
Fletcher building	9,000	11,500	12,236	(736)

CITY OF CLEVELAND, TENNESSEE

GENERAL FUND

(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	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	\$ 4,200	\$ 0
Training and travel	3,000	3,600	3,563	37
Office expenditures	1,300	1,300	1,257	43
Uniforms	3,500	2,600	2,341	259
Gasoline and oil	20,000	20,000	32,554	(12,554)
Insurance - building and contents	2,800	3,700	3,610	90
Insurance - vehicles and equipment	3,000	3,400	3,356	44
Insurance - general liability	2,900	2,200	2,153	47
Insurance - worker's compensation	9,300	9,300	7,432	1,868
Miscellaneous	500	500	468	32
Old timers banquet	2,500	2,500	2,138	362
Small equipment	1,000	1,000	398	602
Total parks and recreation	\$ 666,900	\$ 666,900	\$ 658,311	\$ 8,589
Cleveland Community Center:				
Salaries	\$ 136,500	\$ 136,500	\$ 134,646	\$ 1,854
Part time wages	36,900	36,900	40,779	(3,879)
Overtime wages	0	0	64	(64)
Longevity	4,100	4,100	4,050	50
Sold vacations	1,600	1,600	1,610	(10)
Christmas bonus	500	500	433	67
Dental insurance	1,300	1,300	1,307	(7)
Social security tax	13,900	13,900	13,331	569
Health insurance	23,000	23,000	23,211	(211)
Retirement	27,800	27,800	22,533	5,267
Life and disability insurance	1,700	1,700	1,619	81
Unemployment compensation	0	0	2,441	(2,441)
Worker's compensation claims	100	100	0	100
Advertising	0	100	96	4
Utilities	32,000	32,000	34,736	(2,736)
Telephone	4,000	4,000	4,110	(110)
Vehicle maintenance	500	500	481	19
Building maintenance	7,500	7,500	5,334	2,166
Team trips and competition	1,500	1,500	1,070	430
Office expenditures and paper	700	400	471	(71)
Janitorial contract	2,000	2,300	2,210	90
Pool	4,400	6,400	7,689	(1,289)
Athletic supplies	1,500	1,400	362	1,038

CITY OF CLEVELAND, TENNESSEE

GENERAL FUND

(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Cleveland Community Center - (Continued)				
Ceramic supplies	\$ 500	\$ 200	\$ 76	\$ 124
Insurance - building and contents	3,000	3,000	3,035	(35)
Insurance - general liability	1,500	1,100	1,044	56
Insurance - worker's compensation	3,700	3,700	2,059	1,641
Contracted services - floor maintenance	2,000	2,300	2,245	55
Contracted services - security	1,200	1,200	1,164	36
Miscellaneous	500	500	432	68
Swim team	2,000	2,000	2,000	0
Junior pro basketball	3,000	3,200	3,190	10
Cardinal account	3,700	1,500	1,427	73
Small equipment	600	600	616	(16)
Total Cleveland Community Center	\$ 323,200	\$ 322,800	\$ 319,871	\$ 2,929
Tinsley Park:				
Salaries	\$ 115,700	\$ 115,700	\$ 90,606	\$ 25,094
Overtime	2,500	2,500	0	2,500
Social Security taxes	9,100	9,100	6,791	2,309
Advertising	0	0	70	(70)
Utilities	30,000	30,000	36,195	(6,195)
Telephone	1,000	1,000	781	219
Maintenance and repairs	10,000	10,000	24,931	(14,931)
Janitorial supplies	3,000	3,000	2,778	222
Tournament	6,000	6,000	3,423	2,577
Pool	17,000	17,000	15,884	1,116
Concession supplies	16,500	16,500	16,208	292
Insurance - building and contents	2,200	2,200	2,573	(373)
Insurance - general liability	1,000	800	706	94
Insurance - worker's compensation	4,800	4,800	1,886	2,914
Total Tinsley Park	\$ 218,800	\$ 218,600	\$ 202,832	\$ 15,768
Waterville:				
Salaries	\$ 176,100	\$ 176,100	\$ 176,634	\$ (534)
Overtime	6,000	6,000	8,061	(2,061)
Part time wages	43,000	38,000	38,401	(401)
Longevity	2,000	2,000	2,000	0
Sold vacations	2,200	2,200	2,412	(212)
Christmas bonus	800	800	650	150

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

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CITY OF CLEVELAND, TENNESSEE

GENERAL FUND

(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Waterville - (Continued)				
Dental insurance	\$ 2,100	\$ 2,100	\$ 2,502	\$ (402)
Social security taxes	17,800	17,800	16,030	1,770
Health insurance	36,400	36,400	44,343	(7,943)
Retirement	37,700	37,700	31,535	6,165
Life and disability insurance	2,200	2,200	2,532	(332)
Worker's compensation claims	100	100	0	100
Subscriptions and memberships	1,000	400	274	126
Advertising and marketing	1,800	1,800	338	1,462
Utilities	21,600	24,600	24,876	(276)
Telephone	10,200	10,200	14,355	(4,155)
Vehicle maintenance	1,500	1,200	107	1,093
Equipment parts and maintenance	19,000	19,000	14,104	4,896
Sod, seed and course maintenance	8,000	7,500	7,150	350
Building maintenance	12,000	24,600	23,451	1,149
Golf cart maintenance	5,000	5,400	5,303	97
Travel and training	900	900	52	848
Credit card fees	3,500	3,500	1,831	1,669
Contracted services - pest control	300	300	192	108
Office expenditures	700	800	700	100
Janitorial	1,500	1,300	856	444
Uniform	700	2,800	2,770	30
Golf course accessories	1,000	400	192	208
Tires, tubes, etc.	900	100	70	30
Irrigation and drainage supplies	2,000	2,200	2,140	60
Proshop	9,000	9,000	3,998	5,002
Concession supplies	17,000	23,000	24,531	(1,531)
Small supplies	500	100	0	100
Fertilizer and chemicals	20,000	7,200	7,136	64
Insurance - building and contents	1,400	2,000	1,949	51
Insurance - general liability	2,300	1,600	1,548	52
Insurance - worker's compensation	8,500	8,500	5,459	3,041
Contracted services - security	1,900	1,900	2,275	(375)
Miscellaneous	500	500	260	240
Equipment	400	2,600	3,548	(948)
Total Waterville Golf Course	\$ 479,500	\$ 484,800	\$ 474,565	\$ 10,235
Total culture and recreation	\$ 2,021,400	\$ 2,040,700	\$ 2,002,069	\$ 38,631

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Appropriations:				
Jointly funded	\$ 17,500	\$ 0	\$ 0	\$ 0
Regional Museum	43,000	43,000	43,000	0
MTAS benchmarking	4,000	4,000	3,500	500
Municipal League dues	9,200	9,200	9,102	98
Economic development	45,000	45,000	45,000	0
Southeast Tennessee Development	8,000	8,300	8,257	43
Mainstreet Cleveland	25,000	25,000	25,000	0
Cemetery Association	10,000	10,000	10,000	0
Court's Community Services	53,900	63,900	61,855	2,045
Keep America Beautiful	28,100	28,100	28,100	0
Juvenile Court match	1,100	1,100	1,100	0
United Way supporters	300	1,000	996	4
SETHRA - Transit	135,000	146,000	145,485	515
Communications Center	450,000	450,000	450,000	0
Emergency Management	87,300	80,200	71,403	8,797
Veterans Affairs Office	22,100	22,200	22,193	7
Behavioral Research	2,000	2,000	2,000	0
Development Services Agency	6,200	6,200	6,200	0
Community Services Agency	94,400	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>\$ 1,085,500</u>	<u>\$ 1,083,000</u>	<u>\$ 1,070,897</u>	<u>\$ 12,103</u>
Total expenditures	<u>\$ 26,569,000</u>	<u>\$ 27,216,718</u>	<u>\$ 26,579,009</u>	<u>\$ 637,709</u>
Excess of revenues over expenditures	<u>\$ 8,441,000</u>	<u>\$ 9,270,000</u>	<u>\$ 10,310,165</u>	<u>\$ 1,040,165</u>
Other financing sources (uses):				
Transfers in	\$ 1,755,000	\$ 1,826,000	\$ 1,826,723	\$ 723
Transfers out	<u>(10,196,000)</u>	<u>(11,096,000)</u>	<u>(11,095,943)</u>	<u>57</u>
Total other financing sources(uses)	<u>\$ (8,441,000)</u>	<u>\$ (9,270,000)</u>	<u>\$ (9,269,220)</u>	<u>\$ 780</u>
Net change in fund balances	\$ 0	\$ 0	\$ 1,040,945	\$ 1,040,945
Fund balance at beginning of year	8,771,673	9,115,200	9,115,200	0
Fund balance at end of year	<u>\$ 8,771,673</u>	<u>\$ 9,115,200</u>	<u>\$ 10,156,145</u>	<u>\$ 1,040,945</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, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Federal government:				
Education of the handicapped	\$ 21,327	\$ 47,713	\$ 47,714	\$ 1
Other federal through state	0	51,406	51,406	0
Other direct federal revenue	118,120	536,030	361,299	(174,731)
Total federal government	<u>\$ 139,447</u>	<u>\$ 635,149</u>	<u>\$ 460,419</u>	<u>\$ (174,730)</u>
State of Tennessee:				
Basic education program	\$ 18,776,870	\$ 19,527,000	\$ 17,903,900	\$ (1,623,100)
Basic education Program-ARRA	0	0	1,599,100	1,599,100
School food service	24,654	25,177	25,177	0
Energy efficient school initiative	0	505,012	192,809	(312,203)
Driver education	8,000	8,000	9,579	1,579
Other state education funds	0	0	12,638	12,638
Coordinated school health-ARRA	125,000	125,000	125,000	0
Internet connectivity-ARRA	0	25,546	14,389	(11,157)
Career ladder program	224,648	224,648	201,177	(23,471)
Career ladder extended contract	164,793	164,793	99,900	(64,893)
Other state grants	947,020	1,002,608	954,096	(48,512)
State mixed drink tax	76,800	76,800	72,821	(3,979)
State income tax	46,091	26,251	30,729	4,478
Safe schools-ARRA	0	23,500	21,077	(2,423)
Total State of Tennessee	<u>\$ 20,393,876</u>	<u>\$ 21,734,335</u>	<u>\$ 21,262,392</u>	<u>\$ (471,943)</u>
Bradley County:				
Property taxes - current	\$ 5,011,440	\$ 5,111,440	\$ 5,289,198	\$ 177,758
Property taxes - prior	182,061	182,061	220,702	38,641
Cir clerk/clerk & master	66,000	66,000	133,103	67,103
Interest and penalty	31,369	31,369	34,399	3,030
In lieu of taxes - Local Utilities	1,370	1,370	1,816	446
In lieu of taxes - Other Utilities	0	23,595	34,646	11,051
Marriage license	2,825	2,825	2,499	(326)
Bank excise tax	37,201	37,201	17,926	(19,275)
Interstate telecommunications tax	4,426	4,426	2,037	(2,389)
Local sales tax	3,774,234	3,651,234	3,896,126	244,892
Total Bradley County	<u>\$ 9,110,926</u>	<u>\$ 9,111,521</u>	<u>\$ 9,632,452</u>	<u>\$ 520,931</u>
Total Intergovernmental	<u>\$ 29,644,249</u>	<u>\$ 31,481,005</u>	<u>\$ 31,355,264</u>	<u>\$ (125,741)</u>
Charges for services:				
Tuition	\$ 101,935	\$ 101,935	\$ 83,671	\$ (18,264)
Community service fees	275,539	275,539	142,114	(133,425)
Criminal background fee	4,800	4,800	336	(4,464)
Total charges for services	<u>\$ 382,274</u>	<u>\$ 382,274</u>	<u>\$ 226,121</u>	<u>\$ (156,153)</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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues - (Continued)				
Interest	\$ 2,000	\$ 3,500	\$ 5,295	\$ 1,795
Miscellaneous:				
E rate funding	\$ 0	\$ 62,022	\$ 85,249	\$ 23,227
Miscellaneous refunds	98,841	98,841	89,064	(9,777)
Sale of equipment	1,640	3,640	3,655	15
Damages recovered	1,800	1,800	446	(1,354)
Contributions	244,108	253,808	241,224	(12,584)
Other	30,000	30,000	13,664	(16,336)
Total miscellaneous	\$ 376,389	\$ 450,111	\$ 433,302	\$ (16,809)
Total revenues	\$ 30,404,912	\$ 32,316,890	\$ 32,019,982	\$ (296,908)
Expenditures:				
Current:				
Education:				
Regular instruction:				
Teachers	\$ 11,840,374	\$ 12,079,094	\$ 11,950,198	\$ 128,896
Career ladder program	129,000	129,000	118,293	10,707
Career ladder extended contract	141,211	141,211	57,500	83,711
Homebound teachers	44,540	48,240	51,151	(2,911)
Assistants	1,067,318	1,047,318	1,017,171	30,147
Other salaries and wages	191,784	228,584	202,757	25,827
Certified substitute teachers	120,000	120,000	183,355	(63,355)
In-service training	0	0	2,200	(2,200)
Non-certified substitute teachers	92,780	95,805	102,554	(6,749)
Social security	830,618	834,477	791,100	43,377
State retirement	1,278,174	1,283,777	1,255,652	28,125
Life insurance	15,607	15,607	26,309	(10,702)
Medical insurance	1,705,597	1,730,108	1,719,598	10,510
Unemployment compensation	18,000	18,000	8,898	9,102
Employer medicare liability	194,258	195,459	187,074	8,385
Other fringe benefits	109,000	112,000	113,130	(1,130)
Maintenance and repair	17,475	21,475	9,804	11,671
Other contracted services	318,340	407,408	399,607	7,801
Instructional supplies	247,005	327,735	242,595	85,140
Textbooks	305,000	551,046	552,165	(1,119)
Other supplies and materials	42,050	43,667	35,298	8,369
Other charges	10,325	10,686	20,930	(10,244)
Regular instruction equipment	172,629	201,054	176,905	24,149
Total regular instruction	\$ 18,891,085	\$ 19,641,751	\$ 19,224,244	\$ 417,507
Special education:				
Teachers	\$ 1,439,454	\$ 1,400,205	\$ 1,383,606	\$ 16,599
Career ladder program	19,000	19,000	17,000	2,000
Homebound teachers	1,000	1,000	604	396
Assistants	261,015	276,092	261,077	15,015
Speech pathologist	234,239	257,866	257,866	0

CITY OF CLEVELAND, TENNESSEE
SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Special education - (Continued):				
Certified substitute teachers	\$ 4,000	\$ 6,100	\$ 17,029	\$ (10,929)
In-service training	0	3,000	5,958	(2,958)
Non-certified substitute teachers	3,000	0	0	0
Social security	120,193	120,193	113,978	6,215
State retirement	196,843	196,843	190,869	5,974
Life insurance	1,956	1,956	2,204	(248)
Medical insurance	215,002	212,502	210,645	1,857
Employer medicare liability	28,110	28,110	26,738	1,372
Contracts with private agencies	22,102	22,102	0	22,102
Maintenance and other repair services	1,700	1,700	268	1,432
Other contracted services	0	0	41	(41)
Instructional supplies	23,027	23,027	14,983	8,044
Other supplies and materials	6,473	6,473	10,557	(4,084)
Special education equipment	4,100	4,100	7,795	(3,695)
Total special education	<u>\$ 2,581,214</u>	<u>\$ 2,580,269</u>	<u>\$ 2,521,218</u>	<u>\$ 59,051</u>
Vocational education:				
Teachers	\$ 841,782	\$ 820,728	\$ 822,800	\$ (2,072)
Certified substitute teachers	1,500	1,500	4,650	(3,150)
Non-certified substitute teachers	1,000	1,000	1,852	(852)
Social security	51,945	51,945	48,453	3,492
State retirement	76,181	76,181	74,509	1,672
Life insurance	639	639	1,260	(621)
Medical insurance	110,749	92,749	97,793	(5,044)
Employer medicare liability	12,148	12,148	11,350	798
Maintenance and repair services	8,500	8,500	2,374	6,126
Tuition	375	375	0	375
Other contracted services	4,500	4,500	159	4,341
Instructional supplies	35,200	35,200	54,493	(19,293)
Other supplies and materials	2,300	2,300	945	1,355
Other charges	0	0	59	(59)
Vocational instruction equipment	67,167	67,167	42,988	24,179
Total vocational education	<u>\$ 1,213,986</u>	<u>\$ 1,174,932</u>	<u>\$ 1,163,685</u>	<u>\$ 11,247</u>
Students:				
Attendance:				
Supervisor	\$ 38,392	\$ 38,392	\$ 39,817	\$ (1,425)
Other salaries & wages	36,341	37,689	37,389	300
Social security	4,633	4,633	4,727	(94)
State retirement	9,540	9,540	9,844	(304)
Life insurance	120	120	35	85
Medical insurance	2,448	2,448	2,517	(69)
Employer medicare liability	1,084	1,084	1,105	(21)
Other contracted services	9,000	9,000	9,000	0
Total attendance	<u>\$ 101,558</u>	<u>\$ 102,906</u>	<u>\$ 104,434</u>	<u>\$ (1,528)</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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Students - (Continued):				
Health services:				
Medical personnel	\$ 79,760	\$ 79,760	\$ 79,160	\$ 600
Other salaries and wages	89,571	89,571	89,571	0
Social security	10,499	10,499	9,786	713
State retirement	14,232	14,232	14,132	100
Life insurance	94	94	70	24
Medical insurance	18,404	19,207	19,207	0
Employer medicare liability	2,455	2,455	2,289	166
Travel	2,407	2,407	1,704	703
Other contracted services	515	515	0	515
Drugs and medical supplies	2,000	2,000	2,232	(232)
Other supplies and materials	6,956	7,156	7,126	30
Total health services	<u>\$ 226,893</u>	<u>\$ 227,896</u>	<u>\$ 225,277</u>	<u>\$ 2,619</u>
Other student support:				
Career ladder program	\$ 9,000	\$ 9,000	\$ 10,000	\$ (1,000)
Guidance personnel	608,049	619,035	619,435	(400)
Psychological personnel	86,659	89,509	89,509	0
Social workers	80,272	85,825	81,786	4,039
Attendants	76,795	76,795	109,597	(32,802)
Other salaries and wages	51,663	221,073	123,211	97,862
In-service training	0	0	400	(400)
Social security	56,274	67,024	61,386	5,638
State retirement	82,526	98,495	84,510	13,985
Life insurance	867	967	910	57
Medical insurance	86,213	90,059	89,076	983
Employer medicare liability	13,230	15,811	14,356	1,455
Communication	0	400	291	109
Evaluation and testing	35,425	35,425	37,543	(2,118)
Maintenance and repair services	300	300	23	277
Travel	0	27,608	14,906	12,702
Other contracted services	237,670	271,567	253,609	17,958
Other supplies and materials	25,315	73,408	75,916	(2,508)
Other charges	20,000	17,160	860	16,300
Other equipment	0	325	195	130
Total other student support	<u>\$ 1,470,258</u>	<u>\$ 1,799,786</u>	<u>\$ 1,667,519</u>	<u>\$ 132,267</u>
Total students	<u>\$ 1,798,709</u>	<u>\$ 2,130,588</u>	<u>\$ 1,997,230</u>	<u>\$ 133,358</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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Instructional staff:				
Regular instruction program :				
Supervisor	\$ 269,753	\$ 268,820	\$ 267,395	\$ 1,425
Career ladder program	20,500	20,500	19,300	1,200
Librarians	452,722	447,325	447,424	(99)
Materials supervisor	81,605	83,030	83,030	0
Secretaries	98,967	127,733	119,155	8,578
Other salaries and wages	141,200	141,200	139,134	2,066
In-service training	0	0	4,200	(4,200)
Social security	65,171	65,171	63,463	1,708
State retirement	114,708	114,708	108,470	6,238
Life insurance	1,183	1,183	350	833
Medical insurance	105,626	109,577	102,469	7,108
Employer medicare liability	15,242	15,242	15,142	100
Dues and subscriptions	4,000	4,000	1,321	2,679
Travel	36,040	36,315	41,878	(5,563)
Other contracted services	8,500	75,168	99,700	(24,532)
Instructional supplies	0	3,816	564	3,252
Library books	37,000	37,000	37,226	(226)
Other supplies and materials	21,750	22,148	21,206	942
In-service staff development	75,400	78,871	71,904	6,967
Other equipment	3,500	5,167	2,265	2,902
Total regular instruction program	<u>\$ 1,552,867</u>	<u>\$ 1,656,974</u>	<u>\$ 1,645,596</u>	<u>\$ 11,378</u>
Special education:				
Supervisor	\$ 81,605	\$ 83,030	\$ 83,030	\$ 0
Career ladder program	1,000	1,000	1,000	0
Social security	5,121	5,121	5,084	37
State retirement	7,476	7,605	7,605	0
Life insurance	29	29	70	(41)
Medical insurance	4,895	4,895	4,980	(85)
Employer medicare liability	1,187	1,187	1,188	(1)
Consultants	500	500	0	500
Travel	1,500	1,500	1,578	(78)
Total special education	<u>\$ 103,313</u>	<u>\$ 104,867</u>	<u>\$ 104,535</u>	<u>\$ 332</u>
Vocational education:				
Supervisor	\$ 76,723	\$ 78,148	\$ 78,148	\$ 0
Career ladder program	3,000	3,000	3,000	0
Secretaries	23,803	25,151	25,601	(450)
Social security	6,419	6,419	5,996	423
State retirement	11,188	11,188	11,617	(429)

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, 2011

(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	13,285	13,285	12,872	413
Employer medicare liability	1,501	1,501	1,402	99
Travel	2,500	2,500	8,243	(5,743)
Total vocational education	<u>\$ 138,491</u>	<u>\$ 141,264</u>	<u>\$ 147,019</u>	<u>\$ (5,755)</u>
Total instructional staff	<u>\$ 1,794,671</u>	<u>\$ 1,903,105</u>	<u>\$ 1,897,150</u>	<u>\$ 5,955</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	12,500	12,500	0
Dues and membership	11,753	11,753	4,650	7,103
Legal services	10,000	10,000	5,781	4,219
Travel	0	0	190	(190)
Liability insurance	35,001	34,916	34,916	0
Premiums on corporate surety bonds	8,486	8,464	8,464	0
Trustee's commission	92,000	109,753	114,613	(4,860)
Worker's compensation insurance	122,514	133,623	133,622	1
Criminal investigation	8,000	8,000	5,632	2,368
Refund for criminal investigation	2,000	2,000	240	1,760
Other charges	22,000	32,000	47,007	(15,007)
Total board of education	<u>\$ 380,933</u>	<u>\$ 420,588</u>	<u>\$ 425,188</u>	<u>\$ (4,600)</u>
Office of superintendent:				
Administrative officer	\$ 136,991	\$ 138,416	\$ 138,416	\$ 0
Assistants	85,605	87,030	87,030	0
Career ladder program	1,000	1,000	0	1,000
Secretaries	67,247	69,943	69,344	599
Other salaries and wages	8,064	8,064	8,580	(516)
Social security	18,346	18,346	16,059	2,287
State retirement	32,189	32,189	32,753	(564)
Life insurance	195	195	280	(85)
Medical insurance	19,490	24,525	24,525	0
Employer medicare liability	4,290	4,290	4,274	16
Other fringe benefits	5,480	5,480	4,050	1,430
Communication	80,000	80,000	119,057	(39,057)

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
General administration - (Continued):				
Office of the superintendent - (Continued):				
Dues and memberships	\$ 2,500	\$ 2,500	\$ 2,734	\$ (234)
Postal charges	6,500	6,500	6,449	51
Travel	4,300	4,300	2,774	1,526
Other contracted services	22,600	22,600	22,272	328
Office supplies	17,500	17,500	13,924	3,576
Other charges	17,900	17,900	13,578	4,322
Administrative equipment	5,000	5,000	10,349	(5,349)
Total office of superintendent	<u>\$ 535,197</u>	<u>\$ 545,778</u>	<u>\$ 576,448</u>	<u>\$ (30,670)</u>
Total general administration	<u>\$ 916,130</u>	<u>\$ 966,366</u>	<u>\$ 1,001,636</u>	<u>\$ (35,270)</u>
Office of the Principal:				
Principals	\$ 630,378	\$ 633,654	\$ 633,654	\$ 0
Career ladder program	10,000	10,000	10,000	0
Assistant principals	377,895	383,095	383,495	(400)
Secretaries	323,242	299,868	295,586	4,282
Clerical personnel	23,655	23,655	23,355	300
Social security	83,399	83,399	79,553	3,846
State retirement	150,051	150,051	139,092	10,959
Life insurance	1,386	1,386	1,960	(574)
Medical insurance	128,322	134,261	134,978	(717)
Employer medicare liability	19,505	19,505	18,605	900
Dues and memberships	4,055	4,055	4,804	(749)
Maintenance and repair services	5,925	5,925	215	5,710
Postal charges	6,345	6,345	4,439	1,906
Travel	5,100	5,100	982	4,118
Other contracted services	18,025	18,025	18,308	(283)
Office supplies	11,000	11,000	10,161	839
Other charges	250	250	182	68
Administrative equipment	9,325	9,325	14,110	(4,785)
Total office of the principal	<u>\$ 1,807,858</u>	<u>\$ 1,798,899</u>	<u>\$ 1,773,479</u>	<u>\$ 25,420</u>
Business administration:				
Bookkeepers	\$ 159,662	\$ 161,684	\$ 162,549	\$ (865)
Social security	9,899	9,899	8,760	1,139
State retirement	26,648	26,648	24,971	1,677
Life insurance	163	163	210	(47)
Medical insurance	13,354	16,628	16,628	0
Employer medicare liability	2,315	2,315	2,234	81
Data processing services	9,209	10,354	10,307	47
Travel	1,000	1,000	332	668
Total business administration	<u>\$ 222,250</u>	<u>\$ 228,691</u>	<u>\$ 225,991</u>	<u>\$ 2,700</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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Operation and maintenance of plant:				
Operation of plant:				
Custodial personnel	\$ 23,295	\$ 23,295	\$ 22,865	\$ 430
Other salaries and wages	76,785	76,785	63,813	12,972
Social security	6,205	6,205	4,811	1,394
State retirement	10,837	10,837	8,973	1,864
Life insurance	84	84	70	14
Medical insurance	20,387	20,387	15,070	5,317
Employer medicare liability	1,451	1,451	1,125	326
Janitorial services	716,967	731,319	734,679	(3,360)
Operating lease payments	0	26,475	0	26,475
Rentals	6,000	6,000	6,300	(300)
Other contracted services	216,870	216,870	279,016	(62,146)
Electricity	969,048	1,052,422	1,049,226	3,196
Natural gas	157,000	157,000	103,423	53,577
Water and sewer	149,593	149,593	134,678	14,915
Other supplies and materials	25,000	25,000	51,626	(26,626)
Boiler insurance	6,788	6,788	6,772	16
Building and contents insurance	123,673	123,673	124,596	(923)
Building improvements	0	497,354	578,602	(81,248)
Total operation of plant	<u>\$ 2,509,983</u>	<u>\$ 3,131,538</u>	<u>\$ 3,185,645</u>	<u>\$ (54,107)</u>
Maintenance of plant:				
Supervisor	\$ 56,189	\$ 58,189	\$ 58,188	\$ 1
Maintenance personnel	351,466	351,466	316,912	34,554
Other salaries and wages	35,000	35,000	0	35,000
Social security	27,142	27,142	21,314	5,828
State retirement	68,037	68,037	58,133	9,904
Life insurance	592	592	770	(178)
Medical insurance	72,477	74,992	74,992	0
Employer medicare liability	6,418	6,418	4,985	1,433
Maintenance and repair services - building	58,000	58,000	84,038	(26,038)
Maintenance and repair services - equipment	2,000	2,000	0	2,000
Other contracted services	86,000	86,000	132,248	(46,248)
Equipment and machinery parts	10,200	10,200	800	9,400
Other supplies and materials	200,000	200,000	130,222	69,778
Other charges	5,000	5,000	3,688	1,312
Maintenance equipment	2,500	22,758	22,333	425
Total maintenance of plant	<u>\$ 981,021</u>	<u>\$ 1,005,794</u>	<u>\$ 908,623</u>	<u>\$ (97,171)</u>
Total operation and maintenance	<u>\$ 3,491,004</u>	<u>\$ 4,137,332</u>	<u>\$ 4,094,268</u>	<u>\$ 43,064</u>
Transportation:				
Supervisor	\$ 31,240	\$ 31,240	\$ 30,957	\$ 283
Mechanics	60,885	47,385	47,507	(122)
Bus drivers	404,461	404,461	430,523	(26,062)
Social security	30,788	30,788	31,682	(894)

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Transportation - (Continued)				
State retirement	\$ 15,376	\$ 15,376	\$ 11,202	\$ 4,174
Life insurance	94	94	210	(116)
Medical insurance	22,485	4,985	4,956	29
Employer medicare	7,200	7,200	7,410	(210)
Contracts with parents	1,000	1,000	0	1,000
Medical and dental services	3,500	3,500	1,650	1,850
Travel	1,100	1,100	0	1,100
Other contracted services	5,000	22,500	23,127	(627)
Diesel fuel	133,788	133,788	150,287	(16,499)
Gasoline	20,000	20,000	23,596	(3,596)
Lubricants	2,000	2,000	0	2,000
Tires and tubes	9,962	9,962	18,906	(8,944)
Vehicle parts	65,940	79,440	69,184	10,256
Other supplies and materials	2,000	2,000	913	1,087
Vehicle and equipment insurance	38,033	38,033	38,091	(58)
Other charges	15,550	15,550	1,415	14,135
Total transportation	<u>\$ 870,402</u>	<u>\$ 870,402</u>	<u>\$ 891,616</u>	<u>\$ (21,214)</u>
Food service:				
Other salaries and wages	\$ 39,739	\$ 40,871	\$ 40,787	\$ 84
Social security	2,464	2,464	2,494	(30)
State retirement	6,633	6,633	6,807	(174)
Life insurance	47	47	70	(23)
Medical insurance	4,741	4,957	4,956	1
Employer medicare liability	576	576	584	(8)
Total food service	<u>\$ 54,200</u>	<u>\$ 55,548</u>	<u>\$ 55,698</u>	<u>\$ (150)</u>
Community services:				
Supervisor	\$ 48,199	\$ 48,199	\$ 49,624	\$ (1,425)
Other salaries and wages	162,229	162,229	137,014	25,215
Social security	13,046	13,046	11,232	1,814
State retirement	4,362	4,362	4,594	(232)
Life insurance	34	34	70	(36)
Medical insurance	8,613	8,613	9,279	(666)
Employer medicare liability	3,051	3,051	2,627	424
Advertising	1,075	1,075	0	1,075
Travel	3,150	3,150	3,608	(458)
Other contracted services	17,500	17,500	20,038	(2,538)
Food supplies	22,000	22,000	7,775	14,225
Other supplies and materials	4,700	4,700	5,804	(1,104)
Refunds	350	350	0	350

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Community services - (Continued):				
Other charges	\$ 1,231	\$ 1,231	\$ 505	\$ 726
Total community services	\$ 289,540	\$ 289,540	\$ 252,170	\$ 37,370
Early Childhood Education:				
Contracts with other public agencies	\$ 947,020	\$ 967,624	\$ 929,420	\$ 38,204
Total early childhood education	\$ 947,020	\$ 967,624	\$ 929,420	\$ 38,204
Total education	\$ 34,878,069	\$ 36,745,047	\$ 36,027,805	\$ 717,242
Debt Service				
Principal retirement	\$ 355,357	\$ 394,437	\$ 128,721	\$ 265,716
Interest and fiscal charges	175,486	181,406	15,003	166,403
Other debt service	130,200	130,200	0	130,200
Total debt service	\$ 661,043	\$ 706,043	\$ 143,724	\$ 562,319
Total expenditures	\$ 35,539,112	\$ 37,451,090	\$ 36,171,529	\$ 1,279,561
Excess (deficiency) of revenues over expenditures	\$ (5,134,200)	\$ (5,134,200)	\$ (4,151,547)	\$ 982,653
Other Financing Sources (Uses)				
Transfers in	\$ 5,134,200	\$ 5,134,200	\$ 5,120,282	\$ (13,918)
Transfers out	0	0	(611,491)	(611,491)
Capital leases	0	176,516	394,272	217,756
Total other financing sources(uses)	\$ 5,134,200	\$ 5,310,716	\$ 4,903,063	\$ (407,653)
Net change in fund balances	\$ 0	\$ 176,516	\$ 751,516	\$ 575,000
Fund balance at beginning of year	2,112,427	2,112,427	2,112,427	0
Fund balance at end of year	\$ 2,112,427	\$ 2,288,943	\$ 2,863,943	\$ 575,000

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Enterprise				Internal Service Fund
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Cleveland Municipal Airport Fund	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 9,101,677	\$ 5,416,681	\$ 276,547	\$ 14,794,905	\$ 88,104
Cash and cash equivalents - restricted	1,118,780	3,251,479	0	4,370,259	0
Accounts receivable - net	3,293,611	15,921,608	0	19,215,219	37,972
Due from other government agencies	0	0	1,372,349	1,372,349	0
Inventories	304,713	1,595,497	0	1,900,210	197,660
Prepays	447,635	426,870	104,273	978,778	0
Total current assets	\$ 14,266,416	\$ 26,612,135	\$ 1,753,169	\$ 42,631,720	\$ 323,736
Noncurrent assets:					
Receivable from customer for conservation loans	\$ 0	\$ 1,464,812	\$ 0	\$ 1,464,812	\$ 0
Debt issue cost, being amortized	442,155	130,005	0	572,160	0
Other assets	0	48,638	0	48,638	0
Capital assets:					
Land and construction in progress	3,817,241	2,735,496	23,929,085	30,481,822	108,291
Other capital assets, net of accumulated depreciation	98,935,027	60,759,082	263,146	159,957,255	1,059,608
Total noncurrent assets	\$ 103,194,423	\$ 65,138,033	\$ 24,192,231	\$ 192,524,687	\$ 1,167,899
Total assets	\$ 117,460,839	\$ 91,750,168	\$ 25,945,400	\$ 235,156,407	\$ 1,491,635
LIABILITIES AND FUND EQUITY					
Current liabilities:					
Accounts payable	\$ 1,527,495	\$ 10,918,877	\$ 1,626,382	\$ 14,072,754	\$ 27,275
Customer deposits	0	2,789,864	0	2,789,864	0
Due to other funds	0	0	2,480,000	2,480,000	0
Revenue bonds payable - current	2,928,418	930,000	0	3,858,418	0
Other current liabilities	1,966,420	1,179,315	0	3,145,735	0
Total current liabilities	\$ 6,422,333	\$ 15,818,056	\$ 4,106,382	\$ 26,346,771	\$ 27,275
Noncurrent liabilities:					
Post-employment benefits payable	\$ 1,778,992	\$ 1,397,779	\$ 0	\$ 3,176,771	\$ 0
Conservation advances from TVA	0	1,502,945	0	1,502,945	0
Notes payable	758,582	0	0	758,582	0
Revenue bonds payable (net of unamortized discount)	44,172,689	13,676,827	0	57,849,516	0
Total noncurrent liabilities	\$ 46,710,263	\$ 16,577,551	\$ 0	\$ 63,287,814	\$ 0
Total liabilities	\$ 53,132,596	\$ 32,395,607	\$ 4,106,382	\$ 89,634,585	\$ 27,275
NET ASSETS					
Invested in capital assets, net of related debt	\$ 56,011,359	\$ 52,139,230	\$ 24,192,231	\$ 132,342,820	\$ 1,167,899
Unrestricted	8,316,884	7,215,331	(2,353,213)	13,179,002	296,461
Total net assets	\$ 64,328,243	\$ 59,354,561	\$ 21,839,018	\$ 145,521,822	\$ 1,464,360

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, 2011

	Enterprise Funds				Internal Service Fund
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Cleveland Municipal Airport Fund	Total	
Operating Revenues:					
Charges for services	\$ 20,247,661	\$ 94,908,756	\$ 11,645	\$ 115,168,062	\$ 691,281
Other operating revenues	1,598,853	1,444,404	0	3,043,257	0
Total operating revenues	\$ 21,846,514	\$ 96,353,160	\$ 11,645	\$ 118,211,319	\$ 691,281
Operating Expenses:					
Power purchased	\$ 0	\$ 80,038,361	\$ 0	\$ 80,038,361	\$ 0
Operation expenses	11,720,818	6,287,676	41,077	18,049,571	680,424
Maintenance expense	2,775,790	2,717,721	0	5,493,511	0
Depreciation and amortization	4,814,938	3,212,601	21,540	8,049,079	29,143
Total operating expenses	\$ 19,311,546	\$ 92,256,359	\$ 62,617	\$ 111,630,522	\$ 709,567
Operating income (loss)	\$ 2,534,968	\$ 4,096,801	\$ (50,972)	\$ 6,580,797	\$ (18,286)
Non Operating Revenues (Expenses):					
Interest income	\$ 110,264	\$ 134,234	\$ 484	\$ 244,982	\$ 352
Interest expense	(1,942,720)	(409,658)	0	(2,352,378)	0
Other income (expense)	0	819	4,750	5,569	0
Total nonoperating revenues (expenses)	\$ (1,832,456)	\$ (274,605)	\$ 5,234	\$ (2,101,827)	\$ 352
Income before contributions and transfers	\$ 702,512	\$ 3,822,196	\$ (45,738)	\$ 4,478,970	\$ (17,934)
Capital contributions	804,385	2,191,306	8,597,352	11,593,043	0
Plant cost recovered through contributions	0	(2,191,306)	0	(2,191,306)	0
Transfers in	0	0	34,000	34,000	0
Transfers out	(199,470)	(1,627,253)	0	(1,826,723)	0
Change in net assets	\$ 1,307,427	\$ 2,194,943	\$ 8,585,614	\$ 12,087,984	\$ (17,934)
Total net assets - beginning	63,020,816	57,159,618	13,253,404	133,433,838	1,482,294
Total net assets - ending	\$ 64,328,243	\$ 59,354,561	\$ 21,839,018	\$ 145,521,822	\$ 1,464,360

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2011

	Enterprise Funds				Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Cleveland Municipal Airport Fund	Total	
Cash flows from operating activities:					
Receipts from customers	\$ 23,147,785	\$ 93,515,283	\$ 11,751	\$ 116,674,819	\$ 670,747
Payments to suppliers	(9,617,606)	(81,063,654)	(41,077)	(90,722,337)	(353,458)
Payments to employees for services	(4,398,646)	(6,685,477)	0	(11,084,123)	(337,204)
Net cash provided by (used in) operating activities	<u>\$ 9,131,533</u>	<u>\$ 5,766,152</u>	<u>\$ (29,326)</u>	<u>\$ 14,868,359</u>	<u>\$ (19,915)</u>
Cash flows from noncapital financing activities:					
Interfund loan borrowing	\$ 0	\$ 0	\$ 204,000	\$ 204,000	\$ 0
Transfers out	(199,470)	(1,627,253)	0	(1,826,723)	0
Net cash provided by (used in) financing activities	<u>\$ (199,470)</u>	<u>\$ (1,627,253)</u>	<u>\$ 204,000</u>	<u>\$ (1,622,723)</u>	<u>\$ 0</u>
Cash flows from capital and related financing activities:					
Additions to plants	\$ (4,439,955)	\$ (9,945,263)	\$ (8,708,380)	\$ (23,093,598)	\$ (1,128)
Proceeds received for contributions in aid of construction	804,385	2,191,306	8,685,674	11,681,365	0
Proceeds from sale of assets	0	(25,940)	4,750	(21,190)	0
Removal cost	0	(213,658)	0	(213,658)	0
Salvage	17,094	154,532	0	171,626	0
Transfers in	0	0	34,000	34,000	0
Proceeds from issuance of debt	2,435,006	6,500,000	0	8,935,006	0
Payment of principal on long-term debt	(2,605,000)	(610,000)	0	(3,215,000)	0
Payment of interest on long-term debt	(1,808,060)	(381,999)	0	(2,190,059)	0
Debt issue cost	(12,844)	(68,554)	0	(81,398)	0
Net cash provided by (used in) capital and related financing activities	<u>\$ (5,609,374)</u>	<u>\$ (2,399,576)</u>	<u>\$ 16,044</u>	<u>\$ (7,992,906)</u>	<u>\$ (1,128)</u>
Cash flows from investing activities:					
Interest received	\$ 110,264	\$ 135,053	\$ 484	\$ 245,801	\$ 352
Net cash provided by investing activities	<u>\$ 110,264</u>	<u>\$ 135,053</u>	<u>\$ 484</u>	<u>\$ 245,801</u>	<u>\$ 352</u>
Net increase (decrease) in cash and cash equivalents	\$ 3,432,953	\$ 1,874,376	\$ 191,202	\$ 5,498,531	\$ (20,691)
Cash and cash equivalents, beginning 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>
Cash and cash equivalents, end of year	<u><u>\$ 10,220,457</u></u>	<u><u>\$ 8,668,160</u></u>	<u><u>\$ 276,547</u></u>	<u><u>\$ 19,165,164</u></u>	<u><u>\$ 88,104</u></u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2011

(Continued)

	Enterprise Funds			Total	Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Cleveland Municipal Airport Fund		
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 2,534,968	\$ 4,096,801	\$ (50,972)	\$ 6,580,797	\$ (18,286)
Adjustments to reconcile net operating revenues to net cash provided by operating activities:					
Depreciation	4,950,758	3,370,550	21,540	8,342,848	29,143
Changes in operating assets and liabilities					
Accounts receivable	1,301,272	(2,556,443)	106	(1,255,065)	(20,534)
Allowance for doubtful accounts	0	19,306	0	19,306	0
Inventories	(71,419)	(47,855)	0	(119,274)	(13,088)
Receivable from customers for conservation loans	0	(335,535)	0	(335,535)	0
Prepays	(447,635)	(414,870)	0	(862,505)	0
Accounts payable	(105,213)	823,333	0	718,120	2,850
Customer deposits	0	54,101	0	54,101	0
Other current liabilities	968,802	398,932	0	1,367,734	0
Conservation loans	0	357,832	0	357,832	0
Net cash provided by operating activities	<u>\$ 9,131,533</u>	<u>\$ 5,766,152</u>	<u>\$ (29,326)</u>	<u>\$ 14,868,359</u>	<u>\$ (19,915)</u>

NOTES

CITY OF CLEVELAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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.

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.

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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water, wastewater and electric functions. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

C. Measurement focus, Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, gasoline taxes, wholesale beer taxes, income taxes, mixed drink taxes, 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 2011 rates for the Electric Division and Water Divisions were 3.2% 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 \$157,949 and \$135,820 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	\$ 8,049,079
Depreciation charged to clearing account	<u>293,769</u>
Depreciation and amortization per statement of cash flows	<u>\$ 8,342,848</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. Net Assets and Fund Equity

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

Invested in capital assets, net of related debt - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of June 30, 2011, outstanding bond proceeds totaled \$4,370,259.

Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets - All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

On the government-wide Statements of Net Assets, the restricted net assets consist of the following:

Permanent fund principal for animal shelter	\$ 459,936
Permanent principal for library	13,700
Law enforcement - federal grants	77,341
Law enforcement - drug fund	144,358
Community development - federal grants	29,787
Street maintenance - State funding	220,031
Education - federal grants	130,850
Capital outlay - federal grant	50,321
Capital outlay - donor restriction	259,460
Capital outlay - sales tax referendum	1,540,233
	<u>\$ 2,926,017</u>

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications consist of the following:

Nonspendable Fund Balance - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

L. Net Assets and Fund Equity - (Cont.)

Committed Fund Balance - includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances by the City Council, the City's highest level of decision-making authority.

Assigned Fund Balance - includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The City Council is the authorized body to make assignments.

Unassigned Fund Balance - the residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When an expenditure is incurred for purposes of which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

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 \$15,345,737, and increase budgeted expenditures by \$22,146,358. The increase in revenues is primarily from federal grants and tax revenue received by the City. The increase in budgeted expenditures is a result of the additional funding.

N. Subsequent Events

Management has evaluated events and transactions that occurred between June 30, 2011, and December 16, 2011, 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	\$ 344,745	\$ 344,745	\$ 0
State Treasurer's investment pool	43,990	43,990	0
Total investments	\$ 388,735	\$ 388,735	\$ 0

Interest rate risk - In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the amount invested in long-term investments and bidding the amount of interest earned on checking accounts with area banks. Presently, the City is one hundred percent of the federal funds rate on accounts. During fiscal year ended June 30, 2011, a total of \$296,239 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, 2011, 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.

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City places no limit on the amount that may be invested with one issuer.

Custodial credit risk - Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City does not have a formal policy that limits custodial credit risk for investments.

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	\$ 3,984,210	\$ 18,382,697	\$ 0	\$ 506,919	\$ (426,000)	\$ 22,447,826
School	6,952,537	666,935	0	0	(119,091)	7,500,381
Water	0	0	3,293,611	0	0	3,293,611
Electric	0	0	16,080,814	0	(159,206)	15,921,608
Airport	1,372,349	0	0	0	0	1,372,349
Nonmajor	2,430,527	0	37,972	194,671	0	2,663,170
Totals	\$ 14,739,623	\$ 19,049,632	\$ 19,412,397	\$ 701,590	\$ (704,297)	\$ 53,198,945

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

Note 3 - RECEIVABLES - (Cont.)

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

	Unavailable	Unearned	Total
Delinquent property taxes receivable (general fund)	\$ 1,830,509	\$ 0	\$ 1,830,509
Delinquent property taxes receivable (school fund)	160,894	0	160,894
County shared fire tax (general fund)	177,569	0	177,569
Income tax (general fund)	360,407	0	360,407
State beer tax (general fund)	4,867	0	4,867
TVA - In-lieu of tax (general fund)	105,468	0	105,468
Income tax (school fund)	15,214	0	15,214
2011 Property tax levy (general fund)	0	15,983,000	15,983,000
2011 County shared revenues (school fund)	0	5,581,128	5,581,128
Fees collected in advance (school food service)	0	15,567	15,567
Fees collected in advance (ARRA fund)	0	9,465	9,465
Fees collected in advance (general fund)	0	18,070	18,070
Total	\$ 2,654,928	\$ 21,607,230	\$ 24,262,158

Note 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,112,070	\$ 0	\$ 0	\$ 9,112,070
Construction in progress	2,505,463	6,944,381	(328,901)	9,120,943
Total capital assets not being depreciated	\$ 11,617,533	\$ 6,944,381	\$ (328,901)	\$ 18,233,013
Capital assets, being depreciated:				
Buildings	\$ 94,159,245	\$ 1,422,557	\$ 0	\$ 95,581,802
Improvements other than buildings	6,660,239	318,610	0	6,978,849
Infrastructure	48,630,079	2,506,069	0	51,136,148
Furniture, fixtures, equipment and vehicles	26,969,508	1,334,344	(895,914)	27,407,938
Total capital assets being depreciated	\$ 176,419,071	\$ 5,581,580	\$ (895,914)	\$ 181,104,737
Less accumulated depreciation for				
Buildings	(22,527,695)	(2,089,692)	0	(24,617,387)
Improvements other than buildings	(3,623,712)	(192,379)	0	(3,816,091)
Infrastructure	(14,685,014)	(1,122,220)	0	(15,807,234)
Furniture, fixtures, equipment and vehicles	(19,226,839)	(1,827,490)	859,897	(20,194,432)
Total accumulated depreciation	\$ (60,063,260)	\$ (5,231,781)	\$ 859,897	\$ (64,435,144)
Total capital assets being depreciated, net	\$ 116,355,811	\$ 349,799	\$ (36,017)	\$ 116,669,593
Governmental activities capital assets, net	\$ 127,973,344	\$ 7,294,180	\$ (364,918)	\$ 134,902,606

Note 4 - CAPITAL ASSETS - (Cont.)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land and land rights, easements	\$ 16,178,374	\$ 9,370,730	\$ 0	\$ 25,549,104
Construction work-in-progress	3,392,333	1,540,385	0	4,932,718
Total capital assets not being depreciated	<u>\$ 19,570,707</u>	<u>\$ 10,911,115</u>	<u>\$ 0</u>	<u>\$ 30,481,822</u>
Capital assets being depreciated:				
Plant in service	\$ 273,234,913	\$ 10,474,169	\$ (1,563,316)	\$ 282,145,766
Equipment	418,312	0	0	418,312
Total capital assets being depreciated	<u>\$ 273,653,225</u>	<u>\$ 10,474,169</u>	<u>\$ (1,563,316)</u>	<u>\$ 282,564,078</u>
Less accumulated depreciation for				
Plant in service	\$ (115,733,993)	\$ (8,204,479)	\$ 1,563,316	\$ (122,375,156)
Equipment	(214,376)	(17,291)	0	(231,667)
Total accumulated depreciation	<u>\$ (115,948,369)</u>	<u>\$ (8,221,770)</u>	<u>\$ 1,563,316</u>	<u>\$ (122,606,823)</u>
Total capital assets being depreciated, net	<u>\$ 157,704,856</u>	<u>\$ 2,252,399</u>	<u>\$ 0</u>	<u>\$ 159,957,255</u>
Business-type activities capital assets	<u>\$ 177,275,563</u>	<u>\$ 13,163,514</u>	<u>\$ 0</u>	<u>\$ 190,439,077</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 83,132
Community development	34,234
Public safety	837,140
Public works	1,297,705
Health and welfare	15,947
Culture and recreation	558,931
Education	2,375,549
Capital assets held by the government's internal service fund are charged to various functions based on usage	<u>29,143</u>
Total depreciation expense - governmental activities	<u>\$ 5,231,781</u>

Note 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2011, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental	\$ 275,500
General fund	Cleveland Municipal Airport	2,480,000
School fund	Nonmajor governmental	34,064
Nonmajor governmental	General fund	<u>41,834</u>
		<u>\$ 2,831,398</u>

Of the total interfund receivable/payable balances, \$351,398, is expected to be repaid within one year. The remaining portion will be repaid in fiscal year ended 2013 with the sale of the existing airport. 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	Cleveland Municipal Airport Fund	
General fund	\$ 0	\$ 5,120,000	\$ 5,941,943	\$ 34,000	\$ 11,095,943
School fund	0	0	611,491	0	611,491
Cleveland Utilities - Electric	1,627,253	0	0	0	1,627,253
Cleveland Utilities - Water	199,470	0	0	0	199,470
Nonmajor Governmental	0	282	1,012,638	0	1,012,920
	<u>\$ 1,826,723</u>	<u>\$ 5,120,282</u>	<u>\$ 7,566,072</u>	<u>\$ 34,000</u>	<u>\$ 14,547,077</u>

Note 6 - LONG-TERM DEBT

Capital Leases

The City has entered into a lease agreement as lessee for financing improvements to the school system to upgrade the lighting systems in its facilities. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future lease payments as of the inception date. Future payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Requirements
2012	\$ 37,581	\$ 15,370	\$ 52,951
2013	39,176	13,774	52,950
2014	40,839	12,112	52,951
2015	42,572	10,379	52,951
2016	44,379	8,572	52,951
2017-2021	170,691	14,635	185,326
	<u>\$ 375,238</u>	<u>\$ 74,842</u>	<u>\$ 450,080</u>

General Obligation Bonds

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

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 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%	\$ 5,580,000
Governmental activities - refunding	2.00-5.00%	35,370,000
		<u>\$ 40,950,000</u>

General Obligation Bonds - (Cont.)

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

Fiscal Year Ending June 30,			Total
	Principal	Interest	Requirements
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	1,865,000	1,370,806	3,235,806
2017-2021	10,870,000	5,784,244	16,654,244
2022-2026	11,975,000	3,493,107	15,468,107
2027-2031	8,435,000	1,289,032	9,724,032
2032-2036	455,000	83,344	538,344
2037-2041	100,000	4,375	104,375
	<u>\$ 40,950,000</u>	<u>\$ 18,063,857</u>	<u>\$ 59,013,857</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:

Purpose	Interest Rates	Amount
Cleveland Utilities - Water Division	1.00-5.75%	\$ 48,060,000
Cleveland Utilities - Electric Division	1.00-5.75%	14,640,000

Debt service requirements to maturity for revenue bonds of Cleveland Utilities for the fiscal year ended June 30, 2011, are as follows:

Fiscal Year Ending June 30,			Total
	Principal	Interest	Requirements
2012	\$ 3,825,000	\$ 2,178,624	\$ 6,003,624
2013	3,820,000	2,074,992	5,894,992
2014	3,900,000	1,969,189	5,869,189
2015	3,945,000	1,861,276	5,806,276
2016	3,965,000	1,754,342	5,719,342
2017-2021	18,690,000	6,894,291	25,584,291
2022-2026	14,755,000	3,647,226	18,402,226
2027-2031	7,220,000	1,253,787	8,473,787
2032-2036	2,105,000	387,188	2,492,188
2037-2041	475,000	20,781	495,781
	<u>\$ 62,700,000</u>	<u>\$ 22,041,696</u>	<u>\$ 84,741,696</u>

Notes Payable

Principal requirements to maturity for notes payable accounted for in the governmental activities for the fiscal year ended June 30, 2011, are as follows:

Fiscal Year Ending June 30,	Principal		Interest		Total
					Requirements
2012	\$	558,484	\$	1,228,136	\$ 1,786,620
2013		589,938		1,215,129	1,805,067
2014		979,822		1,200,968	2,180,790
2015		934,337		1,169,774	2,104,111
2016		939,906		1,137,734	2,077,640
2017-2021		4,788,886		5,186,670	9,975,556
2022-2026		7,059,440		4,118,720	11,178,160
2027-2031		11,547,472		1,689,442	13,236,914
	\$	27,398,285	\$	16,946,573	\$ 44,344,858

Principal requirements to maturity for notes payable accounted for in the business-type activities for the fiscal year ended June 30, 2011, are as follows:

Fiscal Year Ending June 30,	Principal		Interest		Total
					Requirements
2012	\$	33,418	\$	16,594	\$ 50,012
2013		34,129		15,882	50,011
2014		34,856		15,155	50,011
2015		35,599		14,412	50,011
2016		36,358		13,654	50,012
2017-2021		193,744		56,312	250,056
2022-2026		215,281		34,774	250,055
2027-2031		208,615		10,916	219,531
	\$	792,000	\$	177,699	\$ 969,699

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 42,805,000	\$ 0	\$ (1,855,000)	\$ 40,950,000	\$ 1,855,000
Notes payable	27,494,716	313,024	(409,455)	27,398,285	558,484
Capital leases	0	393,451	(18,213)	375,238	37,581
Compensated absences	1,632,889	1,403,562	(1,349,871)	1,686,580	134,926
Postemployment benefits	5,581,361	2,802,242	(763,155)	7,620,448	0
Less bond discount/premium	261,880	0	(24,748)	237,132	0
Less deferred charges	(481,983)	0	32,835	(449,148)	0
Total	\$ 77,293,863	\$ 4,912,279	\$ (4,387,607)	\$ 77,818,535	\$ 2,585,991
Business-type activities:					
Revenue bonds	\$ 57,165,000	\$ 8,750,000	\$ (3,215,000)	\$ 62,700,000	\$ 3,825,000
State revolving loan fund	606,994	198,723	(13,717)	792,000	33,418
Conservation advances	1,386,366	639,442	(281,611)	1,744,197	241,252
Postemployment benefits	2,384,539	1,214,538	(422,306)	3,176,771	0
Less bond discount/premiums	210,919	(43,750)	(12,477)	154,692	0
Less deferred charges	(1,311,137)	0	130,961	(1,180,176)	0
Total	\$ 60,442,681	\$ 10,758,953	\$ (3,814,150)	\$ 67,387,484	\$ 4,099,670

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 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 total cost of the projects were approximately \$1,374,057. 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 ending January 2031.

On December 15, 2010, Cleveland Utilities Board issued \$6,500,000, in electric bonds and \$2,250,000, in water bonds for the purpose of making improvements to both divisions. The bonds were issued under the Build America Bond Program. After the interest rebate, the bonds will carry an average fixed interest rate of 3.047 percent over a term of twenty years.

Interest Rate Swap - Notes Payable

The City is a party to an interest rate swap agreement which is considered a derivative instrument. All derivatives 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, 2011 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. The primary function of the swaps is for the City to pay a fixed rate, and receive 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-

Interest Rate Swap - Notes Payable - (Cont.)

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, 2011.

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	(\$2,637,016)	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	(\$1,846,021)	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, 2025 (Series IV-C-3) and June 1, 2030 (Series A-2-A). As of June 30, 2011, 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	(1.233)	(1.233)
Net interest rate swap payment	3.192 %	3.197 %
Variable-rate note payments	0.100	0.100
Synthetic interest rate on notes	<u>3.292 %</u>	<u>3.297 %</u>

As of June 30, 2011, the swaps had a negative fair value of \$1,846,021, (IV-C-3) and \$2,637,016, (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

Interest Rate Swap - Notes Payable - (Cont.)

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.

As of June 30, 2011, 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
2012	\$ 110,000	\$ 10,000	\$ 319,200	\$ 439,200
2013	120,000	9,890	315,689	445,579
2014	505,000	9,770	311,858	826,628
2015	530,000	9,265	295,739	835,004
2016	575,000	8,735	278,821	862,556
2017-2021	3,015,000	34,975	1,116,401	4,166,376
2022-2026	5,145,000	16,225	517,902	5,679,127
	<u>\$ 10,000,000</u>	<u>\$ 98,860</u>	<u>\$ 3,155,610</u>	<u>\$ 13,254,470</u>

Fiscal Year Ending June 30,	Series A-2-A		Net	
	Principal	Interest	Interest Rate Swap Payment	Total
2012	\$ 0	\$ 11,175	\$ 357,265	\$ 368,440
2013	0	11,175	357,265	368,440
2014	0	11,175	357,265	368,440
2015	0	11,175	357,265	368,440
2016	0	11,175	357,265	368,440
2017-2021	0	55,875	1,786,325	1,842,200
2022-2026	0	55,875	1,786,325	1,842,200
2027-2031	11,175,000	33,070	1,057,248	12,265,318
	<u>\$ 11,175,000</u>	<u>\$ 200,695</u>	<u>\$ 6,416,223</u>	<u>\$ 17,791,918</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 board consists of ten ex-officio members including: the County Mayor, the City of Cleveland Mayor, the City of Charleston Police Chief, the County Sheriff, the Cleveland Police Chief, the Cleveland Fire Chief, the Director of Emergency Medical Services, the Director of the Emergency Management Agency, Cleveland City Manager and Bradley County Fire Chief, along with three persons appointed by the County Mayor with the approval of the County Commission and the City of Cleveland Council. The City has constructed a building and purchased equipment for the 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 \$77,161,048, are as follows:

Bonds payable	\$ 40,950,000
Notes payable	27,398,285
Capital leases	375,238
Compensated absences	1,686,580
Postemployment benefits	7,620,448
Interest payable	143,133
Premium on bonds payable	237,132
Bond issuance costs	(800,620)
Unamortized bond costs	<u>(449,148)</u>
Net adjustment	<u>\$ 77,161,048</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 \$6,993,292, difference are as follows:

Depreciation expense	\$ (5,202,638)
Capital outlay	<u>12,195,930</u>
Net adjustment	<u>\$ 6,993,292</u>

Note 9 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - (Cont.)

Another element of that reconciliation states that "Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets." The details of this \$2,282,667, difference are as follows:

Principal repayments:	
General Obligation Bonds	\$ 1,855,000
Notes Payable	409,455
Capital leases payable	<u>18,212</u>
Net adjustment	<u>\$ 2,282,667</u>

Note 10 - COMMITMENTS AND CONTINGENCIES

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

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

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

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

Note 11 - LITIGATION

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

Note 12 - TENNESSEE VALLEY AUTHORITY (TVA) CONSERVATION PROGRAMS

Cleveland Utilities - Electric Division is a fiscal intermediary for TVA conservation programs. Under these programs, the Division obtains advances from TVA to administer loans to qualified customers approved by TVA. The repayment of the customer loans is based on monthly amortization schedules ranging from three to ten years. The TVA advances are repaid monthly as payments are received on outstanding customer loans. Amounts billed monthly to customers but not yet received are included in Accounts Receivable - other. All other amounts are reported as long-term. TVA assumes all credit

Note 12 - TENNESSEE VALLEY AUTHORITY (TVA) CONSERVATION PROGRAMS - (Cont.)

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 - 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, 2011 was 17.78% 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, 2011, the City's annual pension cost of \$4,782,285 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2009 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 3.0 percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 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 ten-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, 2009 was 6 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
6/30/11	\$ 4,782,285	100%	\$0.00
6/30/10	4,751,248	100%	\$0.00
6/30/09	4,919,306	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 \$93.0 million, and the actuarial value of assets was \$65.9 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$27.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$27.5 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 annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.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, 2011 was 9.05 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, 2011, 2010, and 2009, were \$1,764,065, \$1,188,516, and \$1,180,974, 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, 2011, 2010, and 2009 were \$1,126,146, \$1,274,256, and \$972,426, 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, 2009, 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.

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 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)	\$ 1,742,381
Interest on net OPEB obligation	156,557
Adjustment to annual required contribution	<u>(172,657)</u>
Annual OPEB cost (expense)	\$ 1,726,281
Contributions made	<u>(386,632)</u>
Increase in net OPEB obligation	\$ 1,339,649
Net OPEB obligation - June 30, 2010	<u>3,913,923</u>
Net OPEB obligation - June 30, 2011	<u><u>\$ 5,253,572</u></u>

Note 18 - POSTEMPLOYMENT BENEFITS - (Cont.)

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
6/30/2009	\$ 1,674,857	14.42%	\$ 2,848,794
6/30/2010	1,413,196	24.62%	3,913,923
6/30/2011	1,726,281	22.40%	5,253,572

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>\$ 14,600,734</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 and no post retirement benefit increases. No explicit assumption has been made regarding the portion of the increase related to inflation. 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 unfunded actuarial accrued liability is being amortized on a closed basis over a period of 27.07 years as of June 30, 2010.

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:

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%

Years of Service At Retirement	Percentage of Premium Paid by Participant
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:

	Medical	Dental
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)	\$ 1,224,615
Interest on net OPEB obligation	95,382
Adjustment to annual required contribution	(105,459)
Annual OPEB cost (expense)	\$ 1,214,538
Contributions made	(422,305)
Increase in net OPEB obligation	\$ 792,233
Net OPEB obligation - June 30, 2008	2,384,539
Net OPEB obligation - June 30, 2009	<u>\$ 3,176,772</u>

The Utilities' 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
6/30/2009	\$ 1,116,542	27.25%	\$ 1,598,579
6/30/2010	1,154,947	31.95%	2,384,539
6/30/2011	1,214,538	34.77%	3,176,722

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	0
Unfunded actuarial accrued liability (UAAL)	<u>\$ 14,771,871</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 and no post retirement benefit increases. No explicit assumption has been made regarding the portion of the increase related to inflation. 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 unfunded actuarial accrued liability is being amortized on a closed basis over a period of 27.07 years as of June 30, 2010.

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)	\$ 1,072,000
Interest on net OPEB obligation	75,034
Adjustment to annual required contribution	(71,073)
Annual OPEB cost (expense)	<u>\$ 1,075,961</u>
Contributions made	<u>(376,523)</u>
Increase in net OPEB obligation	\$ 699,438
Net OPEB obligation - June 30, 2010	<u>1,667,438</u>
Net OPEB obligation - June 30, 2011	<u>\$ 2,366,876</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
6/30/2009	\$ 713,000	32.78%	\$ 937,480
6/30/2010	1,061,228	31.22%	1,667,438
6/30/2011	1,075,961	34.99%	2,366,876

Note 18 - POSTEMPLOYMENT BENEFITS - (Cont.)

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2010, was as follows:

Actuarial accrued liability (AAL)	\$ 8,807,000
Actuarial value of plan assets	0
Unfunded actuarial accrued liability (UAAL)	<u>\$ 8,807,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 24,969,962
UAAL as a percentage of covered payroll	35.3%

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, 2010, 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 10 percent for fiscal year 2011 with no post retirement benefit increases. No explicit assumption has been made regarding the portion of the increase related to inflation. The cost trend will decrease to 9.5 in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of 5 percent by fiscal year 2021. No salary increases have been assumed since benefits are not based on salary. 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 19 - ACCOUNTING CHANGE

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions became effective for the year ended June 30, 2011. GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. The City of Cleveland has implemented the provisions of this statement in the financial statements of this report for their governmental funds.

Note 20 - FEMA REIMBURSEMENT

On April 27, 2011, numerous tornadoes struck within and around the City of Cleveland. Damage to the Electric System was extensive and the cost to repair the system was approximately \$2,671,929. In addition, the City incurred cost for debris removal of approximately \$737,998. Included in the financial statements for the year ended June 30, 2011, is a receivable from the Federal Emergency Management Agency for \$2,118,287. This grant has been approved and reimbursement is expected in fiscal year 2012.

Note 21- SUBSEQUENT EVENTS

The City of Cleveland is in discussion with the Cleveland Utilities Board, Bradley County, and the local Industrial Development Board concerning the purchase of an undeveloped tract of land off of APD-40 within the city limits of Cleveland, Tennessee. If the transaction is completed, the land will become an industrial park when developed. Pending final approval from all parties, the City, Bradley County and Cleveland Utilities, with the approval of the Tennessee Valley Authority, have each agreed to fund 1/3 of the proposed \$6 million acquisition price. Cleveland Utilities will receive 25 acres of the park property for the future development of an electric operations center.

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)
07/01/10	\$0	\$8,807	\$8,807	0.00%	\$24,970	35.30%
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.

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 a 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.

THDA Neighborhood Stabilization Program Fund: This fund is used to account for funds for renovating houses owned by low income individuals.

Project Safe Neighborhood Fund: This fund is an initiative by the United States Department of Justice designed to reduce gun violence.

Targeted Crime Reduction Project Fund: This fund is used to account for a grant from the Office of Criminal Justice Programs. The grant provides funding for two police officers and programs with various partners to reduce crime in sectors 1 and 2 in the City.

Debt Service

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

Capital Projects

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

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.

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.

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.

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.

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.

2010 Local Government Energy Loan: This fund accounts for proceeds from the State of Tennessee to upgrade lighting systems in the schools.

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.

Tennessee Housing Development Agency Home Grant Fund: This fund is used to account for a grant for housing rehabilitation in the community.

Permanent Fund

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

CITY OF CLEVELAND, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2011

	Special Revenue					
	State Street Aid Fund	Solid Waste Management Fund	School Federal Projects Fund	School Food Services Fund	Library Fund	Drug Enforcement Fund
ASSETS						
Cash and cash equivalents	\$ 61,546	\$ 532,670	\$ 113,252	\$ 342,227	\$ 194,156	\$ 143,495
Cash and cash equivalents - restricted	0	0	0	0	0	0
Investments	0	0	0	0	344,745	0
Accounts receivable	0	194,671	0	0	0	0
Due from other government agencies	184,740	0	218,699	14,791	0	1,613
Due from other funds	0	0	41,834	0	0	0
Total Assets	\$ 246,286	\$ 727,341	\$ 373,785	\$ 357,018	\$ 538,901	\$ 145,108
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accrued liabilities	\$ 26,247	\$ 32,425	\$ 304,115	\$ 0	\$ 0	\$ 0
Accounts payable	8	12	0	40,661	5,746	750
Due to other funds	0	0	0	0	0	0
Matured interest payable	0	0	0	0	0	0
Matured bonds payable	0	0	0	0	0	0
Deferred revenue	0	0	0	15,567	0	0
Total Liabilities	\$ 26,255	\$ 32,437	\$ 304,115	\$ 56,228	\$ 5,746	\$ 750
Fund Balances:						
Nonspendable:						
Permanent fund principal	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,700	\$ 0
Restricted for:						
Law enforcement	0	0	0	0	0	144,358
Community development - federal grants	0	0	0	0	0	0
Street improvements	220,031	0	0	0	0	0
Capital outlay	0	0	0	0	258,410	0
Education	0	0	69,670	0	0	0
Committed to:						
Solid Waste	0	694,904	0	0	0	0
Stormwater	0	0	0	0	0	0
Law enforcement	0	0	0	0	0	0
Assigned to:						
Education	0	0	0	300,790	0	0
Library	0	0	0	0	261,045	0
Debt service	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0
Total Fund Balances	\$ 220,031	\$ 694,904	\$ 69,670	\$ 300,790	\$ 533,155	\$ 144,358
Total Liabilities and Fund Balances	\$ 246,286	\$ 727,341	\$ 373,785	\$ 357,018	\$ 538,901	\$ 145,108

Special Revenue

Storm Water Management Fund	Metropolitan Transportation Planning Organization Fund	Community Development Block Grant Fund	Department of Justice Asset Forfeiture Fund	2009 Justice Assistance Grant ARRA	COPS Hiring Recovery Grant Fund	2009 Byrne Memorial Justice Assistance Grant	2010 Byrne Memorial Justice Assistance Grant
\$ 124,323	\$ 293	\$ 23,056	\$ 1,311	\$ 57,913	\$ 7,307	\$ 19,185	\$ 243
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	92,935	13,939	0	0	10,915	0	0
0	0	0	0	0	0	0	0
<u>\$ 124,323</u>	<u>\$ 93,228</u>	<u>\$ 36,995</u>	<u>\$ 1,311</u>	<u>\$ 57,913</u>	<u>\$ 18,222</u>	<u>\$ 19,185</u>	<u>\$ 243</u>

\$ 6,583	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,222	\$ 0	\$ 0
1,016	907	7,235	0	0	0	0	0
0	42,000	0	0	0	10,000	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>\$ 7,599</u>	<u>\$ 42,907</u>	<u>\$ 7,235</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,222</u>	<u>\$ 0</u>	<u>\$ 0</u>

\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	57,913	0	19,185	243
0	0	29,760	0	0	0	0	0
0	0	0	0	0	0	0	0
0	50,321	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
116,724	0	0	0	0	0	0	0
0	0	0	1,311	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>\$ 116,724</u>	<u>\$ 50,321</u>	<u>\$ 29,760</u>	<u>\$ 1,311</u>	<u>\$ 57,913</u>	<u>\$ 0</u>	<u>\$ 19,185</u>	<u>\$ 243</u>
<u>\$ 124,323</u>	<u>\$ 93,228</u>	<u>\$ 36,995</u>	<u>\$ 1,311</u>	<u>\$ 57,913</u>	<u>\$ 18,222</u>	<u>\$ 19,185</u>	<u>\$ 243</u>

CITY OF CLEVELAND, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 June 30, 2011

	Special Revenue			Debt Service	Capital Projects	
	THDA		Targeted			
	Neighborhood	Project	Crime	Debt	Capital	
	Stabilization	Safe	Reduction	Service	Improvement	Greenway
Program	Neighborhood	Project	Service	Program	Greenway	
Fund	Fund	Fund	Fund	Fund	Fund	
ASSETS						
Cash and cash equivalents	\$ 27	\$ 87	\$ 3,583	\$ 2,545,643	\$ 3,188	\$ 126,090
Cash and cash equivalents - restricted	0	0	0	0	0	0
Investments	0	0	0	0	43,990	0
Accounts receivable	0	0	0	0	0	0
Due from other government agencies	18,626	2,413	56,750	0	1,172,121	0
Due from other funds	0	0	0	0	0	0
Total Assets	\$ 18,653	\$ 2,500	\$ 60,333	\$ 2,545,643	\$ 1,219,299	\$ 126,090
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accrued liabilities	\$ 0	\$ 0	\$ 4,467	\$ 0	\$ 0	\$ 0
Accounts payable	18,626	0	8,866	0	23,684	0
Due to other funds	0	2,500	47,000	0	69,000	0
Matured interest payable	0	0	0	1,097	0	0
Matured bonds payable	0	0	0	1,000	0	0
Deferred revenue	0	0	0	0	0	0
Total Liabilities	\$ 18,626	\$ 2,500	\$ 60,333	\$ 2,097	\$ 92,684	\$ 0
Fund Balances:						
Nonspendable:						
Permanent fund principal	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for:						
Law enforcement	0	0	0	0	0	0
Community development - federal grants	27	0	0	0	0	0
Street improvements	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0
Education	0	0	0	0	0	0
Committed to:						
Solid Waste	0	0	0	0	0	0
Stormwater	0	0	0	0	0	0
Asset Forfeiture	0	0	0	0	0	0
Assigned to:						
Education	0	0	0	0	0	0
Library	0	0	0	0	0	0
Debt service	0	0	0	2,543,546	0	0
Capital outlay	0	0	0	0	1,126,615	126,090
Total Fund Balances	\$ 27	\$ 0	\$ 0	\$ 2,543,546	\$ 1,126,615	\$ 126,090
Total Liabilities and Fund Balances	\$ 18,653	\$ 2,500	\$ 60,333	\$ 2,545,643	\$ 1,219,299	\$ 126,090

Fletcher Park Trust Fund	Sales Tax Capital Projects Fund	Capital Projects			Tennessee Housing Development Agency Home Grant Fund	Permanent Fund	Total Nonmajor Governmental Funds
		2009 Bradley County Build America Bonds	ARRA Grants Fund			Meiler Estate Animal Shelter Trust Fund	
\$ 5,403	\$ 1,088,268	\$ 357,503	\$ 40,211	\$ 0	\$ 552	\$ 5,791,532	
0	0	0	0	0	459,936	459,936	
0	0	0	0	0	0	388,735	
0	0	0	0	0	0	194,671	
0	451,965	75,897	74,355	40,768	0	2,430,527	
0	0	0	0	0	0	41,834	
<u>\$ 5,403</u>	<u>\$ 1,540,233</u>	<u>\$ 433,400</u>	<u>\$ 114,566</u>	<u>\$ 40,768</u>	<u>\$ 460,488</u>	<u>\$ 9,307,235</u>	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 382,059	
0	0	399,336	101	40,768	0	547,716	
0	0	34,064	105,000	0	0	309,564	
0	0	0	0	0	0	1,097	
0	0	0	0	0	0	1,000	
0	0	0	9,465	0	0	25,032	
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 433,400</u>	<u>\$ 114,566</u>	<u>\$ 40,768</u>	<u>\$ 0</u>	<u>\$ 1,266,468</u>	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 459,936	\$ 473,636	
0	0	0	0	0	0	221,699	
0	0	0	0	0	0	29,787	
0	0	0	0	0	0	220,031	
1,050	1,540,233	0	0	0	0	1,850,014	
0	0	0	0	0	0	69,670	
0	0	0	0	0	0	694,904	
0	0	0	0	0	0	116,724	
0	0	0	0	0	0	1,311	
0	0	0	0	0	0	300,790	
0	0	0	0	0	0	261,045	
0	0	0	0	0	0	2,543,546	
4,353	0	0	0	0	552	1,257,610	
<u>\$ 5,403</u>	<u>\$ 1,540,233</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 460,488</u>	<u>\$ 8,040,767</u>	
<u>\$ 5,403</u>	<u>\$ 1,540,233</u>	<u>\$ 433,400</u>	<u>\$ 114,566</u>	<u>\$ 40,768</u>	<u>\$ 460,488</u>	<u>\$ 9,307,235</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, 2011

	Special Revenue						
	State Street Aid Fund	Solid Waste Management Fund	School Federal Projects Fund	School Food Services Fund	Library Fund	Drug Enforcement Fund	Storm Water Management Fund
Revenues:							
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and permits	0	0	0	0	0	0	43,500
Intergovernmental	1,024,995	0	5,324,869	1,692,372	580,182	0	0
Fines and forfeitures	0	0	0	0	0	32,908	42,900
Charges for services	0	2,349,689	0	787,533	75,625	0	0
Interest	137	1,298	298	113	3,034	492	238
Miscellaneous	0	2,074	0	0	42,493	0	0
Total revenues	\$ 1,025,132	\$ 2,353,061	\$ 5,325,167	\$ 2,480,018	\$ 701,334	\$ 33,400	\$ 86,638
Expenditures:							
Current:							
General government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Community development	0	0	0	0	0	0	0
Public safety	0	0	0	0	0	178,073	0
Public works	601,290	3,289,415	0	0	0	0	209,487
Culture and recreation	0	0	0	0	1,252,074	0	0
Education	0	0	5,305,916	2,394,440	0	0	0
Capital Outlay	0	0	0	0	18,415	0	0
Debt Service	0	0	0	0	0	0	0
Total expenditures	\$ 601,290	\$ 3,289,415	\$ 5,305,916	\$ 2,394,440	\$ 1,270,489	\$ 178,073	\$ 209,487
Excess (deficiency) of revenues over expenditures	\$ 423,842	\$ (936,354)	\$ 19,251	\$ 85,578	\$ (569,155)	\$ (144,673)	\$ (122,849)
Other financing sources (uses):							
Transfers in	\$ 0	\$ 1,226,800	\$ 0	\$ 0	\$ 564,443	\$ 0	\$ 199,000
Transfers out	(405,000)	0	(282)	0	0	0	(18,900)
Notes issued	0	0	0	0	0	0	0
Total other financing sources sources (uses)	\$ (405,000)	\$ 1,226,800	\$ (282)	\$ 0	\$ 564,443	\$ 0	\$ 180,100
Net change in fund balances	\$ 18,842	\$ 290,446	\$ 18,969	\$ 85,578	\$ (4,712)	\$ (144,673)	\$ 57,251
Fund balances at beginning of year	201,189	404,458	50,701	215,212	537,867	289,031	59,473
Fund balances at end of year	\$ 220,031	\$ 694,904	\$ 69,670	\$ 300,790	\$ 533,155	\$ 144,358	\$ 116,724

Special Revenue

Metropolitan Transportation Planning Organization Fund	Community Development Block Grant Fund	Department of Justice Asset Forfeiture Fund	Red Light Camera Fund	2009 Justice Assistance Grant ARRA	COPS Hiring Recovery Grant Fund	2009 Byrne Memorial Justice Assistance Grants	2010 Byrne Memorial Justice Assistance Grants
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0	0
197,032	571,778	0	0	0	185,003	0	42,081
0	0	9,164	294	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>\$ 197,032</u>	<u>\$ 571,778</u>	<u>\$ 9,164</u>	<u>\$ 294</u>	<u>\$ 0</u>	<u>\$ 185,003</u>	<u>\$ 0</u>	<u>\$ 42,081</u>
\$ 230,584	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	180,468	0	0	0	0	0	0
0	0	9,996	12,575	87,866	185,003	14,530	41,838
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	388,251	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>\$ 230,584</u>	<u>\$ 568,719</u>	<u>\$ 9,996</u>	<u>\$ 12,575</u>	<u>\$ 87,866</u>	<u>\$ 185,003</u>	<u>\$ 14,530</u>	<u>\$ 41,838</u>
<u>\$ (33,552)</u>	<u>\$ 3,059</u>	<u>\$ (832)</u>	<u>\$ (12,281)</u>	<u>\$ (87,866)</u>	<u>\$ 0</u>	<u>\$ (14,530)</u>	<u>\$ 243</u>
\$ 32,300	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>\$ 32,300</u>	<u>\$ 10,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ (1,252)	\$ 13,059	\$ (832)	\$ (12,281)	\$ (87,866)	\$ 0	\$ (14,530)	\$ 243
51,573	16,701	2,143	12,281	145,779	0	33,715	0
<u>\$ 50,321</u>	<u>\$ 29,760</u>	<u>\$ 1,311</u>	<u>\$ 0</u>	<u>\$ 57,913</u>	<u>\$ 0</u>	<u>\$ 19,185</u>	<u>\$ 243</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, 2011

	Special Revenue			Debt Service	Capital Projects		
	THDA Neighborhood Stabilization Program Fund	Project Safe Neighborhood Fund	Targeted Crime Reduction Project Fund	Debt Service Fund	Capital Improvement Program Fund	2007 General Improvement Bond Fund	Greenway Fund
Revenues:							
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and permits	0	0	0	0	0	0	0
Intergovernmental	224,287	8,309	166,401	72,484	690,502	0	105,716
Fines and forfeitures	0	0	0	0	0	0	0
Charges for services	0	0	0	0	0	0	0
Interest	0	0	0	5,909	222	0	152
Miscellaneous	0	0	0	81,300	131,099	0	10,819
Total revenues	\$ 224,287	\$ 8,309	\$ 166,401	\$ 159,693	\$ 821,823	\$ 0	\$ 116,687
Expenditures:							
Current:							
General government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Community development	0	0	0	0	0	0	0
Public safety	0	8,309	166,401	0	0	0	0
Public works	0	0	0	0	0	0	0
Culture and recreation	0	0	0	0	0	0	0
Education	0	0	0	0	0	0	0
Capital Outlay	224,260	0	0	0	1,899,178	0	132,748
Debt Service	0	0	0	4,582,182	0	0	0
Total expenditures	\$ 224,260	\$ 8,309	\$ 166,401	\$ 4,582,182	\$ 1,899,178	\$ 0	\$ 132,748
Excess (deficiency) of revenues over expenditures	\$ 27	\$ 0	\$ 0	\$ (4,422,489)	\$ (1,077,355)	\$ 0	\$ (16,061)
Other financing sources (uses):							
Transfers in	\$ 0	\$ 0	\$ 0	\$ 3,719,791	\$ 1,226,000	\$ 587,738	\$ 0
Transfers out	0	0	0	0	0	0	0
Notes issued	0	0	0	0	0	0	0
Total other financing sources (uses)	\$ 0	\$ 0	\$ 0	\$ 3,719,791	\$ 1,226,000	\$ 587,738	\$ 0
Net change in fund balances	\$ 27	\$ 0	\$ 0	\$ (702,698)	\$ 148,645	\$ 587,738	\$ (16,061)
Fund balances at beginning of year	0	0	0	3,246,244	977,970	(587,738)	142,151
Fund balances at end of year	\$ 27	\$ 0	\$ 0	\$ 2,543,546	\$ 1,126,615	\$ 0	\$ 126,090

Fletcher Park Trust Fund	Sales Tax Capital Projects Fund	Capital Projects				ARRA Grants Fund	Tennessee Housing Development Agency Home Grant Fund	Permanent Fund	Total Nonmajor Governmental Funds
		2009 QSCB Fund	2009 Bradley County Build America Bonds	2010 Local Government Energy Loan	Meiler Estate Animal Shelter Trust Fund				
\$ 0	\$ 2,533,563	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,533,563	
0	0	0	0	0	0	0	0	43,500	
0	0	0	3,553,955	0	1,233,223	50,551	0	15,723,740	
0	0	0	0	0	0	0	0	85,266	
0	0	0	0	0	0	0	0	3,212,847	
5	6,201	2,772	234	0	0	0	1,031	22,136	
1,250	0	0	0	0	0	0	196	269,231	
<u>\$ 1,255</u>	<u>\$ 2,539,764</u>	<u>\$ 2,772</u>	<u>\$ 3,554,189</u>	<u>\$ 0</u>	<u>\$ 1,233,223</u>	<u>\$ 50,551</u>	<u>\$ 1,227</u>	<u>\$ 21,890,283</u>	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 230,584	
0	0	0	0	0	0	0	0	180,468	
0	0	0	0	0	0	0	0	704,591	
0	0	0	0	0	0	0	0	4,100,192	
0	0	0	0	0	0	0	0	1,252,074	
0	0	0	0	0	0	0	0	7,700,356	
3,391	1,229,746	2,501,526	3,798,827	312,203	1,233,223	50,551	0	11,792,319	
0	304,783	0	0	0	0	0	0	4,886,965	
<u>\$ 3,391</u>	<u>\$ 1,534,529</u>	<u>\$ 2,501,526</u>	<u>\$ 3,798,827</u>	<u>\$ 312,203</u>	<u>\$ 1,233,223</u>	<u>\$ 50,551</u>	<u>\$ 0</u>	<u>\$ 30,847,549</u>	
<u>\$ (2,136)</u>	<u>\$ 1,005,235</u>	<u>\$ (2,498,754)</u>	<u>\$ (244,638)</u>	<u>\$ (312,203)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,227</u>	<u>\$ (8,957,266)</u>	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,566,072	
0	(587,738)	0	0	0	0	0	(1,000)	(1,012,920)	
0	0	0	0	312,203	0	0	0	312,203	
<u>\$ 0</u>	<u>\$ (587,738)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 312,203</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,000)</u>	<u>\$ 6,865,355</u>	
\$ (2,136)	\$ 417,497	\$ (2,498,754)	\$ (244,638)	\$ 0	\$ 0	\$ 0	\$ 227	\$ (2,091,911)	
7,539	1,122,736	2,498,754	244,638	0	0	0	460,261	10,132,678	
<u>\$ 5,403</u>	<u>\$ 1,540,233</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 460,488</u>	<u>\$ 8,040,767</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, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State gas tax	\$ 1,000,000	\$ 1,000,000	\$ 1,024,995	\$ 24,995
Interest	0	0	137	137
Total revenues	\$ 1,000,000	\$ 1,000,000	\$ 1,025,132	\$ 25,132
Expenditures:				
Current:				
Public works:				
Salaries	\$ 387,200	\$ 387,200	\$ 388,935	\$ (1,735)
Overtime wages	6,000	6,000	9,355	(3,355)
Service awards	0	100	100	0
Longevity	7,100	7,100	7,100	0
Sold vacations	3,200	3,200	3,221	(21)
Christmas bonus	1,200	1,200	1,191	9
Dental insurance	4,600	4,700	4,731	(31)
Social security tax	31,100	30,900	29,251	1,649
Health insurance	72,000	70,600	68,054	2,546
Retirement	67,900	68,900	68,079	821
Life and disability insurance	5,100	4,900	4,821	79
Worker's compensation insurance	24,800	24,800	13,327	11,473
Worker's compensation claims	500	1,100	2,000	(900)
Pre-employment testing	0	0	45	(45)
Safety shoes	1,100	1,100	1,080	20
Total expenditures	\$ 611,800	\$ 611,800	\$ 601,290	\$ 10,510
Excess of revenues over expenditures	\$ 388,200	\$ 388,200	\$ 423,842	\$ 35,642
Other financing sources (uses):				
Transfers out	\$ (405,000)	\$ (405,000)	\$ (405,000)	\$ 0
Total other financing sources (uses)	\$ (405,000)	\$ (405,000)	\$ (405,000)	\$ 0
Net change in fund balances	\$ (16,800)	\$ (16,800)	\$ 18,842	\$ 35,642
Fund balance at beginning of year	201,189	201,189	201,189	0
Fund balance at end of year	\$ 184,389	\$ 184,389	\$ 220,031	\$ 35,642

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, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Charges for services:				
Commercial garbage	\$ 900,000	\$ 980,000	\$ 968,211	\$ (11,789)
Residential garbage	1,376,000	1,376,000	1,381,478	5,478
Interest	500	500	1,298	798
Miscellaneous	0	0	2,074	2,074
Total revenues	\$ 2,276,500	\$ 2,356,500	\$ 2,353,061	\$ (3,439)
Expenditures:				
Current:				
Public works:				
Salaries	\$ 471,700	\$ 474,000	\$ 475,350	\$ (1,350)
Overtime wages	7,000	12,000	14,119	(2,119)
Service awards	500	600	650	(50)
Supplement pay	700	700	628	72
Longevity	9,100	9,100	9,100	0
Sold vacation	3,200	3,200	2,503	697
Christmas bonus	1,400	1,400	1,408	(8)
Dental insurance	4,900	4,900	4,679	221
Social security taxes	38,000	38,000	35,943	2,057
Health insurance	86,200	83,100	78,986	4,114
Retirement	82,700	82,700	83,701	(1,001)
Life insurance	6,200	6,200	5,793	407
Worker's compensation claims	500	3,500	4,189	(689)
Safety shoes	1,200	1,200	1,180	20
Postage	300	300	153	147
Printing	200	200	0	200
Subscriptions and memberships	100	100	69	31
Advertising	100	100	0	100
Training and travel	800	800	87	713
Landfill	276,000	276,000	209,028	66,972
Residential account	1,086,000	1,086,000	1,073,290	12,710
Commercial account	993,000	993,000	981,604	11,396
Commercial recycling	63,000	63,000	60,362	2,638
Office expenditures	1,800	1,800	1,575	225
Operating supplies	1,500	1,500	1,531	(31)
Safety supplies	800	800	648	152
Janitorial supplies	600	600	236	364
Uniforms	4,000	4,000	3,715	285
Gasoline and oil	52,000	65,000	63,118	1,882
Repairs and parts	110,000	130,000	127,344	2,656
Insurance - property	800	800	1,009	(209)
Insurance - vehicle	1,900	1,900	3,443	(1,543)
Insurance - general liability	7,800	7,800	7,748	52
Insurance - workers compensation	27,900	27,900	16,091	11,809
Computer maintenance and support	1,000	9,000	0	9,000

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Public works - (Continued):				
Miscellaneous	\$ 500	\$ 500	\$ 135	\$ 365
Bradley County recycling	20,000	20,000	20,000	0
Office furniture and equipment	800	800	0	800
Total expenditures	<u>\$ 3,364,200</u>	<u>\$ 3,412,500</u>	<u>\$ 3,289,415</u>	<u>\$ 123,085</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,087,700)</u>	<u>\$ (1,056,000)</u>	<u>\$ (936,354)</u>	<u>\$ 119,646</u>
Other financing sources:				
Transfers in	<u>\$ 1,226,800</u>	<u>\$ 1,226,800</u>	<u>\$ 1,226,800</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 1,226,800</u>	<u>\$ 1,226,800</u>	<u>\$ 1,226,800</u>	<u>\$ 0</u>
Net change in fund balances	\$ 139,100	\$ 170,800	\$ 290,446	\$ 119,646
Fund balance at beginning of year	<u>404,458</u>	<u>404,458</u>	<u>404,458</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 543,558</u></u>	<u><u>\$ 575,258</u></u>	<u><u>\$ 694,904</u></u>	<u><u>\$ 119,646</u></u>

CITY OF CLEVELAND, TENNESSEE
SCHOOL FEDERAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government	\$ 5,309,827	\$ 5,311,891	\$ 5,324,869	\$ 12,978
Interest	0	0	298	298
Total revenues	<u>\$ 5,309,827</u>	<u>\$ 5,311,891</u>	<u>\$ 5,325,167</u>	<u>\$ 13,276</u>
Expenditures:				
Current:				
Education:				
Regular instruction	\$ 1,731,507	\$ 2,036,290	\$ 2,226,749	\$ (190,459)
Special education	1,404,323	1,413,382	1,269,534	143,848
Vocational education	90,260	90,260	116,443	(26,183)
Support services	2,197,308	1,887,802	1,693,190	194,612
Total expenditures	<u>\$ 5,423,398</u>	<u>\$ 5,427,734</u>	<u>\$ 5,305,916</u>	<u>\$ 121,818</u>
Excess of revenues over expenditures	<u>\$ (113,571)</u>	<u>\$ (115,843)</u>	<u>\$ 19,251</u>	<u>\$ 135,094</u>
Other financing sources (uses):				
Transfers out	<u>\$ (15,459)</u>	<u>\$ (15,459)</u>	<u>\$ (282)</u>	<u>\$ 15,177</u>
Total other financing sources (uses)	<u>\$ (15,459)</u>	<u>\$ (15,459)</u>	<u>\$ (282)</u>	<u>\$ 15,177</u>
Net change in fund balances	\$ (129,030)	\$ (131,302)	\$ 18,969	\$ 150,271
Fund balance at beginning of year	<u>50,701</u>	<u>50,701</u>	<u>50,701</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ (78,329)</u></u>	<u><u>\$ (80,601)</u></u>	<u><u>\$ 69,670</u></u>	<u><u>\$ 150,271</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, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
USDA reimbursements	\$ 1,375,000	\$ 1,665,000	\$ 1,692,372	\$ 27,372
Charges for services	915,000	800,000	787,533	(12,467)
Interest	2,000	2,000	113	(1,887)
Total revenues	<u>\$ 2,292,000</u>	<u>\$ 2,467,000</u>	<u>\$ 2,480,018</u>	<u>\$ 13,018</u>
Expenditures:				
Current:				
Education:				
Clerical personnel	\$ 56,000	\$ 56,000	\$ 51,836	\$ 4,164
Cafeteria personnel	700,000	720,000	743,051	(23,051)
In-service training	2,000	2,000	3,275	(1,275)
Social security	45,000	45,000	45,385	(385)
State retirement	116,000	120,000	106,970	13,030
Life insurance	2,500	3,000	4,056	(1,056)
Medical insurance	215,000	230,000	231,156	(1,156)
Unemployment compensation	1,000	1,000	0	1,000
Employer medicare liability	12,000	12,000	10,614	1,386
Other fringe benefits	17,000	17,000	14,915	2,085
Communication	500	500	1,115	(615)
Dues and membership	600	600	391	209
Legal services	0	0	3,851	(3,851)
Maintenance and repair services	15,000	15,000	11,917	3,083
Transportation	3,000	3,000	1,309	1,691
Travel	3,000	3,000	4,565	(1,565)
Other contracted services	10,000	14,000	24,796	(10,796)
Food supplies	900,000	986,000	1,001,905	(15,905)
Office supplies	8,000	8,500	7,844	656
Utilities	4,000	2,000	1,226	774
Uniforms	1,000	4,000	4,006	(6)
In-service staff development	1,000	1,000	369	631
Other supplies and materials	159,000	184,000	119,264	64,736
Applicant investigation	400	400	624	(224)
Food service equipment	20,000	39,000	0	39,000
Total expenditures	<u>\$ 2,292,000</u>	<u>\$ 2,467,000</u>	<u>\$ 2,394,440</u>	<u>\$ 72,560</u>
Excess of revenues over expenditures	\$ 0	\$ 0	\$ 85,578	\$ 85,578
Fund balance at beginning of year	<u>215,212</u>	<u>215,212</u>	<u>215,212</u>	<u>0</u>
Fund balance at end of year	<u>\$ 215,212</u>	<u>\$ 215,212</u>	<u>\$ 300,790</u>	<u>\$ 85,578</u>

CITY OF CLEVELAND, TENNESSEE
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Library archive grant	\$ 0	\$ 1,400	\$ 679	\$ (721)
Technology grant	0	15,000	15,060	60
Bradley County	564,500	564,500	564,443	(57)
Charges for services	77,000	77,000	75,625	(1,375)
Interest	2,000	2,000	3,034	1,034
Miscellaneous:				
Gifts	70,000	53,400	42,241	(11,159)
Rent	0	200	0	(200)
E-Rate Money	1,000	1,000	252	(748)
Total revenues	\$ 714,500	\$ 714,500	\$ 701,334	\$ (13,166)
Expenditures:				
Current:				
Culture and recreation:				
Salaries	\$ 684,700	\$ 687,000	\$ 681,288	\$ 5,712
Employee benefits	204,100	209,000	208,675	325
Supplies	63,900	63,900	64,235	(335)
Books	137,900	132,700	128,205	4,495
Utilities	77,600	77,600	71,656	5,944
Equipment repair/replacement	15,300	15,300	15,521	(221)
Building maintenance	5,000	5,000	9,459	(4,459)
Insurance	19,000	19,000	16,429	2,571
Gift and memorial expenditures	70,000	30,000	41,616	(11,616)
Grant expenditures	0	16,000	14,990	1,010
Capital Outlay:				
Building landscaping	0	2,000	0	2,000
Technology equipment	0	20,000	16,566	3,434
Furniture	1,500	1,500	1,849	(349)
Total expenditures	\$ 1,279,000	\$ 1,279,000	\$ 1,270,489	\$ 8,511
Excess (deficiency) of revenues over expenditures	\$ (564,500)	\$ (564,500)	\$ (569,155)	\$ (4,655)
Other financing sources:				
Transfers in	\$ 564,500	\$ 564,500	\$ 564,443	\$ (57)
Total other financing sources	\$ 564,500	\$ 564,500	\$ 564,443	\$ (57)
Net change in fund balances	\$ 0	\$ 0	\$ (4,712)	\$ (4,712)
Fund balance at beginning of year	537,867	537,867	537,867	0
Fund balance at end of year	\$ 537,867	\$ 537,867	\$ 533,155	\$ (4,712)

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, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Fines and forfeitures	\$ 40,000	\$ 40,000	\$ 32,908	\$ (7,092)
Interest	1,000	1,000	492	(508)
Total revenues	<u>\$ 41,000</u>	<u>\$ 41,000</u>	<u>\$ 33,400</u>	<u>\$ (7,600)</u>
Expenditures:				
Current:				
Public safety:				
Seized vehicles	\$ 5,000	\$ 5,000	\$ 1,655	\$ 3,345
Subscriptions and memberships	0	900	900	0
Investigative funds	41,000	41,000	30,000	11,000
Telephone	5,500	3,000	2,476	524
Auto track	1,200	1,300	1,259	41
Vehicle maintenance	14,000	14,000	16,804	(2,804)
Travel and training	3,500	3,500	7,242	(3,742)
Equipment maintenance	4,000	4,000	2,050	1,950
Meth lab cleanup	0	1,300	3,322	(2,022)
Batteries	600	600	234	366
Audio/video tapes	500	500	0	500
Detective supplies	1,000	1,000	85	915
Office supplies	1,500	1,500	155	1,345
OSHA safety supplies	500	500	0	500
Uniforms	1,400	1,400	1,312	88
Drug education	2,500	2,500	2,500	0
Gasoline	11,000	6,000	5,787	213
Canine supplies	3,000	1,000	282	718
Miscellaneous	500	500	0	500
Firing Range	0	52,000	50,284	1,716
Vehicles	0	51,200	51,124	76
Equipment	10,000	7,800	602	7,198
Canine purchase	0	10,000	0	10,000
Total expenditures	<u>\$ 106,700</u>	<u>\$ 210,500</u>	<u>\$ 178,073</u>	<u>\$ 32,427</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (65,700)</u>	<u>\$ (169,500)</u>	<u>\$ (144,673)</u>	<u>\$ 24,827</u>
Fund balance at beginning of year	<u>289,031</u>	<u>289,031</u>	<u>289,031</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 223,331</u></u>	<u><u>\$ 119,531</u></u>	<u><u>\$ 144,358</u></u>	<u><u>\$ 24,827</u></u>

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, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Licenses and permits	\$ 0	\$ 43,500	\$ 43,500	\$ 0
Fines and forfeitures	0	42,900	42,900	0
Interest	200	200	238	38
Total revenues	\$ 200	\$ 86,600	\$ 86,638	\$ 38
Expenditures:				
Current:				
Public works:				
Salaries	\$ 98,400	\$ 98,400	\$ 98,800	\$ (400)
Overtime	100	300	1,020	(720)
Longevity	500	500	500	0
Sold vacations	1,900	1,900	1,891	9
Christmas bonus	300	300	217	83
Dental insurance	1,000	1,000	978	22
Social security tax	7,900	7,600	6,922	678
Health insurance	17,500	15,400	14,829	571
Retirement	17,200	17,200	17,017	183
Life and disability insurance	1,300	1,300	1,247	53
Education reimbursement	1,500	1,500	0	1,500
Postage	200	200	137	63
Printing	200	200	74	126
Public education programs	4,500	4,500	6,231	(1,731)
Subscriptions and memberships	700	1,200	1,126	74
Advertising	200	200	0	200
Telephone	2,900	3,300	3,150	150
Travel and training	4,500	4,500	4,533	(33)
Work session	1,700	1,700	1,986	(286)
NPDES permit fee	3,500	3,500	3,460	40
Office supplies	1,300	1,300	717	583
Operating supplies	3,200	2,700	204	2,496
Benthic sampling/labwork	7,000	7,000	0	7,000
Clothing	1,000	1,000	842	158
Gasoline	3,200	3,200	2,549	651
Repairs and parts	2,000	2,000	1,985	15
Insurance - vehicles	500	500	370	130
Insurance - general liability	500	500	616	(116)
Insurance - worker's compensation	300	300	267	33
Miscellaneous	500	500	135	365
Maintenance - drainage projects	45,000	45,000	14,308	30,692
Trash receptacles	5,000	5,000	4,936	64
Computer software	300	300	0	300
Office furniture and equipment	13,000	14,800	15,193	(393)
Trail development	0	42,900	3,247	39,653
Total expenditures	\$ 248,800	\$ 291,700	\$ 209,487	\$ 82,213

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over expenditures	\$ (248,600)	\$ (205,100)	\$ (122,849)	\$ 82,251
Other financing sources:				
Transfers in	\$ 199,000	\$ 199,000	\$ 199,000	\$ 0
Transfers out	(18,900)	(18,900)	(18,900)	0
Total other financing sources	<u>\$ 180,100</u>	<u>\$ 180,100</u>	<u>\$ 180,100</u>	<u>\$ 0</u>
Net change in fund balance	\$ (68,500)	\$ (25,000)	\$ 57,251	\$ 82,251
Fund balance at beginning of year	<u>59,473</u>	<u>59,473</u>	<u>59,473</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ (9,027)</u></u>	<u><u>\$ 34,473</u></u>	<u><u>\$ 116,724</u></u>	<u><u>\$ 82,251</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, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 295,100	\$ 340,000	\$ 197,032	\$ (142,968)
Total revenues	<u>\$ 295,100</u>	<u>\$ 340,000</u>	<u>\$ 197,032</u>	<u>\$ (142,968)</u>
Expenditures:				
Current:				
General government:				
MPO Plan #44				
Salaries	\$ 0	\$ 15,377	\$ 9,437	\$ 5,940
Benefits	0	7,840	3,533	4,307
Printing and publications	0	2,497	492	2,005
Telephone	0	1,410	165	1,245
Travel and meeting	0	2,856	528	2,328
Supplies	0	2,789	1,566	1,223
Capital purchase	0	6,505	0	6,505
MPO Plan #55				
Salaries	50,000	50,000	21,272	28,728
Consultant services	277,900	277,900	179,156	98,744
Benefits	16,500	16,500	7,819	8,681
Postage and shipping	1,000	1,000	54	946
Printing and publications	4,500	4,500	1,700	2,800
Telephone	1,700	1,700	659	1,041
Travel and meeting	6,000	6,000	998	5,002
Supplies	3,800	3,800	2,821	979
Other non-personnel costs	0	0	384	(384)
Capital purchase	7,500	7,500	0	7,500
Total expenditures	<u>\$ 368,900</u>	<u>\$ 408,174</u>	<u>\$ 230,584</u>	<u>\$ 177,590</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (73,800)</u>	<u>\$ (68,174)</u>	<u>\$ (33,552)</u>	<u>\$ 34,622</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>\$ (41,500)</u>	<u>\$ (35,874)</u>	<u>\$ (1,252)</u>	<u>\$ 34,622</u>
Fund balance at beginning of year	<u>51,573</u>	<u>51,573</u>	<u>51,573</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 10,073</u></u>	<u><u>\$ 15,699</u></u>	<u><u>\$ 50,321</u></u>	<u><u>\$ 34,622</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, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Community Development Block Grant-2009	\$ 0	\$ 210,227	\$ 203,841	\$ (6,386)
Community Development Block Grant-2010	335,800	363,692	310,307	(53,385)
THDA Emergency Shelter Grant	67,600	68,065	57,630	(10,435)
Emergency Shelter Matching grant	67,600	68,065	0	(68,065)
Total revenues	\$ 471,000	\$ 710,049	\$ 571,778	\$ (138,271)
Expenditures:				
Current:				
Community development:				
Administration:				
Salaries	\$ 47,400	\$ 47,400	\$ 47,103	\$ 297
Longevity	500	500	0	500
Christmas bonus	100	100	100	0
Dental insurance	500	500	489	11
Social security tax	3,600	3,600	3,158	442
Health insurance	8,800	8,800	8,382	418
Retirement	8,000	8,000	7,756	244
Life insurance and disability	300	300	628	(328)
Printing	400	400	290	110
Advertising	800	800	331	469
Telephone	1,200	1,200	702	498
Travel and training	1,400	1,400	745	655
Office supplies	1,000	1,000	544	456
Gasoline	1,000	1,000	465	535
Miscellaneous	1,800	8,230	46	8,184
Codes Enforcement:				
Salaries	35,300	35,300	35,868	(568)
Christmas bonus	100	100	100	0
Dental insurance	300	300	273	27
Social security tax	2,700	2,700	2,662	38
Health insurance	4,800	4,800	4,742	58
Retirement	5,900	5,900	6,004	(104)
Life insurance	200	200	442	(242)
Laundry and dry cleaning	0	600	179	421
Printing	400	400	0	400
Advertising	100	100	0	100
Telephone	1,200	1,200	1,495	(295)
Legal services	250	250	0	250
Vehicle maintenance	1,500	1,500	0	1,500
Travel and training	500	500	110	390
Office supplies	300	300	158	142
Clothing allowance	350	350	0	350
Gasoline	1,200	1,200	2,105	(905)

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Community development - (Continued):				
Codes Enforcement - (Continued):				
Insurance - vehicles	\$ 300	\$ 300	\$ 160	\$ 140
Miscellaneous	0	618	0	618
Equipment	0	1,000	900	100
Emergency shelter :				
Shelter operations	132,000	132,000	54,531	77,469
Administrative costs	3,200	3,200	0	3,200
Capital outlay:				
Northeast Center Improvement	38,600	210,001	189,251	20,750
Acquisition for recreation	0	35,000	0	35,000
Century Village Phase II	175,000	175,000	175,000	0
Housing downpayment assistance	0	24,000	24,000	0
Total Expenditures	<u>\$ 481,000</u>	<u>\$ 720,049</u>	<u>\$ 568,719</u>	<u>\$ 151,330</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	<u>\$ 3,059</u>	<u>\$ 13,059</u>
Other financing sources:				
Transfers in	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 0</u>
Net change in fund balance	\$ 0	\$ 0	\$ 13,059	\$ 13,059
Fund balance at beginning of year	<u>16,701</u>	<u>16,701</u>	<u>16,701</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 16,701</u></u>	<u><u>\$ 16,701</u></u>	<u><u>\$ 29,760</u></u>	<u><u>\$ 13,059</u></u>

CITY OF CLEVELAND, TENNESSEE
DEPARTMENT OF JUSTICE ASSET FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 0	\$ 9,164	\$ 9,164	\$ 0
Total revenues	<u>\$ 0</u>	<u>\$ 9,164</u>	<u>\$ 9,164</u>	<u>\$ 0</u>
Expenditures:				
Current:				
Public safety:				
Equipment	\$ 0	\$ 11,307	\$ 9,996	\$ 1,311
Total expenditures	<u>\$ 0</u>	<u>\$ 11,307</u>	<u>\$ 9,996</u>	<u>\$ 1,311</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (2,143)	\$ (832)	\$ 1,311
Fund balance at beginning of year	<u>0</u>	<u>2,143</u>	<u>2,143</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,311</u></u>	<u><u>\$ 1,311</u></u>

CITY OF CLEVELAND, TENNESSEE
RED LIGHT CAMERA FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures:				
Ticket revenue	\$ 0	\$ 294	\$ 294	\$ 0
Total revenues	\$ 0	\$ 294	\$ 294	\$ 0
Expenditures:				
Current:				
Public safety:				
Peerless Road extention	\$ 0	\$ 12,575	\$ 12,575	\$ 0
Total expenditures	\$ 0	\$ 12,575	\$ 12,575	\$ 0
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (12,281)	\$ (12,281)	\$ 0
Fund balance at beginning of year	0	12,281	12,281	0
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Public safety:				
Metal storage facility	\$ 0	\$ 10,000	\$ 0	\$ 10,000
Firing range backstops	0	78,533	78,533	0
Taser cameras	0	9,885	9,333	552
Swat vest	0	47,361	0	47,361
Total expenditures	<u>\$ 0</u>	<u>\$ 145,779</u>	<u>\$ 87,866</u>	<u>\$ 57,913</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (145,779)	\$ (87,866)	\$ 57,913
Fund balance at beginning of year	<u>0</u>	<u>145,779</u>	<u>145,779</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 57,913</u></u>	<u><u>\$ 57,913</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, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government	\$ 217,000	\$ 217,000	\$ 185,003	\$ (31,997)
Total Revenues	\$ 217,000	\$ 217,000	\$ 185,003	\$ (31,997)
Expenditures:				
Current:				
Public safety:				
Salaries	\$ 132,000	\$ 132,000	\$ 127,660	\$ 4,340
Sold vacation	0	0	632	(632)
Christmas bonus	400	400	433	(33)
Dental insurance	2,000	2,000	1,054	946
Social security tax	10,300	10,300	10,044	256
Health insurance	26,200	26,200	18,347	7,853
Retirement	35,000	35,000	21,517	13,483
Life & Disability insurance	1,100	1,100	1,139	(39)
Worker's compensation	10,000	10,000	4,177	5,823
Total expenditures	\$ 217,000	\$ 217,000	\$ 185,003	\$ 31,997
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF CLEVELAND, TENNESSEE
 2009 BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Public safety:				
Special Events - Cycles	\$ 0	\$ 33,715	\$ 14,530	\$ 19,185
Total expenditures	\$ 0	\$ 33,715	\$ 14,530	\$ 19,185
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (33,715)	\$ (14,530)	\$ 19,185
Fund balance at beginning of year	0	33,715	33,715	0
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 19,185</u>	<u>\$ 19,185</u>

CITY OF CLEVELAND, TENNESSEE
 2010 BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 0	\$ 42,081	\$ 42,081	\$ 0
Total revenues	\$ 0	\$ 42,081	\$ 42,081	\$ 0
Expenditures:				
Current:				
Public safety:				
Video Enhancement System	\$ 0	\$ 23,000	\$ 23,000	\$ 0
Surveillance System	0	7,050	7,050	0
Digital Audio System/Recorders	0	12,031	11,788	243
Total expenditures	\$ 0	\$ 42,081	\$ 41,838	\$ 243
Excess of revenues over expenditures	\$ 0	\$ 0	\$ 243	\$ 243
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$ 0	\$ 0	\$ 243	\$ 243

CITY OF CLEVELAND, TENNESSEE
 THDA NEIGHBORHOOD STABILIZATION PROGRAM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
THDA Stabilization grant	\$ 0	\$ 423,970	\$ 224,287	\$ (199,683)
Total Revenues	<u>\$ 0</u>	<u>\$ 423,970</u>	<u>\$ 224,287</u>	<u>\$ (199,683)</u>
Expenditures:				
Capital outlay:				
Housing rehabilitation	\$ 0	\$ 402,771	\$ 224,260	\$ 178,511
Administrative fees	<u>0</u>	<u>21,199</u>	<u>0</u>	<u>21,199</u>
Total expenditures	<u>\$ 0</u>	<u>\$ 423,970</u>	<u>\$ 224,260</u>	<u>\$ 199,710</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 27	\$ 27
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>\$ 27</u></u>	<u><u>\$ 27</u></u>

CITY OF CLEVELAND, TENNESSEE
 PROJECT SAFE NEIGHBORHOOD FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 0	\$ 10,000	\$ 8,309	\$ (1,691)
Total revenues	\$ 0	\$ 10,000	\$ 8,309	\$ (1,691)
Expenditures:				
Current:				
Public safety:				
Overtime wages	\$ 0	\$ 8,700	\$ 7,220	\$ 1,480
Social security taxes	0	800	552	248
Workers compensation	0	500	537	(37)
Total expenditures	\$ 0	\$ 10,000	\$ 8,309	\$ 1,691
Excess of revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$ 0	\$ 0	\$ 0	\$ 0

CITY OF CLEVELAND, TENNESSEE
 TARGETED CRIME REDUCTION PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Federal grant	\$ 0	\$ 220,641	\$ 166,401	\$ (54,240)
Total revenues	<u>\$ 0</u>	<u>\$ 220,641</u>	<u>\$ 166,401</u>	<u>\$ (54,240)</u>
Expenditures:				
Current:				
Public safety:				
Salaries	\$ 0	\$ 33,778	\$ 33,341	\$ 437
Dental insurance	0	600	408	192
Social security taxes	0	2,600	2,301	299
Health insurance	0	9,314	5,599	3,715
Retirement	0	6,800	6,464	336
Life and disability insurance	0	200	316	(116)
Employee physicals	0	0	290	(290)
Pre-employment testing	0	1,250	0	1,250
Postage	0	300	0	300
Printing	0	2,300	1,372	928
Travel and training	0	5,000	1,721	3,279
Uniforms	0	1,400	0	1,400
Positive action - Boys & Girls Club	0	49,000	49,000	0
RPT Program - Juvenile Court	0	16,364	12,171	4,193
GRAAB Director	0	15,750	10,802	4,948
GRAAB Assistant	0	5,250	4,502	748
GRAAB Office space	0	600	0	600
GRAAB Office supplies	0	800	105	695
GRAAB evaluator	0	6,000	6,000	0
Behavioral research	0	30,000	2,009	27,991
Vehicle	0	30,000	30,000	0
Officer equipment	0	3,335	0	3,335
Total expenditures	<u>\$ 0</u>	<u>\$ 220,641</u>	<u>\$ 166,401</u>	<u>\$ 54,240</u>
Excess of revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Bradley County	\$ 146,700	\$ 146,700	\$ 72,484	\$ (74,216)
Interest	3,000	3,000	5,909	2,909
Miscellaneous:				
Other	81,300	81,300	81,300	0
Total revenues	<u>\$ 231,000</u>	<u>\$ 231,000</u>	<u>\$ 159,693</u>	<u>\$ (71,307)</u>
Expenditures:				
Debt service:				
Principal retirement	\$ 1,916,000	\$ 1,916,000	\$ 1,916,000	\$ 0
Interest and fiscal charges	2,785,900	2,785,900	2,666,182	119,718
Total expenditures	<u>\$ 4,701,900</u>	<u>\$ 4,701,900</u>	<u>\$ 4,582,182</u>	<u>\$ 119,718</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (4,470,900)</u>	<u>\$ (4,470,900)</u>	<u>\$ (4,422,489)</u>	<u>\$ 48,411</u>
Other financing sources (uses):				
Transfers in	<u>\$ 3,699,200</u>	<u>\$ 3,541,600</u>	<u>\$ 3,719,791</u>	<u>\$ 178,191</u>
Total other financing sources	<u>\$ 3,699,200</u>	<u>\$ 3,541,600</u>	<u>\$ 3,719,791</u>	<u>\$ 178,191</u>
Net change in fund balances	\$ (771,700)	\$ (929,300)	\$ (702,698)	\$ 226,602
Fund balance at beginning of year	<u>3,246,244</u>	<u>3,246,244</u>	<u>3,246,244</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 2,474,544</u></u>	<u><u>\$ 2,316,944</u></u>	<u><u>\$ 2,543,546</u></u>	<u><u>\$ 226,602</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, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental				
Federal grant - Homeland security	\$ 0	\$ 48,585	\$ 51,305	\$ 2,720
Federal grant - Safe routes to schools	0	293,000	307,751	14,751
Federal grant - Strategic planning award	0	44,000	43,980	(20)
State grant - Roadscapes phase I	0	101,600	64,279	(37,321)
State grant - Roadscapes phase II	0	119,200	0	(119,200)
State grant - Local Interstate Connector	0	1,981,753	148,750	(1,833,003)
Bradley County - LIC	0	1,000,000	74,437	(925,563)
Interest	0	0	222	222
Miscellaneous:				
Sale of assets	0	10,000	10,000	0
Mainstreet - 1st Street Square	0	3,000	3,000	0
Insurance reimbursement - fire	0	8,508	8,508	0
Insurance reimbursement - vehicle	0	0	34,095	34,095
Insurance reimbursement - lightning	0	10,247	10,247	0
Insurance reimbursement - storm damage	0	0	53,249	53,249
Sundry income	0	0	12,000	12,000
Total revenues	\$ 0	\$ 3,619,893	\$ 821,823	\$ (2,798,070)
Expenditures:				
Capital outlay:				
Legislative and judicial:				
First Street Square Project	\$ 0	\$ 0	\$ 31,556	\$ (31,556)
Whirlpool investment	0	900,000	302,410	597,590
Minnis Road Sewer cost	0	0	20,609	(20,609)
Planning and inspection:				
Strategic plan EDA grant	0	50,000	50,000	0
City-wide computer information systems:				
Electronic document management	0	5,000	0	5,000
Software maintenance	0	113,000	105,007	7,993
Travel and training	0	5,000	5,299	(299)
Hardware	0	173,107	123,249	49,858
GIS	0	75,842	61,677	14,165
License fees	0	25,000	21,289	3,711
GIS flyover	0	15,000	0	15,000
Police department:				
Bomb equipment	0	48,585	51,305	(2,720)
Fire department:				
Fire truck equipment	0	20,000	15,988	4,012
Fire tone alert system	0	88,508	0	88,508
Public works - street department				
Mouse Creek bridge	0	0	30,281	(30,281)
Roadscapes grant match	0	127,000	80,348	46,652
Safe routes to schools	0	293,000	307,449	(14,449)
LIC on APD 40	0	3,981,753	0	3,981,753
Roadscapes grant match II	0	149,000	0	149,000

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Capital outlay - (Continued)				
Public works - street department - (Continued)				
Roadscapes grant match III	\$ 0	\$ 30,000	\$ 0	\$ 30,000
LIC on Stone Lake Road	0	0	215,000	(215,000)
Dalton Pike widening	0	41,500	0	41,500
Public works landscaping:				
Exit 25 beautification	0	0	227	(227)
Public works - state street aid:				
Annual street overlays	0	17,000	17,000	0
Parks and recreation:				
Waterville golf carts	0	0	3,518	(3,518)
Dalton Pike widening	0	479,163	456,966	22,197
Lightening damage	0	10,247	0	10,247
Total expenditures	<u>\$ 0</u>	<u>\$ 6,647,705</u>	<u>\$ 1,899,178</u>	<u>\$ 4,748,527</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 0</u>	<u>\$ (3,027,812)</u>	<u>\$ (1,077,355)</u>	<u>\$ 1,950,457</u>
Other financing sources (uses):				
Transfers in	<u>\$ 0</u>	<u>\$ 2,226,000</u>	<u>\$ 1,226,000</u>	<u>\$ (1,000,000)</u>
Total other financing sources (uses)	<u>\$ 0</u>	<u>\$ 2,226,000</u>	<u>\$ 1,226,000</u>	<u>\$ (1,000,000)</u>
Net change in fund balances	<u>\$ 0</u>	<u>\$ (801,812)</u>	<u>\$ 148,645</u>	<u>\$ 950,457</u>
Fund balance at beginning of year	<u>0</u>	<u>977,970</u>	<u>977,970</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 176,158</u></u>	<u><u>\$ 1,126,615</u></u>	<u><u>\$ 950,457</u></u>

CITY OF CLEVELAND, TENNESSEE
 2007 GENERAL IMPROVEMENT BOND FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other financing sources (uses):				
Transfers in	\$ 0	\$ 0	\$ 587,738	\$ 587,738
Total other financing sources (uses)	\$ 0	\$ 0	\$ 587,738	\$ 587,738
Net change in fund balances	\$ 0	\$ 0	\$ 587,738	\$ 587,738
Fund balance at beginning of year	0	0	(587,738)	(587,738)
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State grant	\$ 0	\$ 569,000	\$ 0	\$ (569,000)
Bradley County - Hospital funds	0	116,315	105,716	(10,599)
Interest	0	0	152	152
Miscellaneous	0	8,969	10,819	1,850
Total revenues	<u>\$ 0</u>	<u>\$ 694,284</u>	<u>\$ 116,687</u>	<u>\$ (577,597)</u>
Expenditures:				
Capital outlay:				
Utilities	\$ 0	\$ 2,000	\$ 1,909	\$ 91
Ground maintenance	0	1,347	337	1,010
Greenway bathrooms	0	0	1,241	(1,241)
Phase IV - Raider to Tinsley	0	699,347	9,917	689,430
Phase VI-A HCI funded	0	55,688	50,504	5,184
Greenway benches	0	17,426	7,411	10,015
Ocoee - HCI funded	0	10,627	11,088	(461)
Pedestrian bridge - HCI funded	0	50,000	50,341	(341)
Total expenditures	<u>\$ 0</u>	<u>\$ 836,435</u>	<u>\$ 132,748</u>	<u>\$ 703,687</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (142,151)	\$ (16,061)	\$ 126,090
Fund balance at beginning of year	<u>0</u>	<u>142,151</u>	<u>142,151</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 126,090</u></u>	<u><u>\$ 126,090</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, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 0	\$ 5	\$ 5
Miscellaneous	0	1,300	1,250	(50)
Total revenues	<u>\$ 0</u>	<u>\$ 1,300</u>	<u>\$ 1,255</u>	<u>\$ (45)</u>
Expenditures:				
Capital outlay:				
Fletcher Park improvements	\$ 0	\$ 6,439	\$ 3,191	\$ 3,248
Spring House		2,400	200	2,200
Total expenditures	<u>\$ 0</u>	<u>\$ 8,839</u>	<u>\$ 3,391</u>	<u>\$ 5,448</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (7,539)	\$ (2,136)	\$ 5,403
Fund balance at beginning of year	<u>0</u>	<u>7,539</u>	<u>7,539</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 5,403</u></u>	<u><u>\$ 5,403</u></u>

CITY OF CLEVELAND, TENNESSEE
 SALES TAX CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Local sales tax	\$ 1,600,000	\$ 1,600,000	\$ 1,709,559	\$ 109,559
School 1/2 cent sales tax	750,000	750,000	824,004	74,004
Interest	0	0	6,201	6,201
Total revenues	\$ 2,350,000	\$ 2,350,000	\$ 2,539,764	\$ 189,764
Expenditures:				
Capital outlay:				
City capital projects	\$ 1,600,000	\$ 99,362	\$ 0	\$ 99,362
EMA cell tower	0	0	50,000	(50,000)
Street paving	0	936,309	710,016	226,293
Police vehicles	0	250,000	0	250,000
20th/Dalton Pike design	0	36,060	0	36,060
Mouse Creek road design	0	60,000	0	60,000
Firehall #6 survey and design	0	9,500	0	9,500
Fire training tower survey and design	0	2,000	0	2,000
Knuckleboom replacement	0	112,000	111,910	90
Guardrail at Blythe Ferry Road	0	12,000	0	12,000
CSCC - business incubator	0	37,500	37,500	0
Ocoee Street drainage	0	4,000	2,483	1,517
MPO- paving match	0	108,000	17,184	90,816
MPO- Michigan Ave Road	0	12,000	0	12,000
Tinsley Park tennis courts	0	60,000	14,480	45,520
Tinsley Park tennis lights	0	15,000	0	15,000
Greenway restroom	0	20,000	0	20,000
School capital projects	750,000	1,394,004	286,173	1,107,831
Debt service				
QSCB principal	0	238,000	237,946	54
QSCB interest	0	67,000	63,024	3,976
QSCB fiscal charges	0	0	3,813	(3,813)
Total expenditures	\$ 2,350,000	\$ 3,472,735	\$ 1,534,529	\$ 1,938,206
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (1,122,735)	\$ 1,005,235	\$ 2,127,970
Other financing sources (uses):				
Transfers out	\$ 0	\$ 0	\$ (587,738)	\$ (587,738)
Total other financing sources (uses)	\$ 0	\$ 0	\$ (587,738)	\$ (587,738)
Net change in fund balances	\$ 0	\$ (1,122,735)	\$ 417,497	\$ 1,540,232
Fund balance at beginning of year	1,122,736	1,122,736	1,122,736	0
Fund balance at end of year	\$ 1,122,736	\$ 1	\$ 1,540,233	\$ 1,540,232

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, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 4,000	\$ 2,772	\$ (1,228)
Total revenues	\$ 0	\$ 4,000	\$ 2,772	\$ (1,228)
Expenditures:				
Capital outlay:				
Science wing	\$ 0	\$ 2,502,754	\$ 2,501,526	\$ 1,228
Total expenditures	\$ 0	\$ 2,502,754	\$ 2,501,526	\$ 1,228
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (2,498,754)	\$ (2,498,754)	\$ 0
Fund balance at beginning of year	0	2,498,754	2,498,754	0
Fund balance at end of year	\$ 0	\$ 0	\$ 0	\$ 0

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, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Bradley County	\$ 0	\$ 4,322,500	\$ 3,553,955	\$ (768,545)
Interest	0	0	234	234
Total revenues	<u>\$ 0</u>	<u>\$ 4,322,500</u>	<u>\$ 3,554,189</u>	<u>\$ (768,311)</u>
Expenditures:				
Capital Outlay:				
Cleveland High School science wing	\$ 0	\$ 4,290,186	\$ 3,535,427	\$ 754,759
Building improvements	0	276,952	263,400	13,552
Total expenditures	<u>\$ 0</u>	<u>\$ 4,567,138</u>	<u>\$ 3,798,827</u>	<u>\$ 768,311</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (244,638)	\$ (244,638)	\$ 0
Fund balance at beginning of year	<u>0</u>	<u>244,638</u>	<u>244,638</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
2010 LOCAL GOVERNMENT ENERGY LOAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Capital outlay:				
Energy Efficient Upgrades	\$ 0	\$ 312,203	\$ 312,203	\$ 0
Total expenditures	\$ 0	\$ 312,203	\$ 312,203	\$ 0
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (312,203)	\$ (312,203)	\$ 0
Other financing sources (uses):				
Notes issued	\$ 0	\$ 312,203	\$ 312,203	\$ 0
Total other financing sources (uses)	\$ 0	\$ 312,203	\$ 312,203	\$ 0
Net change in fund balances	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF CLEVELAND, TENNESSEE
ARRA GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Freewill Road Paving - ARRA	\$ 0	\$ 500,000	\$ 488,608	\$ (11,392)
Raider Drive Paving - ARRA	0	400,000	325,991	(74,009)
Sidewalks - ARRA	0	151,000	169,257	18,257
Greenway Restrooms - ARRA	0	95,000	90,930	(4,070)
Train Depot - ARRA	0	451,084	5,620	(445,464)
Energy Grant - Roofs	0	74,417	63,127	(11,290)
Energy Grant - HVAC	0	51,000	20,955	(30,045)
Energy Grant - 1st Street lighting	0	39,300	0	(39,300)
Energy Grant - Replacement lights	0	19,700	0	(19,700)
MPO Grant - State	0	0	68,735	68,735
Total Revenues	\$ 0	\$ 1,781,501	\$ 1,233,223	\$ (548,278)
Expenditures:				
Capital outlay:				
Roofs	\$ 0	\$ 74,417	\$ 63,127	\$ 11,290
HVAC	0	51,000	20,955	30,045
1st Street Square lights	0	39,300	0	39,300
Replacement lights	0	19,700	0	19,700
Freewill Road paving	0	501,510	528,775	(27,265)
Raider Drive paving	0	398,490	354,559	43,931
Sidewalks	0	151,000	169,257	(18,257)
Restrooms	0	95,000	90,930	4,070
Train Depot	0	451,084	5,620	445,464
Total expenditures	\$ 0	\$ 1,781,501	\$ 1,233,223	\$ 548,278
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$ 0	\$ 0	\$ 0	\$ 0

CITY OF CLEVELAND, TENNESSEE
 TENNESSEE HOUSING DEVELOPMENT AGENCY HOME GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
2010 Home grant	\$ 0	\$ 250,000	\$ 50,551	\$ (199,449)
Total Revenues	<u>\$ 0</u>	<u>\$ 250,000</u>	<u>\$ 50,551</u>	<u>\$ (199,449)</u>
Expenditures:				
Capital outlay:				
Housing rehabilitation	\$ 0	\$ 248,000	\$ 48,565	\$ 199,435
Administrative fees	0	2,000	1,986	14
Total expenditures	<u>\$ 0</u>	<u>\$ 250,000</u>	<u>\$ 50,551</u>	<u>\$ 199,449</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, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 6,000	\$ 6,000	\$ 1,031	\$ (4,969)
Miscellaneous	0	0	196	196
Total revenues	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 1,227</u>	<u>\$ (4,773)</u>
Excess of revenues over expenditures	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 1,227</u>	<u>\$ (4,773)</u>
Other financing sources (uses):				
Transfers out	<u>\$ (6,700)</u>	<u>\$ (6,700)</u>	<u>\$ (1,000)</u>	<u>\$ 5,700</u>
Total other financing sources (uses)	<u>\$ (6,700)</u>	<u>\$ (6,700)</u>	<u>\$ (1,000)</u>	<u>\$ 5,700</u>
Net change in fund balances	\$ (700)	\$ (700)	\$ 227	\$ 927
Fund balance at beginning of year	<u>460,261</u>	<u>460,261</u>	<u>460,261</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 459,561</u></u>	<u><u>\$ 459,561</u></u>	<u><u>\$ 460,488</u></u>	<u><u>\$ 927</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, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Operating Revenues:				
Charges for services	\$ 701,600	\$ 701,600	\$ 691,281	\$ (10,319)
Other operating revenue	200	200	0	(200)
Total operating revenues	<u>\$ 701,800</u>	<u>\$ 701,800</u>	<u>\$ 691,281</u>	<u>\$ (10,519)</u>
Operating Expenses:				
General and administrative:				
Salaries	\$ 339,000	\$ 340,200	\$ 341,681	\$ (1,481)
Overtime	5,000	6,000	7,896	(1,896)
Service awards	100	200	175	25
Longevity	2,200	1,900	1,900	0
Sold vacation	2,700	1,500	1,437	63
Christmas bonus	900	900	866	34
Dental insurance	3,300	3,300	3,264	36
Social security taxes	26,800	26,100	25,392	708
Health insurance	53,800	55,600	55,683	(83)
Retirement	58,400	59,300	58,802	498
Life and disability insurance	4,400	4,200	4,155	45
Worker's compensation claims	500	1,000	1,000	0
Postage	1,200	400	322	78
Printing	200	200	0	200
Advertising	200	200	58	142
Membership dues	700	1,000	992	8
Utilities	17,000	20,200	19,612	588
Telephone	8,500	8,000	8,117	(117)
Vehicle maintenance	4,000	7,500	7,366	134
Contracted services - vehicle maintenance	125,000	125,000	96,970	28,030
Building maintenance	4,000	4,600	4,422	178
Central fuel maintenance and supplies	8,000	4,600	4,016	584
Travel and training	1,000	1,000	1,021	(21)
Pest control	300	300	270	30
Office expense	3,000	2,700	2,805	(105)
Waste disposal services	4,000	4,000	1,868	2,132
Janitorial supplies	2,000	3,000	2,704	296
Uniforms	4,000	4,000	3,211	789
Gasoline and oil	5,000	5,500	5,380	120
Insurance - building and contents	1,800	2,200	2,188	12
Insurance - vehicles	800	500	479	21
Insurance - general liability	1,800	1,800	1,747	53
Insurance - worker's compensation	12,800	9,000	8,974	26
Depreciation	40,800	40,400	29,143	11,257

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, 2011

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Operating Expenses (Continued):				
Computer software maintenance	\$ 12,000	\$ 10,200	\$ 4,495	\$ 5,705
Miscellaneous	500	100	75	25
Equipment and tools	1,900	2,200	1,081	1,119
Computer equipment	1,200	0	0	0
Total operating expenses	<u>\$ 758,800</u>	<u>\$ 758,800</u>	<u>\$ 709,567</u>	<u>\$ 49,233</u>
Operating income	<u>\$ (57,000)</u>	<u>\$ (57,000)</u>	<u>\$ (18,286)</u>	<u>\$ 38,714</u>
Non Operating Revenues (Expenses):				
Interest income	\$ 500	\$ 500	\$ 352	\$ (148)
Gain (loss) on sale of assets	0	0	0	0
Total non operating revenues (expenses)	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 352</u>	<u>\$ (148)</u>
Income (loss) before contributions and transfers	<u>\$ (56,500)</u>	<u>\$ (56,500)</u>	<u>\$ (17,934)</u>	<u>\$ 38,566</u>
Capital contributions	0	0	0	0
Change in net assets	<u>\$ (56,500)</u>	<u>\$ (56,500)</u>	<u>\$ (17,934)</u>	<u>\$ 38,566</u>
Total net assets - beginning	<u>1,482,294</u>	<u>1,482,294</u>	<u>1,482,294</u>	<u>0</u>
Total net assets - ending	<u><u>\$ 1,425,794</u></u>	<u><u>\$ 1,425,794</u></u>	<u><u>\$ 1,464,360</u></u>	<u><u>\$ 38,566</u></u>

CAPITAL ASSETS

CITY OF CLEVELAND, TENNESSEE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULE BY SOURCE(1)
 June 30, 2011 and 2010

	2011	2010
Governmental funds capital assets:		
Land	\$ 9,003,779	\$ 9,003,779
Buildings	94,376,829	92,954,273
Public improvements other than buildings	6,904,633	6,586,023
Infrastructure	51,136,147	48,630,078
Furniture, fixtures, equipment and vehicles	27,213,121	26,775,820
Total governmental funds capital assets	\$ 188,634,509	\$ 183,949,973
Investment in governmental funds capital assets:		
Total governmental funds capital assets	\$ 188,634,509	\$ 183,949,973

(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, 2011

Function and Activity	Total Capital Assets	Land	Buildings	Other Improve- ments	Infrastructure	Equipment
General Government:						
Administration and finance	\$ 1,018,573	\$ 1,800	\$ 396,880	\$ 174,681	\$ 0	\$ 445,212
General government	671,213	75,700	185,251	370,027	0	40,235
Community development	523,993	56,361	271,086	0	0	196,546
Library	7,693,524	302,000	4,742,955	0	0	2,648,569
Total General Government	\$ 9,907,303	\$ 435,861	\$ 5,596,172	\$ 544,708	\$ 0	\$ 3,330,562
Public Safety:						
Police	\$ 9,596,592	\$ 290,097	\$ 5,170,146	\$ 28,017	\$ 0	\$ 4,108,332
Fire	8,542,988	461,500	3,078,947	81,970	0	4,920,571
911 Center	867,618	0	867,618	0	0	0
Total Public Safety	\$ 19,007,198	\$ 751,597	\$ 9,116,711	\$ 109,987	\$ 0	\$ 9,028,903
Public Works:						
Street Department	\$ 4,453,575	\$ 249,715	\$ 318,738	\$ 90,681	\$ 0	\$ 3,794,441
Engineering	502,627	0	146,579	35,130	0	320,918
Old City Landfill	92,500	63,500	25,000	4,000	0	0
Primary Roads	8,291,509	67,965	0	0	8,223,544	0
Secondary Roads	36,082,629	378,887	0	0	35,703,742	0
Drainage	3,307,797	12,147	0	0	3,295,650	0
Detention Ponds	3,613,911	770,558	0	0	2,843,353	0
Sidewalks	872,866	0	0	0	872,866	0
Bridges	196,992	0	0	0	196,992	0
Total Public Works	\$ 57,414,406	\$ 1,542,772	\$ 490,317	\$ 129,811	\$ 51,136,147	\$ 4,115,359
Parks and Recreation:						
Recreation Office	\$ 515,849	\$ 0	\$ 0	\$ 58,122	\$ 0	\$ 457,727
Tinsley Park	1,867,231	211,980	165,860	1,413,820	0	75,571
Waterville Golf Course	1,466,967	256,816	492,688	244,731	0	472,732
College Hill Center	1,032,096	76,890	231,658	641,524	0	82,024
Cleveland Community Center	609,533	47,000	376,318	122,138	0	64,077
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	1,960,637	0	66,802	1,771,731	0	122,104
Fletcher Park	661,326	64,373	118,973	477,980	0	0
1st Street Square Park	535,363	174,595	0	360,768	0	0
Soccer Complex	390,562	50,000	0	340,562	0	0
Total Parks and Recreation	\$ 9,943,997	\$ 1,166,528	\$ 1,470,676	\$ 6,032,558	\$ 0	\$ 1,274,235

CITY OF CLEVELAND, TENNESSEE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY(1)
 JUNE 30, 2011

(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	300,391	0	95,301	60,347	0	144,743
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	\$ 788,133	\$ 448,110	\$ 107,711	\$ 87,569	\$ 0	\$ 144,743
Cleveland City Schools:						
School Property	\$ 90,437,705	\$ 4,658,911	\$ 77,595,242	\$ 0	\$ 0	\$ 8,183,552
Food Service	1,135,767	0	0	0	0	1,135,767
Total City Schools	\$ 91,573,472	\$ 4,658,911	\$ 77,595,242	\$ 0	\$ 0	\$ 9,319,319
Total Capital Assets	\$ 188,634,509	\$ 9,003,779	\$ 94,376,829	\$ 6,904,633	\$ 51,136,147	\$ 27,213,121

(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, 2011

Function and Activity	Beginning Balance	Additions	Deductions	Ending Balance
General Government:				
Administration and finance	\$ 920,315	\$ 98,258	\$ 0	\$ 1,018,573
General government	670,363	850	0	671,213
Community development	519,107	4,886	0	523,993
Library	7,574,959	219,706	101,141	7,693,524
Total General Government	\$ 9,684,744	\$ 323,700	\$ 101,141	\$ 9,907,303
Public Safety:				
Police	\$ 9,040,873	\$ 555,719	\$ 0	\$ 9,596,592
Fire	8,757,802	64,413	279,227	8,542,988
911 Center	867,618	0	0	867,618
Total Public Safety	\$ 18,666,293	\$ 620,132	\$ 279,227	\$ 19,007,198
Public Works:				
Street Department	\$ 4,319,313	\$ 134,262	\$ 0	\$ 4,453,575
Engineering	483,590	19,037	0	502,627
Old City Landfill	92,500	0	0	92,500
Primary Roads	7,196,409	1,095,100	0	8,291,509
Secondary Roads	35,461,960	620,669	0	36,082,629
Drainage	3,126,892	180,905	0	3,307,797
Detention Ponds	3,613,911	0	0	3,613,911
Sidewalks	386,495	486,371	0	872,866
Bridges	73,968	123,024	0	196,992
Total Public Works	\$ 54,755,038	\$ 2,659,368	\$ 0	\$ 57,414,406
Parks and Recreation:				
Recreation Office	\$ 511,890	\$ 3,959	\$ 0	\$ 515,849
Tinsley Park	1,866,030	1,201	0	1,867,231
Waterville Golf Course	1,455,509	12,312	854	1,466,967
College Hill Center	875,535	156,561	0	1,032,096
Cleveland Community Center	606,079	3,454	0	609,533
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	1,818,296	142,341	0	1,960,637
Fletcher Park	661,326	0	0	661,326
1st Street Square Park	533,807	1,556	0	535,363
Soccer Complex	390,562	0	0	390,562
Total Parks and Recreation	\$ 9,623,467	\$ 321,384	\$ 854	\$ 9,943,997

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, 2011

<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	1,126	0	300,391
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	\$ 1,126	\$ 0	\$ 788,133
Cleveland City Schools:				
School Property	\$ 89,298,177	\$ 1,654,220	\$ 514,692	\$ 90,437,705
Food Service	1,135,247	520	0	1,135,767
Total City Schools	\$ 90,433,424	\$ 1,654,740	\$ 514,692	\$ 91,573,472
Total Capital Assets	\$ 183,949,973	\$ 5,580,450	\$ 895,914	\$ 188,634,509

(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.	136
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.	146
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.	157
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.	164
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.	168

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

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

	<u>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>	<u>2011</u>
\$ 48,522,525	\$ 54,639,891	\$ 58,694,649	\$ 59,721,184	\$ 57,893,731	\$ 66,391,099
459,646	459,740	459,740	459,740	473,440	2,926,017
<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>12,436,686</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>	<u>\$ 81,753,802</u>
\$ 92,062,798	\$ 98,773,538	\$ 100,513,728	\$ 112,581,181	\$ 120,603,787	\$ 132,342,820
<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>13,179,002</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>	<u>\$ 145,521,822</u>
\$ 140,585,323	\$ 153,413,429	\$ 159,208,377	\$ 172,302,365	\$ 178,497,518	\$ 198,733,919
459,646	459,740	459,740	459,740	473,440	2,926,017
<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>25,615,688</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>	<u>\$ 227,275,624</u>

CITY OF CLEVELAND, TENNESSEE
CHANGE IN NET ASSETS
LAST TEN 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	2011
\$ 2,391,498	\$ 2,693,884	\$ 2,674,062	\$ 3,045,455	\$ 3,125,773	\$ 4,294,917	\$ 3,396,302
622,028	1,054,852	882,244	1,071,399	1,052,676	867,709	1,373,602
14,180,863	15,151,467	15,897,312	18,599,983	19,173,722	18,190,814	18,488,592
8,429,567	9,265,703	9,080,972	9,076,371	9,442,505	9,913,297	9,725,715
538,263	552,573	607,956	659,474	665,951	680,086	699,095
2,952,398	2,962,458	3,451,275	4,387,539	3,807,169	4,014,995	3,864,303
35,475,697	37,495,574	39,363,223	39,878,902	41,239,156	42,725,119	46,137,209
1,992,504	2,297,623	2,637,740	3,152,029	2,923,763	2,298,214	2,814,385
<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>	<u>\$ 86,499,203</u>
\$ 16,105,695	\$ 17,588,719	\$ 18,626,226	\$ 20,426,089	\$ 20,856,642	\$ 20,890,587	\$ 21,254,266
62,737,439	71,747,592	75,438,689	79,179,669	91,699,799	83,803,232	92,666,017
140,635	197,614	221,463	176,191	144,655	159,000	0
0	0	0	0	0	0	0
0	0	0	206,011	52,591	263,379	62,617
<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>\$ 113,982,900</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>	<u>\$ 200,482,103</u>
\$ 7,706,701	\$ 8,200,575	\$ 7,540,322	\$ 7,837,356	\$ 7,644,180	\$ 7,331,254	\$ 7,618,007
29,500,770	31,417,297	31,719,118	34,905,174	35,612,093	37,462,812	42,206,859
2,342,151	1,770,080	5,605,567	2,767,768	1,914,789	2,302,461	5,806,175
<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>	<u>\$ 55,631,041</u>
\$ 16,437,866	\$ 17,957,369	\$ 19,411,182	\$ 20,208,450	\$ 20,724,856	\$ 20,356,004	\$ 21,846,514
65,541,717	74,832,241	77,279,666	80,786,137	94,209,090	86,785,472	96,353,160
202,790	197,167	234,142	187,296	130,710	0	0
0	0	0	0	0	0	0
0	0	0	12,781	17,484	16,775	11,645
0	0	90,324	40,523	270,000	3,549	5,569
708,439	1,121,813	2,282,693	8,879,491	3,685,707	4,882,848	9,401,737
<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>\$ 127,618,625</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>	<u>\$ 183,249,666</u>
\$ (27,033,196)	\$ (30,086,182)	\$ (29,729,777)	\$ (34,360,854)	\$ (36,259,653)	\$ (35,888,624)	\$ (30,868,162)
3,907,043	4,574,665	5,011,629	10,126,718	6,284,160	6,928,450	13,635,725
<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>	<u>\$ (17,232,437)</u>
\$ 8,967,774	\$ 14,798,767	\$ 15,480,244	\$ 15,497,594	\$ 15,848,544	\$ 16,465,931	\$ 16,629,270
4,019,302	0	0	0	0	0	0
119,841	133,275	150,071	156,498	131,485	194,301	275,607
19,411	19,829	30,136	19,208	22,112	90,822	77,898
7,186,302	7,601,091	8,018,692	7,929,077	8,389,829	9,840,465	10,173,414
1,088,535	1,131,612	1,162,392	1,206,434	1,239,216	1,245,869	1,303,212
943,128	821,430	857,958	883,959	939,795	913,170	962,609
716,475	1,142,767	1,041,053	992,888	929,622	953,496	843,753
2,273,609	2,517,380	2,702,704	2,685,932	2,454,675	2,397,165	2,505,215
919,876	1,075,526	1,800,451	2,116,359	2,513,984	1,298,234	1,685,668
442,832	481,343	633,364	738,101	455,312	536,334	605,104
621,856	960,778	1,203,574	527,603	80,157	27,007	50,070
0	0	0	0	1,893,766	(59,455)	(22,362)
1,493,683	1,600,029	1,688,551	1,526,951	1,619,179	1,722,261	1,792,723
<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>	<u>\$ 36,882,181</u>
\$ 340,266	\$ 568,364	\$ 781,396	\$ 595,448	\$ 410,789	\$ 290,668	\$ 244,982
(1,493,683)	(1,600,029)	(1,688,551)	(1,526,951)	(1,619,179)	(1,722,261)	(1,792,723)
<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>\$ (1,547,741)</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>	<u>\$ 35,334,440</u>
\$ 1,779,428	\$ 2,197,645	\$ 5,039,413	\$ (80,250)	\$ 258,023	\$ (263,024)	\$ 6,014,019
2,753,626	3,543,000	4,104,474	9,195,215	5,075,770	5,496,857	12,087,984
<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>	<u>\$ 18,102,003</u>

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

Function/Program	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities:				
General government	\$ 13,133	\$ 20,945	\$ 117,132	\$ 141,362
Community development	294,259	414,037	569,681	599,802
Public safety	2,692,935	3,262,132	3,130,973	4,046,913
Public works	2,835,030	3,002,316	3,880,121	3,861,476
Health and welfare	563,507	249,206	253,654	265,624
Culture and recreation	560,879	746,510	848,808	1,407,893
Education	<u>24,208,518</u>	<u>25,108,052</u>	<u>26,186,918</u>	<u>29,226,552</u>
Subtotal governmental activities	<u>\$ 31,168,261</u>	<u>\$ 32,803,198</u>	<u>\$ 34,987,287</u>	<u>\$ 39,549,622</u>
Business-type activities				
Water and sewer	\$ 14,579,197	\$ 16,199,627	\$ 17,600,962	\$ 17,146,305
Electric	58,996,876	61,925,568	65,987,477	65,541,717
Other enterprise	<u>431,403</u>	<u>119,333</u>	<u>87,075</u>	<u>202,790</u>
Subtotal business-type activities	<u>\$ 74,007,476</u>	<u>\$ 78,244,528</u>	<u>\$ 83,675,514</u>	<u>\$ 82,890,812</u>
Total primary government	<u>\$ 105,175,737</u>	<u>\$ 111,047,726</u>	<u>\$ 118,662,801</u>	<u>\$ 122,440,434</u>

Source: Official record of Office of City Clerk.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 144,712	\$ 94,478	\$ 135,035	\$ 92,145	\$ 379,084	\$ 234,666
845,564	942,799	925,752	554,623	656,137	1,472,042
4,037,012	3,280,867	3,593,229	3,500,312	3,780,466	3,488,411
3,740,271	3,394,983	5,130,737	4,609,105	3,556,569	5,889,898
223,382	272,474	327,852	358,574	376,131	356,526
1,011,707	1,124,039	1,497,747	1,533,839	1,349,080	948,610
31,385,304	35,755,367	33,899,946	34,522,464	36,999,060	43,240,888
<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>	<u>\$ 55,631,041</u>
\$ 19,079,182	\$ 21,784,199	\$ 21,065,966	\$ 23,133,452	\$ 21,801,228	\$ 22,650,899
74,832,241	77,279,666	80,826,660	94,209,090	86,785,871	96,353,979
197,167	234,142	8,222,052	1,695,305	3,457,549	8,613,747
<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>\$ 127,618,625</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>	<u>\$ 183,249,666</u>

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund				
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0
Unassigned	0	0	0	0
Unreserved	<u>3,329,663</u>	<u>4,098,424</u>	<u>5,771,581</u>	<u>6,667,277</u>
Total general fund	<u>\$ 3,329,663</u>	<u>\$ 4,098,424</u>	<u>\$ 5,771,581</u>	<u>\$ 6,667,277</u>
All Other Governmental Funds:				
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	0	0	0	0
Unreserved, reported in:				
Special revenue funds	2,055,047	2,815,644	3,526,721	4,797,634
Debt service funds	1,307,380	1,406,706	1,467,483	1,647,744
Capital projects funds	2,375,529	2,263,708	2,013,662	1,998,815
Permanent funds	<u>12,449</u>	<u>7,475</u>	<u>2,148</u>	<u>8,315</u>
Total all other governmental funds	<u>\$ 5,750,405</u>	<u>\$ 6,493,533</u>	<u>\$ 7,010,014</u>	<u>\$ 8,452,508</u>

Source: Official record of Office of City Clerk.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,067
0	0	0	0	0	10,152,078
<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>0</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>\$ 10,156,145</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	473,636
0	0	0	0	0	2,452,381
0	0	0	0	0	812,939
0	0	0	0	0	7,165,754
3,942,290	3,910,827	3,803,130	2,868,027	3,542,121	0
2,602,622	3,146,620	2,692,706	2,849,584	3,246,244	0
6,045,791	5,871,288	2,086,748	1,957,547	3,133,624	0
<u>21,825</u>	<u>28,697</u>	<u>20,122</u>	<u>6,647</u>	<u>521</u>	<u>0</u>
<u>\$ 12,612,528</u>	<u>\$ 12,957,432</u>	<u>\$ 8,602,706</u>	<u>\$ 7,681,805</u>	<u>\$ 9,922,510</u>	<u>\$ 10,904,710</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
Capital leases 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	2011
\$ 23,050,456	\$ 25,598,961	\$ 26,692,073	\$ 26,427,496	\$ 27,162,225	\$ 29,323,204	\$ 30,419,645
499,409	511,731	540,832	568,441	341,384	377,132	584,538
36,107,621	36,272,316	41,769,671	41,534,518	41,359,146	43,498,396	51,877,725
1,135,822	1,863,507	1,179,606	990,387	884,237	958,249	872,680
4,205,563	5,852,986	5,851,999	6,162,803	6,317,883	6,010,112	6,160,788
621,858	960,812	1,203,574	527,698	80,159	27,007	50,905
775,016	982,971	969,776	2,066,056	3,134,650	1,236,941	833,158
<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>	<u>\$ 90,799,439</u>
\$ 2,035,118	\$ 2,053,861	\$ 2,266,987	\$ 2,260,515	\$ 2,386,824	\$ 2,429,060	\$ 2,376,498
563,108	961,245	770,395	854,944	876,634	783,855	760,472
13,133,222	13,692,605	14,622,596	16,066,722	17,004,076	15,793,335	16,638,957
7,054,780	7,664,026	7,710,740	7,679,981	8,107,529	8,075,972	8,412,481
428,047	415,101	483,957	497,414	493,166	506,882	533,470
2,414,280	2,692,519	2,883,687	3,314,547	3,052,883	3,188,748	3,254,143
32,955,018	34,023,865	35,296,056	38,597,871	38,826,465	40,237,280	43,728,161
858,485	996,770	1,061,885	1,088,089	1,083,718	1,072,554	1,070,897
4,316,712	12,123,365	24,865,184	9,730,177	7,979,274	7,708,385	11,792,319
2,087,467	1,380,000	1,495,000	1,816,428	2,015,129	1,939,428	2,282,667
1,355,000	2,245,522	2,592,796	3,148,679	3,191,643	2,896,597	2,748,022
<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>\$ 93,598,087</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>	<u>\$ (2,798,648)</u>
\$ 13,883,341	\$ 17,533,104	\$ 15,587,872	\$ 14,898,717	\$ 13,963,115	\$ 13,766,312	\$ 14,513,077
(12,414,658)	(15,933,075)	(13,899,321)	(13,371,766)	(12,343,936)	(12,044,051)	(12,720,354)
1,025,000	9,836,795	9,163,205	951,300	3,761,400	4,160,000	312,203
0	0	6,100,000	0	0	0	0
0	0	0	0	0	0	394,272
10,580,000	0	0	0	25,525,000	24,960,000	0
0	0	0	0	19,831	265,800	0
(10,483,075)	0	0	0	(25,337,924)	(24,652,000)	0
<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>\$ 2,499,198</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>	<u>\$ (299,450)</u>
5.47%	5.48%	5.78%	6.59%	6.76%	6.29%	6.18%

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
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
2011	16,783,152	275,607	77,898	10,173,414	1,303,212	962,609	843,753	30,419,645
Change 2002-2011	73.6%	247.4%	122.9%	65.7%	33.6%	18.4%	139.9%	68.4%

Source: Official record of Office of City Clerk.

Note: The City sales tax rate was increased by a referendum of city voters in March 2009 and became effective May 1, 2009.

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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
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
2011	408,217,333	512,694,120	170,285,930

Source: Bradley County Assessor of Property.

- (1) 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.
- (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
\$ 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
24,313,598	1,105,399,124	1.4904	3,508,298,553	31.5
23,460,241	1,114,657,624	1.4904	3,541,381,571	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
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
2011	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

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Community Health Systems	\$ 36,186,596	1	3.32%	-	-	-
Masterfoods USA	32,131,236	2	2.95	\$ 24,469,615	1	4.01
Life Care Centers of America	23,428,172	3	2.15	7,051,888	4	1.16
Whirlpool	21,181,502	4	1.94	6,461,405	5	1.06
Duracell Company	20,131,085	5	1.85	4,551,008	10	0.75
Schering-Plough	14,511,541	6	1.33	-	-	-
Peyton's Southeastern	11,650,485	7	1.07	4,945,640	9	0.81
Southeastern Container	10,834,650	8	0.99	-	-	-
Walmart	10,078,288	9	0.92	-	-	-
Bellsouth	8,695,462	10	0.80	11,292,754	2	1.85
Bradley Square Mall	-	-	-	7,549,279	3	1.24
Johnston Coca-cola	-	-	-	5,778,834	6	0.95
Fairfield Development	-	-	-	5,163,640	7	0.85
Honeywell International	-	-	-	5,106,131	8	0.84
Totals	<u>\$ 188,829,017</u>		<u>17.32%</u>	<u>\$ 82,370,194</u>		<u>13.52%</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
2002	\$ 9,859,583	\$ 9,187,496	93.2 %	\$ 663,229	\$ 9,850,725	99.9 %
2003	11,947,480	11,303,576	94.6	621,442	11,925,018	99.8
2004	12,464,657	11,671,276	93.6	777,639	12,448,915	99.9
2005	13,004,505	12,257,261	94.3	730,842	12,988,103	99.9
2006	14,777,295	13,963,167	94.5	804,126	14,767,293	99.9
2007	15,473,857	14,486,289	93.6	962,137	15,448,426	99.8
2008	15,514,444	14,406,638	92.9	1,007,828	15,414,466	99.4
2009	15,869,700	14,659,032	92.4	1,023,537	15,682,569	98.8
2010	16,491,558	14,982,438	90.8	1,043,227	16,025,665	97.2
2011	16,608,494	15,383,696	92.6	0	15,383,696	92.6

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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Apparel Stores	\$ 20,229,088	\$ 19,896,935	\$ 20,067,489	\$ 20,838,181
General Merchandise Stores	150,102,573	152,412,537	156,574,634	185,089,441
Food Stores	89,819,627	90,283,583	86,861,754	81,853,277
Eating and Drinking Places	79,703,228	84,135,260	89,520,521	99,030,575
Furniture Stores	25,605,588	25,376,788	27,034,299	29,011,766
Building Materials	57,409,515	56,627,136	61,677,807	71,672,220
MV Dealers and Service Stations	44,251,983	43,794,271	44,840,393	49,355,351
Other Retail	51,999,304	52,259,172	52,545,120	54,037,438
All Other Outlets	<u>113,444,461</u>	<u>107,011,098</u>	<u>109,168,200</u>	<u>116,159,273</u>
Total	<u>\$ 632,565,367</u>	<u>\$ 631,796,780</u>	<u>\$ 648,290,217</u>	<u>\$ 707,047,522</u>
City direct sales tax rate	2.25%	2.25%	2.25%	2.25%

Source: Tennessee Department of Revenue, Research Division.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 22,953,066	\$ 24,138,310	\$ 24,841,406	\$ 24,816,565	\$ 23,466,544	\$ 20,529,153
186,778,089	194,120,266	199,153,235	198,954,082	188,130,980	214,161,621
80,107,817	80,635,523	81,927,126	81,845,199	77,392,820	80,495,962
102,853,071	107,702,429	114,277,181	114,162,903	107,952,441	108,712,245
29,434,891	30,240,720	28,441,295	28,412,854	26,867,195	21,486,276
81,440,562	92,084,523	86,902,616	86,815,713	82,092,938	72,677,464
48,076,764	49,553,354	59,114,976	59,055,861	55,843,222	55,474,657
56,068,091	56,389,300	56,002,318	55,946,315	52,902,835	52,553,676
120,576,831	126,009,257	133,190,180	133,056,989	125,818,689	109,637,617
<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>	<u>\$ 735,728,671</u>
2.25%	2.25%	2.25%	2.25%	2.25%/2.75%	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>
2002	2.25 %
2003	2.25
2004	2.25
2005	2.25
2006	2.25
2007	2.25
2008	2.25
2009	2.25/2.75
2010	2.75
2011	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 2002 AND 2011

	Fiscal Year 2002			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1 Retail Trade	826	55.66 %	\$ 11,026,007	77.72 %
2 Services	390	26.28	1,230,020	8.67
3 Manufacturing	106	7.14	588,153	4.15
4 Wholesale Trade	81	5.46	559,619	3.94
5 Construction	24	1.62	35,640	0.25
6 Finance Insurance Real Estate	23	1.55	12,954	0.09
7 Transportation and Utilities	21	1.42	719,060	5.07
8 Agriculture	6	0.40	5,324	0.04
Other, Non Classified	7	0.47	10,630	0.07
Total	1,484	100.00 %	\$ 14,187,407	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 2011			
<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>
856	57.22 %	\$ 13,734,424	82.86 %
353	23.60	1,220,331	7.36
89	5.95	514,520	3.10
89	5.95	573,289	3.46
10	0.67	29,366	0.18
17	1.14	17,527	0.11
9	0.60	108,269	0.65
8	0.53	30,468	0.18
65	4.32	346,791	2.09
<u>1,496</u>	<u>100.00 %</u>	<u>\$ 16,574,985</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
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
2011	5,580,000	35,370,000	27,398,285

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
\$ 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	2.62	3,102
62,700,000	792,000	131,840,285	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
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
2011	68,723,523	3,541,381,571	41,285	1.9	1,665

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, 2011

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	\$ 66,179,977	100.00%	\$ 66,179,977
Bradley County, Tennessee	<u>62,287,330</u>	55.22%	<u>34,395,064</u>
Total direct and overlapping debt	<u>\$ 128,467,307</u>		<u>\$ 100,575,041</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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt limit	\$ 63,175,603	\$ 72,834,260	\$ 75,126,959	\$ 78,684,956
Total net debt applicable to limit	<u>43,492,620</u>	<u>43,395,094</u>	<u>42,607,517</u>	<u>42,812,256</u>
Legal debt margin	<u>\$ 19,682,983</u>	<u>\$ 29,439,166</u>	<u>\$ 32,519,442</u>	<u>\$ 35,872,700</u>
Total net debt applicable to limit as a percentage of debt limit	68.84%	59.58%	56.71%	54.41%

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 89,559,361	\$ 93,780,950	\$ 98,015,319	\$ 98,074,388	\$ 110,382,770	\$ 111,465,762
<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>65,804,739</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>	<u>\$ 45,661,023</u>
65.85%	67.75%	64.41%	66.20%	60.75%	59.04%

Legal Debt Margin Calculation for Fiscal Year 2011

Total assessed value		<u>\$ 1,114,657,624</u>
Legal debt margin:		
Debt limitation - 10% of total assessed value as adopted by resolution		\$ 111,465,762
Debt applicable to limit:		
Total bonded debt	\$ 131,840,285	
Less: Revenue bonds	63,492,000	
Amount available for repayment of general obligation bonds	<u>2,543,546</u>	
Total debt applicable to limit		<u>65,804,739</u>
Legal debt margin		<u>\$ 45,661,023</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	
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	1.10
2011	21,846,514	14,496,608	7,349,906	2,605,000	1,942,720	4,547,720	1.62

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
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
2010	41,285	2,964,034	30,335	37

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

Percent High School graduate or higher	Percent Bachelor's degree or higher	School Enrollment	Annual Average Adjusted Unemployment Rate (%)
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
82	25	4,965	9.3

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

<u>Employer</u>	2011		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Labor Force Bradley County</u>
Whirlpool/Maytag	1,386	1	2.89 %
Bradley County Schools	1,200	2	2.50
SkyRidge Medical Center	1,063	3	2.21
City Government	989	4	2.06
Peyton's Southeastern	950	5	1.98
Lee University	816	6	1.70
Wal-Mart	640	7	1.33
Bradley County Government	620	8	1.29
Merck (Schering Plough)	537	9	1.12
Masterfoods USA	495	10	1.03
Duracell	350	N/A	0.73
Jackson Furniture Industries	-	N/A	-
Bradley Memorial Hospital	-	N/A	-
Total	<u>9,046</u>		<u>18.85 %</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.

2002		
Employees	Rank	Percentage of Total Labor Force Bradley County
2,200	1	4.90 %
800	5	1.78
N/A	N/A	N/A
677	7	1.51
1,200	4	2.67
N/A	N/A	N/A
N/A	N/A	N/A
372	10	0.83
500	9	1.11
650	8	1.45
700	6	1.56
1,300	2	2.89
1,200	3	2.67
<u>9,599</u>		<u>21.37 %</u>

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

Schedule 21

Function/Program	Full-time-Equivalent Employees as of June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	15	14
Community development	7	7	8	9	10	10	10	8	7	8
Police										
Officers	92	91	90	90	90	92	92	88	90	92
Civilians	11	11	11	12	12	12	12	11	13	13
Fire										
Firefighters and officers	80	79	79	82	88	91	97	94	93	91
Civilians	1	1	1	1	1	1	1	1	1	1
Public works										
Operations	18	18	19	23	26	26	26	25	24	20
Engineering	9	9	9	9	7	7	7	7	5	5
Landscaping maintenance	7	7	7	8	8	8	8	10	0	0
Solid waste management	13	13	13	13	13	13	13	14	13	13
Stormwater management fund	0	0	1	1	2	2	2	2	2	2
State street aid	13	13	12	11	11	11	11	11	11	11
Fleet management	9	9	9	8	8	8	8	8	8	8
Brush chipping	1	1	1	1	1	1	1	0	0	0
Parks and recreation										
Administration and maintenance	8	8	8	8	8	9	9	9	8	8
Landscaping maintenance	0	0	0	0	0	0	0	0	7	7
College Hill Center	3	3	3	3	3	3	3	3	3	3
Cleveland Community Center	4	4	4	4	4	4	4	4	4	4
Waterville Golf Course	7	7	7	6	6	6	6	6	7	7
Animal control										
Administration and operations	7	7	7	7	7	8	8	8	8	8
Weed and seed program	1	2	2	3	3	0	0	0	0	0
Community development block grant	0	0	0	1	2	2	2	2	2	2
Subtotal	308	307	308	317	327	331	337	328	322	318
Cleveland Utilities										
Electric division	102	107	105	109	108	114	115	91	89	88
Water/wastewater division	83	83	83	85	86	86	85	109	102	98
City schools										
Certificated staff	350	350	357	359	364	370	379	383	387	397
Non-certificated personnel	253	253	254	253	253	258	263	268	270	274
Library	11	11	11	10	10	10	10	10	10	11
Total	1,107	1,111	1,118	1,133	1,148	1,169	1,189	1,189	1,180	1,186

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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General government				
Building permits issued	351	392	438	495
Value of constructed permitted	\$49,057,456	\$58,922,242	\$110,607,005	\$56,689,803
Police				
Parking violations	1,838	1,353	1,245	1,425
Traffic violations	6,519	7,422	6,180	9,609
Fire				
Emergency responses (city only)	420	693	803	884
Fires extinguished (city only)	59	138	138	252
Fire inspections	516	850	450	450
Public works				
Street resurfacing (tonnage)	15,865	13,437	434	22,940
Utility cut permits (# Excavations)	493	392	310	346
Drainage pipe installed (linear ft.)	11,182	5,781	8,085	7,280
Tons of brush chipped	1,302	1,007	1,200	1,188
Parks and recreation				
Softball league participants	3,672	3,855	1,450	1,400
Basketball league participants	710	746	350	400
Football league participants	n/a	n/a	n/a	n/a
Soccer league participants	745	782	638	730
Rounds of golf played	26,000	21,500	11,500	11,900
Library				
Volumes in collection	117,506	117,829	124,572	128,491
Circulation	273,558	287,494	290,461	293,402
Attendants	169,400	186,388	215,543	223,546
City Schools				
Average Daily Membership				
High School	1,082	1,089	1,109	1,152
Middle School	1,047	1,090	1,050	1,069
Elementary Schools	2,166	2,080	2,123	2,162
Ungraded - Special Education	54	62	48	72
ACT composite scores	21	20.9	21.2	20.9
% of High School graduates	n/a	n/a	n/a	75.4
Electric				
Class of Service # of Customers				
Residential	23,701	23,530	23,813	24,031
Small lighting and power	3,182	3,216	3,319	3,382
Large lighting and power	550	576	587	593
Street and outdoor lighting	57	53	135	128
Kilowatt-hours purchased	1,073,355,517	1,116,501,227	1,130,449,913	1,115,957,513
Kilowatt-hours sold	1,033,141,279	1,080,749,736	1,092,827,383	1,076,529,177
Line losses and kilowatt-hour unaccounted for	40,214,238	35,751,491	37,622,530	39,428,336
Percentage of losses and unaccounted for kilowatt-hours to purchases	3.75%	3.20%	3.33%	3.53%

2006	2007	2008	2009	2010	2011
460	437	393	247	286	217
\$75,980,803	\$83,346,627	\$107,879,191	\$39,596,442	\$41,805,750	\$43,490,568
1,625	1,716	1,082	1,349	1,659	1,669
12,143	11,472	8,437	6,244	7,617	8,771
1,256	1,313	1,456	1,932	2,497	2,969
182	140	178	135	150	245
846	2,522	2,973	2,755	2,713	3,162
32,863	12,334	6,362	0	3,773	8,669
319	422	329	321	290	293
7,644	4,953	7,119	5,995	3,166	5,054
1,269	1,978	1,080	4,353	5,507	8,523
1,477	1,350	1,500	1,814	1,820	1,155
454	350	184	212	220	200
n/a	n/a	n/a	90	258	150
750	850	875	920	950	950
12,120	14,700	12,400	10,000	9,600	3,500
131,099	135,000	144,202	149,970	149,867	152,407
326,927	348,159	356,498	356,050	361,590	389,603
239,067	245,146	251,246	254,440	261,118	269,262
1,385	1,203	1,274	1,246	1,224	1,254
1,187	1,053	1,035	1,207	1,117	1,124
1,906	2,248	2,241	2,315	2,380	2,514
68	61	82	81	81	81
21.3	21	21	22	20	21
84.9	83	82	89	88	81
24,315	24,541	24,672	24,539	24,720	25,003
3,407	3,426	3,627	3,616	3,652	3,669
649	620	647	619	624	647
129	119	113	115	110	108
1,150,136,397	1,146,736,443	1,136,162,043	1,095,830,882	1,112,981,850	1,118,790,042
1,118,005,640	1,107,755,437	1,102,780,890	1,060,994,420	1,078,380,377	1,095,719,182
32,130,757	38,981,006	33,381,153	34,836,462	34,601,473	23,070,860
2.79%	3.40%	2.94%	3.18%	3.11%	2.06%

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

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Water				
Class of Service # of Customers				
Residential	23,581	23,872	24,343	24,870
Commercial & Industrial	3,002	3,029	3,091	3,139
Gallons purchased	1,021,097,618	1,054,236,887	1,050,685,973	1,103,601,315
Gallons pumped	2,456,792,000	2,586,512,489	2,599,175,514	2,569,476,656
Gallons sold	2,811,535,500	2,860,158,000	2,799,868,500	2,779,692,000
Line losses and gallons unaccounted for	666,354,118	780,591,376	849,992,987	893,385,971
Percentage of losses and unaccounted for gallons to total provided	19.16%	21.44%	23.29%	24.32%
Average daily water consumption (gallons)	7,702,837	7,836,049	7,670,873	7,615,595
Wastewater				
Class of Service # of Customers				
Residential	13,363	13,438	13,688	13,903
Commercial & Industrial	2,293	2,345	2,398	2,420
Capacity daily (thousands of gallons)	21,600	21,600	21,600	21,600
Treatment during fiscal year (gallons)	3,025,509,000	3,837,476,000	3,514,220,000	3,778,740,000

Sources: Various city departments.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
25,414	25,898	26,322	26,286	26,465	26,096
3,220	3,054	3,056	3,017	3,034	3,611
1,207,869,115	1,255,708,159	1,411,079,914	1,648,632,220	1,827,886,130	1,860,475,140
2,736,379,124	2,791,321,111	2,526,119,809	2,107,995,107	1,664,898,520	1,785,496,000
2,895,225,000	3,016,467,750	3,040,388,250	2,861,916,000	2,668,847,250	2,937,399,663
1,049,023,239	1,030,561,520	896,811,473	894,711,327	823,937,400	708,571,477
26.60%	25.46%	22.78%	23.82%	23.59%	19.43%
7,932,123	8,264,295	8,329,831	7,840,866	7,311,910	8,047,670
14,255	14,356	14,663	14,629	14,792	14,989
2,487	2,482	2,534	2,502	2,517	2,543
21,600	21,600	21,600	21,600	21,600	21,600
2,927,060,000	2,824,970,000	3,098,910,000	3,482,470,000	3,955,870,000	3,499,120,000

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

Schedule 23

<u>Function/Program</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>	<u>2011</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	4	6	0	0	0	0	0	0	0	0
Patrol units	99	110	117	110	110	103	88	85	85	52
Fire										
Stations	4	4	4	4	5	5	5	5	5	5
Fire Trucks (pumpers, ladders & tankers	10	10	10	10	15	15	16	16	16	14
Public works										
Street (miles)	270	270	291	302	321	323	323	323	323	346
Street lights	5,417	5,474	5,594	5,738	5,873	6,047	6,020	6,307	5,714	5,734
Traffic signals	487	487	503	517	540	542	566	582	595	599
Pedestrians signals	96	96	96	88	88	54	56	64	70	70
Knucklebooms	4	5	5	6	6	6	6	5	6	6
Parks and recreation										
Acreage	292	292	292	292	289	289	289	289	289	289
Playgrounds	9	9	9	9	8	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	16	16	16	16
Tennis courts	12	12	12	12	12	12	8	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	6	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	1	1	1	1	1	1	1
Electric										
Electric lines (miles)	507	496	500	500	513	518	522	525	528	528
Substations	14	14	14	14	15	15	15	15	15	15
Water										
Water mains (miles)	576	623	623	688	697	710	728	836	738	741
Fire hydrants	1,724	1,894	2,127	2,228	2,302	2,343	2,416	2,492	2,510	2,565
Storage capacity (thousands of gal)	14,300	14,300	14,300	14,300	14,300	14,300	15,300	15,300	15,300	15,300
Wastewater										
Sanitary sewers (miles)	251	256	273	326	330	333	338	351	359	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

CITY OF CLEVELAND, TENNESSEE

Table 1

INSURANCE IN FORCE

ALL FUND TYPES EXCLUDING CLEVELAND UTILITIES

For the Fiscal Year Ended June 30, 2011

<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	9/1/2010 to 8/31/2011	Buildings, contents, boilers, fired vessels electric steam generators. Theft, disappearance and destruction. Radio, video equipment, mobile equip- ment, police dogs.	\$ 44,267,076	\$ 65,461
Comprehensive Liability TML Risk Management Pool	TML-026R	7/1/2010 to 6/30/2011	General and public officials liability, auto liability, auto physical damage, personal injury. Excess auto physical damage. Airport liability	As per schedule	\$ 262,660
Worker's Compensation TML Risk Management Pool	TWC-0187	7/1/2010 to 6/30/2011	Job related injuries, employees	\$ 1,000,000 \$ 1,000 ded.	\$ 314,771
Property (School Buildings and Contents, Boiler, Vehicles) Tennessee Risk Management Trust	TNRMT	7/1/2010 to 7/1/2011	Property Equipment Liability	Various	\$ 211,613
Worker's Compensation Tennessee Risk Management Trust	TNRMT	7/1/2010 to 7/1/2011	Job related injuries, employees	\$ 1,000,000	\$ 144,986

CITY OF CLEVELAND, TENNESSEE
INSURANCE IN FORCE
CLEVELAND UTILITIES
For the Fiscal Year Ended June 30, 2011

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
Chubb	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 Chubb and Distributors Insurance Co. are limited to \$750,000 and \$250,000, respectively, per occurrence.

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN PROPERTY TAXES RECEIVABLE
 For the Year Ended June 30, 2011

Table 3

<u>Property Taxes</u>	<u>Balance 7/1/2010</u>	<u>Levies</u>	<u>Collections & Adjustments</u>	<u>Balance 6/30/2011</u>
2010	\$ 0	\$ 16,608,494	\$ 15,383,696	\$ 1,224,798
2009	1,509,120	0	1,043,227	465,893
2008	427,739	0	240,608	187,131
2007	179,344	0	79,366	99,978
2006	70,943	0	45,512	25,431
2005	17,035	0	7,033	10,002
2004	18,848	0	2,446	16,402
2003	16,345	0	603	15,742
2002	22,834	0	372	22,462
2001	9,307	0	449	8,858
2000	11,359	0	11,359	0
	<u>\$ 2,282,874</u>	<u>\$ 16,608,494</u>	<u>\$ 16,814,671</u>	<u>\$ 2,076,697</u>

Note - Property taxes receivable also include the 2011 levy reported as deferred revenue in the amount of \$15,983,000.

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN GENERAL
 OBLIGATION BONDS PAYABLE
 For the Year Ended June 30, 2011

Table 4

	Interest Rates	Balance 07/01/10	General Obligation		Balance 06/30/11
			New Bonds Issued	Bonds Retired	
General Improvement Refunding Bonds					
Series 2005					
Maturing 2024	3.00-5.00%	\$ 10,160,000	\$ 0	\$ 150,000	\$ 10,010,000
General Improvement Bonds					
Series 2007A					
Maturing 2037	4.00-5.00%	5,735,000	0	155,000	5,580,000
General Improvement Refunding Bonds					
Series 2009B					
Maturing 2012	3.00%	2,360,000	0	1,000,000	1,360,000
General Improvement Refunding Bonds					
Series 2009C					
Maturing 2031	2.00-4.50%	16,160,000	0	300,000	15,860,000
General Improvement Refunding Bonds					
Series 2009D					
Maturing 2022	2.00-4.00%	<u>8,390,000</u>	<u>0</u>	<u>250,000</u>	<u>8,140,000</u>
Total General Obligation Bonds		<u>\$ 42,805,000</u>	<u>\$ 0</u>	<u>\$ 1,855,000</u>	<u>\$ 40,950,000</u>

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN REVENUE BONDS PAYABLE
 For the Year Ended June 30, 2011

Table 5

	Balance 07/01/10	Revenue		Balance 06/30/11
		New Bonds Issued	Bonds Retired	
Water and sewer revenue and tax bonds, maturing through 2037				
Due September 2013 - 2.00% to 3.50%	\$ 1,960,000	\$ 0	\$ 505,000	\$ 1,455,000
Due September 2028 - 2.00% to 4.375%	12,190,000	0	420,000	11,770,000
Due June 2037 - 4.00% to 5.00%	8,470,000	0	160,000	8,310,000
Due June 2015 - 2.00% to 3.00%	3,430,000	0	915,000	2,515,000
Due June 2028 - 2.00% to 4.375%	19,000,000	0	545,000	18,455,000
Due June 2028 - 2.50% to 4.25%	12,115,000	0	670,000	11,445,000
Due June 2031 - 1.00% to 5.75%	0	8,750,000	0	8,750,000
Total Revenue Bonds	\$ 57,165,000	\$ 8,750,000	\$ 3,215,000	\$ 62,700,000

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN NOTES PAYABLE
 For the Year Ended June 30, 2011

Table 6

	Maturity Date	Interest Rate	Balance 06/30/10	Additions	Retirements	Balance 06/30/11
Water Division:						
Note payable to the State of Tennessee revolving loan fund	2031	Variable	505,828	165,603	11,431	660,000
Water Division:						
Note payable to the State of Tennessee revolving loan fund - ARRA	2031	Variable	101,166	33,120	2,286	132,000
Public Improvement Loans:						
Note payable to the Public Building Authority Clarksville, TN Series 2008 TMBF	2028	Variable	1,714,000	0	61,000	1,653,000
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%	285,716	0	71,429	214,287
School Construction Loan: Qualified School Construction Loan (QSCB) Series 2009	2027	1.1515%	4,160,000	0	237,946	3,922,054
School Energy Loan: Tennessee Energy Efficient School Initiative Program (EESI) Loan	2016	3.00%	0	313,024	39,080	273,944
Totals			<u>\$ 28,101,710</u>	<u>\$ 198,723</u>	<u>\$ 384,092</u>	<u>\$ 27,916,341</u>

CITY OF CLEVELAND, TENNESSEE
 UNCOLLECTED DELINQUENT PROPERTY TAXES FILED
 June 30, 2011

Table 7

<u>Tax Year</u>	<u>Original Amount Filed</u>	<u>Unpaid Balance</u>	<u>Percentage Collected</u>
2001	\$ 230,435	\$ 8,858	96.2 %
2002	212,633	22,462	89.4
2003	207,721	15,742	92.4
2004	232,661	16,402	93.0
2005	203,051	10,002	95.1
2006	305,663	25,431	91.7
2007	452,759	99,978	77.9
2008	501,311	187,131	62.7
2009	614,201	465,893	24.1

CITY OF CLEVELAND, TENNESSEE
 BOND PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR GENERAL OBLIGATION BONDS
 June 30, 2011

Fiscal Year	2005 Series		2007 Series		2009B Series	
	Principal	Interest	Principal	Interest	Principal	Interest
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	\$ 10,010,000	\$ 3,551,538	\$ 5,580,000	\$ 2,837,619	\$ 1,360,000	\$ 40,950

Table 8

2009C		2009D		Total	
Series		Series		Principal	Interest
Principal	Interest	Principal	Interest		
\$ 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>\$ 15,860,000</u>	<u>\$ 9,597,475</u>	<u>\$ 8,140,000</u>	<u>\$ 2,036,275</u>	<u>\$ 40,950,000</u>	<u>\$ 18,063,857</u>

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR EXCLUDING CLEVELAND UTILITIES
 June 30, 2011

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		Note Payable - Energy Efficient Schools Initiative Loan EESI Loan Series	
	Principal	Interest	Principal	Interest	Principal	Interest
	2012	\$ 64,000	\$ 82,650	\$ 125,000	\$ 1,066,750	\$ 60,108
2013	67,000	79,450	130,000	1,060,500	61,932	5,568
2014	70,000	76,100	515,000	1,054,000	63,816	3,684
2015	74,000	72,600	535,000	1,028,250	65,760	1,740
2016	78,000	68,900	580,000	1,001,500	22,328	150
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		
	<u>\$ 1,653,000</u>	<u>\$ 839,900</u>	<u>\$ 21,335,000</u>	<u>\$ 15,067,500</u>	<u>\$ 273,944</u>	<u>\$ 18,534</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.

2009 QSCB Series		Local Government Energy Loan (2)		Total	
Principal	Interest	Principal	Principal	Interest (1)	
\$ 237,947	\$ 71,344	\$ 71,429	\$ 558,484	\$ 1,228,136	
259,577	69,611	71,429	589,938	1,215,129	
259,577	67,184	71,429	979,822	1,200,968	
259,577	67,184		934,337	1,169,774	
259,578	67,184		939,906	1,137,734	
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>\$ 3,922,054</u>	<u>\$ 1,020,639</u>	<u>\$ 214,287</u>	<u>\$ 27,398,285</u>	<u>\$ 16,946,573</u>	

CITY OF CLEVELAND, TENNESSEE
 BOND PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES
 June 30, 2011

Water and Sewer Revenue and Tax Bonds

Fiscal Year	2003 Series		2004 Series		2007 Series		2009B Series	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 500,000	\$ 41,550	\$ 990,000	\$ 456,746	\$ 165,000	\$ 359,412	\$ 755,000	\$ 64,125
2013	495,000	24,762	975,000	422,359	165,000	352,813	780,000	41,100
2014	460,000	8,050	970,000	385,896	170,000	346,212	490,000	22,050
2015			965,000	347,196	180,000	339,412	490,000	7,350
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	\$1,455,000	\$ 74,362	\$ 11,770,000	\$ 3,538,458	\$ 8,310,000	\$ 5,670,711	\$ 2,515,000	\$ 134,625

Table 10

2009C Series		2009D Series		2010 Series		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 475,000	\$ 401,969	\$ 535,000	\$ 628,437	\$ 405,000	\$ 226,385	\$ 3,825,000	\$ 2,178,624
475,000	392,469	525,000	617,738	405,000	223,753	3,820,000	2,074,994
860,000	380,594	540,000	605,924	410,000	220,462	3,900,000	1,969,188
895,000	359,094	1,000,000	592,425	415,000	215,798	3,945,000	1,861,275
600,000	336,719	1,805,000	567,424	415,000	209,190	3,965,000	1,754,341
410,000	318,719	2,100,000	517,788	420,000	201,771	4,075,000	1,633,687
435,000	306,419	2,040,000	454,787	425,000	192,898	3,820,000	1,504,413
475,000	292,281	1,545,000	388,488	425,000	183,230	3,575,000	1,371,708
625,000	275,656	1,680,000	334,412	430,000	172,732	3,605,000	1,256,608
500,000	252,219	1,895,000	271,413	435,000	161,552	3,615,000	1,127,873
575,000	232,218	1,800,000	195,612	435,000	150,102	3,605,000	987,854
675,000	209,219	1,385,000	123,613	440,000	138,084	3,310,000	846,957
600,000	182,218	1,010,000	68,213	445,000	125,358	2,875,000	717,439
970,000	158,219	420,000	25,288	450,000	111,908	2,670,000	602,274
1,040,000	119,418	75,000	7,438	455,000	97,721	2,295,000	492,702
985,000	77,819	50,000	4,250	460,000	82,934	2,225,000	399,613
850,000	37,188	50,000	2,125	465,000	67,535	2,105,000	307,660
				465,000	51,516	1,215,000	220,064
				475,000	35,043	830,000	179,637
				475,000	17,753	845,000	146,815
						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>\$11,445,000</u>	<u>\$ 4,332,438</u>	<u>\$ 18,455,000</u>	<u>\$ 5,405,375</u>	<u>\$ 8,750,000</u>	<u>\$ 2,885,725</u>	<u>\$ 62,700,000</u>	<u>\$ 22,041,694</u>

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES
 June 30, 2011

Fiscal Year	State of Tennessee Revolving Loan Fund	
	Principal	Interest
2012	\$ 33,418	\$ 16,594
2013	34,129	15,882
2014	34,856	15,155
2015	35,599	14,412
2016	36,358	13,654
2017	37,133	12,878
2018	37,924	12,088
2019	38,731	11,280
2020	39,557	10,454
2021	40,399	9,612
2022	41,261	8,750
2023	42,139	7,872
2024	43,037	6,974
2025	43,953	6,058
2026	44,891	5,120
2027	45,847	4,164
2028	46,824	3,187
2029	47,821	2,190
2030	48,840	1,171
2031	19,283	204
	<u>\$ 792,000</u>	<u>\$ 177,699</u>

CITY OF CLEVELAND, TENNESSEE
INVESTMENTS

Table 12

June 30, 2011

Description		Cost	Fair Value
Investment in Certificates of Deposit:			
First Tennessee Bank	1.00%	\$ 57,593	\$ 57,593
First Tennessee Bank	0.80%	50,000	50,000
First Tennessee Bank	0.80%	40,548	40,548
First Tennessee Bank	1.00%	37,838	37,838
First Tennessee Bank	0.80%	33,680	33,680
First Tennessee Bank	0.75%	30,328	30,328
First Tennessee Bank	1.10%	25,000	25,000
First Tennessee Bank	1.00%	5,991	5,991
First Tennessee Bank	0.75%	13,699	13,699
First Tennessee Bank	0.75%	30,002	30,002
First Tennessee Bank	0.75%	15,001	15,001
First Tennessee Bank	1.00%	5,065	5,065
Total Certificates of Deposit		<u>\$ 344,745</u>	<u>\$ 344,745</u>
Investment in Local Government Investment Pool:			
State of Tennessee		\$ 321	\$ 321
State of Tennessee		43,669	43,669
Total Local Government Investment Pool		<u>\$ 43,990</u>	<u>\$ 43,990</u>
Total Investments		<u><u>\$ 388,735</u></u>	<u><u>\$ 388,735</u></u>

TRANSFERS

For the Fiscal Year Ended June 30, 2011

<u>Transfers In:</u>	<u>Transfers Out:</u>	<u>Amount</u>
Capital Improvement Program	General Fund	1,225,000
Capital Improvement Program	Meiler Estate Animal Shelter Trust Fund	1,000
Cleveland Municipal Airport Authority Fund	General Fund	34,000
Community Development Block Grant Fund	General Fund	10,000
Debt Service Fund	General Fund	2,684,400
Debt Service Fund	School Fund	611,491
Debt Service Fund	State Street Aid Fund	405,000
Debt Service Fund	Storm Water Management Fund	18,900
General Fund	Cleveland Utilities - Electric Division	1,627,253
General Fund	Cleveland Utilities - Water Division	199,470
Library Fund	General Fund	564,443
Metropolitan Transportation Planning Organization	General Fund	32,300
School Fund	General Fund	5,120,000
School Fund	School Federal Projects Fund	282
Solid Waste Management Fund	General Fund	1,226,800
Storm Water Management Fund	General Fund	199,000
2007 General Improvement Bond Fund	Sales Tax Capital Projects Fund	587,738
	Total	<u>\$ 14,547,077</u>

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF UNACCOUNTED FOR WATER
 For the Year Ended June 30, 2011

Table 14

(All amounts in gallons)

A	Water Treated and Purchased:		
B	Water Pumped (potable)	1,785,496,000	
C	Water Purchased	<u>1,860,475,140</u>	
D	Total Water Treated and Purchased (Sum of Lines B and C)		3,645,971,140
E	Accounted for Water:		
F	Water Sold	2,876,706,213	
G	Metered for Consumption (in house usage)	99,202,850	
H	Fire Department(s) Usage	245,245	
I	Flushing	1,402,080	
J	Tank Cleaning/Filling	0	
K	Street Cleaning	60,525	
L	Bulk Sales	0	
M	Water Bill Adjustments/ plus or (minus)	<u>(40,226,250)</u>	
N	Total Accounted for Water (Sum of Lines F thru M)		2,937,390,663
O	Unaccounted for Water (Line D minus Line N)		708,580,477
P	Percent Unaccounted for Water (Line O divided by Line D times 100)		19.435%
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, 2011

Table 15

<u>Name</u>	<u>Office</u>	<u>Salary</u>	<u>Amount of Bond</u>
Tom Rowland	Mayor	\$ 12,000	\$ 550,000
Avery Johnson, Sr.	Vice Mayor	7,200	550,000
Richard Banks	Councilman	7,200	100,000
William Estes	Councilman	7,200	100,000
Bambi Hines	Councilwoman	1,385	100,000
Dale Hughes	Councilman	831	100,000
David May, Jr.	Councilman	7,200	100,000
Charles McKenzie	Councilman	5,539	100,000
George Poe, Jr.	Councilman	7,200	100,000
Bill Robertson	Councilman	6,092	100,000
Janice S. Casteel	City Manager	137,466	550,000
Michael L. Keith, CPA	City Clerk	75,161	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, 2011

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
SNAP - School Supplies - ARRA	Dept of Education	93.558	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
Energy Efficiency & Cons. Block Grant - ARRA	Dept. of Energy	81.128	N/A
Bringing Broadband Tech to Tennessee - ARRA	TN State Archives	11.557	N/A
Schools:			
Enforcing Underage Drinking Laws (EUDL)	Dept of Justice	16.727	N/A
Safe Routes to Schools	Dept of Transportation	20.200	N/A
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
Smaller Learning Communities Program	Dept. of Education	84.215	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
First to the Top	Dept of Education	84.395	N/A
Education Jobs Program	Dept of Education	84.410 *	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:			
Project Safe Neighborhood	Dept of Justice	16.744	N/A
Edward Byrne Memorial Justice Assistance - 2009	Dept of Justice	16.738	N/A
Edward Byrne Memorial Justice Assistance - 2010	Dept of Justice	16.738	N/A
Targeted Crime Reduction Grant	Dept of Justice	16.738	N/A
Homeland Security Grant	Dept. of Military	97.067	N/A

(Continued)

Balance July 1, 2010	Cash Receipts	Other Additions	Expend- itures	Paid To Grantor	Transfers Out	Balance June 30, 2011
\$ 0	\$ 7,670	\$ 0	\$ 7,670	\$ 0	\$ 0	\$ 0
(94,103)	634,365	0	554,050	0	0	(13,788)
(37,892)	306,990	0	284,739	0	0	(15,641)
0	11,252	0	11,252	0	0	0
0	1,599,100	0	1,599,100	0	0	0
(52,410)	129,375	0	125,000	0	0	(48,035)
0	14,389	0	14,389	0	0	0
(92,714)	92,714	0	99,900	0	0	(99,900)
(4,492)	9,723	0	21,077	0	0	(15,846)
0	51,406	0	51,406	0	0	0
(37,870)	211,958	0	185,003	0	0	(10,915)
145,779	0	0	87,866	0	0	57,913
(535)	489,143	0	488,608	0	0	0
(106,160)	432,151	0	325,991	0	0	0
(943)	170,200	0	169,257	0	0	0
(749)	91,679	0	90,930	0	0	0
0	0	0	5,620	0	0	(5,620)
0	33,121	0	33,121	0	0	0
0	132,482	0	132,482	0	0	0
(1,883)	95,430	0	84,082	0	0	9,465
0	11,946	0	11,876	0	0	70
0	17,090	0	24,676	0	0	(7,586)
0	0	0	307,751	0	0	(307,751)
(51,938)	1,602,423	298	1,624,571	0	282	(74,070)
(21,706)	1,075,145	0	1,052,923	0	0	516
0	47,714	0	47,714	0	0	0
(5,497)	5,497	0	0	0	0	0
(11,797)	112,051	0	104,039	0	0	(3,785)
2,273	55,971	0	61,136	0	0	(2,892)
(28,531)	180,253	0	151,722	0	0	0
0	127,035	0	209,578	0	0	(82,543)
0	5,608	0	5,608	0	0	0
(41,131)	42,679	0	0	1,548	0	0
4,130	25,962	0	30,090	0	0	2
623	277,031	0	297,453	0	0	(19,799)
0	209,518	0	270,922	0	0	(61,404)
0	999,915	0	999,915	0	0	0
(111,190)	1,320,787	0	1,209,597	0	0	0
(40,324)	478,619	0	438,295	0	0	0
(5,157)	34,951	0	44,480	0	0	(14,686)
0	5,896	0	8,309	0	0	(2,413)
33,715	0	0	14,530	0	0	19,185
0	42,081	0	41,838	0	0	243
0	109,651	0	166,401	0	0	(56,750)
(30,414)	30,414	0	51,305	0	0	(51,305)

CITY OF CLEVELAND, TENNESSEE
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
For the Fiscal Year Ended June 30, 2011

PROGRAM	Grantor	CFDA Number	State Grant Number
Federal Grants:			
Engineering:			
Detention Ponds	Environmental Protection Agency	66.202	N/A
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
Airport Construction Phase II	Dept of Transportation	20.106 *	DG-1133041
Lowering of TVA Tower	Dept of Transportation	20.106 *	DG-1133041
Utilities:			
Federal Disaster Relief	Federal Emergency Management Agency	97.036 *	N/A
Library:			
2011 LSTA Technology Grant	Library & Archives	45.310	N/A
State and National Archival Partnership	TN State Lib & Arch	89.003	N/A
Public Works:			
Federal Disaster Relief	Federal Emergency Management Agency	97.036 *	N/A
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
THDA Home Grant	Dept. of Housing & Urban Development	14.239	HM-09-12
Neighborhood Stabilization Program	Dept. of Housing & Urban Development	14.228	N/A
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:			
High Schools That Work	Dept. of Education	N/A	N/A
Library:			
Archives Development	Library and Archives	N/A	941
Archives Development	Library and Archives	N/A	N/A
Engineering:			
Airport Maintenance	Dept of Transportation	N/A	DG-11-31518-00
Airport Maintenance	Dept of Transportation	N/A	AERO-510710
Airport Phase III Final Design	Dept of Transportation	N/A	Z-09213924
Airport Phase II Land Acquisition	Dept of Transportation	N/A	Z-08200743
Cleveland Island Landscaping Project	Dept of Transportation	N/A	112380
Local Interstate Connector, Stone Lake Rd	Dept of Transportation	N/A	113131
Parks and Recreation:			
Fletcher Park - Phase V	Dept of Environment & Conservation	N/A	Z-07031367
Total State Grants			
Total Federal and State Financial Assistance Activity			

*Denotes major programs

(Continued)

<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Other Additions</u>	<u>Expend- itures</u>	<u>Paid To Grantor</u>	<u>Transfers Out</u>	<u>Balance June 30, 2011</u>
\$ (525,600)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (525,600)
(50,000)	50,000	0	0	0	0	0
(51,962)	156,060	0	265,768	0	0	(161,670)
(1,146,246)	4,177,679	0	3,031,433	0	0	0
0	4,025,902	0	5,393,683	0	0	(1,367,781)
0	21,891	0	21,891	0	0	0
0	0	0	1,564,788	0	0	(1,564,788)
0	2,400	0	2,400	0	0	0
0	714	0	714	0	0	0
0	0	0	553,499	0	0	(553,499)
(812)	510,502	0	513,336	0	0	(3,646)
(30,578)	77,915	0	57,630	0	0	(10,293)
0	9,783	0	50,551	0	0	(40,768)
0	205,661	0	224,287	0	0	(18,626)
(6,020)	50,000	0	43,980	0	0	0
(40,000)	40,000	0	0	0	0	0
<u>\$ (2,442,134)</u>	<u>\$ 20,659,892</u>	<u>\$ 298</u>	<u>\$ 23,270,232</u>	<u>\$ 1,548</u>	<u>\$ 282</u>	<u>\$ (5,054,006)</u>
(460)	460	0	4,903	0	0	(4,903)
(926)	926	0	0	0	0	0
0	679	0	679	0	0	0
0	8,632	0	13,000	0	0	(4,368)
(1,720)	1,720	0	0	0	0	0
(2,715)	118,433	0	115,718	0	0	0
(310,000)	331,628	0	21,628	0	0	0
0	0	0	64,279	0	0	(64,279)
0	0	0	148,750	0	0	(148,750)
(1,387)	1,387	0	0	0	0	0
<u>\$ (317,208)</u>	<u>\$ 463,865</u>	<u>\$ 0</u>	<u>\$ 368,957</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (222,300)</u>
<u>\$ (2,759,342)</u>	<u>\$ 21,123,757</u>	<u>\$ 298</u>	<u>\$ 23,639,189</u>	<u>\$ 1,548</u>	<u>\$ 282</u>	<u>\$ (5,276,306)</u>

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF NON-CASH ASSISTANCE
 For the Year Ended June 30, 2011

<u>CFDA</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Balance July 1, 2010</u>	<u>Receipts</u>	<u>Expend- itures/ Issues</u>	<u>Balance June 30, 2011</u>
10.569	Commodity Assistance	U.S. Department of Agriculture	<u>\$ 0</u>	<u>\$ 156,616</u>	<u>\$ 156,616</u>	<u>\$ 0</u>

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CERTIFIED VALUATION ANALYSTS

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, 2011, which collectively comprise the City of Cleveland, Tennessee's basic financial statements and have issued our report thereon dated December 16, 2011. 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting: 2011-1 and 2011-2. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

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

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


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

December 16, 2011

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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, 2011. 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, 2011.

Internal Control Over Compliance

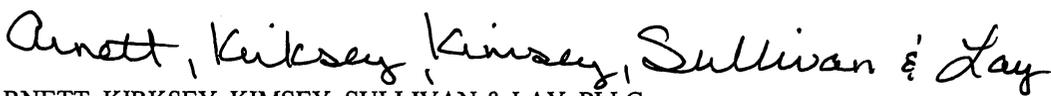
Management of the City of Cleveland, Tennessee is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal

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 16, 2011

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2011

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Cleveland, Tennessee.
2. The audit of the financial statements of the City of Cleveland, Tennessee, disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements.
4. No significant deficiencies relating to the audit of the major federal award programs were reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. An unqualified opinion was issue on compliance for major programs.
6. The audit revealed no findings that were required to be reported under Section 510(a) of OMB Circular A-133.

7. 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
Education Jobs Program	84.410
Airport Improvement Program	20.106
Transportation Projects	20.205
Federal Disaster Relief	97.036

- 7 The threshold for distinguishing Types A and B programs was \$702,805.
- 8 The City of Cleveland, Tennessee, was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

2011-1 Purchase Orders

Condition: Purchase orders were not being obtained in all required instances.

Criteria: Purchase orders are required to be used for all purchases of \$25 or more.

Effect: Purchases are not properly approved and documented prior to the purchase being made.

Recommendation: Purchase orders should be properly completed in advance of making the purchases and maintained on file.

Response: Management agrees with the finding and will encourage the proper use of purchase orders.

2011-2 Procurement Cards

Condition: Aggregate purchases over \$499 were made using procurement cards in six instances during the fiscal year.

Criteria: The City has a limit for individual purchases with procurement cards of \$499.

Effect: Purchases were made in violation of City policy.

Recommendation: The current policy regarding purchases with procurement cards should be reiterated to all employees.

Response: Management agrees with the finding and will encourage the proper use of procurement cards.

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
Education Jobs Program	84.410

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
Transportation Projects	20.205

NONE

Federal Emergency Management Agency

Federal disaster response	97.036
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NONE

CITY OF CLEVELAND, TENNESSEE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2011

A. FINANCIAL STATEMENT AUDIT

Compliance Finding 2010-1 as restated below was corrected during the current year.

2010-1 Deficit Fund Balance

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

Criteria: The financial polices of the City do not allow funds to have a deficit balance.

Effect: Noncompliance with City policy.

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.

B. MAJOR FEDERAL AWARD PROGRAMS AUDIT

None from prior year

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City of Cleveland

CLEVELAND, TENNESSEE



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

December 16, 2011

U.S. Department of Education

The City of Cleveland, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2011.

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, 2010 to June 30, 2011

SIGNIFICANT DEFICIENCIES

2011-1 Purchase Orders

Condition: Purchase orders were not being obtained in all required instances.

Criteria: Purchase orders are required to be used for all purchases of \$25 or more.

Effect: Purchases are not properly approved and documented prior to the purchase being made.

Recommendation: Purchase orders should be properly completed in advance of making the purchases and maintained on file.

Response: Management agrees with the finding and will encourage the proper use of purchase orders.

2011-2 Procurement Cards

Condition: Aggregate purchases over \$499 were made using procurement cards in six instances during the fiscal year.

Criteria: The City has a limit for individual purchases with procurement cards of \$499.

Effect: Purchases were made in violation of City policy.

Recommendation: The current policy regarding purchases with procurement cards should be reiterated to all employees.

Response: Management agrees with the finding and will encourage the proper use of procurement cards.

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
Education Jobs Program	84.410

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
Transportation Projects	20.205

NONE

Federal Emergency Management Agency

Federal disaster response	97.036
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NONE

Respectfully submitted,



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