



CITY OF CLEVELAND, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2023



CITY OF CLEVELAND, MISSISSIPPI

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CITY OF CLEVELAND

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
City of Cleveland
Cleveland, Mississippi

Report on the Audit of the Financial Statements

Opinions

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, Mississippi, (the City) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Mississippi, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules and corresponding notes, the Schedule of the City's Proportionate Share of the Net Pension Liability, and the Schedule of the City's Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cleveland, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information (pages 69 through 71) is comprised of the Schedule of Surety Bonds for City Officials and the Schedule of Lon-Term Debt but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The schedules in the Statistical Information section on pages 72 through 75 as listed in the table of contents, 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2025, on our consideration of the City of Cleveland, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City of Cleveland, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the City of Cleveland, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

January 17, 2025

CITY OF CLEVELAND, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF CLEVELAND, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023**

Our discussion and analysis of the City of Cleveland's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2023. Readers should also review the basic financial statements and disclosures to enhance their understanding of the City's financial performance.

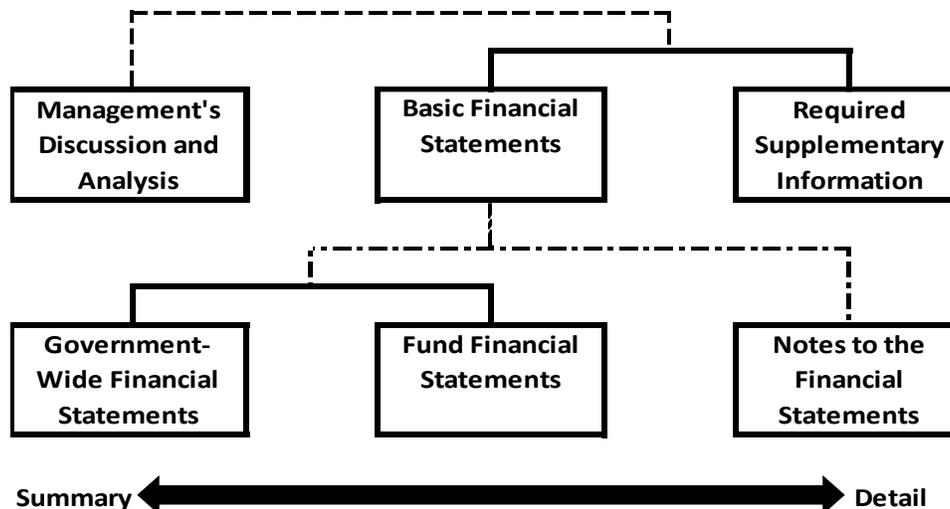
FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2023 by \$28,979,523 (net position), this amount represents a decrease of \$223,397 including a prior period adjustment of (\$58,022), from fiscal year 2022. Of this amount the unrestricted net position showed a deficit balance of (\$11,239,086).
- Total assets increased \$6,543,541 from 2022.
- Total liabilities increased \$8,388,899 from 2022.
- The City had \$27,378,717 in total revenues. Property tax revenues account for \$6,134,633 or 22.41 percent of total revenues. Sales and tourism taxes account for \$6,031,031 or 22.03 percent of total revenues. Charges for services account for \$7,171,000 or 26.19 percent of total revenues. The remainder of revenue is from federal and state grants, franchise taxes, and other sources and accounts for \$8,031,052 or 29.37 percent of total revenues.
- The City had \$27,544,092 in total expenses which represents an increase of \$4,714,433 or 20.65 percent over the prior fiscal year. Expenses of \$11,219,099 were offset by grants and charges for services. General revenues of \$16,159,619 were adequate to provide for the remainder of the expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Cleveland, Mississippi's basic financial statements which are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information in addition to the basic financial statements themselves.

Figure 1: Required Components of the City's Annual Report – This figure shows how required parts of this annual report are arranged and relate to one another.



**CITY OF CLEVELAND, MISSISSIPPI
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023**

Figure 2: Major Features of the City’s Government-Wide and Fund Financial Statements – This figure summarizes the major features of the City’s financial statements, including the portion of the City’s government they cover and the types of information they contain. The remainder of this section of Management’s Discussion and Analysis explains the structure and content of each of the statements.

	Government-Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds)	All activities of the City that are not business-type or fiduciary in nature	Activities of the City that operate similar to private businesses
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset, Deferred Outflow, Liability, and Deferred Inflow information	All assets, deferred outflows, liabilities, and deferred inflows; both financial and capital and short and long term	Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital, and short and long term
Type of Inflow/ Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received, and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

CITY OF CLEVELAND, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

Government-wide Financial Statements. The government-wide financial statements presented on pages 17 through 18 are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The **Statement of Net Position** presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Cleveland, Mississippi is improving or deteriorating.

The **Statement of Activities** presents information showing the government's net position changes during the most recent fiscal year. All changes in net position 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.

The government-wide financial statements distinguish functions of the City of Cleveland, Mississippi that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities).

The government activities of the City include general government, public safety, public works, highways and streets, health and sanitation, culture and recreation, economic development, interest, and pension expense.

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 the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary 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 expendable resources, as well as, on balances of expendable 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 effect of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the 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 24 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, Economic Development and Tourism Fund, General Bond and Interest Fund, Baxter Bond Fund, Public Improvement Bond Fund, Economic Development Revolving Fund, Animal Shelter Fund, and the American Rescue Act Plan Fund, all of which are considered to be major funds. All other funds are considered non-major and are presented in a single column. The governmental fund financial statements are presented on pages 19 through 24.

**CITY OF CLEVELAND, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023**

The City of Cleveland adopts an annual budget. Budgetary comparison schedules have been provided on pages 53 through 59 for the General Fund and the major special revenue funds to demonstrate compliance with this budget.

Proprietary Funds. The City maintains two types of proprietary funds – an enterprise fund and an internal service fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for water and sewer, and sanitation operations. These funds are financed primarily through user fees. The internal service fund accounts for the accumulation of amounts used to pay health insurance claims and life insurance premiums for City employees.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements are presented on pages 25 through 27.

Notes to the financial statements. The notes, presented on pages 28 through 51, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the City's budget process and pension standards, as well as the notes to the Required Supplementary Information, on pages 52 through 65.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2023, the assets and deferred outflows of the City of Cleveland exceeded liabilities and deferred inflows by \$28,984,595.

By far the largest portion of the City of Cleveland's net position (\$35,028,262 or 121%) reflects its investment in capital assets (land, buildings, machinery, and equipment, etc.) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although investment in 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 because the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF CLEVELAND, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

The following table presents a summary of the City's net position for the fiscal year ended September 30, 2023.

	Governmental Activities		Business-type Activities		Total		Increase (Decrease)	Percentage Change
	2023	2022	2023	2022	2023	2022		
Assets								
Current and other assets	\$ 21,343,911	21,605,812	(689,330)	(1,110,459)	20,654,581	20,495,353	159,228	0.78%
Capital assets, net	42,644,126	42,487,609	25,342,980	19,115,184	67,987,106	61,602,793	6,384,313	10.36%
Total Assets	63,988,037	64,093,421	24,653,650	18,004,725	88,641,687	82,098,146	6,543,541	7.97%
Deferred Outflows	4,158,553	1,715,986	487,875	201,317	4,646,428	1,917,303	2,729,125	142.34%
Liabilities								
Current & other liabilities	3,414,134	4,256,519	457,078	850,404	3,871,212	5,106,923	(1,235,711)	-24.20%
Net pension liability	18,661,149	14,498,395	2,189,296	1,700,930	20,850,445	16,199,325	4,651,120	28.71%
Long-term debt	13,722,377	13,762,360	19,219,550	14,206,077	32,941,927	27,968,437	4,973,490	17.78%
Total Liabilities	35,797,660	32,517,274	21,865,924	16,757,411	57,663,584	49,274,685	8,388,899	17.02%
Deferred Inflows	6,633,758	6,096,473	11,250	22,054	6,645,008	6,118,527	526,481	8.60%
Net Position								
Invested in capital assets, net of related debt	28,899,747	28,908,181	6,128,515	5,532,042	35,028,262	34,440,223	588,039	1.71%
Restricted	5,190,347	6,098,021			5,190,347	6,098,021	(907,674)	-14.88%
Unrestricted	(8,374,922)	(7,810,542)	(2,864,164)	(3,524,782)	(11,239,086)	(11,335,324)	96,238	-0.85%
Total Net Position	\$ 25,715,172	27,195,660	3,264,351	2,007,260	28,979,523	29,202,920	(223,397)	-0.76%

The City's total assets increased \$6,543,541 during 2023 with business-type activities showing an increase of \$6,648,925 and governmental activities showing a decrease of \$105,384.

The City's total liabilities increased \$8,388,899 during 2023 with business-type activities showing an increase of \$3,280,386 and governmental activities showing an increase of \$5,108,513.

The City's net position decreased \$223,397 (includes \$58,022 PPA) for the year ended September 30, 2023.

Additional information on unrestricted net position:

In connection with the standards on accounting and financial reporting for pensions, management presents the following additional information:

Total unrestricted net position (deficit)	\$ (11,234,014)
Less: unrestricted deficit in net position resulting from recognition of GASB 68 & 71	16,311,154
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 5,077,140</u>

**CITY OF CLEVELAND, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023**

The following table presents a summary of the changes in net position for the fiscal year ended September 30, 2023.

	Governmental Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2023	2022	2023	2022	2023	2022		
Program Revenues:								
Charges for services	\$ 610,601	769,961	6,560,399	6,026,485	7,171,000	6,796,446	374,554	5.51%
Grants and contributions	4,048,099	2,762,847		195,299	4,048,099	2,958,146	1,089,953	36.85%
General Revenues:								
Property taxes	6,134,633	5,907,394			6,134,633	5,907,394	227,239	3.85%
Sales and tourism taxes	6,031,031	5,656,862			6,031,031	5,656,862	374,169	6.61%
Other taxes and other	3,948,255	2,472,155	45,699	1,326	3,993,954	2,473,481	1,520,473	61.47%
Total Revenues	20,772,619	17,569,219	6,606,098	6,223,110	27,378,717	23,792,329	3,586,388	15.07%
Program Expenses:								
General government	2,249,043	2,251,029			2,249,043	2,251,029	(1,986)	-0.09%
Public safety	3,903,777	4,351,417			3,903,777	4,351,417	(447,640)	-10.29%
Public works	1,535,758	1,593,263			1,535,758	1,593,263	(57,505)	-3.61%
Highways and streets	8,398,748	2,037,633			8,398,748	2,037,633	6,361,115	312.18%
Health and sanitation	320,000	370,819			320,000	370,819	(50,819)	-13.70%
Culture and recreation	1,059,627	983,673			1,059,627	983,673	75,954	7.72%
Economic development	2,207,375	3,574,566			2,207,375	3,574,566	(1,367,191)	-38.25%
Interest on long-term debt	367,263	463,381			367,263	463,381	(96,118)	-20.74%
Pension expense	2,606,567	1,253,627			2,606,567	1,253,627	1,352,940	107.92%
Water and sewer			3,751,237	4,042,842	3,751,237	4,042,842	(291,605)	-7.21%
Sanitation			1,144,697	1,907,409	1,144,697	1,907,409	(762,712)	-39.99%
Total Expenses	22,648,158	16,879,408	4,895,934	5,950,251	27,544,092	22,829,659	4,714,433	20.65%
Transfers:								
Operating transfers in	445,000	285,000			445,000	285,000	160,000	N/A
Operating transfers out			(445,000)	(285,000)	(445,000)	(285,000)	(160,000)	N/A
Total transfers	445,000	285,000	(445,000)	(285,000)	-	-	-	-
Increase (Decrease) in Net Position	\$ (1,430,539)	974,811	1,265,164	(12,141)	(165,375)	962,670	(1,128,045)	-117.18%

The City's governmental activities continue to be funded by sources other than property taxes, which comprise 22% of the total revenues. The other major revenue sources were sales and tourism taxes 22%, charges for services 26%, grants and contributions 15% and other revenues 15%. The major expense activities were public safety, general government, pension expense, highways and streets, public works, culture & recreation, and economic development which comprise 17%, 10%, 12%, 37%, 7%, 5%, and 10% of total expenses, respectively.

Business-type activities are accounted for similar to businesses and are primarily supported by user fees. The City makes every effort to keep these fees as low as possible.

FUND FINANCIAL ANALYSIS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of governmental fund reporting is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the year ended, the City's governmental funds reported a combined fund balance of \$10,788,106, a decrease of \$287,324.

**CITY OF CLEVELAND, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023**

Governmental funds meeting the requirements for being reported as major funds include the General Fund, Economic Development and Tourism Fund, General Bond and Interest Fund, Public Improvement Bond Fund, Economic Development Revolving Fund, Animal Shelter Fund, and American Rescue Plan Act Fund. Remaining governmental funds were combined and reported as non-major governmental funds.

Major Fund Budgeting Highlights

The City's budget is prepared according to Mississippi law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. One of the most significant budgeted funds is the General Fund.

During the course of 2023, the City amended its General Fund budget. All recommendations for budget changes come from the City Clerk and are presented to the Mayor and Board of Aldermen for ordinance enactment on the change. The City does not allow budget changes that modify line items with departments without board approval. With the General Fund supporting many of the major activities such as the police and fire departments, as well as most legislative and executive activities, the General Fund is closely monitored looking for possible revenue shortfalls or overspending by individual departments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2023, the City had \$67,987,106, net of accumulated depreciation, invested in a broad range of capital assets, including police and fire equipment, buildings, park and recreation facilities, streets, bridges, and water and sewer lines. This amount represents a net increase (including additions and deductions) of \$6,384,314 from 2022.

The following is a summary of changes in capital assets as of September 30, 2023:

	Government Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2023	2022	2023	2022	2023	2022		
Land	\$ 4,605,367	4,605,367	1,259,935	1,259,935	5,865,302	5,865,302	-	0.00%
Construction in progress	5,274,349	7,014,109	10,237,003	3,598,461	15,511,352	10,612,570	4,898,782	46.16%
Infrastructure	22,910,259	22,781,111	13,376,045	13,773,133	36,286,304	36,554,244	(267,940)	-0.73%
Buildings and improvements	7,362,903	5,994,812	64,095	70,135	7,426,998	6,064,947	1,362,051	22.46%
Equipment and fixtures	2,491,248	2,092,210	405,902	413,519	2,897,150	2,505,729	391,421	15.62%
Totals	\$ 42,644,126	42,487,609	25,342,980	19,115,183	67,987,106	61,602,792	6,384,314	10.36%

**CITY OF CLEVELAND, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023**

Long-term Debt

The following table illustrates the total Long-term Debt of the City as of September 30, 2023:

	Governmental Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2023	2022	2023	2022	2023	2022		
General obligation bonds	\$ 10,580,000	10,310,000			10,580,000	10,310,000	270,000	2.62%
Add: Premiums	859	1,110			859	1,110	(251)	-22.61%
Special obligation bonds	2,838,436	2,969,579	2,000,000	2,245,000	4,838,436	5,214,579		
Other loans			14,893,302	8,978,357	14,893,302	8,978,357	5,914,945	65.88%
Financed purchases	181,264	298,739	2,321,163	2,382,907	2,502,427	2,681,646	(179,219)	-6.68%
Compensated absences	121,818	182,932	5,085	16,802	126,903	199,734	(72,831)	-36.46%
Totals	\$ 13,722,377	13,762,360	19,219,550	13,623,067	32,941,927	27,385,427	5,556,500	20.29%

More detailed information about the City's long-term liabilities is presented in Note 12 of the Notes to Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2023 budget, tax rates, and fees that will be charged for the business-type activities. The total property tax millage rate of 53 mills will increase to 54.50 mills for the following year.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide the citizens, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need any additional information, contact the Chief Administrative Officer or City Clerk, at 100 North Street or P. O. Box 1439, Cleveland, MS 38732.

CITY OF CLEVELAND, MISSISSIPPI

FINANCIAL STATEMENTS

CITY OF CLEVELAND, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,303,057	254,967	4,558,024
Accounts receivable, net		718,028	718,028
Property tax receivable	6,258,109		6,258,109
Franchise fees receivable	46,861	1,533	48,394
Intergovernmental receivable	541,062		541,062
Leases receivable	279,762		279,762
Internal balances	2,187,397	(2,187,397)	-
Inventory	55,904	130,231	186,135
Restricted assets:			
Cash and cash equivalents	7,667,666	392,411	8,060,077
Right of use assets	4,093	897	4,990
Capital assets, net			
Land and construction in progress	9,879,716	11,496,938	21,376,654
Other capital assets, net	32,764,410	13,846,042	46,610,452
Total Assets	<u>63,988,037</u>	<u>24,653,650</u>	<u>88,641,687</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	4,158,553	487,875	4,646,428
Total Deferred Outflows of Resources	<u>4,158,553</u>	<u>487,875</u>	<u>4,646,428</u>
LIABILITIES			
Accounts payable and accrued expenses	611,014	55,447	666,461
Amounts held in custody for others	84,466		84,466
Accrued interest payable	74,457	8,323	82,780
Unearned revenue- federal grant	2,640,104		2,640,104
Liabilities payable from restricted assets:			
Customer deposits		392,411	392,411
Operating Leases payable	4,093	897	4,990
Long-term liabilities:			
Net pension liability	18,661,149	2,189,296	20,850,445
Due within one year:			
Capital related debt	1,977,892	946,019	2,923,911
Due in more than one year:			
Capital related debt	11,622,667	18,268,446	29,891,113
Non-capital related debt	121,818	5,085	126,903
Total Liabilities	<u>35,797,660</u>	<u>21,865,924</u>	<u>57,663,584</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	95,887	11,250	107,137
Deferred inflows related to leases	279,762		279,762
Property tax for future reporting period	6,258,109		6,258,109
Total Deferred Inflows of Resources	<u>6,633,758</u>	<u>11,250</u>	<u>6,645,008</u>
NET POSITION			
Net investment in capital assets	28,899,747	6,128,515	35,028,262
Restricted:			
Public Safety	155,200		155,200
Public works	2,290,330		2,290,330
Culture and recreation	884,831		884,831
Economic development	1,812,480		1,812,480
Debt service	47,506		47,506
Unrestricted	(8,374,922)	(2,864,164)	(11,239,086)
Total Net Position	<u>\$ 25,715,172</u>	<u>3,264,351</u>	<u>28,979,523</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CLEVELAND, MISSISSIPPI
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Governmental activities:						
General government	\$ 2,249,043	326,216		(1,922,827)		(1,922,827)
Public safety	3,903,777	26,733	150,409	(3,726,635)		(3,726,635)
Public works	1,535,758	112,209	562,696	(860,853)		(860,853)
Highways and streets	8,398,748		3,257,962	(5,140,786)		(5,140,786)
Health and welfare	320,000			(320,000)		(320,000)
Culture and recreation	1,059,627	145,443	16,217	(897,967)		(897,967)
Economic development	2,207,375			(2,207,375)		(2,207,375)
Interest on long-term debt	367,263		60,815	(306,448)		(306,448)
Pension expense	2,606,567			(2,606,567)		(2,606,567)
Total governmental activities	<u>22,648,158</u>	<u>610,601</u>	<u>4,048,099</u>	<u>(17,989,458)</u>		<u>(17,989,458)</u>
Business-type activities:						
Water and sewer	3,011,323	4,480,253			1,468,930	1,468,930
Sanitation	1,044,697	2,080,146			1,035,449	1,035,449
Total business-type activities	<u>4,056,020</u>	<u>6,560,399</u>	<u>-</u>		<u>2,504,379</u>	<u>2,504,379</u>
Total primary government	<u>\$ 26,704,178</u>	<u>7,171,000</u>	<u>4,048,099</u>	<u>(17,989,458)</u>	<u>2,504,379</u>	<u>(15,485,079)</u>
General revenues:						
Property taxes				\$ 6,134,633		6,134,633
Sales and tourism tax				6,031,031		6,031,031
Franchise taxes				522,041		522,041
Other taxes				549,562		549,562
Unrestricted state revenue				331,957		331,957
Administrative charges				839,914	(839,914)	-
Unrestricted interest income				185,622	23,192	208,814
Donations				50,561		50,561
Other income				1,235,220	22,507	1,257,727
Internal service fund				233,378		233,378
Transfers				445,000	(445,000)	-
Total general revenues and transfers				<u>16,558,919</u>	<u>(1,239,215)</u>	<u>15,319,704</u>
Change in net position				<u>(1,430,539)</u>	<u>1,265,164</u>	<u>(165,375)</u>
Net Position-Beginning, as previously stated				27,195,660	2,007,260	29,202,920
Prior Period Adjustments				(49,949)	(8,073)	(58,022)
Net Position - beginning, as restated				<u>27,145,711</u>	<u>1,999,187</u>	<u>29,144,898</u>
Net Position, ending				<u>\$ 25,715,172</u>	<u>3,264,351</u>	<u>28,979,523</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CLEVELAND, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Major Funds			
	General Fund	Economic Development and Tourism Fund	General Bond and Interest Fund	Public Improvement Bond Fund
ASSETS				
Cash and cash equivalents	\$ 3,130,983			
Receivables:				
Property taxes	3,789,313		2,009,484	
Franchise fee	46,861			
Intergovernmental	405,689	111,402	18,925	
Leases				
Due from other funds	899,533			
Advances to other funds	989,000			
Inventory	55,904			
Restricted assets - cash		576,953	103,038	
Total Assets	<u>9,317,283</u>	<u>688,355</u>	<u>2,131,447</u>	<u>-</u>
LIABILITIES				
Accounts payable	73,646	443		469,158
Due to other funds				86,719
Advances from other funds	83,578	109,623		12,000
Unearned revenue-federal grant				
Amounts held in custody for others				
Total Liabilities	<u>157,224</u>	<u>110,066</u>	<u>-</u>	<u>567,877</u>
Deferred Inflows of Resources				
Unavailable revenue-leases				
Unavailable revenue-property taxes	3,789,313		2,009,484	
Total Deferred Inflows of Resources	<u>3,789,313</u>	<u>-</u>	<u>2,009,484</u>	<u>-</u>
FUND BALANCES				
Non-spendable:				
Inventories	55,904			
Advances	989,000			
Restricted for:				
Public Safety				
Public Works				-
Culture and recreation		578,289		
Economic development				
Debt service			121,963	
Unassigned	4,325,842			(567,877)
Total Fund Balances	<u>5,370,746</u>	<u>578,289</u>	<u>121,963</u>	<u>(567,877)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,317,283</u>	<u>688,355</u>	<u>2,131,447</u>	<u>-</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CLEVELAND, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Major Funds				
	Economic Development Revolving Fund	Animal Shelter Fund	American Rescue Plan Act	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$			434,025	3,565,008
Receivables:					
Property taxes				459,312	6,258,109
Franchise fee					46,861
Intergovernmental				5,046	541,062
Leases				279,762	
Due from other funds					899,533
Advances to other funds	809,623				1,798,623
Inventory					55,904
Restricted assets - cash	1,037,500		2,835,688	3,114,487	7,667,666
Total Assets	<u>1,847,123</u>	<u>-</u>	<u>2,835,688</u>	<u>4,292,632</u>	<u>21,112,528</u>
LIABILITIES					
Accounts payable		256		7,719	551,222
Due to other funds		118,839			205,558
Advances from other funds		100,000			305,201
Unearned revenue-federal grant			2,640,104		2,640,104
Amounts held in custody for others				84,466	84,466
Total Liabilities	<u>-</u>	<u>219,095</u>	<u>2,640,104</u>	<u>92,185</u>	<u>3,786,551</u>
Deferred Inflows of Resources					
Unavailable revenue-leases				279,762	279,762
Unavailable revenue-property taxes				459,312	6,258,109
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>739,074</u>	<u>6,537,871</u>
FUND BALANCES					
Non-spendable:					
Inventories					55,904
Advances	809,623				1,798,623
Restricted for:					
Public Safety				155,200	155,200
Public Works				2,290,330	2,290,330
Culture and recreation				306,542	884,831
Economic development	1,037,500		195,584	709,301	1,942,385
Debt service					121,963
Unassigned		(219,095)			3,538,870
Total Fund Balances	<u>1,847,123</u>	<u>(219,095)</u>	<u>195,584</u>	<u>3,461,373</u>	<u>10,788,106</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,847,123</u>	<u>-</u>	<u>2,835,688</u>	<u>4,292,632</u>	<u>21,112,528</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CLEVELAND, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Amount
Total fund balance - Governmental Funds	\$ 10,788,106
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$27,277,528.	42,644,126
Right of use assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds.	4,093
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(13,722,377)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(74,457)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(18,661,149)
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	4,158,553
Deferred inflows of resources related to pensions	(95,887)
Internal service fund is used by management to administer health care coverage for employees. The assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position.	678,257
Total Net Position - Governmental Activities	\$ 25,719,265

The notes to the financial statements are an integral part of this statement.

CITY OF CLEVELAND, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Major Funds			
	General Fund	Economic Development and Tourism Fund	General Bond and Interest Fund	Public Improvement Bond Fund
REVENUES:				
Taxes	\$ 3,807,985		1,744,041	
Licenses and permits	160,444			
Intergovernmental:				
Federal grants				
State of Mississippi:				
Grants	202,830			1,748,637
General sales tax	4,696,425			
Tourism tax		1,334,606		
Liquor Licenses	25,125			
Homestead reimbursement	137,848		60,815	
Grand gulf	116,563			
Bolivar County:				
Road maintenance	468,794			
Privilege tax	72,273			
Animal shelter				
Charges for services	56,182			
Franchise tax	522,041			
Fines and forfeitures	178,048			
Interest income	123,182	9,065	5,714	36,563
Donations	35,133	7,974		
Miscellaneous	618,332	34,645		
Total revenues:	<u>11,221,205</u>	<u>1,386,290</u>	<u>1,810,570</u>	<u>1,785,200</u>
EXPENDITURES:				
General government	2,291,073		13,645	
Public safety	4,892,639			
Public works	1,324,686			
Highways and streets	1,696,115			6,189,152
Health and welfare				
Culture and recreation				
Economic development		1,288,048		
Debt service:				
Principal paid	115,877		1,680,000	
Interest & fees paid	6,580		194,268	
Bond issue costs			16,960	
Total expenditures	<u>10,326,970</u>	<u>1,288,048</u>	<u>1,904,873</u>	<u>6,189,152</u>
Excess of Revenues over (under) Expenditures	<u>894,235</u>	<u>98,242</u>	<u>(94,303)</u>	<u>(4,403,952)</u>
OTHER FINANCING SOURCES (USES):				
Administrative charge revenue	839,914			
Long-term capital debt issued				1,950,000
Transfers in				636,204
Transfers out	(531,494)	(10,000)		
Net other financing sources (uses)	<u>308,420</u>	<u>(10,000)</u>	<u>-</u>	<u>2,586,204</u>
Net change in fund balances	<u>1,202,655</u>	<u>88,242</u>	<u>(94,303)</u>	<u>(1,817,748)</u>
Fund balances , beginning	<u>4,168,091</u>	<u>490,047</u>	<u>216,266</u>	<u>1,249,871</u>
Fund balance, ending	<u>\$ 5,370,746</u>	<u>578,289</u>	<u>121,963</u>	<u>(567,877)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CLEVELAND, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Major Funds				Total Governmental Funds
	Economic Development Revolving Fund	Animal Shelter Fund	American Rescue Plan Act	Non-Major Governmental Funds	
REVENUES:					
Taxes	\$			582,607	6,134,633
Licenses and permits					160,444
Intergovernmental:					
Federal grants				490,343	490,343
State of Mississippi:					
Grants				1,581,678	3,533,145
General sales tax					4,696,425
Tourism tax					1,334,606
Liquor Licenses					25,125
Homestead reimbursement				16,217	214,880
Grand gulf					116,563
Bolivar County:					
Road maintenance					468,794
Privilege tax					72,273
Animal shelter		8,495			8,495
Charges for services				208,353	264,535
Franchise tax					522,041
Fines and forfeitures				7,574	185,622
Interest income	58,546	39,210	171,563	86,407	530,250
Donations		6,204		1,250	50,561
Miscellaneous	129,905			32,166	815,048
Total revenues:	<u>188,451</u>	<u>53,909</u>	<u>171,563</u>	<u>3,006,595</u>	<u>19,623,783</u>
EXPENDITURES:					
General government					2,304,718
Public safety				98,734	4,991,373
Public works				640,628	1,965,314
Highways and streets					7,885,267
Health and welfare		738,113			738,113
Culture and recreation				1,074,924	1,074,924
Economic development				600,915	1,888,963
Debt service:					
Principal paid		1,598		131,143	1,928,618
Interest & fees paid				150,923	351,771
Bond issue costs					16,960
Total expenditures	<u>-</u>	<u>739,711</u>	<u>-</u>	<u>2,697,267</u>	<u>23,146,021</u>
Excess of Revenues over (under) Expenditures	<u>188,451</u>	<u>(685,802)</u>	<u>171,563</u>	<u>309,328</u>	<u>(3,522,238)</u>
OTHER FINANCING SOURCES (USES):					
Administrative charge revenue					839,914
Long-term capital debt issued					1,950,000
Transfers in	20,095	445,000		1,086,204	2,187,503
Transfers out	(569,410)			(631,599)	(1,742,503)
Net other financing sources (uses)	<u>(549,315)</u>	<u>445,000</u>	<u>-</u>	<u>454,605</u>	<u>3,234,914</u>
Net change in fund balances	<u>(360,864)</u>	<u>(240,802)</u>	<u>171,563</u>	<u>763,933</u>	<u>(287,324)</u>
Fund balances , beginning	<u>2,207,987</u>	<u>21,707</u>	<u>24,021</u>	<u>2,697,440</u>	<u>11,075,430</u>
Fund balance, ending	<u>\$ 1,847,123</u>	<u>(219,095)</u>	<u>195,584</u>	<u>3,461,373</u>	<u>10,788,106</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CLEVELAND, MISSISSIPPI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

		Amount
Net Change in Fund Balances - Governmental Funds	\$	(287,324)
Amounts reported for governmental activities in the Statement of Activities are different because:		
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. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$2,091,167 exceeded depreciation of \$1,893,447 in the current period.		197,720
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,928,618 was exceeded by debt proceeds of \$1,950,500.		(21,382)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Thus, the change in net position differs from the change in fund balances by a combination of the following items:		
Change in compensated absences	61,114	
Depreciation expense in right of use assets	3,592	
Change in accrued interest payable	1,217	
Change in bond premium	251	66,174
Items reported in the Statement of Activities relating to pensions are not reported in the governmental funds. These activities include:		
Recognition of pension expense for the current year		(2,606,567)
Recognition of contributions made		987,462
An internal service fund is used by management to account for employee health insurance. The net revenue is reported within governmental activities.		
		233,378
Change in Net Position of Governmental Activities	\$	(1,430,539)

The notes to the financial statements are an integral part of this statement.

CITY OF CLEVELAND, MISSISSIPPI
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
September 30, 2023

	Business-Type Activities			Governmental
	Enterprise Fund Water & Sewer Fund	Non-Major Sanitation Fund	Enterprise Funds Total	Activities Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$	254,967	254,967	738,049
Accounts receivable (net of allowance for uncollectibles of \$254,721)	502,466	215,562	718,028	
Franchise fees receivable		1,533	1,533	
Advances to other funds	95,578		95,578	
Inventory	130,082	149	130,231	
Total Current Assets	<u>728,126</u>	<u>472,211</u>	<u>1,200,337</u>	<u>738,049</u>
Non-current assets:				
Restricted assets - cash	392,411		392,411	
Right of use assets	897		897	
Capital assets:				
Land and construction in progress	11,496,938		11,496,938	
Other capital assets, net	13,846,042		13,846,042	
Total Non-Current Assets	<u>25,736,288</u>	<u>-</u>	<u>25,736,288</u>	<u>-</u>
Total Assets	<u>26,464,414</u>	<u>472,211</u>	<u>26,936,625</u>	<u>738,049</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	464,643	23,232	487,875	
Total Deferred Outflows of Resources	<u>464,643</u>	<u>23,232</u>	<u>487,875</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	55,447		55,447	59,792
Due to other funds	693,975		693,975	
Advances from other funds	1,589,000		1,589,000	
Accrued interest payable	8,323		8,323	
Operating Leases payable	897		897	
Capital debt:				
Current portion long-term debt	946,019		946,019	
Total Current Liabilities	<u>3,293,661</u>	<u>-</u>	<u>3,293,661</u>	<u>59,792</u>
Non-current liabilities:				
Liabilities payable from restricted assets:				
Customer deposits	392,411		392,411	
Net pension liability	2,085,044	104,252	2,189,296	
Capital debt:				
Long-term debt	18,268,446		18,268,446	
Non-capital debt:				
Compensated absences	5,085		5,085	
Total Non-Current Liabilities	<u>20,750,986</u>	<u>104,252</u>	<u>20,855,238</u>	<u>-</u>
Total Liabilities	<u>24,044,647</u>	<u>104,252</u>	<u>24,148,899</u>	<u>59,792</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	10,714	536	11,250	
Total Deferred Inflows of Resources	<u>10,714</u>	<u>536</u>	<u>11,250</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	6,128,515		6,128,515	
Unrestricted	(3,254,819)	390,655	(2,864,164)	678,257
Total Net Position	<u>\$ 2,873,696</u>	<u>390,655</u>	<u>3,264,351</u>	<u>678,257</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CLEVELAND, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
September 30, 2023

	Business-Type Activities			Governmental
	Enterprise Fund Water & Sewer Fund	Non-Major Sanitation Fund	Enterprise Funds Total	Activity Internal Service Fund
OPERATING REVENUES:				
Charges for services:				
Water sales	\$ 2,118,570		2,118,570	
Sewer sales	2,269,468		2,269,468	
Mosquito control fees		596,437	596,437	
Sanitation fees		1,461,556	1,461,556	
Premiums				1,066,624
Reinsurance reimbursement				101,667
Other Fees	92,215	22,153	114,368	
Total Operating Revenues	<u>4,480,253</u>	<u>2,080,146</u>	<u>6,560,399</u>	<u>1,168,291</u>
OPERATING EXPENSES:				
Personal services	437,182	12,229	449,411	
Contractual services	1,145,235	1,017,906	2,163,141	
Consumable supplies	397,160		397,160	
Depreciation expense	580,038		580,038	
Pension expense	291,236	14,562	305,798	
Administrative fees	739,914	100,000	839,914	71,543
Health claim payments				644,976
Reinsurance premiums				260,634
Life insurance premiums				7,776
Total Operating Expenses	<u>3,590,765</u>	<u>1,144,697</u>	<u>4,735,462</u>	<u>984,929</u>
Operating Income (Loss)	<u>889,488</u>	<u>935,449</u>	<u>1,824,937</u>	<u>183,362</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	10,697	12,495	23,192	30,016
Interest expense	(160,472)		(160,472)	
Compensation for loss on disposal of equipment	22,507		22,507	
Total Non-operating Revenues (Expenses)	<u>(127,268)</u>	<u>12,495</u>	<u>(114,773)</u>	<u>30,016</u>
Net Income (Loss) Before Operating Transfers	<u>762,220</u>	<u>947,944</u>	<u>1,710,164</u>	<u>213,378</u>
OPERATING TRANSFERS:				
Operating Transfers in			-	20,000
Operating Transfers out		(445,000)	(445,000)	
Net Operating Transfers	<u>-</u>	<u>(445,000)</u>	<u>(445,000)</u>	<u>20,000</u>
Change in Net Position	<u>762,220</u>	<u>502,944</u>	<u>1,265,164</u>	<u>233,378</u>
Net Position - Beginning, as previously reported	2,119,549	(112,289)	2,007,260	444,879
Prior period adjustment	(8,073)		(8,073)	-
Net Position - Beginning, as restated	<u>2,111,476</u>	<u>(112,289)</u>	<u>1,999,187</u>	<u>444,879</u>
Net Position - Ending	<u>\$ 2,873,696</u>	<u>390,655</u>	<u>3,264,351</u>	<u>678,257</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CLEVELAND, MISSISSIPPI
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Business-Type Activities		Governmental
	Enterprise Fund Water & Sewer Fund	Non-Major Sanitation Fund	Activity Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 5,265,730	2,124,461	1,168,291
Payments to employees for services	(989,888)	(17,718)	
Payments to suppliers for goods and services	(1,677,219)	(1,460,983)	
Payments for administrative fees	(739,914)	(100,000)	(91,148)
Payments for health claims			(640,610)
Payments for premiums			(266,761)
Net Cash Provided (Used) by Operating Activities	1,858,709	545,760	169,772
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating transfers, net	(1,853,594)	(445,000)	20,000
Cash received from other funds			
Interfund loan	1,433,890		
Cash paid to other funds			
Interfund loan repayments	(739,915)		
Other receipts	10,697	12,495	30,016
Net Cash Provided (Used) by Noncapital Financing Activities	(1,148,922)	(432,505)	50,016
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of property and equipment	(6,118,064)		
Additions to long-term debt	6,621,068		
Principal payments on long-term debt	(1,012,868)		
Interest paid on bonds, loans and capital leases	(170,081)		
Loss on disposal of equipment	(12,023)		
Net Cash Provided (Used) by Capital and Related Financing Activities	(691,968)	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	17,819	113,255	219,788
Cash and Cash Equivalents, October 1	374,592	141,712	518,261
Cash and Cash Equivalents, September 30	\$ 392,411	254,967	738,049
RECONCILIATION OF OPERATING INCOME TO NET			
CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 889,488	935,449	183,362
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	580,038		
(Increase) decrease in accounts receivable	(87,684)	(37,481)	
(Increase) decrease in intergovernmental receivable	340,975	947	
(Increase) decrease in deferred outflows of resources	(272,913)	(13,645)	
Increase (decrease) in accounts payable and accrued expenses	(43,481)	(362,228)	(13,590)
Increase (decrease) in accrued interest payable	(8,210)		
Increase (decrease) in customer deposits	17,819		
Increase (decrease) in compensated absences	(11,717)		
Increase (decrease) in net pension liability	465,112	23,254	
Increase (decrease) in deferred inflows of resources	(10,718)	(536)	
Total adjustments	969,221	(389,689)	(13,590)
Net Cash Provided (Used) by Operating Activities	\$ 1,858,709	545,760	169,772

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Cleveland, Mississippi (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity – The City of Cleveland is located in Bolivar County, Mississippi, and operates under an elected Mayor-Board of Aldermen form of government. The City provides the following services to the citizenry: general administration; police and fire protection; street repair; economic and community development; water, sanitary sewer, and garbage disposal; parks and library services. The primary sources of revenue are property taxes, sales taxes, and utility billings. For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the City's governing board. As required by generally accepted accounting principles, various criteria are applied in order to determine any component units that should be reported as part of the City. Such criteria include management oversight responsibility by the elected officials such as decision-making authority, accountability to the City, legal and financial responsibility, and inter-agency relationships. Based upon the application of these criteria, there are no component units required by GAAP to be reported as part of the reporting entity of the City. The following represents an entity to which the City has a combined interest in conjunction with another government:

Robinson Carpenter Memorial Library - The City has a joint interest with Bolivar County, which is the primary oversight agency of the library. The City currently levies a 2.00 mill tax to support the library. This tax levy is remitted to the library monthly as it is collected.

B. Basis of Presentation - The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide financial statements - The Statement of Net Position and the Statement of Activities display information concerning the City as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the City at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. Internal service fund balances have been eliminated against the expenses and program revenue. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the City.

Fund financial statements - of the City are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues, and

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

expenditures/expenses. Funds are organized into governmental, proprietary, and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting – The Government-wide, Proprietary Funds and Fiduciary Funds financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the City. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied.

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The City reports the following major Governmental Funds:

General Fund – The general fund is the primary operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

Economic Development and Tourism Fund – The fund accounts for activities used for economic development within the area and the promotion of tourism.

General Bond and Interest Fund – This fund is a debt service fund used to account for the accumulation of resources for the payment of principal, interest, and related costs of general long-term debt.

Public Improvement Bond Fund - This fund accounts for the proceeds and expenditures of public obligation debt issued by the City. Expenditures are primarily for public works projects.

Economic Development Revolving Fund – This fund accounts for resources in the construction of economic development projects.

Animal Shelter Fund – This fund accounts for activities at the City Animal Shelter.

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

American Rescue Plan Act – This fund accounts for the proceeds and expenditures of economic stimulus funds provided to speed up the country’s recovery from the economic and health effects caused by the continued impact of COVID-19.

The City reports the following major Enterprise Funds:

Water & Sewer Fund – This fund accounts for revenues and expenses related to potable water and sanitary sewer services provided to residents of the City.

Internal Service Fund – The fund accounts for the accumulation of amounts used to pay health insurance claims and life insurance premiums for City employees.

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources (other than for debt service or major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bond issues and federal grants.

PROPRIETARY FUND TYPES

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the City has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

Internal Service Fund – This fund accounts for risk financing activities for medical and life insurance benefits.

D. Account Classifications - The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

E. Deposits and Investments – State law authorizes the City to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the City may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, and all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the City did not invest in any governmental securities during the fiscal year.

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

F. Receivables – Receivables are reported net of allowances for uncollectible accounts, where applicable.

G. Interfund Transactions and Balances – Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

H. Inventories – Inventories in the governmental and enterprise funds consist of expendable supplies held for consumption. These inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) basis. The costs of these governmental fund type inventories are recorded as expenditures when purchased.

I. Capital Assets – Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure, which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. Interest cost incurred during the construction of Proprietary Fund capital assets is capitalized as part of the cost of construction. Donated capital assets are recorded at their fair value at the time of donation.

The City generally capitalizes assets with a cost of \$1,000 or more as purchase and construction outlays occur. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

J. Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows related to pensions – This amount represents the City's proportionate share of the deferred outflows of resources reported by the pension plan in which the City participates. See Note 11 for more details.

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred revenues - property taxes/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Deferred inflows related to pensions – This amount represents the City’s proportionate share of the deferred inflows of resources reported by the pension plan in which the City participates. See Note 11 for additional details.

K. Leases – The Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases* (GASB 87), to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. GASB 87 was implemented during fiscal year 2022.

L. Subscription-Based Information Technology Arrangements – The Governmental Accounts Standards Board (GASB) issued Statement No.96, *Subscription-Based Information Technology Arrangements* (SBITAs) (GASB 96) to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements amount governments that have entered into SBITAs, and to enhance understandability, reliability, relevance and consistency of information about SBITAs.

M. Long-Term Liabilities – Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances but may also include liabilities on financed purchases and other commitments.

In the government-wide financial statements and in the Proprietary 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 Funds Statement of Net Position.

N. Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees’ Retirement System of Mississippi (PERS) and additions to/deductions from PERS’ fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in three components:

Net investment in capital assets - 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 attributable to the acquisition, constructions, or improvements of those assets.

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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

Unrestricted net position - Consists of all other assets not meeting the definition of “restricted” or “net investment in capital assets.”

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the City’s general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City’s general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

Fund balances for governmental funds are reported 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 those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, or unassigned. The following are descriptions of fund classifications used by the City:

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources by an external party or imposed by law through either a constitutional provision or enabling legislation.

Unassigned fund balance is the residual classification for 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. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted fund balances are available for use, it is the City’s policy to use restricted first, then unrestricted fund balances. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Fund Balance Flow Assumption:

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the City's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

P. Compensated Absences – Employees can accumulate vacation days and sick days up to a maximum at which point any additional days are lost. Employees are completely vested in vacation days up to the maximum that they can take or be paid for upon termination. Sick days may be taken only for bona fide sickness and are lost upon termination of employment.

Q. Revenues - Exchange and Non-Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before they can be recognized.

R. Risk Management – The City carries commercial insurance with respect to risks including, but not limited to, property damage and personal injury. Insurance coverage remains relatively constant, and settlement amounts have not exceeded insurance coverage for the current year or the prior three years.

S. Estimates and Assumptions – A number of estimates and assumptions relating to the reporting of revenues, expense, expenditures, assets and liabilities, and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

T. Property Taxes – Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on October 1st and are due and payable at that time. All unpaid taxes levied October 1st become delinquent February 1st of the following year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. The Bolivar County Tax Collector bills and collects taxes for the City. The millage rate for the City for the 2022 tax roll was 53 mills as: 33 mills for the general fund, 16 mills for the debt service fund, 2 mills for library maintenance, and 2 mills for park maintenance.

U. Intergovernmental Revenues in Governmental Funds – Intergovernmental revenues, consisting of grants, entitlements and shared revenues are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

V. Changes in Accounting Standards – GASB 96, *Subscription-Based Information Technology Arrangements*, was implemented during the 2023 fiscal year. Prior to the issuance of this statement there was no accounting or financial reporting guidance specifically for SBITAs. The purposes of the standard is to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, relatability, relevance, and consistency of information about SBITAs.

NOTE 2: BUDGET POLICY

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to August 1st, the City Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
- B. Public notice is given of the City’s budget meetings being open to the public, so that public hearings are conducted at City Hall to obtain taxpayer comments.
- C. Prior to September 15th, the budget is legally enacted through adoption by the Mayor and Board of Aldermen.
- D. The budget is formally revised during the year and properly amended by the Mayor and Board of Aldermen.
- E. Budgetary comparisons are employed by management as a management control device during the year for all funds.
- F. Appropriations lapse at the end of each fiscal year. Mississippi laws require that municipalities budget revenue and expenditures on a modified-cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered a generally accepted accounting principal. Governmental accounting requires that the “budget to actual” statements be prepared according to budgetary laws and the statement of revenues, expenditures, and fund balance be prepared according to the modified-accrual basis (GAAP). The major reconciling items between the budgetary and GAAP presentations are presented on the “budget to actual” statements.

NOTE 3: PRIOR PERIOD ADJUSTMENTS

A summary of the significant net position adjustments are as follows:

Statement of Activities

Governmental Activities	
To reflect transfer of assets with business-type activities	\$ (7,813)
To correct revenue/expenditure booking errors	(42,136)
Total Governmental Activities	<u>(49,949)</u>
Total Statement of Activities	<u>\$ (49,949)</u>
Business-type Activities	
To reflect transfer of assets with business-type activities	\$ (8,073)
	<u>\$ (8,073)</u>

CITY OF CLEVELAND, MISSISSIPPI
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Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds

To reflect transfer of assets with business-type activities	\$ <u>(8,073)</u>
Total Statement of Revenues, Expenses and Changes in Net Position	\$ <u><u>(8,073)</u></u>

NOTE 4: DEPOSITS

The carrying amount of the City’s total deposits with financial institutions at September 30, 2023, was \$12,618,101 and the bank balance was \$12,893,889. The collateral for public entities’ deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Mississippi Code 1972 Annotated. Under this program, the entity’s funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC).

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution’s trust department or agent in the name of the Mississippi State Treasurer on behalf of the City.

NOTE 5: INTER-FUND TRANSACTIONS AND BALANCES

The following is a summary of inter-fund balances at September 30, 2023:

A. Due from/to Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	693,975
General Fund	Animal Shelter	118,839
General Fund	Public Improvement Bond Fund	86,719
Total		\$ 899,533

Due from/to fund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

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Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 989,000
Economic Development Revolving Fund	Animal Shelter	100,000
Economic Development Revolving Fund	Economic Development Tourism	109,623
Economic Development Revolving Fund	Water and Sewer Fund	600,000
Water and Sewer Fund	General Fund	83,578
Water and Sewer Fund	Public Improvement Bond Fund	12,000
Total		\$ 1,894,201

Advances represent amounts due to another fund not expected to be repaid within one year.

C. Transfers In/Out:

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	435,000
Animal Shelter Fund	Sanitation Fund	445,000
Public Improvement Bond Fund	General Fund	24,699
Public Improvement Bond Fund	Other Governmental Funds	611,504
Economic Development Revolving Fund	Other Governmental Funds	20,095
Other Governmental Funds	General Fund	71,795
Other Governmental Funds	Economic Development Tourism	10,000
Other Governmental Funds	Economic Development Revolving Fund	439,505
Total		\$ 2,057,598

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources. Transfers and payments within the City are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. The governmental and business-type funds financial statements reflect such transactions as transfers.

NOTE 6: RECEIVABLES AND UNCOLLECTIBLES

Governmental Activities

In the government-wide financial statements, the receivables and related revenues include all amounts due to the City regardless of when cash is received. In the governmental fund financial statements, the revenues are offset, and revenue recognition deferred by the amounts not received within 60 days of fiscal year-end.

Receivables at September 30, 2023 include the following:

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Governmental Activities

Intergovernmental receivables	
Taxes	\$ 538,928
Franchise fee	46,861
Grants	2,134
Property taxes	<u>6,258,109</u>
Total Governmental Activities Receivables	<u>\$ 6,846,032</u>

Business-Type Activities

Accounts receivable	
Water & Sewer Fund (net of allowance for uncollectibles of \$214,546)	\$ 502,466
Sanitation Fund (net of allowance for uncollectibles of \$40,175)	215,562
Intergovernmental receivables	
Franchise fee	<u>1,533</u>
Total Business-Type Activities Receivables	<u>\$ 719,561</u>

NOTE 7: RESTRICTED ASSETS

Certain assets are restricted for construction funded through long-term debt, federal grants, and debt service. In addition, certain assets are held as deposits and are only potentially available for City use. The bond resolutions have several requirements of the City concerning maintenance and segregations of accounts, as well as the accumulation of certain funds for the protection of the bondholder.

The following is a summary of restricted assets as of September 30, 2023:

Governmental Activities

Economic Development and Tourism Fund	\$ 576,953
General Bond and Interest Fund	103,038
American Rescue Plan Act	2,835,688
Economic Development Revolving Fund	1,037,500
Other Governmental Funds	<u>3,114,487</u>
Total	<u>\$ 7,667,666</u>

Business-Type Activities

Water & Sewer Fund - customer deposits	\$ 392,411
	<u>\$ 392,411</u>

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NOTE 8: CAPITAL ASSETS

The following is a summary of capital assets activity for the year ended September 30, 2023:

	<u>Balance</u> <u>Oct. 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments*</u>	<u>Balance</u> <u>Sept. 30, 2023</u>
Governmental Activities					
Non-depreciable capital assets:					
Land	\$ 4,605,367				4,605,367
Construction in progress	7,014,109	950,403		(2,690,163)	5,274,349
Total non-depreciable capital assets	<u>11,619,476</u>	<u>950,403</u>	<u>-</u>	<u>(2,690,163)</u>	<u>9,879,716</u>
Depreciable capital assets:					
Infrastructure	33,680,522			900,838	34,581,360
Buildings & Improvements	13,203,658			1,789,325	14,992,983
Equipment & fixtures	9,637,681	1,140,764	317,944	7,094	10,467,595
Total depreciable capital assets	<u>56,521,861</u>	<u>1,140,764</u>	<u>317,944</u>	<u>2,697,257</u>	<u>60,041,938</u>
Less accumulated depreciation for:					
Infrastructure	10,899,411	771,690			11,671,101
Buildings & Improvements	7,208,846	421,234			7,630,080
Equipment & fixtures	7,545,471	700,523	254,740	(14,907)	7,976,347
Total accumulated depreciation	<u>25,653,728</u>	<u>1,893,447</u>	<u>254,740</u>	<u>(14,907)</u>	<u>27,277,528</u>
Depreciable capital assets, net	<u>30,868,133</u>	<u>(752,683)</u>	<u>63,204</u>	<u>2,712,164</u>	<u>32,764,410</u>
Capital assets, net	<u>\$ 42,487,609</u>	<u>197,720</u>	<u>63,204</u>	<u>22,001</u>	<u>42,644,126</u>
Business-Type Activities					
Non-depreciable capital assets:					
Land	\$ 1,259,935				1,259,935
Construction in progress	3,598,461	6,638,542			10,237,003
Total non-depreciable capital assets	<u>4,858,396</u>	<u>6,638,542</u>	<u>-</u>	<u>-</u>	<u>11,496,938</u>
Depreciable capital assets:					
Infrastructure	40,335,784				40,335,784
Buildings & Improvements	301,983				301,983
Equipment & fixtures	1,567,727	153,880	7,797	(7,094)	1,706,716
Total depreciable capital assets	<u>42,205,494</u>	<u>153,880</u>	<u>7,797</u>	<u>(7,094)</u>	<u>42,344,483</u>
Less accumulated depreciation for:					
Infrastructure	26,562,651	397,088			26,959,739
Buildings & Improvements	231,848	6,040			237,888
Equipment & fixtures	1,154,208	176,910	30,304		1,300,814
Total accumulated depreciation	<u>27,948,707</u>	<u>580,038</u>	<u>30,304</u>	<u>-</u>	<u>28,498,441</u>
Depreciable capital assets, net	<u>14,256,787</u>	<u>(426,158)</u>	<u>(22,507)</u>	<u>(7,094)</u>	<u>13,846,042</u>
Capital assets, net	<u>\$ 19,115,183</u>	<u>6,212,384</u>	<u>(22,507)</u>	<u>(7,094)</u>	<u>25,342,980</u>

* Adjustments are to reclassify completed construction in progress to infrastructure and to correct prior year errors in capital assets.

Depreciation expense was charged to City functions as follows:

	<u>Amount</u>
Governmental Activities	
General government	\$ 7,498
Public safety	381,750
Public works	790,947
Highway and streets	329,221
Health and sanitation	95
Culture and recreation	138,859
Economic Development	245,077
Total governmental activities	<u>\$ 1,893,447</u>
Business-Type Activities	
Water and sewer	<u>\$ 580,038</u>

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NOTE 9: CLAIMS AND JUDGMENTS

RISK MANAGEMENT

The City of Cleveland is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City established an internal service fund, the health insurance trust fund, to account for and finance employee medical benefit claims. The plan is funded by transfers from the general fund to cover claims, administrative fees, reinsurance premiums and group life insurance premiums. Administrative fees and reinsurance premiums are billed to the City once a month by the plan administrator. Weekly claim amounts are billed to the City based upon the claims processed by the administrator. The City has purchased a reinsurance policy which pays claims in excess of \$25,000 for an individual participant. Based on current rates and enrollment the City is anticipated to have funds available to pay claims of approximately \$650,000 per year.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). An analysis of claims activities is presented below:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2018-2019	\$ 91,877	720,722	760,741	51,858
2019-2020	51,858	805,821	767,710	89,969
2020-2021	89,969	653,173	682,382	60,760
2021-2022	60,760	685,438	720,043	26,155
2022-2023	26,155	617,864	614,455	29,564

NOTE 10: INTANGIBLE RIGHT-TO-USE LEASES AND SUBSCRIPTION BASED IT ASSETS.

Leases

As Lessor:

The City receives income from property it leases under non-cancellable operating leases. The leased property consists of newly constructed hangars at the airport. The leases began in 2013 and will continue for a period of twenty-five years. Total income from such leases was \$21,649 for the year ended September 30, 2023. The future minimum lease receivable for these leases are as follows:

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Year Ending September 30:	Amount
2024	15,874
2025	15,349
2026	15,944
2027	16,194
2028-2032	83,035
2033-2037	84,110
2038-2042	39,270
2043-2047	9,986
Total	\$ 279,762

As a Lessee:

The City is a lessee for various non-cancellable leases of equipment. For lease that have a maximum possible term of 12 months or less at commencement, the City recognizes expense based on the provisions of the lease contract. For all other leases, other than short-term, the City recognized a lease and an intangible right of use asset.

At lease commencement, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized in depreciation expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a City of lessor option to extend for which it is reasonably certain to be exercise or terminated for which it is reasonably certain not to be exercised. Periods in which both the City and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

Lease assets

Right of use assets

Governmental:

	Balance 10/1/2022	Additions	Depreciation	Balance 9/30/2023
Kyocera Equipment	\$ 685	-	685	-
Kyocera Equipment	450	-	450	-
Postage Machine & Equipment	6,550	-	2,457	4,093
	7,685	-	3,592	4,093

Business-type activities:

	Balance 10/1/2022	Additions	Depreciation	Balance 9/30/2023
Kyocera Equipment	\$ 1,877	-	980	897
	1,877	-	980	897

CITY OF CLEVELAND, MISSISSIPPI
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Lease Liabilities

Governmental:

	Balance 10/1/2022	Additions	Principal Depreciation	Balance 9/30/2023
Kyocera Equipment	\$ 685	-	685	-
Kyocera Equipment	450	-	450	-
Postage Machine & Equipment	6,550	-	2,457	4,093
	<u>7,685</u>	<u>-</u>	<u>3,592</u>	<u>4,093</u>

Business-type activities:

	Balance 10/1/2022	Additions	Principal Depreciation	Balance 9/30/2023
Kyocera Equipment	\$ 1,877	-	980	897
	<u>1,877</u>	<u>-</u>	<u>980</u>	<u>897</u>

The City entered into a lease agreement with Pitney Bowes for the lease of a postage meter owned by Pitney Bowes. The lease stipulated that the lessee would pay approximately \$273 per month in lease payments commencing in January 2020 for a term of 60 months.

The City also entered into a lease agreement with The Imaging Specialists for the lease of copying equipment. The lease stipulated that the lessee would pay approximately \$137 per month in lease payments commencing in February 2018 for a term of 60 months.

Additionally, the City entered into a lease agreement with The Imaging Specialists for the lease of copying equipment. The lease stipulated that the lessee would pay approximately \$90 per month in lease payments commencing in February 2018 for a term of 60 months.

The City's Enterprise Fund entered into a lease agreement with The Imaging Specialists for the lease of copying equipment. The lease stipulated that the lessee would pay approximately \$137 per month in lease payments commencing in December 2021 for a term of 48 months.

Governmental:

Description	Term	Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
The Imaging Specialist	60 months	2/26/2018	2/26/2023	\$ 137	\$ -
The Imaging Specialist	60 months	2/10/2018	2/10/2023	90	-
Pitney Bowes	60 months	1/1/2020	1/1/2025	273	4,093
				<u>\$ 500</u>	<u>\$ 4,093</u>

Business-type activities:

Description	Term	Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
The Imaging Specialist	48 months	12/15/2021	12/15/2025	\$ 82	\$ 897
				<u>\$ 82</u>	<u>\$ 897</u>

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The following is a schedule by years of the total payments due as of September 30, 2023:

Year Ending September 2023	
Governmental:	
2024	3,277
2025	816
	4,093
	4,093
Business-type:	
2024	897
	897
	897

SBITA

As of September 30, 2023, the City had no Subscription-Based Information Technology Arrangements that met criteria for accounting and reporting requirements.

NOTE 11: DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description. The City of Cleveland contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information.

That report may be obtained by writing to Public Employee's Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public-school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years of creditable service for employees who became members of PERS before July 1, 2011) plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest

CITY OF CLEVELAND, MISSISSIPPI
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upon completion of eight years of membership service (four years of membership service for those who become members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2023, PERS members were required to contribute 9.00% of their annual covered salary, the City of Cleveland is required to contribute at an actuarially determined rate. The employer’s rate at September 30, 2023 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019, from 15.75%. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City’s contributions (employer share only) to PERS for the fiscal years ending September 30, 2023, 2022 and 2021 were \$1,097,551, \$1,005,318, and \$901,714, respectively, equal to the required contribution for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2023, the City reported a liability of \$20,850,445 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The City’s proportionate share used to calculate the September 30, 2023 net pension liability was 0.0829 percent, which was based on a measurement date of June 30, 2023. This represents an increase of .0042 percent from its proportionate share used to calculate the September 30, 2022 net pension liability, which was based on a measurement date of June 30, 2022.

For the year ended September 30, 2023, the City recognized pension expense of \$2,912,365. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 515,995	
Net difference between projected and actual earnings on investments	781,070	
Changes of assumptions	2,434,236	
Changes in the proportion and differences between City contributions and proportionate share contributions	623,701	107,137
City Contributions subsequent to the measurement date	291,426	
Total \$	<u>4,646,428</u>	<u>107,137</u>

The \$291,426 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ending September 30:	Amount
2024	\$ 1,524,419
2025	1,105,367
2026	1,611,885
2027	6,194
Total	<u>\$ 4,247,865</u>

Actuarial assumptions. The total pension liability as of June 30, 2023 was determined by an actuarial valuation prepared as of June 30, 2022, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2022 valuation based on the experience investigation for the four-year period ending June 30, 2022, and by the investment experience for the fiscal year ending June 30, 2023. The following actuarial assumptions are applied to all periods in the measurement:

Inflation	2.40 percent
Salary increases	2.65-17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the four-year period from July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25.00	4.60
International Equity	20.00	4.50
Global Equity	12.00	4.85
Fixed Income	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash Equivalents	1.00	(0.10)
	<u>100.00</u>	

Discount rate – The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%). Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00 percent) or 1 - percentage point higher (8.00 percent) than the current rate:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 26,887,177	20,850,445	15,896,635

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial report.

NOTE 12: LONG-TERM DEBT

The City’s long-term debt is made up of general obligation bonds, capital leases, and notes payable. General obligation bonds are direct obligations and are backed by the full faith and credit of the City. The City also incurs debt in the form of various notes payable which are to be repaid through daily operations.

The City is subject to a general statutory debt limitation under which no City in the State may incur general obligation bonded indebtedness in the amount which will exceed 15 percent of the assessed value of the taxable property within the City according to the last completed assessment for taxation.

In computing general obligation bonded indebtedness for purposes of such 15 percent limitation, there may be deducted all bonds or other evidence of indebtedness issued for school, water, and sewerage systems, gas and light and power purposes and for construction of special improvements primarily chargeable to the property

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benefited, or for the purpose of paying a City's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case may a City contract any indebtedness payable in whole or in part from proceeds of ad valorem taxes which, when added to all its outstanding general obligation indebtedness, both bonded and floating, exceeds 20 percent of the assessed value of the taxable property within such City.

In arriving at the limitations set forth, bonds issued for school purposes, bonds payable exclusively from the revenues of any municipally owned utility, general obligation industrial bonds issued under provisions of Sections 57-1-1 to 57-1-51, Mississippi Code of 1972, Annotated, Revised 1989 and special assessment improvement bonds issued under the provisions of Sections 21-41-1 to 21-41-53, Mississippi Code of 1972, Annotated, Revised 1990, are not included. Also excluded from both limitations are contract obligations subject to annual appropriations.

The margin for additional debt under the above debt limits as of September 30, 2023 is approximately:

<u>15% Limit</u>	<u>20% Limit</u>
\$ 8,383,311	\$ 14,704,415

Debt outstanding as of September 30, 2023, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Public Improvement	\$ 165,000	2.00-2.60%	3/1/24
Public Improvement	315,000	1.75-2.25%	8/1/25
Public Improvement	630,000	2.00%	2/1/26
Public Improvement	870,000	2.00-2.50%	3/1/27
Public Improvement	750,000	2.50-3.00%	3/1/28
Public Improvement	1,295,000	2.25-3.125%	3/1/29
Public Improvement	1,395,000	1.50-1.75%	3/1/30
Public Improvement	1,635,000	1.00-1.25%	3/1/31
Public Improvement	1,575,000	1.75-2.00%	3/1/32
Public Improvement	1,950,000	3.00-4.00%	3/1/32
Total General Obligation Bonds	\$ 10,580,000		
B. Financed Purchases:			
Street Sweeper	\$ 25,921	3.50%	3/30/24
2021 Dodge Durango	10,161	3.00%	2/25/25
2022 Equipment	145,182	2.00%	5/10/26
Total Financed Purchases	\$ 181,264		
C. Special Obligation Bonds			
2020 Tax Increment Financing	\$ 1,703,436	6.50%	7/1/38
2021 Tax Increment Financing	1,135,000	3.00%	12/1/36
Total Special Obligation Bonds	\$ 2,838,436		

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

The annual debt service requirements of long-term debt as of September 30, 2023 are as follows:

Governmental Activities:

Year Ending September 30:	General Obligation Bonds		Financed Purchases		Special Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,755,000	254,270	86,450	3,251	136,442	144,773
2025	1,660,000	180,304	57,680	1,560	143,021	138,215
2026	1,530,000	143,720	37,134	321	149,897	131,298
2027	1,355,000	111,875			158,090	124,005
2028	1,160,000	84,075			165,621	116,284
2029-2033	3,120,000	140,243			958,501	449,985
2034-2038					1,126,864	181,458
Totals	\$ 10,580,000	914,487	181,264	5,132	2,838,436	1,286,018

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Business-Type Activities:			
A. Other Loans			
State of Mississippi (MDEQ #2)	\$ 92,469	1.75%	9/1/24
State of Mississippi (MDEQ #3)	170,117	1.75%	1/1/26
State of Mississippi (MDEQ #4)	369,194	2.50%	4/1/27
State of Mississippi (MDEQ #5)	390,406	2.50%	8/25/32
State of Mississippi (MDEQ #6)	5,064,624	1.75%	2/1/38
Sub-total	6,086,810		
State of Mississippi (MDEQ #7)	8,806,492	0.80%	Not determined
Total Other Loans	\$ 14,893,302		
B. Financed purchases:			
Siemens Public, Inc.	\$ 2,189,675	2.96%	8/21/28
2021 Equipment Lease	114,913	2.05%	9/15/25
2022 Nissan Frontier	16,575	2.30%	6/10/26
Total Financed Purchases	\$ 2,321,163		
C. Special Obligation Bonds			
Utility Bond	\$ 1,460,000	1.50%	7/1/30
Utility Bond	540,000	2.25-3.125%	3/1/32
Total Special Obligation Bonds	\$ 2,000,000		

The annual debt service requirements of long-term debt as of September 30, 2023 are as follows:

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

Business-Type Activities:

Year Ending September 30:	Other Loans*		Financed Purchases**		Special Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 632,982	104,230	63,037	2,143	250,000	33,063
2025	550,994	92,871	64,357	823	255,000	28,013
2026	511,601	82,473	4,094	37	260,000	23,025
2027	451,087	73,168			270,000	19,025
2028	395,570	65,790			275,000	14,900
2029-2033	1,748,020	234,390			690,000	19,950
2034-2038	1,796,556	78,359				
Totals	\$ 6,086,810	731,281	131,488	3,003	2,000,000	137,976

*MDEQ loan 0809-07 funds have not been drawn in full.

**The Infrastructure (Water Meters) are not included in these amounts as it is indeterminable at this time.

The following is a summary of changes in long-term debt for the year ended September 30, 2023:

	Balance Oct. 1, 2022	Additions	Reductions	Balance Sept. 30, 2023	Amount due within one year
Governmental Activities:					
General obligation bonds	\$ 10,310,000	1,950,000	1,680,000	10,580,000	1,755,000
Add: bond premium	1,110		251	859	
Financed purchases	298,739		117,475	181,264	86,451
Special obligation bonds	2,969,579		131,143	2,838,436	136,442
Compensated absences	182,932		61,114	121,818	
Total	\$ 13,762,360	1,950,000	1,989,983	13,722,377	1,977,893
Business-Type Activities:					
Other Loans	\$ 8,978,357	6,621,068	706,123	14,893,302	632,982
Financed purchases	2,382,907		61,744	2,321,163	63,037
Special obligation bonds	2,245,000		245,000	2,000,000	250,000
Compensated absences	16,802		11,717	5,085	
Total	\$ 13,623,066	6,621,068	1,024,584	19,219,550	946,019

The City's General Bond and Interest Fund liquidates the debt on public improvement bonds. The Water and Sewer Fund liquidates the business-type activities indebtedness. The compensated absences will be paid from the fund in which the employees' salaries were paid, which are generally the General Fund, Non-Major Governmental Funds, and the Water and Sewer Fund.

Special Assessment Debt with Commitments – During fiscal year 2020, the City of Cleveland issued special assessment bonds totaling \$1,890,000. The debt was issued to provide funds for the construction of the Cotton House Hotel. During fiscal year 2022, the City of Cleveland issued special assessment bonds totaling \$1,700,000. The debt was issued to provide funds for Cannon Dealership Development. The bonds are secured by the full faith and credit of the City. The City levied a special assessment tax upon all taxable property in the benefited area. The tax is adequate and sufficient to provide for the payment of the principal and interest on the bonds.

The City has withheld lease payments to Siemens for the capital lease of water meters pending the outcome of the lawsuit against the Lessor for breach of contract and statutory duty. At this time, it is unclear as to what the final outcome of this case will be.

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 13: COMMITMENTS AND CONTINGENCIES

Federal Grants - The City has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the City. No provision for any liability that may result has been recognized in the City's financial statements.

Litigation – The City is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the City with respect to the various proceedings. However, the City's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the City.

NOTE 14: EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The governmental activities' unrestricted net position amount of (\$8,374,922) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$260,826 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. The \$3,867,127 balance of the deferred outflow of resources related to pensions at September 30, 2023, will be recognized in pension expense over the next four years. The \$95,887 balance of the deferred inflow of resources related to pension at September 30, 2023, will be recognized in pension expense over the next four years.

The business-type activities' unrestricted net position amount of (\$2,864,164) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$30,600 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. The \$457,275 of the deferred outflow of resources related to pensions at September 30, 2023, will be recognized in pension expense over the next four years. The \$11,250 balance of the deferred inflow of resources related to pension at September 30, 2023, will be recognized in pension expense over the next four years.

The governmental activities' unrestricted net position amount of (\$8,374,922) includes the effect of deferred inflows of resources related to leases. The \$279,762 balance of the deferred outflow of resources related to leases at September 30, 2023, will be recognized over the next twenty-three years.

NOTE 15: SOLID WASTE DISPOSAL

The City has contracted with WastePro to provide residential garbage collection and disposal. The rate is \$34.00 per month per residence effective October 1, 2022. The City's Solid Waste Management Plan was adopted on September 27, 1993.

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 16: SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the City of Cleveland evaluated the activity of the City through January 17, 2025 and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2023, the City of Cleveland, Mississippi, has acquired the following debt:

Issue Date	Interest Rate	Issue Amount	Type of Financing
11/1/2023	3.00-4.00%	\$ 1,850,000	General Obligation Public Improvement Bonds

CITY OF CLEVELAND, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLEVELAND, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET TO ACTUAL (NON-GAAP BASIS) – GENERAL FUND
For the Year Ended September 30, 2023
UNAUDITED

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable)
REVENUES:				
Ad Valorem Taxes	\$ 4,061,699	4,358,885	4,358,885	-
Licenses, Permits & Franchise Fees	500,000	662,148	662,148	-
Grants & Intergovernmental	4,358,652	4,236,244	4,236,244	-
Fines and Forfeits	125,000	178,048	178,048	-
Charges for Services	115,000	56,182	56,182	-
Miscellaneous Revenues	134,920	274,967	274,967	-
Total Revenues	9,295,271	9,766,474	9,766,474	-
EXPENDITURES:				
General Government				
Supervision, Finance, and Other	1,969,284	1,940,751	1,940,751	-
Municipal Court	417,534	400,390	400,390	-
Total general government	2,386,818	2,341,141	2,341,141	-
Public Safety				
Police Department	4,581,746	4,564,749	4,564,749	-
Fire Department	516,927	480,948	480,948	-
Total Public Safety	5,098,673	5,045,697	5,045,697	-
Public Works				
Community Development	626,640	572,440	572,440	-
Cemetery	251,498	210,714	210,714	-
Airport	379,930	329,414	329,414	-
Groundskeeper	276,253	242,667	242,667	-
Shop Department	182,563	178,101	178,101	-
Engineering	140,000	74,811	74,811	-
Total Public Works	1,856,884	1,608,147	1,608,147	-
Highways and Streets				
Street Department	1,990,692	1,529,141	1,529,141	-
Total Highways and Streets	1,990,692	1,529,141	1,529,141	-
Total Expenditures	11,333,067	10,524,126	10,524,126	-
Excess of Revenues over (under) Expenditures	(2,037,796)	(757,652)	(757,652)	-
OTHER FINANCING SOURCES (USES)				
Administrative fees	839,914	839,914	839,914	-
Transfers in	822,855	822,855	822,855	-
Transfers out	(479,699)	(551,494)	(551,494)	-
Total other financing sources (uses)	1,183,070	1,111,275	1,111,275	-
Net Change in Fund Balance	\$ (854,726)	353,623	353,623	-

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

CITY OF CLEVELAND, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET TO ACTUAL (NON-GAAP BASIS) – ECONOMIC DEVELOPMENT AND TOURISM FUND
For the Year Ended September 30, 2023
UNAUDITED

	Budgeted Amount		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Tourism taxes	\$ 1,200,000	1,324,823	1,324,823	-
Donations and gift shop sales	19,000	29,553	29,553	-
Miscellaneous revenues	18,500	23,044	23,044	-
Total Revenues	1,237,500	1,377,420	1,377,420	-
EXPENDITURES:				
Economic Development				
All Departments	1,114,000	1,106,798	1,106,798	-
Railroad Heritage Museum	219,057	196,998	196,998	-
Total Expenditures	1,333,057	1,303,796	1,303,796	-
Excess of Revenues over (under) Expenditures	(95,557)	73,624	73,624	-
Net Change in Fund Balance	\$ (95,557)	73,624	73,624	-

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

CITY OF CLEVELAND, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET TO ACTUAL (NON-GAAP BASIS) – GENERAL BOND and INTEREST FUND
For the Year Ended September 30, 2023
UNAUDITED

	Budgeted Amount		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Taxes	\$ 1,790,716	1,805,811	1,805,811	-
Miscellaneous revenues	3,000	5,714	5,714	-
Total Revenues	<u>1,793,716</u>	<u>1,811,525</u>	<u>1,811,525</u>	<u>-</u>
EXPENDITURES:				
Debt service	1,904,913	1,904,873	1,904,873	-
Total Expenditures	<u>1,904,913</u>	<u>1,904,873</u>	<u>1,904,873</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(111,197)</u>	<u>(93,348)</u>	<u>(93,348)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (111,197)</u>	<u>(93,348)</u>	<u>(93,348)</u>	<u>-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

CITY OF CLEVELAND, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET TO ACTUAL (NON-GAAP BASIS) – PUBLIC IMPROVEMENT BOND FUND
For the Year Ended September 30, 2023
UNAUDITED

	Budgeted Amount		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Miscellaneous revenues	\$ 39,904	36,563	36,563	-
Total Revenues	<u>39,904</u>	<u>36,563</u>	<u>36,563</u>	<u>-</u>
EXPENDITURES:				
Capital outlay	10,305,726	6,658,248	6,658,248	-
Total Expenditures	<u>10,305,726</u>	<u>6,658,248</u>	<u>6,658,248</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(10,265,822)</u>	<u>(6,621,685)</u>	<u>(6,621,685)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	7,925,151	3,698,638	3,698,638	-
Transfers in	622,604	636,204	636,204	-
Total other financing sources (uses)	<u>8,547,755</u>	<u>4,334,842</u>	<u>4,334,842</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (1,718,067)</u>	<u>(2,286,843)</u>	<u>(2,286,843)</u>	<u>-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

CITY OF CLEVELAND, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET TO ACTUAL (NON-GAAP BASIS) – ECONOMIC DEVELOPMENT REVOLVING FUND
For the Year Ended September 30, 2023
UNAUDITED

	Budgeted Amount		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Miscellaneous revenues	\$ 9,375	188,451	188,451	-
Total Revenues	<u>9,375</u>	<u>188,451</u>	<u>188,451</u>	<u>-</u>
EXPENDITURES:				
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>9,375</u>	<u>188,451</u>	<u>188,451</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	20,904	20,095	20,095	
Transfers (out)	<u>(569,410)</u>	<u>(569,410)</u>	<u>(569,410)</u>	<u>-</u>
Total other financing sources (uses)	<u>(548,506)</u>	<u>(549,315)</u>	<u>(549,315)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (539,131)</u>	<u>(360,864)</u>	<u>(360,864)</u>	<u>-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

CITY OF CLEVELAND, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET TO ACTUAL (NON-GAAP BASIS) – ANIMAL SHELTER FUND
For the Year Ended September 30, 2023
UNAUDITED

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable)
REVENUES:				
Intergovernmental	\$ 125,000		-	-
Miscellaneous revenues	19,204	53,909	53,909	-
Total Revenues	<u>144,204</u>	<u>53,909</u>	<u>53,909</u>	<u>-</u>
EXPENDITURES:				
Health and sanitation	872,301	834,069	834,069	-
Total Expenditures	<u>872,301</u>	<u>834,069</u>	<u>834,069</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(728,097)</u>	<u>(780,160)</u>	<u>(780,160)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	445,000	445,000	445,000	-
Total other financing sources (uses)	<u>445,000</u>	<u>445,000</u>	<u>445,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (283,097)</u>	<u>(335,160)</u>	<u>(335,160)</u>	<u>-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

CITY OF CLEVELAND, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET TO ACTUAL (NON-GAAP BASIS) – AMERICAN RESCUE PLAN ACT FUND
For the Year Ended September 30, 2023
UNAUDITED

	Budgeted Amount		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental			-	-
Miscellaneous revenues	5,000	89,423	89,423	-
Total Revenues	5,000	89,423	89,423	-
EXPENDITURES:				
Capital Outlay	101,743	181,424	181,424	-
Total Expenditures	101,743	181,424	181,424	-
Excess of Revenues over (under) Expenditures	(96,743)	(92,001)	(92,001)	-
Net Change in Fund Balance	\$ (96,743)	(92,001)	(92,001)	-

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

CITY OF CLEVELAND, MISSISSIPPI
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*
For the Year Ended September 30, 2023
UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.0829%	0.0787%	0.0787%	0.0808%	0.0809%	0.0793%	0.0759%	0.0727%	0.0703%
Proportionate share of the net pension liability (asset)	\$ 20,850,445	16,199,325	11,632,204	15,641,938	14,231,903	13,189,946	12,617,158	12,986,035	10,866,994
Covered payroll	\$ 6,146,784	5,421,240	5,182,264	5,380,443	5,271,951	5,066,897	4,868,652	4,652,053	4,390,822
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	339.21%	298.81%	224.46%	290.72%	269.96%	260.32%	259.15%	279.15%	247.49%
Plan fiduciary net position as a percentage of the total pension liability	55.70%	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

CITY OF CLEVELAND, MISSISSIPPI
SCHEDULE OF CITY'S CONTRIBUTIONS
LAST 10 FISCAL YEARS*
For the Year Ended September 30, 2023
UNAUDITED

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,097,551	1,005,318	901,714	933,122	857,890	800,431	754,743	733,580	701,340
Contributions in relation to the contractually required contribution	1,097,551	1,005,318	901,714	933,122	857,890	800,431	754,743	733,580	701,340
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-
Covered payroll	\$ 6,307,766	5,777,688	5,182,264	5,362,767	5,319,055	5,082,108	4,792,014	4,657,646	4,452,949
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	17.40%	16.13%	15.75%	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

Note A - The 2019 contributions as a percentage of covered payroll will be an average of the former contributions rate of 15.75% and the current contribution rate of 17.40%.

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2023
UNAUDITED

BUDGETARY COMPARISON SCHEDULES

A. Budgetary Information.

Statutory requirements dictate how and when the City’s budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the City Clerk or Chief Administrative Officer prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the City Council that budgetary estimates will not be met, it may make revisions to the budget.

The City’s budget is prepared principally on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Special Revenue Fund:

Governmental Fund Type	General Fund	Economic Development and Tourism	General Bond and Interest Fund	Public Improvement Bond Fund	Economic Development Revolving Fund	Animal Shelter Fund	American Rescue Plan Fund
Budget (Cash Basis)	\$ 353,623	73,624	(93,348)	(2,286,843)	(360,864)	(335,160)	(92,001)
Increase (Decrease)							
Net adjustments for revenue accruals	599,764	8,869	(955)				82,140
Net adjustments for expenditure accruals	249,268	5,749		469,095		94,358	181,424
Net Change in Fund Balance - GAAP Basis	\$ <u>1,202,655</u>	<u>88,242</u>	<u>(94,303)</u>	<u>(1,817,748)</u>	<u>(360,864)</u>	<u>(240,802)</u>	<u>171,563</u>

D. Excess of Actual Expenditures over Budget in Individual Funds.

No funds with actual expenditures over budgeted amounts were identified.

E. Unbudgeted Funds.

There were no unbudgeted funds for the fiscal year ended September 30, 2023.

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2023
UNAUDITED

Pension Schedules

A. Changes of assumptions.

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumptions were reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

2019

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

- For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
- For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

- For males, 137% of male rates at all ages.
- For females, 115% of female rates at all ages.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2023
UNAUDITED

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2021

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

- For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
 - For females, 84% of female rates up to age 72, 100% for ages above 76.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:

- For males, 134% of male rates at all ages.
- For females, 121% of female rates at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of contingent annuitant mortality was based on the PubS.H-2010(B)

Contingent Annuitant Table with the following adjustments:

- For males, 97% of male rates at all ages.
- For females, 110% of female rates at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%.
- The wage inflation assumption was reduced from 3.00% to 2.65%.
- The investment rate of return assumption was changed from 7.75% to 7.55%.
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- The percentage of active member deaths assumed to be in in the line of duty was decreased from 6% to 4%.

2023

Contingent Annuitant Table with the following adjustments:

- The investment rate of return assumption was changed from 7.55% to 7.00%.
- The assumed load for administrative expenses was decreased from 0.28% to 0.26% of payroll.
- Withdrawal rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely.
- The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2023
UNAUDITED

requirements for retirement was increased from 60% to 65%.

- For married members, the number of years that a male is assumed to be older than his spouse was changed from 3 years to 2 years.
- The assumed amount of unused sick leave at retirement was increased from 0.50 years to 0.55 years.
- The assumed average number of years of military service that participants will have at retirement was decreased from 0.25 years to 0.20 years.

B. Changes in benefit provisions.

2016

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

C. Method and assumptions used in calculations of actuarially determined contributions.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2021, valuation for the June 30, 2023, fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	26.7 years
Asset valuation method	5-year smoothed market
Price Inflation	2.40 percent
Salary increase	2.65 percent to 17.90 percent, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

CITY OF CLEVELAND, MISSISSIPPI

SUPPLEMENTARY INFORMATION

CITY OF CLEVELAND, MISSISSIPPI
SCHEDULE of EXPENDITURES of FEDERAL AWARDS
For the Year Ended September 30, 2023

Federal Agency/ Pass-Through Entity/ Program Title or Cluster	Federal Assistance Listing Number	Federal Agency/ Pass-through Entity Identifying Number	Federal Expenditures
U. S. Department of Commerce			
Direct Programs:			
Economic Adjustment Assistance	11.307*	N/A	891,181
Total U. S. Department of Commerce			891,181
U. S. Department of Transportation			
Direct Programs:			
Airport Improvement Program	20.106	N/A	116,510
Airport Improvement Program	20.106	N/A	320,959
Total Airport Improvement Program			437,469
Passed-through Mississippi Department of Transportation			
Highway Planning and Construction	20.205*	STP-8029-00(003)LPA	1,463,303
Highway Planning and Construction	20.205*	STP-0090-00(010)LPA	365,234
Total Highway Planning and Construction			1,828,537
Total U. S. Department of Transportation			2,266,006
Delta Regional Authority			
Direct Programs:			
States' Economic Development Assistance Program	90.204	N/A	416,802
Total Delta Regional Authority			416,802
U.S. Department of Homeland Security			
Passed-through Mississippi Emergency Management Agency			
Hazard Mitigation Grant	97.039	HMGP-4415-0006	29,904
Hazard Mitigation Grant	97.039	HMGP-4415-0006	899,378
Total U. S. Department of Homeland Security			929,282
Total Expenditures of Federal Awards			\$ 4,503,271

* Denotes Major Federal Award Program

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2023

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Cleveland under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

C. Indirect Cost Rate

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF CLEVELAND, MISSISSIPPI

OTHER INFORMATION

CITY OF CLEVELAND, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS
For the Year Ended September 30, 2023
UNAUDITED

Name	Position	Bond Amount	Expiration Date	Surety Company
William B. Nowell	Mayor	100,000	7/1/2025	Western
Zinnia Howze-Wince	Alderman Ward 1	100,000	7/1/2025	Travelers
Robert Sanders	Alderman Ward 2	100,000	7/1/2025	Western
Danny Abraham	Alderman Ward 3	100,000	7/7/2025	FCCI
Kirkham Povall	Alderman Ward 4	100,000	7/1/2025	Western
Brian Bishop	Alderman Ward 5	100,000	7/1/2025	Western
Theodore R. Campbell	Alderman Ward 6	100,000	7/1/2025	FCCI
Gary Gainspoletti	Alderman-At-Large	100,000	7/1/2025	FCCI
Michelle Arbuckle	City Clerk	50,000	11/2/2023	FCCI
Linda Brown	Deputy City Clerk	50,000	10/1/2023	Travelers
Betha Watson	Deputy City Clerk	50,000	7/18/2024	Travelers
Ashley Vickers	Deputy City Clerk	50,000	8/12/2024	Travelers
Michele Lucas	Municipal Court Clerk	50,000	Indefinite	Travelers
Jodie W. Felton	Municipal Court Deputy Clerk	50,000	7/1/2023	FCCI
Travis Dudley Tribble	Chief of Police	50,000	12/6/2023	FCCI
Marilyn D. Cox	Water Department Manager	50,000	8/18/2024	Travelers
Jeffrey Clint Johnson	Airport Director	50,000	8/18/2024	FCCI
Jason Woods	Parks & Recreation Director	50,000	5/21/2024	Travelers
Greg Jackson	Fire Inspector	50,000	6/9/2024	FCCI
Billy Trotter	Community Development Director	50,000	2/28/2024	FCCI
Lisa Miller	Railroad Museum Director	50,000	2/27/2022	FCCI
Anna Sledge	Railroad Museum Director	50,000	Indefinite	Travelers
Jamie Gregory-Grant	Animal Shelter Director	50,000	3/16/2024	Western

CITY OF CLEVELAND, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the Year Ended September 30, 2023
UNAUDITED

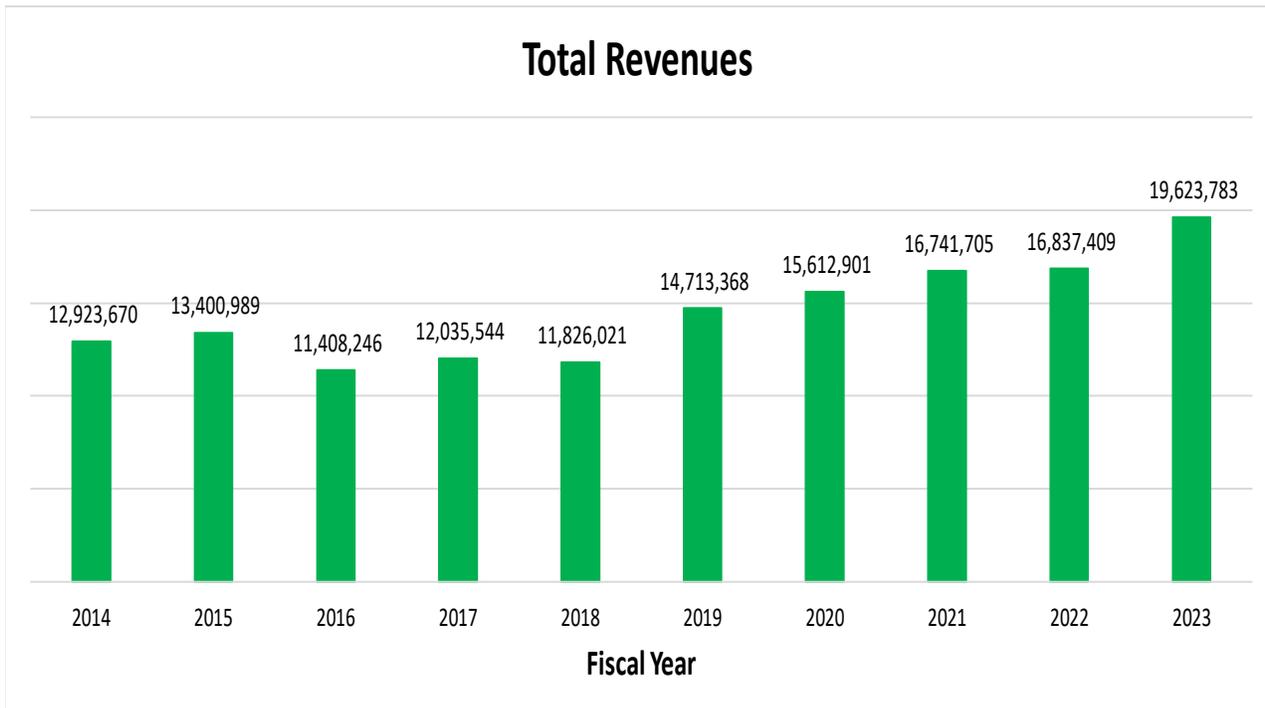
Description	Issue Date	Balance 09/30/22	Issued	Paid	Balance 09/30/23	Amount Due	
						2024	Remaining Years
General Obligation Bonds							
Public Improvement	04/15/13	\$ 145,000		145,000	-	-	-
Public Improvement	04/15/14	325,000		160,000	165,000	165,000	-
Public Improvement	08/01/15	465,000		150,000	315,000	155,000	160,000
Public Improvement	02/01/16	830,000		200,000	630,000	205,000	425,000
Public Improvement	03/02/17	1,075,000		205,000	870,000	210,000	660,000
Public Improvement	02/06/18	900,000		150,000	750,000	150,000	600,000
Public Improvement	03/01/19	1,480,000		185,000	1,295,000	195,000	1,100,000
Public Improvement	03/01/20	1,570,000		175,000	1,395,000	180,000	1,215,000
Public Improvement	03/01/21	1,820,000		185,000	1,635,000	190,000	1,445,000
Public Improvement	03/01/22	1,700,000		125,000	1,575,000	155,000	1,420,000
Public Improvement			1,950,000		1,950,000	150,000	1,800,000
Total General Obligation Bonds		<u>10,310,000</u>	<u>1,950,000</u>	<u>1,680,000</u>	<u>10,580,000</u>	<u>1,755,000</u>	<u>8,825,000</u>
Special Obligation Bonds							
Utility Bond	07/01/20	1,645,000		185,000	1,460,000	190,000	1,270,000
Tax Increment Financing	06/19/20	1,769,579		66,143	1,703,436	70,442	1,632,994
Tax Increment Financing	12/01/21	1,200,000		65,000	1,135,000	66,000	1,069,000
Utility Bond	03/01/22	600,000		60,000	540,000	60,000	480,000
Total Special Obligation Bonds		<u>5,214,579</u>	<u>-</u>	<u>376,143</u>	<u>4,838,436</u>	<u>386,442</u>	<u>4,451,994</u>
Other Loans							
State of Mississippi (MDEQ #1)	08/01/03	85,023		85,023	-	-	-
State of Mississippi (MDEQ #2)	09/25/03	183,335		90,865	92,469	92,470	(1)
State of Mississippi (MDEQ #3)	04/21/06	240,631		70,514	170,117	71,938	98,179
State of Mississippi (MDEQ #4)	10/14/05	466,462		97,270	369,194	99,730	269,464
State of Mississippi (MDEQ #5)	08/25/06	456,393		65,987	390,406	67,151	323,255
State of Mississippi (MDEQ #6)	02/10/17	5,361,088		296,465	5,064,623	301,695	4,762,928
State of Mississippi (MDEQ #7)	10/01/21	2,185,425	6,621,068		8,806,493		8,806,493
Total Other Loans		<u>8,978,357</u>	<u>6,621,068</u>	<u>706,124</u>	<u>14,893,302</u>	<u>632,984</u>	<u>14,260,318</u>
Financed Purchases							
Street Sweeper	12/01/18	76,421		50,500	25,921	25,921	-
Police Vehicles	12/01/18	6,270		6,270	-	-	-
Animal Shelter Van	12/01/18	1,598		1,598	-	-	-
Dodge Durango	02/05/21	17,077		6,916	10,161	7,126	3,035
Equipment Lease	09/15/21	170,698		55,785	114,913	56,940	57,973
Equipment Lease	06/10/22	197,374		52,191	145,182	53,404	91,778
Nissan Frontier	06/10/22	22,534		5,959	16,575	6,097	10,478
Siemens Public, Inc.	09/21/12	2,189,675			2,189,675		2,189,675
Total Capital Leases		<u>2,681,647</u>	<u>-</u>	<u>179,219</u>	<u>2,502,427</u>	<u>149,488</u>	<u>2,352,939</u>
Other							
Compensated Absences		<u>199,734</u>		<u>72,830</u>	<u>126,904</u>		
Total Long Term Debt		<u>\$ 27,384,317</u>	<u>8,571,068</u>	<u>3,014,316</u>	<u>32,941,069</u>	<u>2,923,914</u>	<u>29,890,251</u>

CITY OF CLEVELAND, MISSISSIPPI

STATISTICAL INFORMATION

CITY OF CLEVELAND, MISSISSIPPI
GOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years
UNAUDITED

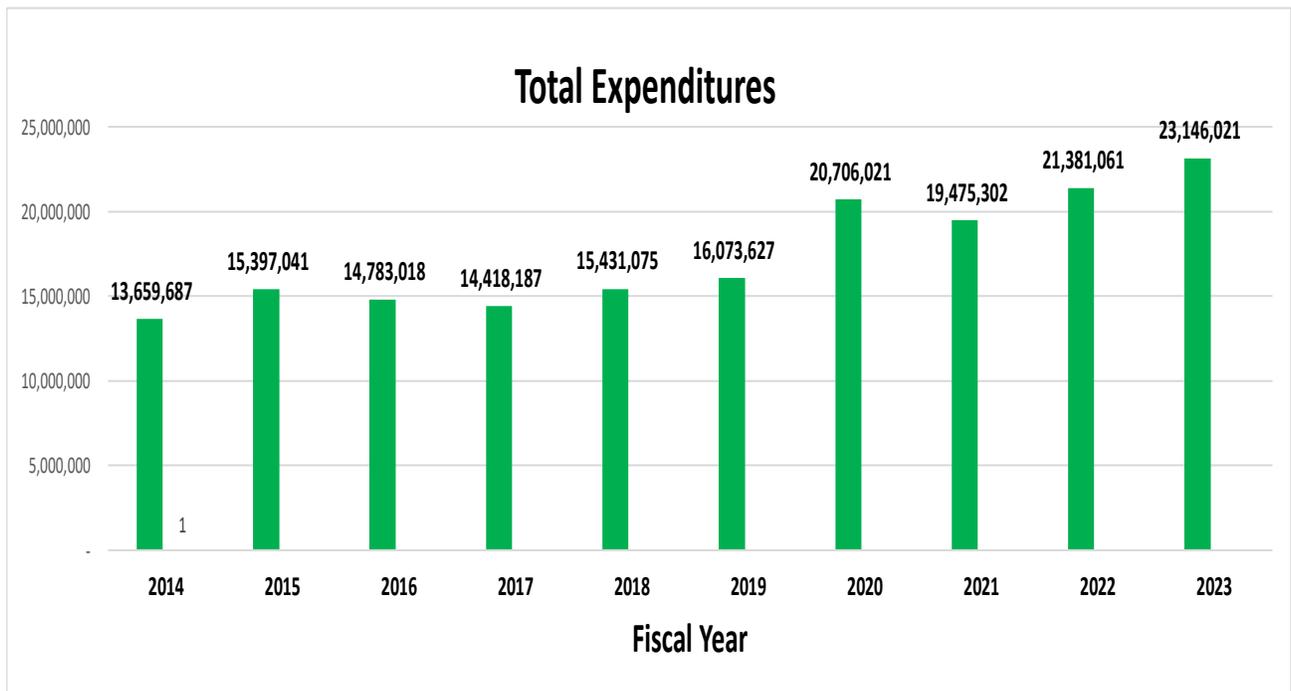
Fiscal Year	Taxes	Fines, Fees, Licenses & Permits	Intergovernmental	Charges for Services	Miscellaneous Operating	Miscellaneous Non-Operating	Total Revenues
2014	3,616,307	851,674	5,470,529	2,071,062	65,761	848,337	12,923,670
2015	3,776,839	699,309	6,095,298	2,072,728	71,447	685,368	13,400,989
2016	3,831,742	617,105	5,737,746	835,082	77,200	309,371	11,408,246
2017	4,237,451	618,293	5,998,010	818,452	75,830	287,508	12,035,544
2018	4,202,827	649,618	5,721,089	830,251	71,544	350,692	11,826,021
2019	4,803,213	593,345	6,408,369	892,468	74,551	1,941,422	14,713,368
2020	5,155,750	547,247	8,504,651	758,566	74,240	572,447	15,612,901
2021	5,398,522	765,255	9,041,119	787,571	72,312	676,926	16,741,705
2022	5,907,394	546,432	9,593,110	219,455	65,238	505,780	16,837,409
2023	6,134,633	346,066	10,960,649	786,576	50,561	1,345,298	19,623,783
Total	\$ 47,064,678	6,234,344	73,530,570	10,072,211	698,684	7,523,149	145,123,636



Percentage Change Year over Year							
2015	4.44%	-17.89%	11.42%	0.08%	8.65%	-19.21%	3.69%
2016	1.45%	-11.76%	-5.87%	-59.71%	8.05%	-54.86%	-14.87%
2017	10.59%	0.19%	4.54%	-1.99%	-1.77%	-7.07%	5.50%
2018	-0.82%	5.07%	-4.62%	1.44%	-5.65%	21.98%	-1.74%
2019	14.29%	-8.66%	12.01%	7.49%	4.20%	453.60%	24.42%
2020	7.34%	-7.77%	32.71%	-15.00%	-0.42%	-70.51%	6.11%
2021	4.71%	39.84%	6.31%	3.82%	-2.60%	18.25%	7.23%
2022	9.43%	-28.59%	6.11%	-72.14%	-9.78%	-25.28%	0.57%
2023	3.85%	-36.67%	14.26%	258.42%	-22.50%	165.98%	16.55%

CITY OF CLEVELAND, MISSISSIPPI
GOVERNMENTAL EXPENDITURES BY FUNCTION
Last Ten Fiscal Years
UNAUDITED

Fiscal Year	General Government	Public Safety	Public Works	Highways and Streets	Health and Welfare	Culture and Recreation	Economic Development	Capital Projects	Debt Service	Total Expenditures
2014	1,359,258	4,500,937	1,275,236	1,186,603	1,570,646	839,559	735,750	797,409	1,394,289	13,659,687
2015	1,412,720	4,136,760	1,326,127	1,603,993	1,580,391	786,258	2,345,934	817,882	1,386,976	15,397,041
2016	1,933,730	4,558,367	3,014,995	1,236,959	650,108	808,905	1,153,562	34,915	1,391,477	14,783,018
2017	1,808,925	4,786,186	979,040	1,344,687	609,391	882,943	1,188,420	1,344,154	1,474,441	14,418,187
2018	1,858,766	4,354,336	1,313,977	1,850,292	583,445	746,230	1,053,372	2,124,948	1,545,709	15,431,075
2019	1,933,286	4,271,589	2,053,517	1,752,190	763,852	981,332	1,391,716	1,756,797	1,169,348	16,073,627
2020	1,969,420	4,328,654	1,529,653	1,500,891	766,236	972,392	2,890,974	4,827,893	1,919,908	20,706,021
2021	3,032,476	4,990,001	3,410,359	1,363,046	1,137,723	1,773,684	1,634,358		2,133,655	19,475,302
2022	2,404,953	5,434,588	2,451,978	2,846,892	1,367,711	1,279,353	3,223,087		2,372,499	21,381,061
2023	2,304,718	4,991,373	1,965,314	7,885,267	738,113	1,074,924	1,888,963		2,297,349	23,146,021
Total	\$ 20,018,252	46,352,791	19,320,196	22,570,820	9,767,616	10,145,580	17,506,136	11,703,998	14,788,302	89,762,635



	Percentage Change Year over Year									
2015	3.93%	-8.09%	3.99%	35.18%	0.62%	-6.35%	218.85%	2.57%	-0.52%	12.72%
2016	36.88%	10.19%	127.35%	-22.88%	-58.86%	2.88%	-50.83%	-95.73%	0.32%	-3.99%
2017	-6.45%	5.00%	-67.53%	8.71%	-6.26%	9.15%	3.02%	3749.79%	5.96%	-2.47%
2018	2.76%	-9.02%	34.21%	37.60%	-4.26%	-15.48%	-11.36%	58.09%	4.83%	7.03%
2019	4.01%	-1.90%	56.28%	-5.30%	30.92%	31.51%	32.12%	-17.33%	-24.35%	4.16%
2020	1.87%	1.34%	-25.51%	-14.34%	0.31%	-0.91%	107.73%	174.81%	64.19%	28.82%
2021	53.98%	15.28%	122.95%	-9.18%	48.48%	82.40%	-43.47%	-100.00%	11.13%	-5.94%
2022	-20.69%	8.91%	-28.10%	108.86%	20.21%	-27.87%	97.21%		11.19%	9.79%
2023	-4.17%	-8.16%	-19.85%	176.98%	-46.03%	-15.98%	-41.39%		-3.17%	8.25%

**CITY OF CLEVELAND, MISSISSIPPI
COMPUTATION OF LEGAL DEBT MARGIN
For the Year Ended September 30, 2023
UNAUDITED**

LIMITATION OF INDEBTEDNESS - SECTION 21-33-303 AS AMENDED

No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in an amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%) of the assessed value of taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. In computing such indebtedness, there may be deducted all bonds or other evidences of indebtedness, heretofore or hereafter issued, for school, water, sewerage systems, gas, and light and power purposes and for the construction of special improvements primarily chargeable to the property that benefited, or for the purpose of paying the municipality's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case shall any municipality contract any indebtedness which, when added to all of the outstanding obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore issued by any municipality for school purposes, or to contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipality-owned utility, or to bonds issued by any municipality under the provisions of Sections 57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-5.

<u>Description</u>	<u>Total Outstanding G/O Debt</u>	<u>Bonds/Notes Subject To 15% Limitation</u>	<u>Bonds/Notes Subject To 20% Limitation</u>
<u>OUTSTANDING GENERAL OBLIGATION DEBT:</u>			
Public Improvement	\$ 165,000	165,000	165,000
Public Improvement	315,000	315,000	315,000
Public Improvement	630,000	630,000	630,000
Public Improvement	870,000	870,000	870,000
Public Improvement	750,000	750,000	750,000
Public Improvement	1,295,000	1,295,000	1,295,000
Public Improvement	1,395,000	1,395,000	1,395,000
Public Improvement	1,635,000	1,635,000	1,635,000
Public Improvement	1,575,000	1,575,000	1,575,000
Public Improvement	1,950,000	1,950,000	1,950,000
Total Outstanding General Obligation Debt	<u>\$ 10,580,000</u>	<u>10,580,000</u>	<u>10,580,000</u>
<u>AUTHORIZED DEBT LIMIT:</u>			
Assessed Value for the fiscal year ended September 30, 2023	\$ 126,422,074		
Present Debt (Subject to 15% and 20% Limitation, respectively)		<u>10,580,000</u>	<u>10,580,000</u>
Margin for Further Indebtedness (Under 15% and 20% Limitation, respectively)		<u>\$ 8,383,311</u>	<u>14,704,415</u>

CITY OF CLEVELAND, MISSISSIPPI

SPECIAL REPORTS

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

Honorable Mayor and Board of Aldermen
City of Cleveland
Cleveland, Mississippi

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Mississippi (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 17, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Cleveland, Mississippi's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Cleveland, Mississippi's internal control.

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. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Cleveland, Mississippi's financial statements are free from 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 financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the City of Cleveland, Mississippi, in the Independent Auditor's Report on Compliance with State Laws and Regulations dated January 17, 2025, included within this document.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

January 17, 2025

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Honorable Mayor and Board of Aldermen
City of Cleveland
Cleveland, Mississippi

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Programs

We have audited the City of Cleveland, Mississippi's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Cleveland, Mississippi's major federal programs for the year ended September 30, 2023. The City of Cleveland, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Cleveland, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Cleveland, Mississippi's and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Cleveland, Mississippi's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Cleveland, Mississippi's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Cleveland, Mississippi's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Cleveland, Mississippi's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Cleveland, Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Cleveland, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Cleveland, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 and correct, 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 a 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
January 17, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and Board of Aldermen
City of Cleveland
Cleveland, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Mississippi, as of and for the fiscal year ended September 30, 2023, which collectively comprise the City of Cleveland, Mississippi's basic financial statements and have issued our report thereon dated January 17, 2025. 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.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on the City's compliance with these requirements was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general-purpose financial statements disclosed the following instances of noncompliance with state laws and regulations.

2023-001 Public Officials should ensure compliance with state law over surety bonding requirements.

Repeat Finding No

Criteria *Section 25-1-15, Mississippi Code Annotated (1972), states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee."*

Section 21-15-23, Mississippi Code Annotated (1972), states, "Every deputy city clerk, before entering upon the duties of his office, shall take and subscribe the same oath required of the city clerk. The appointment of said deputy city clerk, with the certificate of the oath, shall be filed and preserved in the office of the clerk of the governing authorities of such city. Such deputy city clerk shall give bond, with sufficient surety, to be payable, conditioned, and approved as provided by law, in an amount to be determined by the governing authority (which shall be not less than Fifty Thousand Dollars (\$50,000.00))."

Section 21-15-38, Mississippi Code Annotated (1972), states, "Before any person appointed to the position of municipal clerk, city manager, municipal administrator or municipal chief administrative officer enters upon the discharge of his duties, he shall give bond, with sufficient surety, to be payable, conditioned and approved as provided by law,

in an amount to be determined by the municipal governing authority (which shall not be less than Fifty Thousand Dollars (\$50,000.00)).”

Condition	During the course of our testing we noted the following instances of non-compliance: <ul style="list-style-type: none">• One (1) instance of an individual being without a bond
Cause	Public Officials have insufficient control over the requirements for bonding officials and employees.
Effect	Failure to have a bond in place for a specific term could limit the amount available for recovery if a loss occurred over multiple terms, as well as the current terms.
Recommendation	We recommend the City implement procedures to ensure that City officials’ and employees’ bonds meet the requirements of State Laws.
Response	I have notified our insurance agent to bond this individual. I have also set up folders for each fiscal year to maintain the bonds electronically upon receipt.

This report is intended for the information and use of management, City Council, State Auditor’s Office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

January 17, 2025

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Honorable Mayor and Board of Aldermen
City of Cleveland
Cleveland, Mississippi

In planning and performing our audit of the financial statements of the City of Cleveland, Mississippi for the year ended September 30, 2023, we considered the City of Cleveland, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to the City of Cleveland, Mississippi's financial reporting, we have performed some additional limited internal control and compliance tests. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated January 17, 2025 on the financial statements of the City of Cleveland, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with *Section 7-7-211, Mississippi Code of 1972 Annotated*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

Purpose of this Report

This report is intended solely for the information and use of management, the City Council, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record, and its distribution is not limited.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

January 17, 2025

CITY OF CLEVELAND, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**CITY OF CLEVELAND, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2023**

Section 1: Summary of Auditor’s Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor’s report issued on the financial statements. | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness identified? | No |
| | b. Significant deficiency identified? | None Reported |
| 3. | Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Internal control over major federal programs: | |
| | a. Material weakness identified? | No |
| | b. Significant deficiency identified? | None Reported |
| 5. | Type of auditor’s report issued on compliance for major federal programs: | Unmodified |
| 6. | Any audit findings disclosed that are required to be reported in accordance With 2 CFR 200.516(a)? | No |
| 7. | Identification of major federal programs: | |
| | Assistance Listing Number, 11.307, Economic Adjustment Assistance | |
| | Assistance Listing Number, 20.205, Highway Planning and Construction | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. | Auditee qualified as low risk auditee? | No |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.