



**CITY OF CLEVELAND, MISSISSIPPI**  
**Audited Financial Statements and Special Reports**  
**For the Year Ended September 30, 2024**



CITY OF CLEVELAND, MISSISSIPPI

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**CITY OF CLEVELAND**

**FINANCIAL SECTION**

## 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, 2024, 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 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, 2024, 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 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; this includes 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 County'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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County'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.

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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted 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.

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 the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. 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.

The accompanying schedules in the Other Information section on pages 64 through 66, 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.

The schedules in the Statistical Information section on pages 67 through 70 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 May 29, 2025, our consideration of the City of Cleveland, Mississippi's internal control over financial reporting and 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

May 29, 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, 2024**

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, 2024. Readers should also review the basic financial statements and disclosures to enhance their understanding of the City's financial performance.

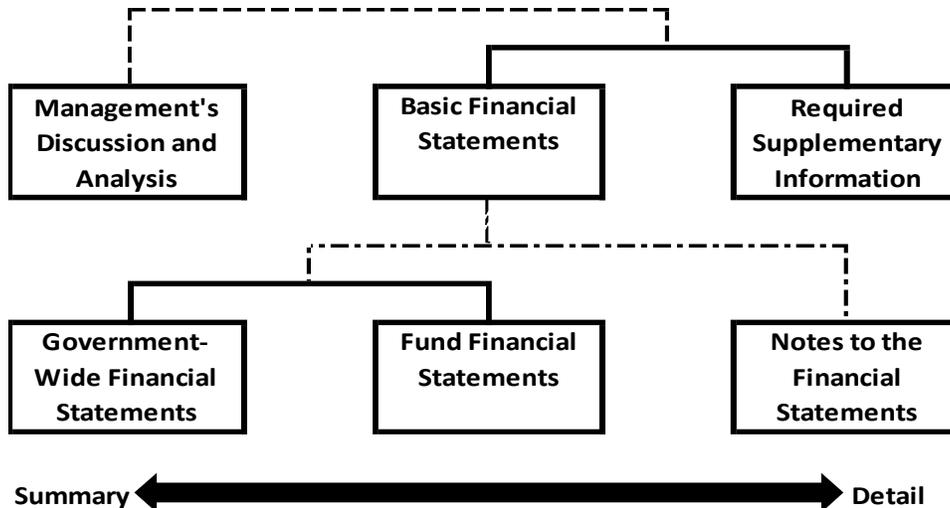
**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2024 by \$39,753,622 (net position), this amount represents an increase of \$10,423,016 including a prior period adjustment of (\$64,986), from fiscal year 2023. Of this amount the unrestricted net position showed a deficit balance of (\$11,376,363).
- Total assets increased \$9,712,162 from 2023.
- Total liabilities decreased \$1,500,737 from 2023.
- City had \$32,962,939 in total revenues. Property tax revenues account for \$6,915,559 or 20.98 percent of total revenues. Sales and tourism taxes account for \$6,713,908 or 20.37 percent of total revenues. Charges for services account for \$8,563,046 or 25.98 percent of total revenues. The remainder of revenue is from federal and state grants, franchise taxes, and other sources and accounts for \$10,770,426 or 32.67 percent of total revenues.
- City had \$22,123,854 in total expenses which represents a decrease of \$6,099,680 or 21.61 percent over the prior fiscal year. Expenses of \$16,313,233 were offset by grants and charges for services. General revenues of \$16,649,706 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, 2024**

**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.

	<b>Government-Wide Financial Statements</b>	<b>Fund Financial Statements</b>	
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>
<b>Scope</b>	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
<b>Required Financial Statements</b>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<b>Type of Asset, Deferred Outflow, Liability, and Deferred Inflow information</b>	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
<b>Type of Inflow/ Outflow Information</b>	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, 2024**

**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 like 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, 2024**

The City of Cleveland adopts an annual budget. Budgetary comparison schedules have been provided on pages 52 through 54 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 50, 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 60.

#### **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, 2024, the assets and deferred outflows of the City of Cleveland exceeded liabilities and deferred inflows by \$39,407,611.

By far the largest portion of the City of Cleveland's net position (\$42,288,745 or 107%) 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, 2024**

The following table presents a summary of the City's net position for the fiscal year ended September 30, 2024.

	Governmental Activities		Business-type Activities		Total		Increase (Decrease)	Percentage Change
	2024	2023	2024	2023	2024	2023		
<b>Assets</b>								
Current and other assets	\$ 22,643,678	21,064,149	102,436	(689,248)	22,746,114	20,374,901	2,371,213	11.64%
Capital assets, net	50,423,726	42,644,126	24,904,329	25,342,980	75,328,055	67,987,106	7,340,949	10.80%
Total Assets	<u>73,067,404</u>	<u>63,708,275</u>	<u>25,006,765</u>	<u>24,653,732</u>	<u>98,074,169</u>	<u>88,362,007</u>	<u>9,712,162</u>	<u>10.99%</u>
<b>Deferred Outflows</b>	<u>3,850,052</u>	<u>4,158,553</u>	<u>427,783</u>	<u>487,875</u>	<u>4,277,835</u>	<u>4,646,428</u>	<u>(368,593)</u>	<u>-7.93%</u>
<b>Liabilities</b>								
Current & other liabilities	3,131,684	3,410,041	1,787,107	456,181	4,918,791	3,866,222	1,052,569	27.22%
Net pension liability	19,444,409	18,661,149	2,160,489	2,189,296	21,604,898	20,850,445	754,453	3.62%
Long-term debt	11,832,213	13,722,377	17,801,955	19,219,550	29,634,168	32,941,927	(3,307,759)	-10.04%
Total Liabilities	<u>34,408,306</u>	<u>35,793,567</u>	<u>21,749,551</u>	<u>21,865,027</u>	<u>56,157,857</u>	<u>57,658,594</u>	<u>(1,500,737)</u>	<u>-2.60%</u>
<b>Deferred Inflows</b>	<u>6,440,525</u>	<u>6,353,996</u>		<u>11,250</u>	<u>6,440,525</u>	<u>6,365,246</u>	<u>75,279</u>	<u>1.18%</u>
<b>Net Position</b>								
Invested in capital assets, net of related debt	36,508,745	28,899,747	5,766,008	6,128,515	42,274,753	35,028,262	7,246,491	20.69%
Restricted	8,495,229	5,190,347			8,495,229	5,190,347	3,304,882	63.67%
Unrestricted	(8,935,349)	(8,370,829)	(2,081,011)	(2,863,185)	(11,016,360)	(11,234,014)	217,654	-1.94%
Total Net Position	<u>\$ 36,068,625</u>	<u>25,719,265</u>	<u>3,684,997</u>	<u>3,265,330</u>	<u>39,753,622</u>	<u>28,984,595</u>	<u>10,769,027</u>	<u>37.15%</u>

The City's total assets increased \$9,712,162 during 2024 with business-type activities showing an increase of \$353,033 and governmental activities showing an increase of \$9,359,129.

The City's total liabilities decreased \$1,500,737 during 2024 with business-type activities showing a decrease of \$115,476 and governmental activities showing a decrease of \$1,385,261.

The City's net position increased \$10,769,027 for the year ended September 30, 2024.

**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)	\$ (11,376,363)
Less: unrestricted deficit in net position resulting from recognition of GASB 68 & 71	<u>17,327,063</u>
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 5,950,700</u>

**CITY OF CLEVELAND, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2024**

The following table presents a summary of the changes in net position for the fiscal year ended September 30, 2024.

	Governmental Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2024	2023	2024	2023	2024	2023		
<b>Program Revenues:</b>								
Charges for services	\$ 646,199	610,601	7,916,847	6,560,399	8,563,046	7,171,000	1,392,046	19.41%
Grants and contributions	7,750,187	4,048,099			7,750,187	4,048,099	3,702,088	91.45%
<b>General Revenues:</b>								
Property taxes	6,915,559	6,134,633			6,915,559	6,134,633	780,926	12.73%
Sales and tourism taxes	6,713,908	6,031,031			6,713,908	6,031,031	682,877	11.32%
Other taxes and revenues	2,749,116	3,948,255	271,123	34,698	3,020,239	3,982,953	(962,714)	-24.17%
<b>Total Revenues</b>	<b>24,774,969</b>	<b>20,772,619</b>	<b>8,187,970</b>	<b>6,595,097</b>	<b>32,962,939</b>	<b>27,367,716</b>	<b>5,595,223</b>	<b>20.44%</b>
<b>Program Expenses:</b>								
General government	2,319,309	2,249,043			2,319,309	2,249,043	70,266	3.12%
Public safety	3,724,847	3,903,777			3,724,847	3,903,777	(178,930)	-4.58%
Public works	1,128,516	1,535,758			1,128,516	1,535,758	(407,242)	-26.52%
Highways and streets	3,549,787	8,398,748			3,549,787	8,398,748	(4,848,961)	-57.73%
Health and sanitation	348,400	320,000			348,400	320,000	28,400	8.88%
Culture and recreation	210,116	1,059,627			210,116	1,059,627	(849,511)	-80.17%
Economic development	854,664	2,207,375			854,664	2,207,375	(1,352,711)	-61.28%
Interest on long-term debt	442,317	367,263			442,317	367,263	75,054	20.44%
Pension expense	4,201,328	2,606,567			4,201,328	2,606,567	1,594,761	61.18%
Water and sewer			3,809,301	4,330,679	3,809,301	4,330,679	(521,378)	-12.04%
Sanitation			1,535,269	1,244,697	1,535,269	1,244,697	290,572	23.34%
<b>Total Expenses</b>	<b>16,779,284</b>	<b>22,648,158</b>	<b>5,344,570</b>	<b>5,575,376</b>	<b>22,123,854</b>	<b>28,223,534</b>	<b>(6,099,680)</b>	<b>-21.61%</b>
<b>Transfers:</b>								
Operating transfers in	2,586,567	445,000			2,586,567	445,000	2,141,567	N/A
Operating transfers out			(2,586,567)	(445,000)	(2,586,567)	(445,000)	(2,141,567)	N/A
<b>Total transfers</b>	<b>2,586,567</b>	<b>445,000</b>	<b>(2,586,567)</b>	<b>(445,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 10,582,252</b>	<b>(1,430,539)</b>	<b>256,833</b>	<b>574,721</b>	<b>10,839,085</b>	<b>(855,818)</b>	<b>11,694,903</b>	<b>-1366.52%</b>

The City's governmental activities continue to be funded by sources other than property taxes, which comprise 21% of the total revenues. The other major revenue sources were sales and tourism taxes 20%, charges for services 26%, grants and contributions 24% and other revenues 9%. The major expense activities were public safety, general government, pension expense, highways and streets, public works, and economic development which comprise 22%, 14%, 25%, 21%, 7%, and 5% of total expenses, respectively.

Business-type activities are accounted for like 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

**CITY OF CLEVELAND, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2024**

requirements. In particular, the 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 \$14,521,984, an increase of \$3,733,878.

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 2024, 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, 2024, the City had \$75,328,055, net of accumulated depreciation, invested in a broad range of capital assets, including police and fire equipment, buildings, park and recreation facilities, streets, bridges, water and sewer lines. This amount represents a net increase (including additions and deductions) of \$7,340,949 from 2023.

The following is a summary of changes in capital assets as of September 30, 2024:

	Government Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2024	2023	2024	2023	2024	2023		
Land	\$ 4,605,367	4,605,367	1,259,935	1,259,935	5,865,302	5,865,302	-	0.00%
Construction in progress	13,717,657	5,274,349	10,237,003	10,237,003	23,954,660	15,511,352	8,443,308	54.43%
Infrastructure	22,813,726	22,910,259	12,937,503	13,376,045	35,751,229	36,286,304	(535,075)	-1.47%
Buildings and improvements	7,089,764	7,362,903	58,055	64,095	7,147,819	7,426,998	(279,179)	-3.76%
Equipment and fixtures	2,197,212	2,491,248	411,833	405,902	2,609,045	2,897,150	(288,105)	-9.94%
Totals	\$ 50,423,726	42,644,126	24,904,329	25,342,980	75,328,055	67,987,106	7,340,949	10.80%

**CITY OF CLEVELAND, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2024**

**Long-term Debt**

The following table illustrates the total Long-term Debt of the City as of September 30, 2024:

	Governmental Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2024	2023	2024	2023	2024	2023		
General obligation bonds	\$ 10,675,000	10,580,000			10,675,000	10,580,000	95,000	0.90%
Add: Premiums	-	859			-	859	(859)	-100.00%
Special obligation bonds	2,701,994	2,838,437	1,750,000	2,000,000				
Other loans			15,121,094	14,893,302	15,121,094	14,893,302	227,792	1.53%
Financed purchases	451,831	181,264	2,258,126	2,321,163	2,709,957	2,502,427	207,530	8.29%
Compensated absences	107,866	121,818	9,101	5,085	116,967	126,903	(9,936)	-7.83%
<b>Totals</b>	<b>\$ 13,936,691</b>	<b>13,722,378</b>	<b>19,138,321</b>	<b>19,219,550</b>	<b>28,623,018</b>	<b>28,103,491</b>	<b>519,527</b>	<b>1.85%</b>

More detailed information about the City's long-term liabilities is presented in Note 13 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 2024 budget, tax rates, and fees that will be charged for the business-type activities. The total property tax millage rate of 54.50 mills will not increase 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 City Clerk, at 100 North Street or Post Office Box 1439, Cleveland, MS 38732.

**CITY OF CLEVELAND, MISSISSIPPI**

**FINANCIAL STATEMENTS**

**CITY OF CLEVELAND, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
September 30, 2024

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,333,226	251,559	6,584,785
Accounts receivable, net		798,303	798,303
Property tax receivable	6,440,525		6,440,525
Franchise fees receivable	98,871	2,035	100,906
Intergovernmental receivable	511,792	58,598	570,390
Leases receivable	360,003		360,003
Internal balances	1,493,422	(1,493,422)	-
Inventory	42,250	129,014	171,264
Restricted assets:			
Cash and cash equivalents	7,362,773	356,349	7,719,122
Right of use assets	816		816
Capital assets, net			
Land and construction in progress	18,323,024	11,496,938	29,819,962
Other capital assets, net	32,100,702	13,407,391	45,508,093
<b>Total Assets</b>	<b>73,067,404</b>	<b>25,006,765</b>	<b>98,074,169</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	3,850,052	427,783	4,277,835
<b>Total Deferred Outflows of Resources</b>	<b>3,850,052</b>	<b>427,783</b>	<b>4,277,835</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	858,768	24,273	883,041
Amounts held in custody for others	81,466		81,466
Accrued interest payable	86,156	6,656	92,812
Liabilities payable from restricted assets:			
Customer deposits		410,711	410,711
Operating leases payable	816		816
Long-term liabilities:			
Net pension liability	19,444,409	2,160,489	21,604,898
Due within one year:			
Capital related debt	2,104,478	1,345,467	3,449,945
Due in more than one year:			
Capital related debt	11,724,347	17,792,854	29,517,201
Non-capital related debt	107,866	9,101	116,967
<b>Total Liabilities</b>	<b>34,408,306</b>	<b>21,749,551</b>	<b>56,157,857</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property tax for future reporting period	6,440,525		6,440,525
<b>Total Deferred Inflows of Resources</b>	<b>6,440,525</b>	<b>-</b>	<b>6,440,525</b>
<b>NET POSITION</b>			
Net investment in capital assets	36,508,745	5,766,008	42,274,753
Restricted:			
Public Safety	202,148		202,148
Public works	5,354,261		5,354,261
Highways and streets	6,432		6,432
Culture and recreation	1,363,717		1,363,717
Economic development	1,428,998		1,428,998
Debt service	139,673		139,673
Unrestricted	(8,935,349)	(2,081,011)	(11,016,360)
<b>Total Net Position</b>	<b>\$ 36,068,625</b>	<b>3,684,997</b>	<b>39,753,622</b>

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, 2024**

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Governmental activities:</b>							
General government	\$ 2,319,309	347,142			(1,972,167)		(1,972,167)
Public safety	3,724,847	22,291	208,751		(3,493,805)		(3,493,805)
Public works	1,128,516	46,878	14,874	2,640,104	1,573,340		1,573,340
Highways and streets	3,549,787			4,886,458	1,336,671		1,336,671
Health and welfare	348,400	7,778			(340,622)		(340,622)
Culture and recreation	210,116	161,075			(49,041)		(49,041)
Economic development	854,664	61,035			(793,629)		(793,629)
Interest on long-term debt	442,317				(442,317)		(442,317)
Pension expense	4,201,328				(4,201,328)		(4,201,328)
<b>Total governmental activities</b>	<b>16,779,284</b>	<b>646,199</b>	<b>223,625</b>	<b>7,526,562</b>	<b>(8,382,898)</b>		<b>(8,382,898)</b>
<b>Business-type activities:</b>							
Water and sewer	3,809,301	5,832,341				2,023,040	2,023,040
Sanitation	1,535,269	2,084,506				549,237	549,237
<b>Total business-type activities</b>	<b>5,344,570</b>	<b>7,916,847</b>	<b>-</b>	<b>-</b>		<b>2,572,277</b>	<b>2,572,277</b>
<b>Total primary government</b>	<b>\$ 22,123,854</b>	<b>8,563,046</b>	<b>223,625</b>	<b>7,526,562</b>	<b>(8,382,898)</b>	<b>2,572,277</b>	<b>(5,810,621)</b>
<b>General revenues:</b>							
Property taxes					\$ 6,915,559		6,915,559
Sales and tourism tax					6,713,908		6,713,908
Franchise taxes					515,380		515,380
Other taxes					713,145		713,145
Unrestricted state revenue					354,739	228,223	582,962
Unrestricted interest income					607,775	42,900	650,675
Donations					16,712		16,712
Other income					479,503		479,503
Internal service fund					61,862		61,862
Transfers					2,586,567	(2,586,567)	-
Total general revenues and transfers					18,965,150	(2,315,444)	16,649,706
<b>Change in net position</b>					<b>10,582,252</b>	<b>256,833</b>	<b>10,839,085</b>
Net Position-Beginning, as previously stated					25,715,172	3,264,351	28,979,523
Prior Period Adjustments					(228,799)	163,813	(64,986)
Net Position - beginning, as restated					25,486,373	3,428,164	28,914,537
<b>Net Position, ending</b>					<b>\$ 36,068,625</b>	<b>3,684,997</b>	<b>39,753,622</b>

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

**CITY OF CLEVELAND, MISSISSIPPI**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
September 30, 2024

	<b>Major Funds</b>			
	<b>General Fund</b>	<b>Economic Development and Tourism Fund</b>	<b>General Bond and Interest Fund</b>	<b>Public Improvement Bond Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,410,401			
Receivables:				
Property taxes	3,899,767		2,068,058	
Franchise fee	98,871			
Intergovernmental	367,662	119,534	20,010	
Leases				
Advances to other funds	989,000			
Inventory	42,250			
Restricted assets - cash		577,455	205,819	4,188,948
<b>Total Assets</b>	<u>9,807,951</u>	<u>696,989</u>	<u>2,293,887</u>	<u>4,188,948</u>
<b>LIABILITIES</b>				
Accounts payable	71,147	345		47,737
Advances from other funds	83,578	109,623		12,000
Amounts held in custody for others				
<b>Total Liabilities</b>	<u>154,725</u>	<u>109,968</u>	<u>-</u>	<u>59,737</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue-property taxes	3,899,767		2,068,058	
<b>Total Deferred Inflows of Resources</b>	<u>3,899,767</u>	<u>-</u>	<u>2,068,058</u>	<u>-</u>
<b>FUND BALANCES</b>				
Non-spendable:				
Inventories	42,250			
Advances	989,000			
Restricted for:				
Public Safety				
Public Works				4,129,211
Health and welfare				
Culture and recreation		587,021		
Economic development				
Debt service			225,829	
Unassigned	4,722,209			
<b>Total Fund Balances</b>	<u>5,753,459</u>	<u>587,021</u>	<u>225,829</u>	<u>4,129,211</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 9,807,951</u>	<u>696,989</u>	<u>2,293,887</u>	<u>4,188,948</u>

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

**CITY OF CLEVELAND, MISSISSIPPI**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**September 30, 2024**

	Major Funds				Total Governmental Funds
	Economic Development Revolving Fund	Animal Shelter Fund	American Rescue Plan Act	Non-Major Governmental Funds	
<b>ASSETS</b>					
Cash and cash equivalents	\$			1,139,390	5,549,791
Receivables:					
Property taxes				472,700	6,440,525
Franchise fee					98,871
Intergovernmental				4,586	511,792
Leases				360,003	360,003
Advances to other funds	809,623				1,798,623
Inventory					42,250
Restricted assets - cash	1,076,294	107,636	212,475	994,146	7,362,773
<b>Total Assets</b>	<u>1,885,917</u>	<u>107,636</u>	<u>212,475</u>	<u>2,970,825</u>	<u>22,164,628</u>
<b>LIABILITIES</b>					
Accounts payable		1,204		695,019	815,452
Advances from other funds		100,000			305,201
Amounts held in custody for others				81,466	81,466
<b>Total Liabilities</b>	<u>-</u>	<u>101,204</u>	<u>-</u>	<u>776,485</u>	<u>1,202,119</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue-property taxes				472,700	6,440,525
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>472,700</u>	<u>6,440,525</u>
<b>FUND BALANCES</b>					
Non-spendable:					
Inventories					42,250
Advances	809,623				1,798,623
Restricted for:					
Public Safety				202,148	202,148
Public Works				1,225,050	5,354,261
Health and welfare		6,432			6,432
Culture and recreation				776,696	1,363,717
Economic development	1,076,294		212,475	140,229	1,428,998
Debt service					225,829
Unassigned				(622,483)	4,099,726
<b>Total Fund Balances</b>	<u>1,885,917</u>	<u>6,432</u>	<u>212,475</u>	<u>1,721,640</u>	<u>14,521,984</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 1,885,917</u>	<u>107,636</u>	<u>212,475</u>	<u>2,970,825</u>	<u>22,164,628</u>

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

**CITY OF CLEVELAND, MISSISSIPPI**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2024**

	Amount
Total fund balance - Governmental Funds	\$ 14,521,984
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.	50,423,726
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(13,936,691)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(86,156)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(19,444,409)
Deferred outflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.	3,850,052
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.	740,119
Total Net Position - Governmental Activities	\$ 36,068,625

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, 2024**

	<b>Major Funds</b>			
	<b>General Fund</b>	<b>Economic Development and Tourism Fund</b>	<b>General Bond and Interest Fund</b>	<b>Public Improvement Bond Fund</b>
<b>REVENUES:</b>				
Taxes	\$ 3,995,400		2,065,842	
Licenses and permits	179,823			
Intergovernmental:				
Federal grants				
State of Mississippi:				
Grants	151,271			4,886,458
General sales tax	4,254,057			
Internet modernization tax				
Tourism tax		1,379,647		
Liquor Licenses	25,909			
Homestead reimbursement	128,523		68,156	
Grand gulf	116,573			
Bolivar County:				
Road maintenance	493,856			
Privilege tax	59,289			
Animal shelter				
Charges for services	70,453	14,728		
Franchise tax	515,380			
Fines and forfeitures	166,035			
Interest income	202,989	10,124	8,270	75,462
Donations	1,194	7,267		
Miscellaneous	382,590	14,597		29,904
Total revenues:	<u>10,743,342</u>	<u>1,426,363</u>	<u>2,142,268</u>	<u>4,991,824</u>
<b>EXPENDITURES:</b>				
General government	2,633,917		14,572	
Public safety	5,515,355			
Public works	1,356,101			
Highways and streets	2,676,953			4,844,230
Health and welfare				
Culture and recreation				
Economic development		1,407,631		
Debt service:				
Principal paid	155,129		1,755,000	
Interest & fees paid	16,054		245,954	
Bond issue costs			22,876	
Total expenditures	<u>12,353,509</u>	<u>1,407,631</u>	<u>2,038,402</u>	<u>4,844,230</u>
Excess of Revenues over (under) Expenditures	<u>(1,610,167)</u>	<u>18,732</u>	<u>103,866</u>	<u>147,594</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Long-term capital debt issued	410,245			1,850,000
Transfers in	2,116,567			2,699,494
Transfers out	(533,932)	(10,000)		
Net other financing sources (uses)	<u>1,992,880</u>	<u>(10,000)</u>	<u>-</u>	<u>4,549,494</u>
Net change in fund balances	<u>382,713</u>	<u>8,732</u>	<u>103,866</u>	<u>4,697,088</u>
Fund balances , beginning	<u>5,370,746</u>	<u>578,289</u>	<u>121,963</u>	<u>(567,877)</u>
<b>Fund balance, ending</b>	<u>\$ 5,753,459</u>	<u>587,021</u>	<u>225,829</u>	<u>4,129,211</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, 2024**

	<b>Major Funds</b>				<b>Total Governmental Funds</b>
	<b>Economic Development Revolving Fund</b>	<b>Animal Shelter Fund</b>	<b>American Rescue Plan Act</b>	<b>Non-Major Governmental Funds</b>	
<b>REVENUES:</b>					
Taxes	\$			854,317	6,915,559
Licenses and permits					179,823
Intergovernmental:					
Federal grants			2,640,104		2,640,104
State of Mississippi:					
Grants				72,354	5,110,083
General sales tax					4,254,057
Internet modernization tax				1,080,204	1,080,204
Tourism tax					1,379,647
Liquor licenses					25,909
Homestead reimbursement				15,578	212,257
Grand gulf					116,573
Bolivar County:					
Road maintenance					493,856
Privilege tax					59,289
Animal shelter		160,000			160,000
Charges for services		7,778		207,382	300,341
Franchise tax					515,380
Fines and forfeitures					166,035
Interest income	54,826	46,893	76,281	132,930	607,775
Donations		5,251		3,000	16,712
Miscellaneous				72,414	499,505
Total revenues:	<u>54,826</u>	<u>219,922</u>	<u>2,716,385</u>	<u>2,438,179</u>	<u>24,733,109</u>
<b>EXPENDITURES:</b>					
General government					2,648,489
Public safety				51,761	5,567,116
Public works				2,215,515	3,571,616
Highways and streets					7,521,183
Health and welfare		478,875			478,875
Culture and recreation				671,216	671,216
Economic development				1,497,319	2,904,950
Debt service:					
Principal paid		9,392		136,443	2,055,964
Interest & fees paid		972		145,622	408,602
Bond issue costs					22,876
Total expenditures	<u>-</u>	<u>489,239</u>	<u>-</u>	<u>4,717,876</u>	<u>25,850,887</u>
Excess of Revenues over (under) Expenditures	<u>54,826</u>	<u>(269,317)</u>	<u>2,716,385</u>	<u>(2,279,697)</u>	<u>(1,117,778)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Long-term capital debt issued		24,844			2,285,089
Transfers in	4,558	470,000		544,522	5,835,141
Transfers out	<u>(20,590)</u>		<u>(2,699,494)</u>	<u>(4,558)</u>	<u>(3,268,574)</u>
Net other financing sources (uses)	<u>(16,032)</u>	<u>494,844</u>	<u>(2,699,494)</u>	<u>539,964</u>	<u>4,851,656</u>
Net change in fund balances	<u>38,794</u>	<u>225,527</u>	<u>16,891</u>	<u>(1,739,733)</u>	<u>3,733,878</u>
Fund balances , beginning	<u>1,847,123</u>	<u>(219,095)</u>	<u>195,584</u>	<u>3,461,373</u>	<u>10,788,106</u>
<b>Fund balance, ending</b>	<u>\$ 1,885,917</u>	<u>6,432</u>	<u>212,475</u>	<u>1,721,640</u>	<u>14,521,984</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, 2024**

		Amount
Net Change in Fund Balances - Governmental Funds	\$	3,733,878
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 \$9,573,798 exceeded depreciation of \$1,563,213 in the current period.		8,010,585
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the net loss of \$2,186 on the disposal of capital assets.		(2,186)
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 \$2,055,964 exceeded debt proceeds of \$2,285,089.		229,125
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	13,952	
Depreciation expense in right of use assets	3,277	
Change in accrued interest payable	(11,699)	
Change in bond premium	859	6,389
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		(4,201,328)
Recognition of contributions made		2,743,926
An internal service fund is used by management to account for employee health insurance. The net revenue is reported within governmental activities.		61,862
Rounding difference		1
Change in Net Position of Governmental Activities	\$	10,582,252

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, 2024

	Business-Type Activities			Governmental
	Enterprise Fund	Non-Major	Enterprise	Activities
	Water & Sewer Fund	Sanitation Fund	Funds Total	Internal Service Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$	251,559	251,559	783,435
Accounts receivable (net of allowance for uncollectibles of \$244,789)	583,312	214,991	798,303	
Franchise fees receivable		2,035	2,035	
Advances to other funds	95,578		95,578	
Intergovernmental receivables		58,598	58,598	
Inventory	129,014		129,014	
<b>Total Current Assets</b>	<b>807,904</b>	<b>527,183</b>	<b>1,335,087</b>	<b>783,435</b>
Non-current assets:				
Restricted assets - cash	356,349		356,349	
Capital assets:				
Land and construction in progress	11,496,938		11,496,938	
Other capital assets, net	13,407,391		13,407,391	
<b>Total Non-Current Assets</b>	<b>25,260,678</b>	<b>-</b>	<b>25,260,678</b>	<b>-</b>
<b>Total Assets</b>	<b>26,068,582</b>	<b>527,183</b>	<b>26,595,765</b>	<b>783,435</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	406,394	21,389	427,783	
<b>Total Deferred Outflows of Resources</b>	<b>406,394</b>	<b>21,389</b>	<b>427,783</b>	<b>-</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued expenses	24,273		24,273	43,316
Advances from other funds	1,589,000		1,589,000	
Accrued interest payable	6,656		6,656	
Capital debt:				
Current portion long-term debt	1,345,467		1,345,467	
<b>Total Current Liabilities</b>	<b>2,965,396</b>	<b>-</b>	<b>2,965,396</b>	<b>43,316</b>
Non-current liabilities:				
Liabilities payable from restricted assets:				
Customer deposits	410,711		410,711	
Net pension liability	2,052,465	108,024	2,160,489	
Capital debt:				
Long-term debt	17,792,854		17,792,854	
Non-capital debt:				
Compensated absences	9,101		9,101	
<b>Total Non-Current Liabilities</b>	<b>20,265,131</b>	<b>108,024</b>	<b>20,373,155</b>	<b>-</b>
<b>Total Liabilities</b>	<b>23,230,527</b>	<b>108,024</b>	<b>23,338,551</b>	<b>43,316</b>
<b>NET POSITION</b>				
Net investment in capital assets	5,766,008		5,766,008	
Unrestricted	(2,521,559)	440,548	(2,081,011)	740,119
<b>Total Net Position</b>	<b>\$ 3,244,449</b>	<b>440,548</b>	<b>3,684,997</b>	<b>740,119</b>

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, 2024**

	<b>Business-Type Activities</b>			<b>Governmental</b>
	<b>Enterprise Fund Water &amp; Sewer Fund</b>	<b>Non-Major Sanitation Fund</b>	<b>Enterprise Funds Total</b>	<b>Activity Internal Service Fund</b>
<b>OPERATING REVENUES:</b>				
Charges for services:				
Water sales	\$ 2,771,029		2,771,029	
Sewer sales	3,040,044		3,040,044	
Mosquito control fees		601,007	601,007	
Sanitation fees		1,450,078	1,450,078	
Premiums				1,044,528
Reinsurance reimbursement				385,201
Other Fees	21,268	33,421	54,689	
<b>Total Operating Revenues</b>	<u>5,832,341</u>	<u>2,084,506</u>	<u>7,916,847</u>	<u>1,429,729</u>
<b>OPERATING EXPENSES:</b>				
Personal services	1,227,320	126,135	1,353,455	
Contractual services	1,003,340	1,385,793	2,389,133	
Consumable supplies	311,759		311,759	
Depreciation expense	603,812		603,812	
Pension expense	443,474	23,341	466,815	
Administrative fees			-	76,200
Health claim payments				1,078,818
Reinsurance premiums				265,921
Life insurance premiums				6,272
<b>Total Operating Expenses</b>	<u>3,589,705</u>	<u>1,535,269</u>	<u>5,124,974</u>	<u>1,427,211</u>
<b>Operating Income (Loss)</b>	<u>2,242,636</u>	<u>549,237</u>	<u>2,791,873</u>	<u>2,518</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	30,842	12,058	42,900	39,344
Interest expense	(219,596)		(219,596)	
Intergovernmental grants	169,625	58,598	228,223	
<b>Total Non-operating Revenues (Expenses)</b>	<u>(19,129)</u>	<u>70,656</u>	<u>51,527</u>	<u>39,344</u>
<b>Net Income (Loss) Before Operating Transfers</b>	<u>2,223,507</u>	<u>619,893</u>	<u>2,843,400</u>	<u>41,862</u>
<b>OPERATING TRANSFERS:</b>				
Operating Transfers in				20,000
Operating Transfers out	(2,016,567)	(570,000)	(2,586,567)	
<b>Net Operating Transfers</b>	<u>(2,016,567)</u>	<u>(570,000)</u>	<u>(2,586,567)</u>	<u>20,000</u>
<b>Change in Net Position</b>	<u>206,940</u>	<u>49,893</u>	<u>256,833</u>	<u>61,862</u>
<b>Net Position - Beginning</b>	2,873,696	390,655	3,264,351	678,257
Prior period adjustment	163,813		163,813	-
<b>Net Position - Beginning, as restated</b>	<u>3,037,509</u>	<u>390,655</u>	<u>3,428,164</u>	<u>678,257</u>
<b>Net Position - Ending</b>	<u>\$ 3,244,449</u>	<u>440,548</u>	<u>3,684,997</u>	<u>740,119</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, 2024**

	Business-Type Activities		Governmental
	Enterprise Fund	Non-Major	Activity
	Water & Sewer Fund	Sanitation Fund	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers and users	\$ 5,552,318	1,945,127	1,429,729
Payments to employees for services	(748,095)	(44,397)	
Payments to suppliers for goods and services	(1,293,208)	(1,304,794)	
Payments for administrative fees	(739,914)	(100,000)	(76,500)
Payments for health claims			(1,092,709)
Payments for premiums			(274,478)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>2,771,101</u>	<u>495,936</u>	<u>(13,958)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating transfers, net	(2,016,567)	(570,000)	20,000
Other receipts	30,842	12,058	39,344
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(1,985,725)</u>	<u>(557,942)</u>	<u>59,344</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of property and equipment	(535,935)	58,598	
Principal payments on long-term debt	(250,000)		
Interest paid on bonds, loans and capital leases	(35,503)		
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(821,438)</u>	<u>58,598</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(36,062)	(3,408)	45,386
<b>Cash and Cash Equivalents, October 1</b>	<u>392,411</u>	<u>254,967</u>	<u>738,049</u>
<b>Cash and Cash Equivalents, September 30</b>	<u>\$ 356,349</u>	<u>251,559</u>	<u>783,435</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 2,242,636	549,237	2,518
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	603,812		
(Increase) decrease in accounts receivable	(80,846)	571	
(Increase) decrease in franchise fees receivable		(502)	
(Increase) decrease in intergovernmental receivable		(58,598)	
(Increase) decrease in inventories	1,068	149	
(Increase) decrease in deferred outflows of resources	58,249	1,843	
Increase (decrease) in accounts payable and accrued expenses	(31,174)		(16,476)
Increase (decrease) in accrued interest payable	(1,667)		
Increase (decrease) in customer deposits	18,300		
Increase (decrease) in compensated absences	4,016		
Increase (decrease) in net pension liability	(32,579)	3,772	
Increase (decrease) in deferred inflows of resources	(10,714)	(536)	
Total adjustments	<u>528,465</u>	<u>(53,301)</u>	<u>(16,476)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 2,771,101</u>	<u>495,936</u>	<u>(13,958)</u>

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2024**

**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, located in Bolivar County, Mississippi, 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 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 operates this library jointly with Bolivar County, who retains 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. Government-wide and Fund Financial Statements** – In March 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54 – Fund Balance Reporting and Government Fund Type Definitions. This Statement establishes fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent 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 Statement of Activities demonstrates the degree to which direct expenses of a given function, or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2024**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation** – The government-wide financial statements report, using the economic resources measurement focus and the accrual basis of accounting, generally includes the reclassification or elimination of internal activity. However, internal eliminations do not include utility services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded upon incursion of a liability, regardless of the timing or related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report uses the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include sales and use taxes, tourism taxes, property taxes, franchise taxes, and intergovernmental revenues. In general, revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classifications within the financial statements.

Government Accounting Standards Board (GASB) Statement No. 34 establishes criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a single column in the fund financial statements.

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.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2024**

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.

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 on the following major proprietary 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 like 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. Cash and Cash Equivalents** – Cash of all funds, including restricted cash, is pooled into common pooled accounts to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. The City deposits excess funds in financial institutions selected by the board. State statutes specify how these depositories are to be selected.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2024**

Cash consists of amounts on deposit in demand accounts and savings accounts. Cash Equivalents consist of certificates of deposit with an original maturity of three months or less. Cash and cash equivalents are valued at cost which approximates their fair value.

**E. 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.

**F. Capital Assets, Depreciation, and Amortization** – The City’s property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary capital assets are also reported in their respective financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of \$1,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. 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.

**G. Long-Term Debt** – The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debts to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable and accrued compensated absences.

Long-term debt of governmental funds is not reported in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for long-term debt in proprietary funds reports the liability as it is incurred.

**H. 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 12 for additional details.

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.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2024**

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 12 for additional details.

**I. 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.

**J. 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.

**K. 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.

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.”

Fund Financial Statements:

In October 2010 the City of Cleveland, Mississippi adopted GASB No. 54, Fund Balance Reporting and Government Fund Type Definitions.

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board of Alderman through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the Board of Alderman. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represent excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Propriety fund equity is classified the same as in government-wide statements.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2024**

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.

**L. Compensated Employee 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.

**M. 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 for the current fiscal year. For the City, available means expected to be received within sixty days of the 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.

**N. 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.

**O. Estimates and Assumptions** – Several 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.

**P. 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 on 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 2023 tax roll was 54.5 mills, 34.5 mills for the general fund, 16 mills for the debt service fund, 2 mills for library maintenance, and 2 mills for park maintenance.

**Q. 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 exists, revenue recognition depends on compliance with these requirements.

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**R. Changes in Accounting Standards** – GASB 100, *Accounting Changes and Error Corrections*, was implemented during the 2024 fiscal year. This Statement is an amendment of GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance*. The purpose of the standard is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability.

**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: ADJUSTMENTS AND RESTATEMENTS OF BEGINNING BALANCES**

Correction of an Error in Previously Issued Financial Statements

During fiscal year 2024, the City determined that errors occurred in the following for the fiscal year ended September 30, 2023: 1) recording of equipment and fixtures assets related to Water & Sewer Funds resulted in an overstatement of \$140,805 less accumulated depreciation overstated by \$304,618 resulting in an error of \$163,813; and 2) recording of equipment and fixture assets related to governmental activities resulted in an overstatement of \$1,204,190 less accumulated depreciation overstated by \$975,391 resulting in an error of (\$228,799). The error correction in Business-Type Activities was the result of combining the errors corrected at the fund statement level. The effect of correcting these errors is shown in the table below.

**CITY OF CLEVELAND, MISSISSIPPI**  
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	Reporting Units Affected By Adjustments to and Reinstatements of Beginning Balance		
	Enterprise Funds	Government-wide Activities	
	Water and Sewer Fund	Governmental Activities	Business-type Activities
9/30/23, as previously reported	\$ 2,873,696	25,715,172	2,873,696
Error correction	163,813	(228,799)	163,813
9/30/23, as restated	<u>3,037,509</u>	<u>25,486,373</u>	<u>3,037,509</u>

**NOTE 4: DEPOSITS**

The carrying amount of the City’s total deposits with financial institutions at September 30, 2024, was \$14,303,907 and the bank balance was \$15,009,099. 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, Miss. Code Ann (1972). 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, 2024:

**A. Advances from/to Other Funds:**

Receivable Fund	Payable Fund	Amount
General Fund	Water & Sewer Fund	\$ 989,000
Economic Development Revolving	Animal Shelter	100,000
Economic Development Revolving	Economic Development Tourism	109,623
Economic Development Revolving	Water & Sewer Fund	600,000
Water & Sewer Fund	General Fund	83,578
Water & Sewer Fund	Public Improvement Bonds	12,000
Total		<u>\$ 1,894,201</u>

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

**CITY OF CLEVELAND, MISSISSIPPI**  
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**B. Transfers In/Out:**

Transfers In	Transfers Out	Amount
General Fund	Water & Sewer Fund	\$ 2,016,567
General Fund	Sanitation Fund	100,000
Animal Shelter Fund	Sanitation Fund	470,000
Public Improvement Bond Fund	American Rescue Plan Act	2,699,494
Economic Development Revolving Fund	Other Governmental Funds	4,558
Other Governmental Funds	General Fund	513,932
Other Governmental Funds	Economic Development Tourism	10,000
Other Governmental Funds	Economic Development Revolving Fund	20,590
Internal Service Fund	General Fund	20,000
Total		\$ 5,855,141

During 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, 2024, include the following:

**Governmental Activities**

Intergovernmental receivables		
Taxes	\$	511,792
Franchise fee		98,871
Property taxes		6,440,525
Total Governmental Activities Receivables	\$	7,051,188

**Business-Type Activities**

Accounts receivable		
Water & Sewer Fund (net of allowance for uncollectibles of \$238,101)	\$	583,312
Sanitation Fund (net of allowance for uncollectibles of \$47,547)		214,991
Intergovernmental receivables		58,598
Franchise fee		2,035
Total Business-Type Activities Receivables	\$	858,936

**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.

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The following is a summary of restricted assets as of September 30, 2024:

**Governmental Activities**

Public Improvement Bond Fund	\$ 4,188,948
Economic Development Revolving Fund	1,076,294
Economic Development and Tourism Fund	577,455
American Rescue Plan Act	212,475
General Bond and Interest Fund	205,819
Animal Shelter	107,636
Other Governmental Funds	<u>994,146</u>
Total	<u>\$ 7,362,773</u>

**Business-Type Activities**

Water & Sewer Fund - customer deposits	<u>\$ 356,349</u>
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**NOTE 8: CAPITAL ASSETS**

The following is a summary of capital assets activity for the year ended September 30, 2024:

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments*</u>	<u>Balance</u>
<b>Governmental Activities</b>	<b>Oct. 1, 2023</b>	<b></b>	<b></b>	<b></b>	<b>Sept. 30, 2024</b>
Non-depreciable capital assets:					
Land	\$ 4,605,367				4,605,367
Construction in progress	<u>5,274,349</u>	<u>8,958,322</u>		<u>(515,014)</u>	<u>13,717,657</u>
Total non-depreciable capital assets	<u>9,879,716</u>	<u>8,958,322</u>	<u>-</u>	<u>(515,014)</u>	<u>18,323,024</u>
Depreciable capital assets:					
Infrastructure	34,581,360			366,764	34,948,124
Buildings & Improvements	14,992,983			148,250	15,141,233
Equipment & fixtures	<u>10,467,595</u>	<u>615,476</u>	<u>182,726</u>	<u>(1,204,190)</u>	<u>9,696,155</u>
Total depreciable capital assets	<u>60,041,938</u>	<u>615,476</u>	<u>182,726</u>	<u>(689,176)</u>	<u>59,785,512</u>
Less accumulated depreciation for:					
Infrastructure	11,671,101	463,297			12,134,398
Buildings & Improvements	7,630,080	421,389			8,051,469
Equipment & fixtures	<u>7,976,347</u>	<u>678,527</u>	<u>180,540</u>	<u>(975,391)</u>	<u>7,498,943</u>
Total accumulated depreciation	<u>27,277,528</u>	<u>1,563,213</u>	<u>180,540</u>	<u>(975,391)</u>	<u>27,684,810</u>
Depreciable capital assets, net	<u>32,764,410</u>	<u>(947,737)</u>	<u>2,186</u>	<u>286,215</u>	<u>32,100,702</u>
Capital assets, net	<u>\$ 42,644,126</u>	<u>8,010,585</u>	<u>2,186</u>	<u>(228,799)</u>	<u>50,423,726</u>

**CITY OF CLEVELAND, MISSISSIPPI**  
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<b>Business-Type Activities</b>	<u>Balance Oct. 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments*</u>	<u>Balance Sept. 30, 2024</u>
Non-depreciable capital assets:					
Land	\$ 1,259,935				1,259,935
Construction in progress	10,237,003				10,237,003
Total non-depreciable capital assets	<u>11,496,938</u>	<u>-</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	1,706,716	1,746	1,615	(140,805)	1,566,042
Total depreciable capital assets	<u>42,344,483</u>	<u>1,746</u>	<u>1,615</u>	<u>(140,805)</u>	<u>42,203,809</u>
Less accumulated depreciation for:					
Infrastructure	26,959,739	438,542			27,398,281
Buildings & Improvements	237,888	6,040			243,928
Equipment & fixtures	1,300,814	159,230	1,217	(304,618)	1,154,209
Total accumulated depreciation	<u>28,498,441</u>	<u>603,812</u>	<u>1,217</u>	<u>(304,618)</u>	<u>28,796,418</u>
Depreciable capital assets, net	<u>13,846,042</u>	<u>(602,066)</u>	<u>398</u>	<u>163,813</u>	<u>13,407,391</u>
Capital assets, net	<u>\$ 25,342,980</u>	<u>(602,066)</u>	<u>398</u>	<u>163,813</u>	<u>24,904,329</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:

<b>Governmental Activities</b>		<u>Amount</u>
General government		\$ 53,281
Public safety		371,011
Public works		341,372
Highway and streets		346,952
Health and sanitation		9,784
Culture and recreation		122,401
Economic Development		318,412
Total governmental activities		<u>\$ 1,563,213</u>
<b>Business-Type Activities</b>		
Water and sewer		<u>\$ 603,812</u>

**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.

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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 claim 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
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
2023-2024	29,564	1,046,111	1,060,002	15,673

**NOTE 10: OPERATING 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, 2024. The future minimum lease receivable for these leases are as follows:

Year Ending September 30:	Amount
2025	\$ 21,349
2026	21,944
2027	22,194
2028	22,319
2029	22,319
2030-2034	108,975
2035-2039	71,050
2040-2044	56,399
2045-2048	13,454
Total	\$ <u>360,003</u>

**CITY OF CLEVELAND, MISSISSIPPI**  
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**As a Lessee:**

The City is a lessee for various non-cancellable leases of equipment. For leases 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 exercised 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 10/1/2023	Additions	Depreciation	Balance 9/30/2024
Postage Machine & Equipment	\$ 4,093	-	3,277	816
	4,093	-	3,277	816

**Business-type activities:**

	Balance 10/1/2023	Additions	Depreciation	Balance 9/30/2024
Kyocera Equipment	\$ 897	-	897	-
	897	-	897	-

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**Lease Liabilities**

**Governmental:**

	Balance 10/1/2023	Additions	Principal Depreciation	Balance 9/30/2024
Postage Machine & Equipment	\$ 4,093		3,277	816
	4,093	-	3,277	816

**Business-type activities:**

	Balance 10/1/2023	Additions	Principal Depreciation	Balance 9/30/2024
Kyocera Equipment	\$ 897	-	897	-
	897	-	897	-

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'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
Pitney Bowes	60 months	1/1/2020	1/1/2025	\$ 273	\$ 816
				\$ 273	\$ 816

The following is a schedule-by-years of the total payments due as of September 30, 2024:

Governmental:

2025	\$ 816
	\$ 816

**NOTE 11: LEASES**

**CITY OF CLEVELAND, MISSISSIPPI**  
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**As Lessee:**

The City is obligated for the following capital assets acquired through financed purchases as of September 30, 2024:

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Equipment (Dodge Durango)	\$ 27,610	
2022 Vehicles and Equipment	238,996	
Knuckleboom Truck	184,400	
2023 Vehicles	204,688	
Fire Department Vehicles	46,000	
2021 Equipment		225,498
2022 Nissan Frontier		24,490
Infrastructure (Water meters)		3,357,802
Less: Accumulated depreciation	<u>(92,950)</u>	<u>(1,353,904)</u>
Total Financed Purchases	<u>\$ 608,744</u>	<u>2,253,886</u>

The following is a schedule by years of the total payments due as of September 30, 2024:

<u>Year Ending</u>	<u>Governmental Activities</u>		<u>Business-Type Activities*</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>September 30:</u>				
2025	151,457	19,948	64,212	823
2026	137,204	13,097	4,239	37
2027	106,016	6,831		
2028	53,648	6,258		
2029	3,506	19		
Total	<u>\$ 451,831</u>	<u>46,153</u>	<u>68,451</u>	<u>860</u>

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

**NOTE 12: 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 people employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation

**CITY OF CLEVELAND, MISSISSIPPI**  
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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 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, 2024, 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, 2024, was 17.90% of annual covered payroll. This rate increased as of July 1, 2024, from 17.40%. 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, 2024, 2023 and 2022 were \$1,130,796, \$1,097,551, and \$1,005,318, 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, 2024, the City reported a liability of \$21,604,898 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2024 net pension liability was 0.0832 percent, which was based on a measurement date of June 30, 2024. This represents an increase of .0003 percent from its proportionate share used to calculate the September 30, 2023 net pension liability, which was based on a measurement date of June 30, 2023.

For the year ended September 30, 2024, the City recognized pension expense of \$4,668,143. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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		Deferred Outflows of Resources
Differences between expected and actual experience	\$	786,978
Net difference between projected and actual earnings on investments		775,681
Changes of assumptions		1,915,535
Changes in the proportion and differences between City contributions and proportionate share contributions		485,102
City Contributions subsequent to the measurement date		314,539
Total	\$	4,277,835

The \$314,539 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:

Year ending September 30:		Amount
2025	\$	1,819,358
2026		1,731,281
2027		398,338
2028		14,319
Total	\$	3,963,296

Actuarial assumptions. The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions applied to all periods in the measurement:

Inflation	2.40 percent	
Salary increases	2.65-17.90 percent, including inflation	
Investment rate of return	7.00 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 total pension liability were based on the results of an actuarial experience study for the four-year period from July 1, 2018, to June 30, 2022. The experience report is date April 21, 2023.

The long-term expected rate of return on pension plan investments was determined using a lognormal 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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**September 30, 2024**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	25.00 %	5.15 %
International Equity	20.00	5.00
Global Equity	12.00	5.15
Fixed Income	18.00	2.75
Real Estate	10.00	3.50
Private Equity	10.00	6.25
Infrastructure	2.00	3.85
Private Credit	2.00	4.90
Cash Equivalents	1.00	0.50
	<u>100.00 %</u>	

Discount rate – The discount rate used to measure the total pension liability was 7.00 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 (17.90%). 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:

	<u>1% Decrease 6.00%</u>	<u>Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
Net Pension Liability \$	28,003,092	21,604,898	16,368,461

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 13: 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

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2024**

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, 2024, is approximately:

<u>15% Limit</u>	<u>20% Limit</u>
\$ 6,457,274	\$ 12,168,032

Debt outstanding as of September 30, 2024, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
<u>A. General Obligation Bonds:</u>			
Public Improvement	\$ 160,000	1.75-2.25%	8/1/25
Public Improvement	425,000	2.00%	2/1/26
Public Improvement	660,000	2.00-2.50%	3/1/27
Public Improvement	600,000	2.50-3.00%	3/1/28
Public Improvement	1,100,000	2.25-3.125%	3/1/29
Public Improvement	1,215,000	1.50-1.75%	3/1/30
Public Improvement	1,445,000	1.00-1.25%	3/1/31
Public Improvement	1,420,000	1.75-2.00%	3/1/32
Public Improvement	1,800,000	3.00-4.00%	3/1/33
Public Improvement	<u>1,850,000</u>	4.00%	3/1/34
Total General Obligation Bonds	<u>\$ 10,675,000</u>		
<u>B. Financed Purchases:</u>			
2021 Dodge Durango	\$ 2,353	3.00%	2/25/25
2022 Equipment	91,778	2.00%	5/10/26
Knuckleboom Truck	154,268	5.50%	10/27/28
2023 Equipment Lease	165,246	5.95%	12/15/27
2023 Fire Department Vehicles	<u>38,186</u>	5.95%	12/15/27
Total Financed Purchases	<u>\$ 451,831</u>		
<u>C. Special Obligation Bonds</u>			
2020 Tax Increment Financing	\$ 1,632,994	6.50%	7/1/38
2021 Tax Increment Financing	<u>1,069,000</u>	3.00%	12/1/36
Total Special Obligation Bonds	<u>\$ 2,701,994</u>		

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2024**

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
<b>Business-Type Activities:</b>			
<b>A. Other Loans</b>			
State of Mississippi (MDEQ #3)	\$ 98,180	1.75%	1/1/26
State of Mississippi (MDEQ #4)	269,464	2.50%	4/1/27
State of Mississippi (MDEQ #5)	323,255	2.50%	8/25/32
State of Mississippi (MDEQ #6)	4,762,929	1.75%	2/1/38
State of Mississippi (MDEQ #7)	9,667,266	0.80%	8/1/43
Total Other Loans	<u>\$ 15,121,094</u>		
<b>B. Financed purchases:</b>			
Siemens Public, Inc.	\$ 2,189,675	2.96%	8/21/28
2021 Equipment Lease	57,973	2.05%	9/15/25
2022 Nissan Frontier	10,478	2.30%	6/10/26
Total Financed Purchases	<u>\$ 2,258,126</u>		
<b>C. Special Obligation Bonds</b>			
Utility Bond	\$ 1,270,000	1.50%	7/1/30
Utility Bond	480,000	2.25-3.125%	3/1/32
Total Special Obligation Bonds	<u>\$ 1,750,000</u>		

The annual debt service requirements of long-term debt as of September 30, 2024, are as follows:

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2024**

**Governmental Activities:**

Year Ending September 30:	General Obligation Bonds		Special Obligation Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 1,810,000	288,304	143,021	138,215
2026	1,700,000	208,320	149,897	131,298
2027	1,530,000	169,575	158,090	124,005
2028	1,340,000	134,675	165,621	116,284
2029	1,225,000	103,459	173,511	108,144
2030-2034	3,070,000	180,484	1,006,219	401,997
2035-2039			905,635	121,302
Totals	\$ <u>10,675,000</u>	<u>1,084,817</u>	<u>2,701,994</u>	<u>1,141,245</u>

**Business-Type Activities:**

Year Ending September 30:	Other Loans		Special Obligation Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 1,026,255	168,463	255,000	28,013
2026	990,678	154,249	260,000	23,025
2027	934,011	141,097	270,000	19,025
2028	882,371	129,841	275,000	14,900
2029	862,566	119,044	280,000	10,713
2030-2034	4,248,799	445,033	410,000	9,238
2035-2039	4,053,032	188,235		
2040-2043	2,123,382	34,126		
Totals	\$ <u>15,121,094</u>	<u>1,380,088</u>	<u>1,750,000</u>	<u>104,914</u>

The following is a summary of changes in long-term debt for the year ended September 30, 2024:

	Balance Oct. 1, 2023	Additions	Reductions	Balance Sept. 30, 2024	Amount due within one year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 10,580,000	1,850,000	1,755,000	10,675,000	1,810,000
Add: bond premium	859		859	-	
Financed purchases	181,264	435,089	164,522	451,831	151,457
Special obligation bonds	2,838,436		136,442	2,701,994	143,021
Compensated absences	121,818		13,952	107,866	
Total	\$ <u>13,722,377</u>	<u>2,285,089</u>	<u>2,070,775</u>	<u>13,936,691</u>	<u>2,104,478</u>
<b>Business-Type Activities:</b>					
Other Loans	\$ 14,893,302	978,996	751,204	15,121,094	1,026,255
Financed purchases	2,321,163		63,037	2,258,126	64,212
Special obligation bonds	2,000,000		250,000	1,750,000	255,000
Compensated absences	5,085	4,016		9,101	
Total	\$ <u>19,219,550</u>	<u>983,012</u>	<u>1,064,241</u>	<u>19,138,321</u>	<u>1,345,467</u>

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

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2024**

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 Lessor for breach of contract and statutory duty. At this time, it is unclear as to what the outcome of this case will be.

**NOTE 14: 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 15: EFFECT OF DEFERRED AMOUNTS ON NET POSITION**

The governmental activities' unrestricted net position amount of (\$8,935,349) 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 \$283,085 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 \$3,566,967 balance of the deferred outflow of resources related to pensions at September 30, 2024, will be recognized in pension expense over the next four years.

The business-type activities' unrestricted net position amount of (\$2,081,011) 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 \$31,454 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 \$396,329 balance of the deferred outflow of resources related to pensions at September 30, 2024, will be recognized in pension expense over the next four years.

**NOTE 16: 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, 2024**

**NOTE 17: 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 May 29, 2025, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2024, the City of Cleveland, Mississippi, has acquired the following debt:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>
10/15/2024	6.10%	\$ 159,685	Financed Purchase
3/1/2025	4.00%	2,000,000	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, 2024**  
**UNAUDITED**

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable)
<b>REVENUES:</b>				
Ad Valorem Taxes	\$ 4,061,699	4,500,190	4,500,190	-
Licenses, Permits & Franchise Fees	500,000	596,333	596,333	-
Grants & Intergovernmental	4,358,652	4,236,244	4,236,244	-
Fines and Forfeitures	125,000	166,035	166,035	-
Charges for Services	118,575	70,452	70,452	-
Miscellaneous Revenues	315,632	344,151	344,151	-
Total Revenues	<u>9,479,558</u>	<u>9,913,405</u>	<u>9,913,405</u>	<u>-</u>
<b>EXPENDITURES:</b>				
General Government				
Supervision, Finance, and Other	1,800,178	1,613,186	1,613,186	-
Municipal Court	418,568	369,220	369,220	-
Total general government	<u>2,218,746</u>	<u>1,982,406</u>	<u>1,982,406</u>	<u>-</u>
Public Safety				
Police Department	4,887,986	4,874,981	4,874,981	-
Fire Department	486,830	457,008	457,008	-
Total Public Safety	<u>5,374,816</u>	<u>5,331,989</u>	<u>5,331,989</u>	<u>-</u>
Public Works				
Community Development	631,481	568,229	568,229	-
Cemetery	255,831	237,381	237,381	-
Airport	401,898	347,979	347,979	-
Groundskeeper	267,049	231,050	231,050	-
Shop Department	190,262	179,337	179,337	-
Engineering	142,876	142,876	142,876	-
Total Public Works	<u>1,889,397</u>	<u>1,706,852</u>	<u>1,706,852</u>	<u>-</u>
Highways and Streets				
Street Department	1,720,193	1,432,707	1,432,707	-
Total Highways and Streets	<u>1,720,193</u>	<u>1,432,707</u>	<u>1,432,707</u>	<u>-</u>
Total Expenditures	<u>11,203,152</u>	<u>10,453,954</u>	<u>10,453,954</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(1,723,594)</u>	<u>(540,549)</u>	<u>(540,549)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Administrative fees	839,914	839,914	839,914	-
Transfers in	1,276,653	1,276,653	1,276,653	-
Transfers out	(533,932)	(533,932)	(533,932)	-
Total other financing sources (uses)	<u>1,582,635</u>	<u>1,582,635</u>	<u>1,582,635</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>(140,959)</u>	<u>1,042,086</u>	<u>1,042,086</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 AND TOURISM FUND**  
**For the Year Ended September 30, 2024**  
**UNAUDITED**

	<u>Budgeted Amount</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Non-GAAP Basis	Favorable (Unfavorable)
<b>REVENUES:</b>				
Tourism taxes	\$ 1,300,000	1,373,243	1,373,243	-
Donations and gift shop sales	25,000	21,994	21,994	-
Miscellaneous revenues	25,624	24,721	24,721	-
Total Revenues	<u>1,350,624</u>	<u>1,419,958</u>	<u>1,419,958</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Economic Development				
All Departments	1,226,743	1,219,243	1,219,243	-
Railroad Heritage Museum	237,711	198,043	198,043	-
Total Expenditures	<u>1,464,454</u>	<u>1,417,286</u>	<u>1,417,286</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(113,830)</u>	<u>2,672</u>	<u>2,672</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (113,830)</u>	<u>2,672</u>	<u>2,672</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, 2024**  
**UNAUDITED**

	<u>Budgeted Amount</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Non-GAAP Basis	Favorable (Unfavorable)
<b>REVENUES:</b>				
Intergovernmental	\$ 160,000	160,000	160,000	-
Miscellaneous revenues	<u>59,699</u>	<u>59,922</u>	<u>59,922</u>	-
Total Revenues	<u>219,699</u>	<u>219,922</u>	<u>219,922</u>	-
<b>EXPENDITURES:</b>				
Health and sanitation	<u>511,528</u>	<u>464,349</u>	<u>464,349</u>	-
Total Expenditures	<u>511,528</u>	<u>464,349</u>	<u>464,349</u>	-
Excess of Revenues over (under) Expenditures	<u>(291,829)</u>	<u>(244,427)</u>	<u>(244,427)</u>	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>470,000</u>	<u>470,000</u>	<u>470,000</u>	-
Total other financing sources (uses)	<u>470,000</u>	<u>470,000</u>	<u>470,000</u>	-
Net Change in Fund Balance	<u>\$ 178,171</u>	<u>225,573</u>	<u>225,573</u>	-

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, 2024**  
**UNAUDITED**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Proportion of the net pension liability (asset)	0.0832%	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)	\$ 21,604,898	20,850,444	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	\$ 6,448,406	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	335.04%	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	56.30%	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 ended. This schedule is presented to illustrate the requirement to show information for ten (10) years. GASB Statement No. 68 was implemented for the fiscal year ending 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, 2024**  
**UNAUDITED**

	<u>2024</u>	<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	\$ 1,130,796	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	<u>1,130,796</u>	<u>1,097,551</u>	<u>1,005,318</u>	<u>901,714</u>	<u>933,122</u>	<u>857,890</u>	<u>800,431</u>	<u>754,743</u>	<u>733,580</u>	<u>701,340</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 6,368,630	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	17.76%	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. GASB Statement No. 68 was implemented in the fiscal year ended September 30, 2015.

\*\* The employer's rate at September 30, 2024 was 17.90% of annual covered payroll. This rate increased as of July 1, 2024 from 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, 2024**  
**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:

<u>Governmental Fund Type</u>	<u>General Fund</u>	<u>Economic Development &amp; Tourism</u>	<u>Animal Shelter Fund</u>
Budget (Cash Basis)	\$ 1,042,086	2,672	225,573
Increase (Decrease)			
Net adjustments for revenue accruals	(1,365,623)	6,405	
Net adjustments for expenditure accruals	706,250	(345)	(46)
Net Change in Fund Balance - GAAP Basis	<u>\$ 382,713</u>	<u>8,732</u>	<u>225,527</u>

**C. Excess of Actual Expenditures Over Budget in Individual Funds.**

No funds with actual expenditures over budgeted amounts were identified.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2024**  
**UNAUDITED**

**D. Unbudgeted Funds.**

There were no unbudgeted funds for the fiscal year ended September 30, 2024.

**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.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2024**  
**UNAUDITED**

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.

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%.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2024**  
**UNAUDITED**

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 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	25.6 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, 2024**

Federal Agency/ Pass-Through Entity/ Program Title or Cluster	Federal Assistance Listing Number	Federal Agency/ Pass-through Entity Identifying Number	Federal Expenditures
<b>U. S. Department of Commerce</b>			
Direct Programs:			
Economic Adjustment Assistance	11.307	N/A	222,113
<b>Total U. S. Department of Commerce</b>			<b><u>222,113</u></b>
<b>U. S. Department of Housing and Urban Development</b>			
Passed-through Mississippi Development Authority			
Community Development Block Grants/State's Program and non-entitlement grants in Hawaii	14.228	1139-19-146-PF-02	17,500
<b>Total U. S. Department of Housing and Urban Development</b>			<b><u>17,500</u></b>
<b>U. S. Department of Transportation</b>			
Direct Programs:			
Airport Improvement Program	20.106*	N/A	1,827,903
Airport Improvement Program	20.106*	N/A	28,775
Total Airport Improvement Program			<u>1,856,678</u>
Passed-through Mississippi Department of Transportation			
Highway Planning and Construction	20.205	STP-8029-00(003)LPA	2,642,262
Highway Planning and Construction	20.205	STP-0090-00(010)LPA	64,646
Total Highway Planning and Construction			<u>2,706,908</u>
<b>Total U. S. Department of Transportation</b>			<b><u>4,563,586</u></b>
<b>U. S. Department of Treasury</b>			
Direct Programs:			
Coronavirus State and Local Recovery Funds	21.027*	N/A	648,368
Passed-through Mississippi Department of Environmental Quality			
Coronavirus State and Local Recovery Funds	21.027*	SLFRP0003	291,661
<b>Total U. S. Department of Treasury</b>			<b><u>940,029</u></b>
<b>Delta Regional Authority</b>			
Direct Programs:			
States' Economic Development Assistance Program	90.204	N/A	15,678
<b>Total Delta Regional Authority</b>			<b><u>15,678</u></b>
<b>U.S. Department of Homeland Security</b>			
Passed-through Mississippi Emergency Management Agency			
Hazard Mitigation Grant	97.039	HMGP-4415-0006	118,195
<b>Total U. S. Department of Homeland Security</b>			<b><u>118,195</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 5,877,101</u></b>

\* 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, 2024**

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, 2024. 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 in 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

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, 2024**

**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	11/8/2024	FCCI
Linda Brown	Deputy City Clerk	50,000	10/21/2024	Travelers
Betha Watson	Deputy City Clerk	50,000	7/18/2025	Travelers
Ashley Vickers	Deputy City Clerk	50,000	8/12/2025	Travelers
Michele Lucas	Municipal Court Clerk	50,000	3/18/2025	Travelers
Bobbie Butler	Municipal Court Deputy Clerk	50,000	7/5/2025	FCCI
Travis Dudley Tribble	Chief of Police	50,000	12/6/2024	FCCI
Marilyn D. Cox	Water Department Manager	50,000	8/18/2025	Travelers
Brittney Beevers	Water Department Clerk	50,000	6/14/2025	Western
Jeffrey Clint Johnson	Airport Director	50,000	8/17/2025	FCCI
Jason Woods	Parks & Recreation Director	50,000	6/17/2024	Travelers
Christian Johnston	Parks & Recreation Director	50,000	7/3/2025	Travelers
Greg Jackson	Fire Inspector	50,000	6/8/2025	FCCI
Billy Trotter	Community Development Director	50,000	2/28/2025	FCCI
Stephen Ferri	Public Works Director	50,000	2/1/2025	Travelers
Anna Sledge	Railroad Museum Director	50,000	5/3/2025	Travelers
Jamie Gregory-Grant	Animal Shelter Director	50,000	3/16/2025	Western

**CITY OF CLEVELAND, MISSISSIPPI**  
**SCHEDULE OF LONG-TERM DEBT**  
**For the Year Ended September 30, 2024**  
**UNAUDITED**

Description	Issue Date	Balance		Paid	Balance 09/30/24	Amount Due	
		10/01/23	Issued			2025	Remaining Years
<b>General Obligation Bonds</b>							
Public Improvement	04/15/14	\$ 165,000		165,000			-
Public Improvement	08/01/15	315,000		155,000	160,000	160,000	-
Public Improvement	02/01/16	630,000		205,000	425,000	210,000	215,000
Public Improvement	03/02/17	870,000		210,000	660,000	215,000	445,000
Public Improvement	02/06/18	750,000		150,000	600,000	150,000	450,000
Public Improvement	03/01/19	1,295,000		195,000	1,100,000	205,000	895,000
Public Improvement	03/01/20	1,395,000		180,000	1,215,000	185,000	1,030,000
Public Improvement	03/01/21	1,635,000		190,000	1,445,000	195,000	1,250,000
Public Improvement	03/01/22	1,575,000		155,000	1,420,000	160,000	1,260,000
Public Improvement	03/01/23	1,950,000		150,000	1,800,000	180,000	1,620,000
Public Improvement	03/01/24		1,850,000		1,850,000	150,000	1,700,000
Total General Obligation Bonds		10,580,000	1,850,000	1,755,000	10,675,000	1,810,000	8,865,000
<b>Special Obligation Bonds</b>							
Utility Bond	07/01/20	1,460,000		190,000	1,270,000	195,000	1,075,000
Tax Increment Financing	06/19/20	1,703,436		70,442	1,632,994	75,021	1,557,973
Tax Increment Financing	12/01/21	1,135,000		66,000	1,069,000	68,000	1,001,000
Utility Bond	03/01/22	540,000		60,000	480,000	60,000	420,000
Total Special Obligation Bonds		4,838,436	-	386,442	4,451,994	398,021	4,053,973
<b>Other Loans</b>							
State of Mississippi (MDEQ #2)	09/25/03	92,469		92,469			-
State of Mississippi (MDEQ #3)	10/01/04	170,117		71,937	98,180	73,390	24,790
State of Mississippi (MDEQ #4)	10/14/05	369,194		99,730	269,464	102,252	167,212
State of Mississippi (MDEQ #5)	08/25/06	390,406		67,151	323,255	68,335	254,920
State of Mississippi (MDEQ #6)	02/10/17	5,064,624		301,695	4,762,929	307,017	4,455,912
State of Mississippi (MDEQ #7)	06/21/24	8,806,492	978,996	118,222	9,667,266	475,261	9,192,005
Total Other Loans		14,893,302	978,996	751,204	15,121,094	1,026,255	14,094,839
<b>Financed Purchases</b>							
Street Sweeper	12/01/18	25,921		25,921			-
Dodge Durango	02/05/21	10,161		7,808	2,353	2,353	-
Equipment Lease	09/15/21	114,913		56,940	57,973	57,973	-
Equipment Lease	06/10/22	145,182		53,404	91,778	54,645	37,133
Nissan Frontier	06/10/22	16,575		6,097	10,478	6,239	4,239
Knuckleboom Truck	11/13/23		184,401	30,133	154,268	34,647	119,621
2023 Equipment Lease	12/12/23		204,688	39,442	165,246	48,836	116,410
2023 Fire Department Vehicles	12/12/23		46,000	7,814	38,186	10,976	27,210
Siemens Public, Inc.	09/21/12	2,189,675			2,189,675		2,189,675
Total Financed Purchases		2,502,427	435,089	227,559	2,709,957	215,669	2,494,288
<b>Other</b>							
Compensated Absences		126,903		9,936	116,967		
<b>Total Long Term Debt</b>		<b>\$ 32,941,068</b>	<b>3,264,085</b>	<b>3,130,141</b>	<b>33,075,012</b>	<b>3,449,945</b>	<b>29,508,100</b>

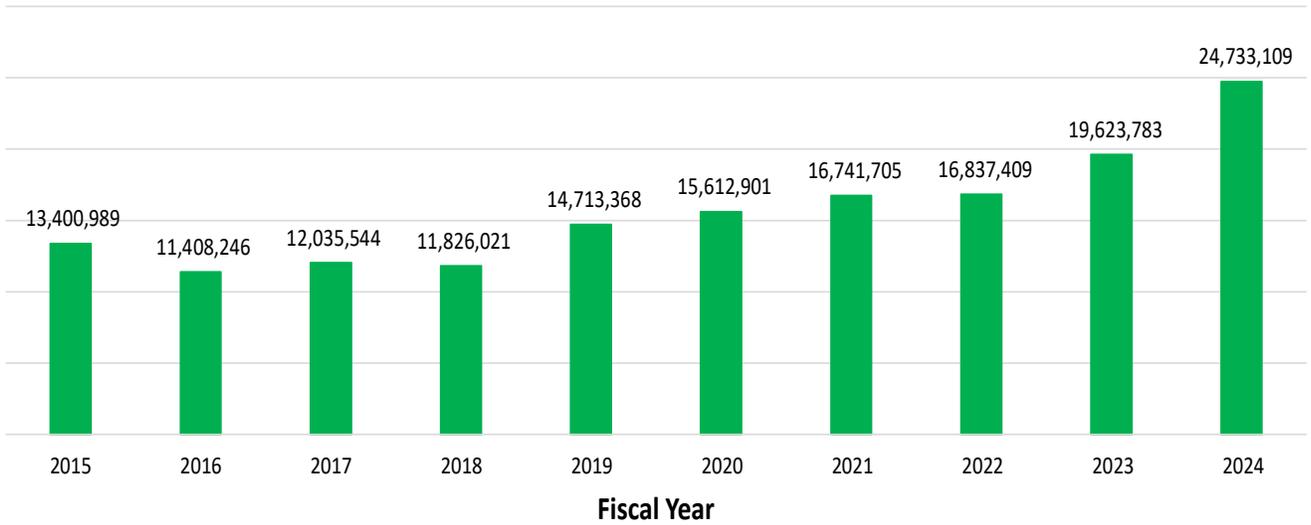
# **CITY OF CLEVELAND, MISSISSIPPI**

## **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
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
2024	6,915,559	345,858	15,531,979	815,721	16,712	1,107,280	24,733,109
Total	\$ 50,363,930	5,728,528	83,592,020	8,816,870	649,635	7,782,092	156,933,075

**Total Revenues**

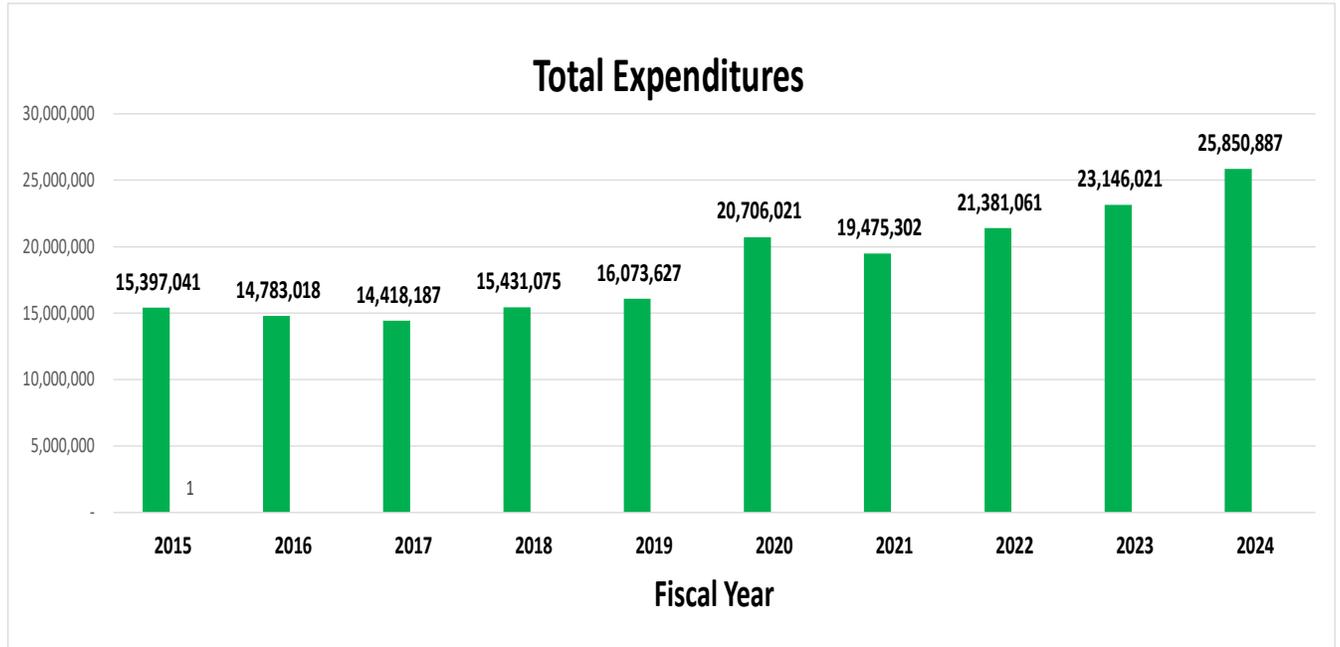


**Percentage Change Year over Year**

Fiscal Year	Taxes	Fines, Fees, Licenses & Permits	Intergovernmental	Charges for Services	Miscellaneous Operating	Miscellaneous Non-Operating	Total Revenues
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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%
2024	12.73%	-0.06%	41.71%	3.71%	-66.95%	-17.69%	26.04%

**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
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
2024	2,648,489	5,567,116	3,571,616	7,521,183	478,875	671,216	2,904,950		2,487,442	25,850,887
Total \$	21,307,483	47,418,970	21,616,576	28,905,400	8,675,845	9,977,237	19,675,336	10,906,589	15,691,362	96,808,969



	Percentage Change Year over Year									
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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%	#DIV/0!	11.19%	9.79%
2023	-4.17%	-8.16%	-19.85%	176.98%	-46.03%	-15.98%	-41.39%	#DIV/0!	-3.17%	8.25%
2024	14.92%	11.53%	81.73%	-4.62%	-35.12%	-37.56%	53.79%	#DIV/0!	8.27%	11.69%

**CITY OF CLEVELAND, MISSISSIPPI  
COMPUTATION OF LEGAL DEBT MARGIN  
For the Year Ended September 30, 2024  
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>
<b><u>OUTSTANDING GENERAL OBLIGATION DEBT:</u></b>			
Public Improvement	\$ 160,000	160,000	160,000
Public Improvement	425,000	425,000	425,000
Public Improvement	660,000	660,000	660,000
Public Improvement	600,000	600,000	600,000
Public Improvement	1,100,000	1,100,000	1,100,000
Public Improvement	1,215,000	1,215,000	1,215,000
Public Improvement	1,445,000	1,445,000	1,445,000
Public Improvement	1,420,000	1,420,000	1,420,000
Public Improvement	1,800,000	1,800,000	1,800,000
Public Improvement	1,850,000	1,850,000	1,850,000
Total Outstanding General Obligation Debt	<u>\$ 10,675,000</u>	<u>10,675,000</u>	<u>10,675,000</u>
<b><u>AUTHORIZED DEBT LIMIT:</u></b>			
Assessed Value for the fiscal year ended September 30, 2024	\$ 114,215,160	\$ 17,132,274	22,843,032
Present Debt (Subject to 15% and 20% Limitation, respectively)		<u>10,675,000</u>	<u>10,675,000</u>
Margin for Further Indebtedness (Under 15% and 20% Limitation, respectively)		<u>\$ 6,457,274</u>	<u>12,168,032</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, 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 29, 2025.

**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) to determine the 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.

## 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 May 29, 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

May 29, 2025

**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

**Opinion on the Major Federal Programs**

We have audited the City of Cleveland, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Cleveland, Mississippi's major federal programs for the year ended September 30, 2024. 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.

In our opinion, the City of Cleveland, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2024.

***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**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

*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 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 describes 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*

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Certified Public Accountants  
Vicksburg, Mississippi  
May 29, 2025

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## 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, 2024, which collectively comprise the City of Cleveland, Mississippi's basic financial statements and have issued our report thereon dated May 29, 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 no instances of noncompliance with state laws and regulations.

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*

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Certified Public Accountants  
Vicksburg, Mississippi

May 29, 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, 2024, 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 providing 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 May 29, 2025, on the financial statements of the City of Cleveland, Mississippi.

Although no findings came to our attention because 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 internal control would not necessarily disclose all matters within 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

May 29, 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, 2024**

**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:<br><br>Assistance Listing Number, 20.106, Airport Improvement Program<br>Assistance Listing Number, 21.027, Coronavirus State and Local Recovery Funds |               |
| 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.