

OFFICE OF THE STATE AUDITOR REPORT NOTE:

Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.



CITY OF CLEVELAND, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2022



CITY OF CLEVELAND, MISSISSIPPI

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CITY OF CLEVELAND

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Mississippi, (the City) as of and for the year ended September 30, 2022, 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, 2022, 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules and corresponding notes, the Schedule of the City's Proportionate Share of the Net Pension Liability, and the Schedule of the City's Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted 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 relate 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 70 through 72, 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 73 through 76 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 July 21, 2023, our consideration of the City of Cleveland, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements

and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Cleveland, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the City of Cleveland, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

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

July 21, 2023

CITY OF CLEVELAND, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF CLEVELAND, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

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, 2022. Readers should also review the basic financial statements and disclosures to enhance their understanding of the City's financial performance.

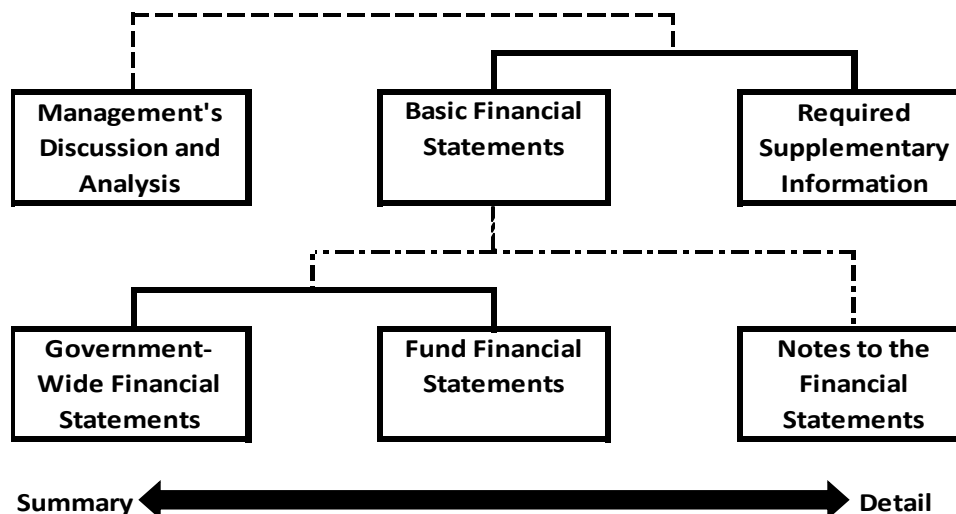
FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2022 by \$29,202,920 (net position), this amount represents an increase of \$1,017,485 including a prior period adjustment of \$54,305, from fiscal year 2021. Of this amount the unrestricted net position showed a deficit balance of (\$11,335,324).
- Total assets increased \$7,792,919 from 2021.
- Total liabilities decreased \$9,380,639 from 2021.
- The City had \$23,792,329 in total revenues. Property tax revenues account for \$5,907,394 or 24.83 percent of total revenues. Sales and tourism taxes account for \$5,656,862 or 23.78 percent of total revenues. Charges for services account for \$6,796,446 or 28.57 percent of total revenues. The remainder of revenue is from federal and state grants, franchise taxes, and other sources and accounts for \$5,431,627 or 22.82 percent of total revenues.
- The City had \$22,829,659 in total expenses which represents an increase of \$2,944,001 or 14.80 percent over the prior fiscal year. Expenses of \$9,754,592 were offset by grants and charges for services. General revenues of \$14,037,737 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, 2022

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

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

CITY OF CLEVELAND, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

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

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

The **Statement of Activities** presents information showing the government's net position changes during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Cleveland maintains 24 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Economic Development and Tourism Fund, General Bond and Interest Fund, Baxter Bond Fund, Public Improvement Bond Fund, Economic Development Revolving Fund, Animal Shelter Fund, and the American Rescue Act Plan Fund, all of which are considered to be major funds. All other funds are considered non-major and are presented in a single column. The governmental fund financial statements are presented on pages 19 through 24.

CITY OF CLEVELAND, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

The City of Cleveland adopts an annual budget. A budgetary comparison schedules have been provided on pages 53 through 60 for the General Fund and the major special revenue funds to demonstrate compliance with this budget.

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

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

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

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the City's budget process and pension standards, as well as the notes to the Required Supplementary Information, on pages 52 through 66.

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, 2022, the assets and deferred outflows of the City of Cleveland exceeded liabilities and deferred inflows by \$29,202,920.

By far the largest portion of the City of Cleveland's net position (\$34,439,971 or 118%) 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 the 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, 2022

The following table presents a summary of the City's net position for the fiscal year ended September 30, 2022.

	Governmental Activities		Business-type Activities		Total		Increase	Percentage
	2022	2021	2022	2021	2022	2021	(Decrease)	Change
Assets								
Current and other assets	\$ 21,605,812	19,123,659	(1,110,459)	(729,777)	20,495,353	18,393,882	2,101,471	11.42%
Capital assets, net	42,487,609	39,624,447	19,115,184	16,286,898	61,602,793	55,911,345	5,691,448	10.18%
Total Assets	64,093,421	58,748,106	18,004,725	15,557,121	82,098,146	74,305,227	7,792,919	10.49%
Deferred Outflows								
	1,715,986	1,271,325	201,317	76,884	1,917,303	1,348,209	569,094	42.21%
Liabilities								
Current & other liabilities	4,256,519	1,871,162	850,404	2,315,462	5,106,923	4,186,624	920,299	21.98%
Net pension liability	14,498,395	10,964,510	1,700,930	667,689	16,199,325	11,632,199	4,567,126	39.26%
Long-term debt	13,762,360	12,535,240	14,206,077	11,539,983	27,968,437	24,075,223	3,893,214	16.17%
Total Liabilities	32,517,274	25,370,912	16,757,411	14,523,134	49,274,685	39,894,046	9,380,639	23.51%
Deferred Inflows								
	6,096,473	9,074,697	22,054	218,590	6,118,527	9,293,287	(3,174,760)	-34.16%
Net Position								
Invested in capital assets, net of related debt	28,908,181	27,266,316	5,532,042	3,875,474	34,440,223	31,141,790	3,298,433	10.59%
Restricted	6,098,021	7,328,139		277,349	6,098,021	7,605,488	(1,507,467)	-19.82%
Unrestricted	(7,810,542)	(9,106,723)	(3,524,782)	(1,455,120)	(11,335,324)	(10,561,843)	(773,481)	7.32%
Total Net Position	\$ 27,195,660	25,487,732	2,007,260	2,697,703	29,202,920	28,185,435	1,017,485	3.61%

The City's total assets increased \$7,792,919 during 2022 with business-type activities showing an increase of \$2,447,604 and governmental activities showing an increase of \$5,345,315.

The City's total liabilities increased \$9,380,639 during 2022 with business-type activities showing an increase of \$2,234,277 and governmental activities showing an increase of \$7,146,362.

The City's net position increased \$1,017,485 for the year ended September 30, 2022.

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)	\$ (11,335,324)
Less: unrestricted deficit in net position resulting from recognition of GASB 68 & 71	14,496,341
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 3,161,017</u>

CITY OF CLEVELAND, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

The following table presents a summary of the changes in net position for the fiscal year ended September 30, 2022.

	Governmental Activities		Business-type Activities		Totals		Increase	Percentage
	2022	2021	2022	2021	2022	2021	(Decrease)	Change
Program Revenues:								
Charges for services	\$ 769,961	1,224,527	6,026,485	5,283,009	6,796,446	6,507,536	288,910	4.44%
Grants and contributions	2,762,847	3,257,720	195,299	336,416	2,958,146	3,594,136	(635,990)	-17.70%
General Revenues:								
Property taxes	5,907,394	5,398,522			5,907,394	5,398,522	508,872	9.43%
Sales and tourism taxes	5,656,862	4,848,579			5,656,862	4,848,579	808,283	16.67%
Other taxes and other	2,472,155	2,640,677	1,326	3,718	2,473,481	2,644,395	(170,914)	-6.46%
Total Revenues	17,569,219	17,370,025	6,223,110	5,623,143	23,792,329	22,993,168	799,161	3.48%
Program Expenses:								
General government	2,251,029	2,943,433			2,251,029	2,943,433	(692,404)	-23.52%
Public safety	4,351,417	4,062,186			4,351,417	4,062,186	289,231	7.12%
Public works	1,593,263	1,457,914			1,593,263	1,457,914	135,349	9.28%
Highways and streets	2,037,633	601,252			2,037,633	601,252	1,436,381	238.90%
Health and sanitation	370,819	761,952			370,819	761,952	(391,133)	-51.33%
Culture and recreation	983,673	966,208			983,673	966,208	17,465	1.81%
Economic development	3,574,566	1,701,587			3,574,566	1,701,587	1,872,979	110.07%
Interest on long-term debt	463,381	335,959			463,381	335,959	127,422	37.93%
Pension expense	1,253,627	643,164			1,253,627	643,164	610,463	94.92%
Water and sewer			4,042,842	5,583,827	4,042,842	5,583,827	(1,540,985)	-27.60%
Sanitation			1,907,409	828,176	1,907,409	828,176	1,079,233	130.31%
Total Expenses	16,879,408	13,473,655	5,950,251	6,412,003	22,829,659	19,885,658	2,944,001	14.80%
Transfers:								
Operating transfers in	285,000	100,000			285,000	100,000	185,000	N/A
Operating transfers out			(285,000)	(100,000)	(285,000)	(100,000)	(185,000)	N/A
Total transfers	285,000	100,000	(285,000)	(100,000)	-	-	-	-
Increase (Decrease) in Net Position	\$ 974,811	3,996,370	(12,141)	(888,860)	962,670	3,107,510	(2,144,840)	-69.02%

The City's governmental activities continue to be funded by sources other than property taxes, which comprise 25% of the total revenues. The other major revenue sources were sales and tourism taxes 24%, charges for services 28%, and grants and contributions 13%. The major expense activities were public safety, general government, pension expense, highways and streets, public works, culture & recreation, and economic development which comprise 26%, 13%, 7%, 12%, 9%, 6%, and 21% of total expenses, respectively.

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

FUND FINANCIAL ANALYSIS

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

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

As the year ended, the City's governmental funds reported a combined fund balance of \$11,075,430 a decrease of \$227,205.

**CITY OF CLEVELAND, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

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, Baxter Bond Fund, Public Improvement Bond Fund, Economic Development Revolving Fund, Animal Shelter Fund, and American Rescue Plan Act Fund. Remaining governmental funds were combined and reported as non-major governmental funds.

Major Fund Budgeting Highlights

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

During the course of 2022, 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, 2022, the City had \$61,602,792, net of accumulated depreciation, invested in a broad range of capital assets, including police and fire equipment, buildings, park and recreation facilities, streets, bridges, and water and sewer lines. This amount represents a net increase (including additions and deductions) of approximately \$5,691,447 from 2021.

The following is a summary of changes in capital assets as of September 30, 2022:

	Government Activities		Business-type Activities		Totals		Increase	Percentage
	2022	2021	2022	2021	2022	2021	(Decrease)	Change
Land	\$ 4,605,367	4,605,367	1,259,935	1,259,935	5,865,302	5,865,302	-	0.00%
Construction in progress	7,014,109	5,823,151	3,598,461	317,977	10,612,570	6,141,128	4,471,442	72.81%
Infrastructure	22,781,111	21,086,556	13,773,133	14,211,675	36,554,244	35,298,231	1,256,013	3.56%
Buildings and improvements	5,994,812	6,416,201	70,135	76,175	6,064,947	6,492,376	(427,429)	-6.58%
Equipment and fixtures	2,092,210	1,693,172	413,519	421,136	2,505,729	2,114,308	391,421	18.51%
Totals	\$ 42,487,609	39,624,447	19,115,183	16,286,898	61,602,792	55,911,345	5,691,447	10.18%

**CITY OF CLEVELAND, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

Long-term Debt

The following table illustrates the total Long-term Debt of the City as of September 30, 2022:

	Governmental Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2022	2021	2022	2021	2022	2021		
General obligation bonds	\$ 10,310,000	10,365,000			10,310,000	10,365,000	(55,000)	-0.53%
Add: Premiums	1,110	1,361			1,110	1,361	(251)	-18.44%
Special obligation bonds	2,969,579	1,831,685	2,245,000	1,825,000				
Other loans			8,978,357	7,514,024	8,978,357	7,514,024	1,464,333	19.49%
Capital leases	298,739	187,694	2,382,907	2,189,675	2,681,646	2,377,369	304,277	12.80%
Compensated absences	182,932	177,108	16,802	11,285	199,734	188,393	11,341	6.02%
Totals	\$ 13,762,360	12,562,848	13,623,067	11,539,984	22,170,848	20,446,147	1,724,701	8.44%

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 2022 budget, tax rates, and fees that will be charged for the business-type activities. The total property tax millage rate of 52 mills is expected for the following year.

CONTACTING THE CITY'S FINANCE DEPARTMENT

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

CITY OF CLEVELAND, MISSISSIPPI

FINANCIAL STATEMENTS

CITY OF CLEVELAND, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2022

	Primary Government Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,174,390	141,712	3,316,102
Accounts receivable, net		592,863	592,863
Property tax receivable	5,904,658		5,904,658
Franchise fees receivable	26,525	2,480	29,005
Intergovernmental receivable	1,264,813	340,975	1,605,788
Internal balances	2,695,189	(2,695,189)	-
Inventory	55,904	130,231	186,135
Restricted assets:			
Cash and cash equivalents	8,476,648	374,592	8,851,240
Right of use assets	7,685	1,877	9,562
Capital assets, net			
Land and construction in progress	11,619,476	4,858,396	16,477,872
Other capital assets, net	30,868,133	14,256,788	45,124,921
Total Assets	64,093,421	18,004,725	82,098,146
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,715,986	201,317	1,917,303
Total Deferred Outflows of Resources	1,715,986	201,317	1,917,303
LIABILITIES			
Accounts payable and accrued expenses	1,426,893	461,156	1,888,049
Intergovernmental payables	29,382		29,382
Amounts held in custody	84,466		84,466
Accrued interest payable	75,674	16,533	92,207
Unearned revenue- federal grant	2,640,104		2,640,104
Liabilities payable from restricted assets		374,592	374,592
Long-term liabilities:			
Net pension liability	14,498,395	1,700,930	16,199,325
Due within one year:			
Capital related debt	1,928,618	1,012,868	2,941,486
Due in more than one year:			
Capital related debt	11,650,810	12,593,397	24,244,207
Non-capital related debt	182,932	16,802	199,734
Total Liabilities	32,517,274	16,176,278	48,693,552
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	191,815	22,504	214,319
Property tax for future reporting period	5,904,658		5,904,658
Total Deferred Inflows of Resources	6,096,473	22,504	6,118,977
NET POSITION			
Net investment in capital assets	28,908,181	5,532,042	34,440,223
Restricted:			
Public Safety	149,784		149,784
Public works	970,853		970,853
Health and sanitation	21,707		21,707
Culture and recreation	795,270		795,270
Economic development	1,769,944		1,769,944
Debt service	140,592		140,592
Capital projects	2,249,871		2,249,871
Unrestricted	(7,810,542)	(3,524,782)	(11,335,324)
Total Net Position	\$ 27,195,660	2,007,260	29,202,920

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, 2022

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Primary	Business-type Activities	Total
				Governmental Activities		
Governmental activities:						
General government	\$ 2,251,029	260,658	30,000	(1,960,371)		(1,960,371)
Public safety	4,351,417	141,758		(4,209,659)		(4,209,659)
Public works	1,593,263	141,448	685,521	(766,294)		(766,294)
Highways and streets	2,037,633		1,316,441	(721,192)		(721,192)
Health and sanitation	370,819	95,313	88,766	(186,740)		(186,740)
Culture and recreation	983,673	130,784		(852,889)		(852,889)
Economic development	3,574,566		642,119	(2,932,447)		(2,932,447)
Interest on long-term debt	463,381			(463,381)		(463,381)
Pension expense	1,253,627			(1,253,627)		(1,253,627)
Total governmental activities	16,879,408	769,961	2,762,847	(13,346,600)		(13,346,600)
Business-type activities:						
Water and sewer	3,302,928	4,223,681	195,299		1,116,052	1,116,052
Sanitation	1,807,409	1,802,804			(4,605)	(4,605)
Total business-type activities	5,110,337	6,026,485	195,299		1,111,447	1,111,447
Total primary government	\$ 21,989,745	6,796,446	2,958,146	(13,346,600)	1,111,447	(12,235,153)
General revenues:						
Property taxes				\$ 5,907,394		5,907,394
Sales and tourism tax				5,656,862		5,656,862
Franchise taxes				289,370		289,370
Other taxes				821,912		821,912
Administrative charges				839,914	(839,914)	-
Unrestricted interest income				78,543	9,123	87,666
Donations				30,297		30,297
Other income				443,594		443,594
Internal service fund				31,729		31,729
Gain (Loss) on sale of capital assets				(63,204)	(7,797)	(71,001)
Transfers				285,000	(285,000)	-
Total general revenues and transfers				14,321,411	(1,123,588)	13,197,823
Change in net position				974,811	(12,141)	962,670
Net Position-Beginning, as previously stated				25,488,242	2,697,703	28,185,945
Prior Period Adjustments				732,607	(678,302)	54,305
Net Position - beginning, as restated				26,220,849	2,019,401	28,240,250
Net Position, ending				\$ 27,195,660	2,007,260	29,202,920

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

CITY OF CLEVELAND, MISSISSIPPI
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2022

	Major Funds				
	General Fund	Economic Development and Tourism Fund	General Bond and Interest Fund	Baxter Bond Fund	Public Improvement Bond Fund
ASSETS					
Cash and cash equivalents	\$ 1,626,963				
Receivables:					
Property taxes	3,676,483		1,782,539		
Franchise fee	26,525				
Intergovernmental	676,696	101,620	19,880		406,962
Due from other funds	1,201,767				
Advances to other funds	989,000				
Inventory	55,904				
Restricted assets - cash		504,241	196,386	4,558	1,632,236
Total Assets	8,253,338	605,861	1,998,805	4,558	2,039,198
LIABILITIES					
Accounts payable	295,804	6,191			777,327
Intergovernmental Payables	29,382				
Due to other funds					12,000
Advances from other funds	83,578	109,623			
Amounts held in custody for others					
Total Liabilities	408,764	115,814	-	-	789,327
Deferred Inflows of Resources					
Unavailable revenue-property taxes	3,676,483		1,782,539		
Unearned revenue-federal grant					
Total Deferred Inflows of Resources	3,676,483	-	1,782,539	-	-
FUND BALANCES					
Non-spendable:					
Inventories	55,904				
Advances	989,000				
Restricted for:					
Public Safety					
Public Works					1,249,871
Health and sanitation					
Culture and recreation					
Economic development		490,047		4,558	
Debt service			216,266		
Unassigned	3,123,187				
Total Fund Balances	4,168,091	490,047	216,266	4,558	1,249,871
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,253,338	605,861	1,998,805	4,558	2,039,198

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

CITY OF CLEVELAND, MISSISSIPPI
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2022

	Major Funds				
	Economic Development Revolving Fund	Animal Shelter Fund	American Rescue Plan Act	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$	218,334	24,021	786,811	2,656,129
Receivables:					
Property taxes				445,636	5,904,658
Franchise fee					26,525
Intergovernmental				59,655	1,264,813
Due from other funds	100,000			129,905	1,431,672
Advances to other funds	709,623				1,698,623
Inventory					55,904
Restricted assets - cash	1,528,269		2,640,104	1,970,854	8,476,648
Total Assets	2,337,892	218,334	2,664,125	3,392,861	21,514,972
LIABILITIES					
Accounts payable		96,627		169,877	1,345,826
Intergovernmental Payables					29,382
Due to other funds	129,905	100,000			241,905
Advances from other funds					193,201
Amounts held in custody for others				84,466	84,466
Total Liabilities	129,905	196,627	-	254,343	1,894,780
Deferred Inflows of Resources					
Unavailable revenue-property taxes				445,636	5,904,658
Unearned revenue-federal grant			2,640,104		2,640,104
Total Deferred Inflows of Resources	-	-	2,640,104	445,636	8,544,762
FUND BALANCES					
Non-spendable:					
Inventories					55,904
Advances	709,623				1,698,623
Restricted for:					
Public Safety				149,784	149,784
Public Works				1,970,853	3,220,724
Health and sanitation		21,707			21,707
Culture and recreation				305,223	305,223
Economic development	1,498,364			267,022	2,259,991
Debt service					216,266
Unassigned			24,021		3,147,208
Total Fund Balances	2,207,987	21,707	24,021	2,692,882	11,075,430
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,337,892	218,334	2,664,125	3,392,861	21,514,972

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, 2022

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 11,075,430
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 \$30,868,133.	42,487,609
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(13,762,360)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(75,674)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(14,498,395)
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	1,715,986
Deferred inflows of resources related to pensions	(191,815)
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.	<u>444,879</u>
Total Net Position - Governmental Activities	\$ <u><u>27,195,660</u></u>

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

CITY OF CLEVELAND, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	Major Funds				
	General Fund	Economic Development and Tourism Fund	General Bond and Interest Fund	Baxter Bond Fund	Public Improvement Bond Fund
REVENUES:					
Taxes	\$ 3,606,626		1,570,208		
Licenses and permits	123,558				
Intergovernmental:					
Federal grants	30,000				316,441
State of Mississippi:					
Grants	69,891				
General sales tax	4,407,066				
Tourism tax		1,249,796			
Liquor Licenses	23,775				
Homestead reimbursement	118,951		54,068		
Grand gulf	116,474				
Bolivar County:					
Road maintenance	441,947				
Privilege tax	59,486				
Animal shelter					
Charges for services	75,029				
Franchise tax	288,200				
Fines and forfeitures	133,504				
Interest income	26,635	2,887	1,924	39	13,157
Plant and airport rentals					
Donations		26,949			
Miscellaneous	195,087	20,051	13		100,000
Total revenues:	<u>9,716,229</u>	<u>1,299,683</u>	<u>1,626,213</u>	<u>39</u>	<u>429,598</u>
EXPENDITURES:					
General government	2,360,098		12,997		31,858
Public safety	4,640,917				739,272
Public works	661,981				1,707,857
Highways and streets	1,608,763				1,238,129
Health and sanitation					
Culture and recreation	285				326,476
Economic development	497,005	1,093,606			
Debt service:					
Principal paid	97,198		1,655,000	100,000	
Interest & fees paid	31,716		208,078	3,000	
Bond issue costs					33,921
Total expenditures	<u>9,897,963</u>	<u>1,093,606</u>	<u>1,876,075</u>	<u>103,000</u>	<u>4,077,513</u>
Excess of Revenues over (under) Expenditures	<u>(181,734)</u>	<u>206,077</u>	<u>(249,862)</u>	<u>(102,961)</u>	<u>(3,647,915)</u>
OTHER FINANCING SOURCES (USES):					
Administrative charge revenue	839,914				
Long-term capital debt issued	214,506				1,700,000
Premium on bond issued					4,177
Lease principal payments				101,538	
Transfers in					300,000
Transfers out	(455,000)	(10,000)			
Net other financing sources (uses)	<u>599,420</u>	<u>(10,000)</u>	<u>-</u>	<u>101,538</u>	<u>2,004,177</u>
Net change in fund balances	<u>417,686</u>	<u>196,077</u>	<u>(249,862)</u>	<u>(1,423)</u>	<u>(1,643,738)</u>
Fund balances , beginning as previously reported	3,697,685	293,970	466,128	5,981	2,893,609
Prior period adjustment	61,408				
Fund reclassification					
Fund balances , beginning as restated	<u>3,759,093</u>	<u>293,970</u>	<u>466,128</u>	<u>5,981</u>	<u>2,893,609</u>
Increase (decrease) in reserve for inventory	<u>(8,688)</u>				
Fund balance, ending	<u>\$ 4,168,091</u>	<u>490,047</u>	<u>216,266</u>	<u>4,558</u>	<u>1,249,871</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, 2022

	Major Funds			Non-Major	Total
	Economic	Animal	American	Governmental	Governmental
	Development	Shelter	Rescue	Funds	Funds
	Revolving Fund	Fund	Plan Act		
REVENUES:					
Taxes	\$			730,560	5,907,394
Licenses and permits					123,558
Intergovernmental:					
Federal grants			82,140	498,952	927,533
State of Mississippi:					
Grants				2,029,412	2,099,303
General sales tax					4,407,066
Tourism tax					1,249,796
Liquor Licenses					23,775
Homestead reimbursement				7,211	180,230
Grand gulf					116,474
Bolivar County:					
Road maintenance					441,947
Privilege tax					59,486
Animal shelter		87,500			87,500
Charges for services		6,643		137,783	219,455
Franchise tax		1,170			289,370
Fines and forfeitures					133,504
Interest income	9,340	5,565	20,557	17,023	97,127
Plant and airport rentals				63,205	63,205
Donations		3,348			30,297
Miscellaneous				65,238	380,389
Total revenues:	<u>9,340</u>	<u>104,226</u>	<u>102,697</u>	<u>3,549,384</u>	<u>16,837,409</u>
EXPENDITURES:					
General government					2,404,953
Public safety				54,399	5,434,588
Public works			82,140		2,451,978
Highways and streets					2,846,892
Health and sanitation		1,367,711			1,367,711
Culture and recreation				952,592	1,279,353
Economic development				1,632,476	3,223,087
Debt service:					
Principal paid		6,263		62,105	1,920,566
Interest & fees paid		162		119,061	362,017
Bond issue costs				55,995	89,916
Total expenditures	<u>-</u>	<u>1,374,136</u>	<u>82,140</u>	<u>2,876,628</u>	<u>21,381,061</u>
Excess of Revenues over (under) Expenditures	<u>9,340</u>	<u>(1,269,910)</u>	<u>20,557</u>	<u>672,756</u>	<u>(4,543,652)</u>
OTHER FINANCING SOURCES (USES):					
Administrative charge revenue					839,914
Long-term capital debt issued				1,200,000	3,114,506
Premium on bond issued					4,177
Lease principal payments					101,538
Transfers in		285,000		445,000	1,030,000
Transfers out	(50,000)			(250,000)	(765,000)
Net other financing sources (uses)	<u>(50,000)</u>	<u>285,000</u>	<u>-</u>	<u>1,395,000</u>	<u>4,325,135</u>
Net change in fund balances	<u>(40,660)</u>	<u>(984,910)</u>	<u>20,557</u>	<u>2,067,756</u>	<u>(218,517)</u>
Fund balances , beginning as previously reported	2,248,647	1,006,617	3,464	671,711	11,287,812
Prior period adjustment					61,408
Fund reclassification				(46,585)	(46,585)
Fund balances , beginning as restated	<u>2,248,647</u>	<u>1,006,617</u>	<u>3,464</u>	<u>625,126</u>	<u>11,302,635</u>
Increase (decrease) in reserve for inventory					(8,688)
Fund balance, ending	<u>\$ 2,207,987</u>	<u>21,707</u>	<u>24,021</u>	<u>2,692,882</u>	<u>11,075,430</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, 2022

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ (218,517)
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 \$4,755,080 exceeded depreciation of \$1,850,715 in the current period.	2,904,365
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 \$63,204 on the disposal of capital assets.	(63,204)
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 proceeds of \$3,114,506 exceeded debt repayments of \$1,920,566.	(1,193,940)
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:	
Principal payments received on capital leases receivable	(101,538)
Change in compensated absences	(5,824)
Change in accrued interest payable	(15,826)
Change in accrued interest receivable	(18,584)
Change in bond premium	251
	(141,521)
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	(1,253,627)
Recognition of contributions made	918,214
An internal service fund is used by management to account for employee health insurance. The net revenue is reported within governmental activities.	31,729
Change in inventory	(8,688)
Change in Net Position of Governmental Activities	\$ <u><u>974,811</u></u>

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, 2022

	Business-Type Activities			Governmental Activities
	Enterprise Fund Water & Sewer Fund	Non-Major Sanitation Fund	Enterprise Funds Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$	141,712	141,712	518,261
Accounts receivable (net of allowance for uncollectibles of \$285,648)	414,782	178,081	592,863	
Franchise fees receivable		2,480	2,480	
Advances to other funds	83,578		83,578	
Due from other funds	12,000		12,000	
Intergovernmental receivables	340,975		340,975	
Inventory	130,082	149	130,231	
Total Current Assets	981,417	322,422	1,303,839	518,261
Non-current assets:				
Restricted assets - cash	374,592		374,592	
Right of use assets	1,877		1,877	
Capital assets:				
Land and construction in progress	4,858,396		4,858,396	
Other capital assets, net	14,256,788		14,256,788	
Total Non-Current Assets	19,491,653	-	19,117,061	-
Total Assets	20,473,070	322,422	20,795,492	518,261
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	191,730	9,587	201,317	
Total Deferred Outflows of Resources	191,730	9,587	201,317	-
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	98,928	362,228	461,156	73,382
Due to other funds	1,201,767		1,201,767	
Advances from other funds	1,589,000		1,589,000	
Accrued interest payable	16,533		16,533	
Capital debt:				
Current portion long-term debt	1,012,868		1,012,868	
Total Current Liabilities	3,919,096	362,228	4,281,324	73,382
Non-current liabilities:				
Liabilities payable from restricted assets:				
Customer deposits	374,592		374,592	
Net pension liability	1,619,932	80,998	1,700,930	
Capital debt:				
Long-term debt	12,593,397		12,593,397	
Non-capital debt:				
Compensated absences	16,802		16,802	
Total Non-Current Liabilities	14,604,723	80,998	14,685,721	-
Total Liabilities	18,523,819	443,226	18,967,045	73,382
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	21,432	1,072	22,504	
Total Deferred Inflows of Resources	21,432	1,072	22,504	-
NET POSITION				
Net investment in capital assets	5,532,042		5,532,042	
Unrestricted	(3,412,493)	(112,289)	(3,524,782)	444,879
Total Net Position	\$ 2,119,549	(112,289)	2,007,260	444,879

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, 2022

	Business-Type Activities			Governmental
	Enterprise Fund Water & Sewer Fund	Non-Major Sanitation Fund	Enterprise Funds Total	Activity Internal Service Fund
OPERATING REVENUES:				
Charges for services:				
Water sales	\$ 1,765,994		1,765,994	
Sewer sales	2,317,909		2,317,909	
Mosquito control fees		596,678	596,678	
Sanitation fees		1,176,634	1,176,634	
Premiums				992,827
Reinsurance reimbursement				83,842
Other Fees	139,778	29,492	169,270	
Total Operating Revenues	4,223,681	1,802,804	6,026,485	1,076,669
OPERATING EXPENSES:				
Personal services	791,944		791,944	
Contractual services	1,354,879	1,797,463	3,152,342	
Consumable supplies	254,766	2,942	257,708	
Depreciation expense	591,188		591,188	
Pension expense	140,070	7,004	147,074	
Administrative fees	739,914	100,000	839,914	66,774
Health claim payments				739,210
Reinsurance premiums				254,693
Life insurance premiums				10,249
Total Operating Expenses	3,872,761	1,907,409	5,780,170	1,070,926
Operating Income (Loss)	350,920	(104,605)	246,315	5,743
NON-OPERATING REVENUES (EXPENSES)				
Interest income	6,335	2,788	9,123	5,986
Intergovernmental grants	195,299		195,299	
Interest expenses	(170,081)		(170,081)	
Loss on disposal of equipment	(7,797)		(7,797)	
Total Non-operating Revenues (Expenses)	23,756	2,788	26,544	5,986
Net Income (Loss) Before Operating Transfers	374,676	(101,817)	272,859	11,729
OPERATING TRANSFERS:				
Operating Transfers in			-	20,000
Operating Transfers out		(285,000)	(285,000)	
Net Operating Transfers	-	(285,000)	(285,000)	20,000
Change in Net Position	374,676	(386,817)	(12,141)	31,729
Net Position - Beginning, as previously reported	2,420,354	277,349	2,697,703	413,150
Prior period adjustment	(675,481)	(2,821)	(678,302)	-
Net Position - Beginning, as restated	1,744,873	274,528	2,019,401	413,150
Net Position - Ending	\$ 2,119,549	(112,289)	2,007,260	444,879

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, 2022

	Business-Type Activities		Governmental
	Enterprise Fund Water & Sewer Fund	Non-Major Sanitation Fund	Activity Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 3,939,683	1,819,765	1,076,669
Receipts from government	139,778		
Payments to employees for services	(886,958)	(4,985)	
Payments to suppliers for goods and services	(1,452,368)	(1,435,277)	
Payments for administrative fees	(739,914)	(100,000)	(66,774)
Payments for health claims			(754,647)
Payments for premiums			(264,942)
Net Cash Provided (Used) by Operating Activities	1,000,221	279,503	(9,694)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating transfers, net		(285,000)	20,000
Cash received from other funds			
Interfund loan	1,201,767		
Cash paid to other funds			
Interfund loan repayments	(300,000)		
Other receipts	6,337	2,788	5,986
Net Cash Provided (Used) by Noncapital Financing Activities	908,104	(282,212)	25,986
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of property and equipment	(3,434,344)		
Additions to long-term debt	3,035,412		
Principal payments on long-term debt	(957,847)		
Interest paid on bonds, loans and capital leases	(170,081)		
Loss on disposal of equipment	(12,023)		
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,538,883)	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	369,442	(2,709)	16,292
Cash and Cash Equivalents, October 1	5,150	144,421	501,969
Cash and Cash Equivalents, September 30	\$ 374,592	141,712	518,261
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 546,219	(104,605)	5,743
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Prior period adjustment to pensions	(668,386)	(2,823)	
Depreciation	591,188		
(Increase) decrease in accounts receivable	(144,219)	16,964	
(Increase) decrease in intergovernmental receivable	(4,559)		
(Increase) decrease in inventories	(11,600)	2,941	
(Increase) decrease in deferred outflows of resources	(121,275)	(3,158)	
Increase (decrease) in accounts payable and accrued expenses	(34,126)	362,228	(15,437)
Increase (decrease) in accrued interest payable	4,324		
Increase (decrease) in customer deposits	7,938		
Increase (decrease) in compensated absences	5,518		
Increase (decrease) in net pension liability	1,008,078	25,163	
Increase (decrease) in deferred inflows of resources	(178,879)	(17,207)	
Total adjustments	1,122,388	386,931	(15,437)
Net Cash Provided (Used) by Operating Activities	27 \$ 1,000,221	279,503	(9,694)

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

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

B. 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 considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred 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, 2022

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 when a liability is incurred, 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, 2022

Baxter Bond 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 bonds issued to finance major capital improvements for Baxter Healthcare Corporation.

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 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 similar to private business enterprises or where the City has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

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

D. Cash and Cash Equivalents – Cash of all funds, including restricted cash, is pooled into common pooled accounts in order 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

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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.

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 the proprietary funds report 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.

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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

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

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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 the government-wide statements.

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

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

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

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 October 1st become delinquent February 1st of the following year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. The Bolivar County Tax Collector bills and collects taxes for the City. The millage rate for the City for the 2022 tax roll was 50 mills as: 31.0 mills for the general fund, 15 mills for the debt service fund, 2.00 mills for library maintenance, and 2.00 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.

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

However, the “available” criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

R. Changes in Accounting Standards – GASB 87, *Leases*, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting based on the foundational principle that leases are financing of the right to use and underlying assets. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

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.

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 3: PRIOR PERIOD ADJUSTMENTS

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

Statement of Activities

Governmental Activities	
To correct pension liability	\$ 671,199
To correct claims payable	61,408
Total Governmental Activities	<u>732,607</u>
Total Statement of Activities	<u>\$ 732,607</u>

Statement of Revenues, Expenses and Changes in Net Position - Governmental Funds

To correct claims payable	\$ 61,408
Total Governmental Activities	<u>\$ 61,408</u>

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds

To correct pension liability	\$ (671,209)
To reflect transfer of assets with business-type activities	<u>(7,093)</u>
Total Statement of Revenues, Expenses and Changes in Net Position	<u>\$ (678,302)</u>

NOTE 4: DEPOSITS

The carrying amount of the City's total deposits with financial institutions at September 30, 2022, was \$12,167,344 and the bank balance was \$13,009,950. 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.

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 5: INTER-FUND TRANSACTIONS AND BALANCES

The following is a summary of inter-fund balances at September 30, 2022:

A. Due from/to Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	1,201,767
Economic Development Revolving Fund	Animal Shelter	100,000
Airport Improvement	Economic Development Revolving Fund	129,905
Water and Sewer Fund	Public Improvement	12,000
Total		<u>\$ 1,443,672</u>

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

B. Advances from/to Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 989,000
Economic Development Revolving Fund	Economic Development Tourism	109,623
Economic Development Revolving Fund	Water and Sewer Fund	425,000
Economic Development Revolving Fund	Water and Sewer Fund	175,000
Water and Sewer Fund	General Fund	83,578
Total		<u>\$ 1,782,201</u>

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

C. Transfers In/Out:

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	435,000
Other Governmental Funds	Economic Development & Tourism	10,000
Animal Shelter Fund	Sanitation Fund	285,000
Public Improvement Bond Fund	Economic Development Revolving Fund	50,000
Public Improvement Bond Fund	Other Governmental Funds	250,000
Internal Service Fund	General Fund	20,000
Total		<u>\$ 1,050,000</u>

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

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
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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, 2022 include the following:

Governmental Activities

Intergovernmental receivables	
Taxes	\$ 676,696
Franchise fee	26,525
Grants	588,117
Property taxes	5,904,658
Total Governmental Activities Receivables	<u>\$ 7,195,996</u>

Business-Type Activities

Accounts receivable	
Water & Sewer Fund (net of allowance for uncollectibles of \$238,101)	\$ 414,782
Sanitation Fund (net of allowance for uncollectibles of \$47,547)	133,279
Mosquito fees	44,802
Intergovernmental receivables	
Grants	340,975
Franchise fee	2,480
Total Business-Type Activities Receivables	<u>\$ 936,318</u>

NOTE 7: RESTRICTED ASSETS

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

The following is a summary of restricted assets as of September 30, 2022:

Governmental Activities

Economic Development and Tourism Fund	\$ 504,241
General Bond and Interest Fund	196,386
Baxter Bond Fund	4,558
Public Improvement Bond Fund	1,632,236
American Rescue Plan Act	2,640,104
Economic Development Revolving Fund	1,528,269
Other Governmental Funds	1,970,854
Total	<u>\$ 8,476,648</u>

Business-Type Activities

Water & Sewer Fund - customer deposits	\$ 374,592
	<u>\$ 374,592</u>

CITY OF CLEVELAND, MISSISSIPPI
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NOTE 8: CAPITAL ASSETS

The following is a summary of capital assets activity for the year ended September 30, 2022:

	Balance				Balance
Governmental Activities	Oct. 1, 2021	Additions	Deletions	Adjustments*	Sept. 30, 2022
Non-depreciable capital assets:					
Land	\$ 4,605,367				4,605,367
Construction in progress	5,823,151	3,614,316	2,423,358		7,014,109
Total non-depreciable capital assets	<u>10,428,518</u>	<u>3,614,316</u>	<u>2,423,358</u>	<u>-</u>	<u>11,619,476</u>
Depreciable capital assets:					
Infrastructure	31,257,164	2,423,358			33,680,522
Buildings & Improvements	13,203,658				13,203,658
Equipment & fixtures	8,807,767	1,140,764	317,944	7,094	9,637,681
Total depreciable capital assets	<u>53,268,589</u>	<u>3,564,122</u>	<u>317,944</u>	<u>7,094</u>	<u>56,521,861</u>
Less accumulated depreciation for:					
Infrastructure	10,170,608	728,803			10,899,411
Buildings & Improvements	6,787,457	421,389			7,208,846
Equipment & fixtures	7,114,595	700,523	254,740	(14,907)	7,545,471
Total accumulated depreciation	<u>24,072,660</u>	<u>1,850,715</u>	<u>254,740</u>	<u>(14,907)</u>	<u>25,653,728</u>
Depreciable capital assets, net	<u>29,195,929</u>	<u>1,713,407</u>	<u>63,204</u>	<u>22,001</u>	<u>30,868,133</u>
Capital assets, net	<u>\$ 39,624,447</u>	<u>5,327,723</u>	<u>2,486,562</u>	<u>22,001</u>	<u>42,487,609</u>
Business-Type Activities					
Non-depreciable capital assets:					
Land	\$ 1,259,935				1,259,935
Construction in progress	317,977	3,280,484			3,598,461
Total non-depreciable capital assets	<u>1,577,912</u>	<u>3,280,484</u>	<u>-</u>	<u>-</u>	<u>4,858,396</u>
Depreciable capital assets:					
Infrastructure	40,335,784				40,335,784
Buildings & Improvements	301,983				301,983
Equipment & fixtures	1,428,738	153,880	7,797	(7,094)	1,567,727
Total depreciable capital assets	<u>42,066,505</u>	<u>153,880</u>	<u>7,797</u>	<u>(7,094)</u>	<u>42,205,494</u>
Less accumulated depreciation for:					
Infrastructure	26,124,109	438,542			26,562,651
Buildings & Improvements	225,808	6,040			231,848
Equipment & fixtures	1,007,602	176,910	30,304		1,154,208
Total accumulated depreciation	<u>27,357,519</u>	<u>621,492</u>	<u>30,304</u>	<u>-</u>	<u>27,948,707</u>
Depreciable capital assets, net	<u>14,708,986</u>	<u>(467,612)</u>	<u>(22,507)</u>	<u>(7,094)</u>	<u>14,256,787</u>
Capital assets, net	<u>\$ 16,286,898</u>	<u>2,812,872</u>	<u>(22,507)</u>	<u>(7,094)</u>	<u>19,115,183</u>

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

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
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Depreciation expense was charged to City functions as follows:

Governmental Activities	<u>Amount</u>
General government	\$ 8,341
Public safety	259,593
Public works	781,286
Highway and streets	426,737
Health and sanitation	1,367
Culture and recreation	147,666
Economic Development	67,230
Total governmental activities	<u>\$ 1,692,220</u>
Business-Type Activities	
Water and sewer	<u>\$ 765,721</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.

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

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

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

CITY OF CLEVELAND, MISSISSIPPI
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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 \$21,274 for the year ended September 30, 2022. The future minimum lease receivable for these leases are as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2023	21,649
2024	15,874
2025	15,349
2026	15,944
2027	16,194
2028-2032	83,035
2033-2037	84,110
2038-2042	39,270
2043-2047	9,986
Total	<u>\$ 301,411</u>

As a Lessee:

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

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

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

CITY OF CLEVELAND, MISSISSIPPI
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Lease assets

Right of use assets

Governmental:

	Balance 10/1/2021	Additions	Depreciation	Balance 9/30/2022
Kyocera Equipment	\$ 2,329	-	1,644	685
Kyocera Equipment	1,530	-	1,080	450
Postage Machine & Equipment	10,646	-	4,096	6,550
	<u>14,505</u>	<u>-</u>	<u>6,820</u>	<u>7,685</u>

Business-type activities:

	Balance 10/1/2021	Additions	Depreciation	Balance 9/30/2022
Kyocera Equipment	\$ 2,857	-	980	1,877
	<u>2,857</u>	<u>-</u>	<u>980</u>	<u>1,877</u>

Lease Liabilities

Governmental:

	Balance 10/1/2021	Additions	Principal Payments	Balance 9/30/2022
Kyocera Equipment	\$ 2,329	-	1,644	685
Kyocera Equipment	1,530	-	1,080	450
Postage Machine & Equipment	10,646	-	4,096	6,550
	<u>14,505</u>	<u>-</u>	<u>6,820</u>	<u>7,685</u>

Business-type activities:

	Balance 10/1/2021	Additions	Principal Payments	Balance 9/30/2022
Kyocera Equipment	\$ 2,857	-	980	1,877
	<u>2,857</u>	<u>-</u>	<u>980</u>	<u>1,877</u>

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

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

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

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

Governmental:

Description	Term	Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
The Imaging Specialist	60 months	2/26/2018	2/26/2023	\$ 137	\$ 685
The Imaging Specialist	60 months	2/10/2018	2/10/2023	90	450
Pitney Bowes	60 months	1/1/2020	1/1/2025	273	6,550
				<u>\$ 500</u>	<u>\$ 7,685</u>

Business-type activities:

Description	Term	Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
The Imaging Specialist	48 months	12/15/2021	12/15/2025	\$ 82	\$ 1,877
				<u>\$ 82</u>	<u>\$ 1,877</u>

The following is a schedule by years of the total payments due as of September 30, 2022:

Governmental:

2023	3,592
2024	3,277
2025	816
	<u>7,685</u>

Business-type:

2023	980
2024	897
	<u>1,877</u>
	<u>3,754</u>

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NOTE 11: LEASES

As Lessee:

The City is obligated for the following capital assets acquired through capital leases as of September 30, 2022:

Classes of Property	Governmental Activities	Business-Type Activities
Equipment (Street Sweeper)	\$ 239,900	
Equipment (Police Vehicles)	94,468	
Equipment (Animal Shelter Van)	24,070	
Equipment (Dodge Durango)	27,610	
2021 Vehicles	214,506	
2021 Equipment		225,498
2022 Nissan Frontier		24,490
Infrastructure (Water meters)		3,267,992
Less: Accumulated depreciation	(301,815)	(1,135,073)
Leased Property Under Capital Leases	<u>\$ 298,739</u>	<u>2,382,907</u>

The following is a schedule by years of the total payments due as of September 30, 2022:

Year Ending September 30:	Governmental Activities		Business-Type Activities		*
	Principal	Interest	Principal	Interest	
2023	117,475	6,322	61,744	3,436	
2024	86,450	3,251	63,037	2,143	
2025	57,680	1,560	64,357	823	
2026	37,134	321	4,094	37	
2026					
2027-2028					
Total	<u>\$ 298,739</u>	<u>11,454</u>	<u>193,232</u>	<u>6,439</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.

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

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public-school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years of creditable service for employees who became members of PERS before July 1, 2011) plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest 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, 2022, 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, 2022 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019, from 15.75%. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the fiscal years ending September 30, 2022, 2021 and 2020 were \$1,005,318, \$901,714, and \$933,122, 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, 2022, the City reported a liability of \$16,199,325 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022 net pension liability was 0.0787 percent, which was based on a measurement date of June 30, 2020. This represents no change from its proportionate share used to calculate the September 30, 2021 net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended September 30, 2022, the City recognized pension expense of \$1,400,701. At September 30, 2022, 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	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 230,223	
Net difference between projected and actual earnings on investments	863,393	
Changes of assumptions		
Changes in the proportion and differences between City contributions and proportionate share contributions	560,271	214,319
City Contributions subsequent to the measurement date	263,416	
Total \$	<u>1,917,303</u>	<u>214,319</u>

The \$263,416 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, 2023. 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
2023	\$ 406,441
2024	286,582
2025	(132,470)
2026	879,015
Total	<u>\$ 1,439,568</u>

Actuarial assumptions. The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. The following actuarial assumptions are applied to all periods in the measurement:

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

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

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal

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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:

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

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

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.55 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 (6.55 percent) or 1 - percentage point higher (8.55 percent) than the current rate:

	1% Decrease 6.55%	Discount Rate 7.55%	1% Increase 8.55%
Net Pension Liability	\$ 21,141,772	16,199,325	12,124,527

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

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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 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, 2022 is approximately:

15% Limit	20% Limit
\$ 7,803,399	\$ 13,841,199

Debt outstanding as of September 30, 2022, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Public Improvement	\$ 145,000	1.50-2.00%	3/1/23
Public Improvement	325,000	2.00-2.60%	3/1/24
Public Improvement	465,000	1.75-2.25%	8/1/25
Public Improvement	830,000	2.00%	2/1/26
Public Improvement	1,075,000	2.00-2.50%	3/1/27
Public Improvement	900,000	2.50-3.00%	3/1/28
Public Improvement	1,480,000	2.25-3.125%	3/1/29
Public Improvement	1,570,000	1.50-1.75%	3/1/30
Public Improvement	1,820,000	1.00-1.25%	3/1/31
Public Improvement	1,700,000	1.75-2.00%	3/1/32
Total General Obligation Bonds	\$ <u>10,310,000</u>		

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Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
B. Financed Purchases:			
Street Sweeper	\$ 76,421	3.50%	3/30/24
Police Vehicles	6,270	3.25%	12/1/22
Animal Shelter Van	1,597	3.25%	12/1/22
2021 Dodge Durango	17,077	3.00%	2/25/25
2022 Equipment	197,374	2.00%	5/10/26
Total Financed Purchases	<u>\$ 298,739</u>		
C. Special Obligation Bonds			
2020 Tax Increment Financing	\$ 1,769,579	6.50%	7/1/38
2021 Tax Increment Financing	1,200,000	3.00%	12/1/36
Total Special Obligation Bonds	<u>\$ 2,969,579</u>		
Business-Type Activities:			
A. Other Loans			
State of Mississippi (MDEQ #1)	\$ 85,022	1.75%	6/1/23
State of Mississippi (MDEQ #2)	183,335	1.75%	9/1/24
State of Mississippi (MDEQ #3)	240,631	1.75%	1/1/26
State of Mississippi (MDEQ #4)	466,463	2.50%	4/1/27
State of Mississippi (MDEQ #5)	456,393	2.50%	8/25/32
State of Mississippi (MDEQ #6)	5,361,088	1.75%	2/1/38
Sub-total	<u>6,792,932</u>		
State of Mississippi (MDEQ #7)	<u>2,185,425</u>	0.80%	Not determined
Total Other Loans	<u>\$ 8,978,357</u>		
B. Financed purchases:			
Siemens Public, Inc.	\$ 2,189,675	2.96%	8/21/28
2021 Equipment Lease	170,698	2.05%	9/15/25
2022 Nissan Frontier	22,534	2.30%	6/10/26
Total Financed Purchases	<u>\$ 2,382,907</u>		
C. Special Obligation Bonds			
Utility Bond	\$ 1,645,000	1.50%	7/1/30
Utility Bond	600,000	2.25-3.125%	3/1/32
Total Special Obligation Bonds	<u>\$ 2,245,000</u>		

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

The annual debt service requirements of long-term debt as of September 30, 2022 are as follows:

Governmental Activities:

Year Ending September 30:	General Obligation Bonds		Special Obligation Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 1,680,000	195,193	131,143	150,923
2024	1,605,000	146,795	136,442	144,773
2025	1,480,000	116,254	143,021	138,215
2026	1,345,000	86,970	149,897	131,298
2027	1,165,000	62,625	158,090	124,005
2028-2032	3,035,000	93,192	912,964	495,432
2033-2037			1,167,915	241,238
2038-2042			170,107	11,057
Totals	\$ 10,310,000	701,029	2,969,579	1,436,941

Business-Type Activities:

Year Ending September 30:	Other Loans		Special Obligation Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 706,124	116,732	245,000	45,825
2024	632,982	104,230	250,000	33,063
2025	550,994	92,871	255,000	28,013
2026	511,601	82,473	260,000	23,025
2027	451,087	73,168	270,000	19,025
2028-2032	1,790,472	265,384	965,000	34,850
2033-2037	1,828,989	110,577		
2038-2039	320,683	2,578		
Totals	\$ 6,792,932	848,013	2,245,000	183,801

The following is a summary of changes in long-term debt for the year ended September 30, 2022:

	Balance Oct. 1, 2021	Additions	Reductions	Adjustments	Balance Sept. 30, 2022	Amount due within one year
Governmental Activities:						
General obligation bonds	\$ 10,365,000	1,700,000	1,755,000		10,310,000	1,680,000
Add: bond premium	1,361		251		1,110	
Financed purchases	187,694	214,506	103,461		298,739	117,475
Special obligation bonds	1,831,685	1,200,000	62,106		2,969,579	131,143
Compensated absences	177,108	5,824			182,932	
Total	\$ 12,562,848	3,120,330	1,920,818	-	13,762,360	1,928,618
Business-Type Activities:						
Other Loans	\$ 7,514,023	2,185,425	721,091		8,978,357	706,124
Financed purchases	2,189,675	249,988	56,756		2,382,907	61,744
Special obligation bonds	1,825,000	600,000	180,000		2,245,000	245,000
Compensated absences	11,285	5,517			16,802	
Total	\$ 11,539,983	3,040,930	957,847		13,623,067	1,012,868

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

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

in which the employees' salaries were paid, which are generally the General Fund, Non-Major Governmental Funds, and the Water and Sewer Fund.

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

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

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 (\$7,810,542) 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 \$235,758 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, 2022. The \$1,715,986 balance of the deferred outflow of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years. The \$191,815 balance of the deferred inflow of resources related to pension at September 30, 2022, will be recognized in pension expense over the next four years.

The business-type activities' unrestricted net position amount of (\$3,524,782) 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 \$27,659 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, 2022. The \$201,317 of the deferred outflow of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years. The \$22,503 balance of the deferred inflow of resources related to pension at September 30, 2022, will be recognized in pension expense over the next four years.

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 16: SOLID WASTE DISPOSAL

The City has contracted with WastePro to provide residential garbage collection and disposal. The rate is \$28.00 per month per residence. The rate increased to \$34.00 per month on October 1, 2022. The City adopted the Solid Waste Management Plan on September 27, 1993.

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 July 21, 2023 and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2022, the City of Cleveland, Mississippi, has acquired the following debt:

Issue Date	Interest Rate	Issue Amount	Type of Financing
3/1/2023	3.00% -4.00%	\$ 1,950,000	General Obligation Public Improvement Bonds
1/31/2023		71,859	Right of use Assets

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, 2022
UNAUDITED

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP	Favorable
			Basis	(Unfavorable)
REVENUES:				
Ad Valorem Taxes	\$ 3,441,483	3,685,640	3,685,640	-
Licenses, Permits & Franchise Fees	524,000	540,350	540,350	-
Grants & Intergovernmental	4,660,139	4,410,327	4,410,327	-
Fines and Forfeits	125,000	133,504	133,504	-
Charges for Services	167,156	115,281	115,281	-
Miscellaneous Revenues	869,914	890,733	890,733	-
Total Revenues	9,787,692	9,775,835	9,775,835	-
EXPENDITURES:				
General Government				
Supervision, Finance, and Other	1,726,665	1,708,283	1,708,283	-
Municipal Court	375,063	371,823	371,823	-
Total general government	2,101,728	2,080,106	2,080,106	-
Public Safety				
Police Department	4,393,528	4,091,254	4,091,254	-
Fire Department	449,858	431,150	431,150	-
Total Public Safety	4,843,386	4,522,404	4,522,404	-
Public Works				
Community Development	543,064	487,753	487,753	-
Cemetery	241,478	210,837	210,837	-
Airport	279,586	273,467	273,467	-
Groundskeeper	247,092	238,142	238,142	-
Shop Department	177,297	169,984	169,984	-
Total Public Works	1,488,517	1,380,183	1,380,183	-
Highways and Streets				
Street Department	2,070,923	1,560,730	1,560,730	-
Total Highways and Streets	2,070,923	1,560,730	1,560,730	-
Health and Sanitation				
Mosquito Control	-	-	-	-
Total Health and Sanitation	-	-	-	-
Total Expenditures	10,504,554	9,543,423	9,543,423	
Excess of Revenues over (under) Expenditures	(716,862)	232,412	232,412	
OTHER FINANCING SOURCES (USES)				
Administrative fees			-	-
Transfers in	851,403	851,403	851,403	-
Transfers out	(455,000)	(455,000)	(455,000)	-
Total other financing sources (uses)	396,403	396,403	396,403	-
Net Change in Fund Balance	\$ (320,459)	628,815	628,815	-

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, 2022
UNAUDITED

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP	Favorable
			Basis	(Unfavorable)
REVENUES:				
Tourism taxes	\$ 1,100,000	1,210,971	1,210,971	-
Donations and gift shop sales	15,500	44,105	44,105	-
Miscellaneous revenues	1,000	5,782	5,782	-
Total Revenues	<u>1,116,500</u>	<u>1,260,858</u>	<u>1,260,858</u>	<u>-</u>
EXPENDITURES:				
Economic Development				
All Departments	954,346	954,346	954,346	-
Railroad Heritage Museum	187,191	186,329	186,329	-
Total Expenditures	<u>1,141,537</u>	<u>1,140,675</u>	<u>1,140,675</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(25,037)</u>	<u>120,183</u>	<u>120,183</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (25,037)</u>	<u>120,183</u>	<u>120,183</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) – GENERAL BOND and INTEREST FUND
For the Year Ended September 30, 2022
UNAUDITED

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Non-GAAP</u>	<u>Favorable</u>
			<u>Basis</u>	<u>(Unfavorable)</u>
REVENUES:				
Taxes	\$ 1,603,009	1,690,306	1,690,306	-
Miscellaneous revenues	3,000	1,925	1,925	-
Total Revenues	<u>1,606,009</u>	<u>1,692,231</u>	<u>1,692,231</u>	<u>-</u>
EXPENDITURES:				
Debt service	1,876,266	1,876,077	1,876,077	-
Total Expenditures	<u>1,876,266</u>	<u>1,876,077</u>	<u>1,876,077</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(270,257)</u>	<u>(183,846)</u>	<u>(183,846)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (270,257)</u>	<u>(183,846)</u>	<u>(183,846)</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) – BAXTER BOND FUND
For the Year Ended September 30, 2022
UNAUDITED

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Non-GAAP</u>	<u>Favorable</u>
REVENUES:			<u>Basis</u>	<u>(Unfavorable)</u>
Taxes	\$ 1,603,009	1,690,306	1,690,306	-
Miscellaneous revenues	3,000	1,925	1,925	-
Total Revenues	<u>1,606,009</u>	<u>1,692,231</u>	<u>1,692,231</u>	<u>-</u>
EXPENDITURES:				
Debt service	1,876,266	1,876,077	1,876,077	-
Total Expenditures	<u>1,876,266</u>	<u>1,876,077</u>	<u>1,876,077</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(270,257)</u>	<u>(183,846)</u>	<u>(183,846)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (270,257)</u>	<u>(183,846)</u>	<u>(183,846)</u>	<u>-</u>

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

CITY OF CLEVELAND, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET TO ACTUAL (NON-GAAP BASIS) – PUBLIC IMPROVEMENT BOND FUND
For the Year Ended September 30, 2022
UNAUDITED

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP	Favorable
			Basis	(Unfavorable)
REVENUES:				
Miscellaneous revenues	\$ 2,143,649	2,068,940	2,068,940	-
Total Revenues	2,143,649	2,068,940	2,068,940	-
EXPENDITURES:				
Capital outlay		3,199,705	3,199,705	-
Total Expenditures	-	3,199,705	3,199,705	-
Excess of Revenues over (under) Expenditures	2,143,649	(1,130,765)	(1,130,765)	-
OTHER FINANCING SOURCES (USES)				
Other financing sources	5,119,574		-	-
Bond proceeds	1,700,000	1,816,177	1,816,177	-
Transfers in	591,284	300,000	300,000	-
Total other financing sources (uses)	7,410,858	2,116,177	2,116,177	-
Net Change in Fund Balance	\$ 9,554,507	985,412	985,412	-

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

CITY OF CLEVELAND, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET TO ACTUAL (NON-GAAP BASIS) – ECONOMIC DEVELOPMENT REVOLVING FUND
For the Year Ended September 30, 2022
UNAUDITED

	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP	Favorable
			Basis	(Unfavorable)
REVENUES:				
Miscellaneous revenues	\$ 20,250	9,340	9,340	-
Total Revenues	<u>20,250</u>	<u>9,340</u>	<u>9,340</u>	<u>-</u>
EXPENDITURES:				
Capital Outlay		-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>20,250</u>	<u>9,340</u>	<u>9,340</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	450,000		-	
Transfers (out)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>400,000</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 420,250</u>	<u>(40,660)</u>	<u>(40,660)</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, 2022
UNAUDITED

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Non-GAAP</u>	<u>Favorable</u>
			<u>Basis</u>	<u>(Unfavorable)</u>
REVENUES:				
Intergovernmental	\$ 125,000	87,500	87,500	-
Miscellaneous revenues	15,500	16,726	16,726	-
Total Revenues	<u>140,500</u>	<u>104,226</u>	<u>104,226</u>	<u>-</u>
EXPENDITURES:				
			-	-
Health and sanitation	<u>1,507,138</u>	<u>1,312,444</u>	<u>1,312,444</u>	<u>-</u>
Total Expenditures	<u>1,507,138</u>	<u>1,312,444</u>	<u>1,312,444</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(1,366,638)</u>	<u>(1,208,218)</u>	<u>(1,208,218)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	<u>-</u>
Total other financing sources (uses)	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>(1,081,638)</u>	<u>(923,218)</u>	<u>(923,218)</u>	<u>-</u>

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

CITY OF CLEVELAND, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET TO ACTUAL (NON-GAAP BASIS) – AMERICAN RESCUE PLAN ACT FUND
For the Year Ended September 30, 2022
UNAUDITED

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Non-GAAP</u>	<u>Favorable</u>
			<u>Basis</u>	<u>(Unfavorable)</u>
REVENUES:				
Intergovernmental	\$ 1,361,122	1,361,122	1,361,122	-
Miscellaneous revenues	<u>5,000</u>	<u>20,557</u>	<u>20,557</u>	<u>-</u>
Total Revenues	<u>1,366,122</u>	<u>1,381,679</u>	<u>1,381,679</u>	<u>-</u>
EXPENDITURES:				
Capital Outlay	1,240,883	181,424	181,424	-
				-
Total Expenditures	<u>1,240,883</u>	<u>181,424</u>	<u>181,424</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>125,239</u>	<u>1,200,255</u>	<u>1,200,255</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 125,239</u>	<u>1,200,255</u>	<u>1,200,255</u>	<u>-</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, 2022
UNAUDITED

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.0787%	0.0787%	0.0808%	0.0809%	0.0793%	0.0759%	0.0727%	0.0703%
Proportionate share of the net pension liability (asset)	\$ 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	\$ 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	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	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

CITY OF CLEVELAND, MISSISSIPPI
SCHEDULE OF CITY'S CONTRIBUTIONS
LAST 10 FISCAL YEARS*
For the Year Ended September 30, 2022
UNAUDITED

		<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	\$	1,005,318	901,714	933,122	857,890	800,431	754,743	733,580	701,340
Contributions in relation to the contractually required contribution		<u>1,005,318</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>
Covered payroll	\$	5,777,688	5,182,264	5,362,767	5,319,055	5,082,108	4,792,014	4,657,646	4,452,949
Contributions as a percentage of covered payroll		17.40%	17.40%	17.40%	16.13%	15.75%	15.75%	15.75%	15.75%

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

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

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

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2022
UNAUDITED

BUDGETARY COMPARISON SCHEDULES

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

Governmental Fund Type	General Fund	Economic Development and Tourism	General Bond and Interest Fund	Baxter Bond Fund	Public Improvement Bond Fund	Economic Development Revolving Fund	Animal Shelter Fund	American Rescue Plan Fund
Budget (Cash Basis)	\$ 628,815	120,183	(183,846)	(1,423)	985,412	(40,660)	(923,218)	1,200,255
Increase (Decrease)								
Net adjustments for revenue accruals	(76,781)	38,824	(66,016)		(1,851,342)			(1,179,698)
Net adjustments for expenditure accruals	(134,348)	37,070			(777,808)		(61,692)	
Net Change in Fund Balance - GAAP Basis	\$ 417,686	196,077	(249,862)	(1,423)	(1,643,738)	(40,660)	(984,910)	20,557

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

No funds with actual expenditures over budgeted amounts were identified.

E. Unbudgeted Funds.

There were no unbudgeted funds for the fiscal year ended September 30, 2022.

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2022
UNAUDITED

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

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

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

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

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

2019

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

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

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

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

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2022
UNAUDITED

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

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

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

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

2021

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

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

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

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

Contingent Annuitant Table with the following adjustments:

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

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.

CITY OF CLEVELAND, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2022
UNAUDITED

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, 2019, valuation for the June 30, 2021, 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	27.7 years
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 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, 2022

Federal Agency/ Pass-Through Entity/ Program Title or Cluster	Federal Assistance Listing Number	Federal Agency/ Pass-through Entity Identifying Number	Federal Expenditures
U. S. Department of Commerce			
Direct Programs:			
Economic Adjustment Assistance	11.307	N/A	83,339
Total U. S. Department of Commerce			83,339
U. S. Department of Housing and Urban Development			
Passed-through Mississippi Development Authority			
Community Development Block Grants/States' program and Non-Entitlement Grants in Hawaii	14.228*	1131-19-146-PF-02	* 262,248
Total U. S. Department of Housing and Urban Development			262,248
U. S. Department of Transportation			
Direct Programs:			
Airport Improvement Program and COVID-19 Airports Programs			
FAA COVID-19 Airports Programs	20.106	N/A	30,000
FAA Project 2020	20.106	3-28-0015-023-2020	52,874
FAA Project 2022	20.106	3-28-0015-027-2022	40,964
Total Airport Improvement Program			123,838
Passed-through Mississippi Department of Transportation			
Highway Planning and Construction			
Rosemary Road Improvement Project	20.205	STP-8029-00(003)LPA	41,118
MLK & Court Street Sidewalk Project	20.205	STP-0090-00(010)LPA	33,395
Total Highway Planning and Construction			74,513
Total U. S. Department of Transportation			198,351
U. S. Department of the Treasury			
Direct Programs:			
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	N/A	82,140
Total U. S. Department of the Treasury			82,140
Delta Regional Authority			
Direct Programs:			
States' Economic Development Assistance Program	90.204*	N/A	* 195,299
Total Delta Regional Authority			195,299
U.S. Department of Homeland Security			
Passed-through Mississippi Emergency Management Agency			
Hazard Mitigation Grant	97.039	HMGP 4415-0006	6,188
Total U. S. Department of Homeland Security			6,188
Total Expenditures of Federal Awards			\$ 827,565

* 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, 2022

A. Basis of Presentation

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

B. Summary of Significant Accounting Policies

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

C. Indirect Cost Rate

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

CITY OF CLEVELAND, MISSISSIPPI

OTHER INFORMATION

CITY OF CLEVELAND, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS
For the Year Ended September 30, 2022

UNAUDITED				
Name	Position	Bond Amount	Expiration Date	Surety Company
William B. Nowell	Mayor	100,000	7/1/2025	Western
Maurice Smith	Alderman Ward 1	100,000	7/1/2021	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
James Paul Janoush	Alderman Ward 5	100,000	7/1/2021	FCCI
Brian Bishop	Alderman Ward 5	100,000	7/1/2025	Western
Theodore R. Campbell	Alderman Ward 6	100,000	7/1/2021	FCCI
Gary Gainspoletti	Alderman-At-Large	100,000	7/1/2025	FCCI
Dominique Green	City Clerk	50,000	9/23/2022	FCCI
Linda Brown	Deputy City Clerk	50,000	10/1/2021	Travelers
Betha Watson	Deputy City Clerk	50,000	7/18/2022	Travelers
Michelle Arbuckle	Deputy City Clerk	50,000	11/8/2021	FCCI
Michele Lucas	Municipal Court Clerk	50,000	Indefinite	Travelers
Jodie W. Felton	Municipal Court Deputy Clerk	50,000	7/1/2022	FCCI
Charles Bingham	Chief of Police	50,000	10/10/2021	FCCI
Marilyn D. Cox	Water Department Manager	50,000	8/18/2022	Travelers
Jeffrey Clint Johnson	Airport Director	50,000	8/18/2022	FCCI
Jason Woods	Parks & Recreation Director	50,000	5/21/2022	Travelers
Greg Jackson	Fire Inspector	50,000	6/9/2022	FCCI
Kenneth Taylor	Community Development Director	50,000	2/2/2022	FCCI
Lisa Miller	Railroad Museum Director	50,000	2/27/2022	FCCI
Anna Sledge	Railroad Museum Director	50,000	Indefinite	Travelers
Jamie Gregory-Grant	Animal Shelter Director	50,000	3/16/2022	Western
Raphael Bell	Public Works Director	50,000	3/31/2022	FCCI

CITY OF CLEVELAND, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the Year Ended September 30, 2022
UNAUDITED

Description	Issue Date	Balance 09/30/21	Issued	Paid	Balance 09/30/22	Amount Due	
						Remaining	
						2023	Years
General Obligation Bonds							
General Obligation	03/01/07	\$ 100,000		100,000	-		
Public Improvement	01/26/12	140,000		140,000	-		
Public Improvement	04/15/13	285,000		140,000	145,000	145,000	-
Public Improvement	04/15/14	480,000		155,000	325,000	160,000	165,000
Public Improvement	08/01/15	610,000		145,000	465,000	150,000	315,000
Public Improvement	02/01/16	1,025,000		195,000	830,000	200,000	630,000
Public Improvement	03/02/17	1,275,000		200,000	1,075,000	205,000	870,000
Public Improvement	02/06/18	1,050,000		150,000	900,000	150,000	750,000
Public Improvement	03/01/19	1,660,000		180,000	1,480,000	185,000	1,295,000
Public Improvement	03/01/20	1,740,000		170,000	1,570,000	175,000	1,395,000
Public Improvement	03/01/21	2,000,000		180,000	1,820,000	185,000	1,635,000
Public Improvement	03/01/22	-	1,700,000		1,700,000	125,000	1,575,000
Total General Obligation Bonds		10,365,000	1,700,000	1,755,000	10,310,000	1,680,000	8,630,000
Special Obligation Bonds							
Utility Bond	07/01/20	1,825,000		180,000	1,645,000	185,000	1,460,000
Tax Increment Financing	06/19/20	1,831,685		62,106	1,769,579	66,143	1,703,436
Tax Increment Financing	12/01/21	-	1,200,000		1,200,000	65,000	1,135,000
Utility Bond	03/01/22	-	600,000		600,000	60,000	540,000
Total Special Obligation Bonds		3,656,685	1,800,000	242,106	5,214,579	376,143	4,838,436
Other Loans							
State of Mississippi (MDEQ #1)	08/01/03	196,665		111,642	85,023	85,023	-
State of Mississippi (MDEQ #2)	09/25/03	272,625		89,290	183,335	90,865	92,470
State of Mississippi (MDEQ #3)	04/21/06	309,750		69,119	240,631	70,514	170,117
State of Mississippi (MDEQ #4)	10/14/05	561,333		94,871	466,462	97,270	369,192
State of Mississippi (MDEQ #5)	08/25/06	521,236		64,843	456,393	65,987	390,406
State of Mississippi (MDEQ #6)	02/10/17	5,652,414		291,326	5,361,088	296,465	5,064,623
State of Mississippi (MDEQ #7)	10/01/21		2,185,425		2,185,425		2,185,425
Total Other Loans		7,514,023	2,185,425	721,091	8,978,357	706,124	8,272,233
Capital Leases							
Street Sweeper	12/01/18	125,187		48,766	76,421	50,500	25,921
Police Vehicles	12/01/18	30,848		24,578	6,270	6,270	-
Animal Shelter Van	12/01/18	7,861		6,263	1,598	1,598	-
Dodge Durango	02/05/21	23,798		6,721	17,077	6,916	10,161
Equipment Lease	09/15/21		225,498	54,800	170,698	55,785	114,913
Equipment Lease	06/10/22		214,506	17,132	197,374	52,191	145,183
Nissan Frontier	06/10/22		24,490	1,956	22,534	5,959	16,575
Siemens Public, Inc.	09/21/12	2,189,675			2,189,675		2,189,675
Total Capital Leases		2,377,369	464,494	160,216	2,681,647	179,219	2,502,428
Other							
Compensated Absences		188,393	11,341		199,734		
Total Long Term Debt		\$ 24,101,470	6,161,260	2,878,413	27,384,317	2,941,486	24,243,097

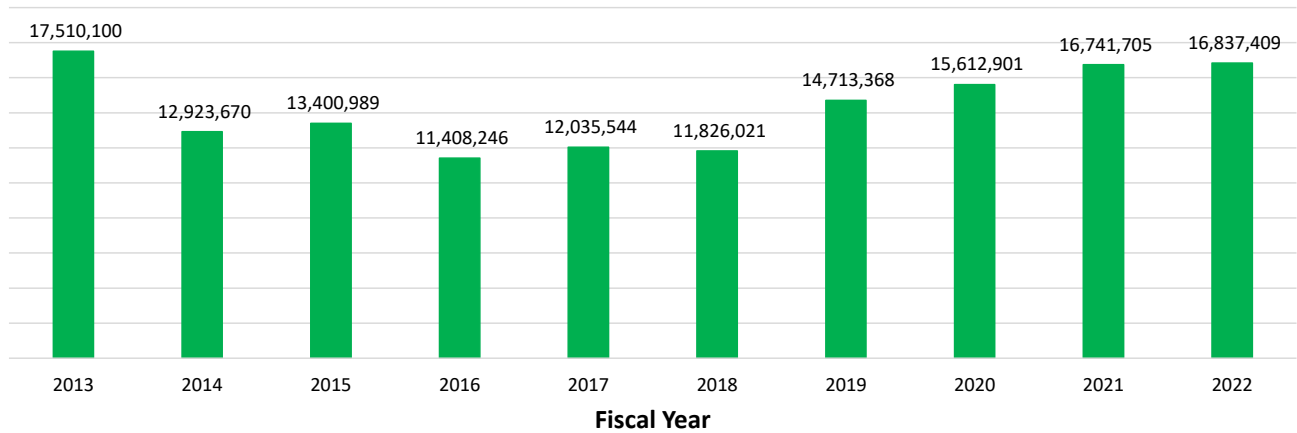
CITY OF CLEVELAND, MISSISSIPPI

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
2013	3,639,795	787,222	10,361,838	2,077,427	63,957	579,861	17,510,100
2014	3,616,307	851,674	5,470,529	2,071,062	65,761	848,337	12,923,670
2015	3,776,839	699,309	6,095,298	2,072,728	71,447	685,368	13,400,989
2016	3,831,742	617,105	5,737,746	835,082	77,200	309,371	11,408,246
2017	4,237,451	618,293	5,998,010	818,452	75,830	287,508	12,035,544
2018	4,202,827	649,618	5,721,089	830,251	71,544	350,692	11,826,021
2019	4,803,213	593,345	6,408,369	892,468	74,551	1,941,422	14,713,368
2020	5,155,750	547,247	8,504,651	758,566	74,240	572,447	15,612,901
2021	5,398,522	765,255	9,041,119	787,571	72,312	676,926	16,741,705
2022	5,907,394	546,432	9,593,110	219,455	65,238	505,780	16,837,409
Total	\$ 44,569,840	6,675,500	72,931,759	11,363,062	712,080	6,757,712	143,009,953

Total Revenues

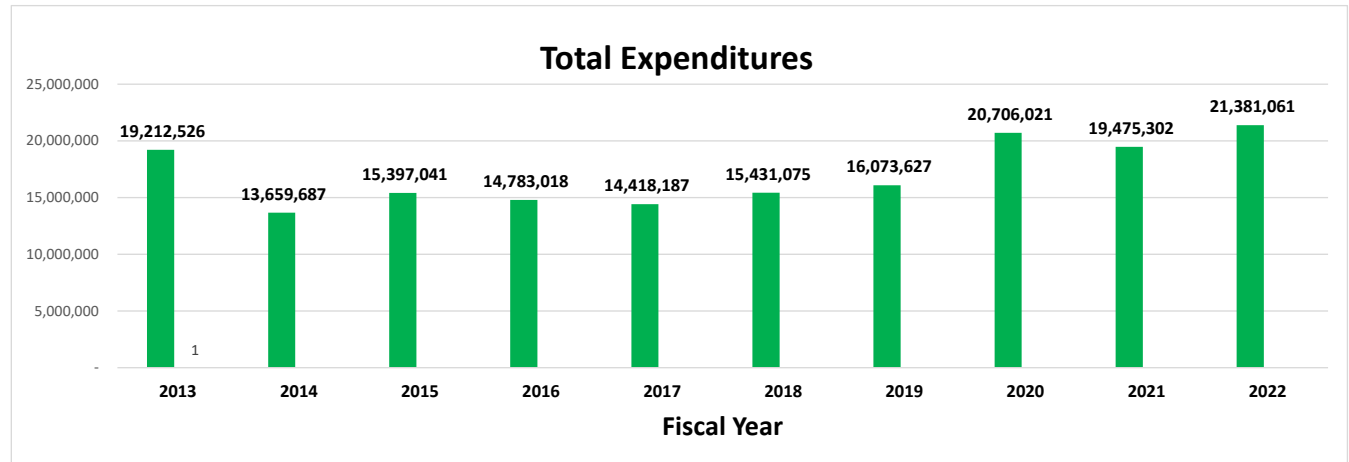


Percentage Change Year over Year

2014	-0.65%	8.19%	-47.21%	-0.31%	2.82%	46.30%	-26.19%
2015	4.44%	-17.89%	11.42%	0.08%	8.65%	-19.21%	3.69%
2016	1.45%	-11.76%	-5.87%	-59.71%	8.05%	-54.86%	-14.87%
2017	10.59%	0.19%	4.54%	-1.99%	-1.77%	-7.07%	5.50%
2018	-0.82%	5.07%	-4.62%	1.44%	-5.65%	21.98%	-1.74%
2019	14.29%	-8.66%	12.01%	7.49%	4.20%	453.60%	24.42%
2020	7.34%	-7.77%	32.71%	-15.00%	-0.42%	-70.51%	6.11%
2021	4.71%	39.84%	6.31%	3.82%	-2.60%	18.25%	7.23%
2022	9.43%	-28.59%	6.11%	-72.14%	-9.78%	-25.28%	0.57%

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 Sanitation	Culture and Recreation	Economic Development	Capital Projects	Debt Service	Total Expenditures
2013	1,321,087	4,304,466	1,022,361	2,242,434	1,580,199	883,663	578,485	5,922,445	1,357,386	19,212,526
2014	1,359,258	4,500,937	1,275,236	1,186,603	1,570,646	839,559	735,750	797,409	1,394,289	13,659,687
2015	1,412,720	4,136,760	1,326,127	1,603,993	1,580,391	786,258	2,345,934	817,882	1,386,976	15,397,041
2016	1,933,730	4,558,367	3,014,995	1,236,959	650,108	808,905	1,153,562	34,915	1,391,477	14,783,018
2017	1,808,925	4,786,186	979,040	1,344,687	609,391	882,943	1,188,420	1,344,154	1,474,441	14,418,187
2018	1,858,766	4,354,336	1,313,977	1,850,292	583,445	746,230	1,053,372	2,124,948	1,545,709	15,431,075
2019	1,933,286	4,271,589	2,053,517	1,752,190	763,852	981,332	1,391,716	1,756,797	1,169,348	16,073,627
2020	1,969,420	4,328,654	1,529,653	1,500,891	766,236	972,392	2,890,974	4,827,893	1,919,908	20,706,021
2021	3,032,476	4,990,001	3,410,359	1,363,046	1,137,723	1,773,684	1,634,358		2,133,655	19,475,302
2022	2,404,953	5,434,588	2,451,978	2,846,892	1,367,711	1,279,353	3,223,087		2,372,499	21,381,061
Total	\$ 19,034,621	45,665,884	18,377,243	16,927,987	10,609,702	9,954,319	16,195,658	17,626,443	13,773,189	92,901,534



	Percentage Change Year over Year									
2014	2.89%	4.56%	24.73%	-47.08%	-0.60%	-4.99%	27.19%	-86.54%	2.72%	-28.90%
2015	3.93%	-8.09%	3.99%	35.18%	0.62%	-6.35%	218.85%	2.57%	-0.52%	12.72%
2016	36.88%	10.19%	127.35%	-22.88%	-58.86%	2.88%	-50.83%	-95.73%	0.32%	-3.99%
2017	-6.45%	5.00%	-67.53%	8.71%	-6.26%	9.15%	3.02%	3749.79%	5.96%	-2.47%
2018	2.76%	-9.02%	34.21%	37.60%	-4.26%	-15.48%	-11.36%	58.09%	4.83%	7.03%
2019	4.01%	-1.90%	56.28%	-5.30%	30.92%	31.51%	32.12%	-17.33%	-24.35%	4.16%
2020	1.87%	1.34%	-25.51%	-14.34%	0.31%	-0.91%	107.73%	174.81%	64.19%	28.82%
2021	53.98%	15.28%	122.95%	-9.18%	48.48%	82.40%	-43.47%	-100.00%	11.13%	-5.94%
2022	-20.69%	8.91%	-28.10%	108.86%	20.21%	-27.87%	97.21%		11.19%	9.79%

CITY OF CLEVELAND, MISSISSIPPI
COMPUTATION OF LEGAL DEBT MARGIN
For the Year Ended September 30, 2022
UNAUDITED

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

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

<u>Description</u>	<u>Total Outstanding G/O Debt</u>	<u>Bonds/Notes Subject To 15% Limitation</u>	<u>Bonds/Notes Subject To 20% Limitation</u>
<u>OUTSTANDING GENERAL OBLIGATION DEBT:</u>			
Public Improvement	\$ 145,000	145,000	145,000
Public Improvement	325,000	325,000	325,000
Public Improvement	465,000	465,000	465,000
Public Improvement	830,000	830,000	830,000
Public Improvement	1,075,000	1,075,000	1,075,000
Public Improvement	900,000	900,000	900,000
Public Improvement	1,480,000	1,480,000	1,480,000
Public Improvement	1,570,000	1,570,000	1,570,000
Public Improvement	1,820,000	1,820,000	1,820,000
Public Improvement	1,700,000	1,700,000	1,700,000
Total Outstanding General Obligation Debt	<u>\$ 10,310,000</u>	<u>10,310,000</u>	<u>10,310,000</u>
<u>AUTHORIZED DEBT LIMIT:</u>			
Assessed Value for the fiscal year ended September 30, 2022	\$ 120,755,994	\$ 18,113,399	24,151,199
Present Debt			
(Subject to 15% and 20% Limitation, respectively)		<u>10,310,000</u>	<u>10,310,000</u>
Margin for Further Indebtedness			
(Under 15% and 20% Limitation, respectively)		<u>\$ 7,803,399</u>	<u>13,841,199</u>

CITY OF CLEVELAND, MISSISSIPPI

SPECIAL REPORTS

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PRIVATE COMPANIES PRACTICE SECTION

**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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 21, 2023.

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 July 21, 2023, 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

July 21, 2023

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

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

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, 2022. 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, 2022.

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

Bridgers, Goodman, Baird & Clarke, PLLC

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Vicksburg, Mississippi
July 21, 2023

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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, 2022, which collectively comprise the City of Cleveland, Mississippi's basic financial statements and have issued our report thereon dated July 21, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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

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

2022-001.	<u>Public Officials Should Ensure Compliance with State Law over Rehiring PERS Retirees.</u>
Repeat Finding	Yes; 2021
Criteria	<p><i>Section 25-11-127, Mississippi Code Annotated (1972), states, "No person who is being paid a retirement allowance or a pension after retirement under this article shall be employed or paid for any service by the State of Mississippi, including services as an employee, contract worker, contractual employee or independent contractor, until the retired person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement. After the person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement or such later date as established by the board, he or she may be reemployed while being paid a retirement allowance under the terms and conditions provided in this section....</i></p> <p>4) The provisions of this section shall not be construed to prohibit any retiree, regardless of age, from being employed and drawing a retirement allowance either:</p> <p>(a) For a period of time not to exceed one-half (½) of the normal working days for the position in any fiscal year during which the retiree will receive no more than one-half (½) of the salary in effect for the position at the time of employment, or</p> <p>(b) For a period of time in any fiscal year sufficient in length to permit a retiree to earn not in excess of twenty-five percent (25%) of retiree's average compensation.</p>

To determine the normal working days for a position under paragraph (a) of this subsection, the employer shall determine the required number of working days for the position on a full-time basis and the equivalent number of hours representing the full-time position. The retiree then may work up to one-half (½) of the required number of working days or up to one-half (½) of the equivalent number of hours and receive up to one-half (½) of the salary for the position. In the case of employment with multiple employers, the limitation shall equal one-half (½) of the number of days or hours for a single full-time position.

Notice shall be given in writing to the executive director, setting forth the facts upon which the employment is being made, and the notice shall be given within five (5) days from the date of employment and also from the date of termination of the employment. *[Note: This notice is provided on PERS Form 4B and must be executed annually and sent to PERS]*

(6) (a) A member may retire and continue in municipal or county elective office provided that the member has reached the age and/or service requirement that will not result in a prohibited in-service distribution as defined by the Internal Revenue Service, or a retiree may be elected to a municipal or county office, provided that the person:

(i) Files annually, in writing, in the office of the employer and the office of the executive director of the system before the person takes office or as soon as possible after retirement, a waiver of all salary or compensation and elects to receive in lieu of that salary or compensation a retirement allowance as provided in this section, in which event no salary or compensation shall thereafter be due or payable for those services; however, any such officer or employee may receive, in addition to the retirement allowance, office expense allowance, mileage or travel expense authorized by any statute of the State of Mississippi; or

(ii) Elects to receive compensation for that elective office in an amount not to exceed twenty-five percent (25%) of the retiree's average compensation. In order to receive compensation as allowed in this subparagraph, the retiree shall file annually, in writing, in the office of the employer and the office of the executive director of the system, an election to receive, in addition to a retirement allowance, compensation as allowed in this subparagraph. *[Note: This notice is provided on PERS Form 9C and must be executed annually and sent to PERS]*

(b) The municipality or county in which the retired person holds elective office shall pay to the board the amount of the employer's contributions on the full amount of the regular compensation for the elective office that the retired person holds.

Condition

During the course of our audit, we noted the following:

- One PERS form was executed improperly showing different wages to be earned than were paid.

Cause

The City did not comply with Section 25-11-127, Mississippi Code Annotated (1972) in that it failed to ensure proper execution of required documents, and proper reporting of wages to PERS.

Effect

The failure to comply with the reemployment conditions as reported in the statutes and on PERS Forms 4B and 9C could jeopardize the provisions for reemployment.

Recommendation	The City should accurately complete and file PERS Forms 4Bs and 9Cs for all re-hired retirees and/or retired officials and ensure that the statutory conditions for reemployment are met including the proper reporting of wages to PERS.
Response	I have met with the payroll coordinator responsible for submitting these reports and reviewed the payroll reports used to compile the data. It is now mandatory to have this report reviewed prior to submission. I feel the review process will reduce the chance for future errors.
2022-002	<u>Public Officials should ensure compliance with state law over surety bonding requirements.</u>
Repeat Finding	Yes; 2021
Criteria	<p><i>Section 25-1-15, Mississippi Code Annotated (1972), states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee."</i></p> <p><i>Section 21-15-23, Mississippi Code Annotated (1972), states, "Every deputy city clerk, before entering upon the duties of his office, shall take and subscribe the same oath required of the city clerk. The appointment of said deputy city clerk, with the certificate of the oath, shall be filed and preserved in the office of the clerk of the governing authorities of such city. Such deputy city clerk shall give bond, with sufficient surety, to be payable, conditioned, and approved as provided by law, in an amount to be determined by the governing authority (which shall be not less than Fifty Thousand Dollars (\$50,000.00))."</i></p> <p><i>Section 21-15-38, Mississippi Code Annotated (1972), states, "Before any person appointed to the position of municipal clerk, city manager, municipal administrator or municipal chief administrative officer enters upon the discharge of his duties, he shall give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in an amount to be determined by the municipal governing authority (which shall not be less than Fifty Thousand Dollars (\$50,000.00))."</i></p>
Condition	<p>During the course of our testing we noted the following instances of non-compliance:</p> <ul style="list-style-type: none"> • Three (3) instances of individuals with a continuation certificate only • Two (2) instances of individuals with indefinite bonds • Four (4) instances of individuals without coverage for the entire period
Cause	Public Officials have insufficient control over the requirements for bonding officials and employees.
Effect	Failure to have a bond in place for a specific term could limit the amount available for recovery if a loss occurred over multiple terms, as well as the current terms.
Recommendation	We recommend the City implement procedures to ensure that City officials' and employees' bonds meet the requirements of State Laws.
Response	I have notified our insurance agent of this finding to let them know that continuation certificates are not acceptable. In addition, I have alerted the team here at City Hall to monitor the Surety Bond renewals upon receipt to ensure the proper bonding

requirements are met. I have also set up folders for each fiscal year to maintain the bonds electronically upon receipt.

2022-003	<u>Public Officials Should Ensure Compliance over its Adopted Central Purchasing System</u>
Repeat Finding	Yes, 2020, 2021
Criteria	The City is responsible for establishing and maintaining an effective system of internal control over purchases. An effective system would include a purchase requisition, purchase order and an invoice in chronological order.
Condition	During the course of our audit we noted the following instances: <ul style="list-style-type: none">• One (1) instance where the invoice was dated prior to the purchasing documents.
Cause	Purchases were made prior to the filing and approval of the necessary purchase requisitions and purchase orders.
Effect	A lack of controls over purchasing could result in the misappropriation of public funds.
Recommendation	The City should ensure compliance with its adopted purchasing system by verifying that all appropriate purchase documents have been properly completed before any purchases are made by any departments or employees.
Response	We continuously stress the importance of maintaining compliance with our purchasing system guidelines as well as following state purchase laws. We will continue to do so through our annual purchasing training, monthly department head meetings, as well as addressing issues or questions we may encounter via email as needed.

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

July 21, 2023

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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, 2022, we considered the City of Cleveland, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to the City of Cleveland, Mississippi's financial reporting, we have performed some additional limited internal control and compliance tests. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated July 21, 2023 on the financial statements of the City of Cleveland, Mississippi.

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

Purpose of this Report

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

Bridgers, Goodman, Baird & Clarke, PLLC

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

July 21, 2023

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, 2022

Section 1: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Internal control over major federal programs: | |
| a. | Material weakness identified? | No |
| b. | Significant deficiency identified? | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. | Any audit findings disclosed that are required to be reported in accordance With 2 CFR 200.516(a)? | No |
| 7. | Identification of major federal programs:

Assistance Listing Number, 14.228, Community Development Block Grants/
State's program and Non-Entitlement Grants in Hawaii
Assistance Listing Number, 90.204, States' Economic Development
Assistance Program | |
| 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.