CITY OF CLEVELAND, GEORGIA

FINANCIAL STATEMENTS

For The fiscal year ended June 30, 2023

WALKER, PIERCE & TUCK, CPA'S, PC

CITY OF CLEVELAND, GEORGIA
FISCAL YEAR ENDED JUNE 30, 2023
TABLE OF CONTENTS

FINANCIAL SECTION

Independent Auditor's Report 1-2

Basic Financial Statements
- Government-Wide Financial Statements
  - Statement of Net Position 3
  - Statement of Activities 4
- Fund Financial Statements
  - Governmental Fund Financial Statements
    - Balance Sheet 5
    - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 6
    - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 7
    - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 8
  - Proprietary Fund Financial Statements
    - Statement of Net Position 9
    - Statement of Reenues, Expenses, and Changes in Net Position 10
    - Statement of Cash Flows 11
- Notes to Financial Statements 12-29

Required Supplementary Information (other than MD&A)
- Budgetary Comparison Schedules
  - General Fund 30
  - ARPA Fund 31
  - Notes to Required Supplementary Information on Budgetary Accounting and Control 32
- Defined Benefit Retirement Plan
  - Schedule of Net Position Liability and Related Ratios 33
  - Schedule of Contributions 34

Combining and Individual Fund Statements
- Combining Balance Sheet - Nonmajor Governmental Funds 35
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds 36

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Mattters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards 37

Schedule of Special Purpose Local Option Sales Tax Estimated Cost and Expenditure Summary 38

Walker Pierce & Tuck
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

INDEPENDENT AUDITOR'S REPORT

City of Cleveland Council
Cleveland, Georgia

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, Georgia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Cleveland, Georgia's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Cleveland, Georgia'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 Statements

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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

770.534.8597 TEL | 770.534.9069 FAX | P.O. Box 385 Gainesville, Georgia 30503 www.wptcpa.com

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

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statement 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. Our opinion on the basic financial statements is not affected by this missing information. However, the budgetary comparison information, schedules of changes in net pension liability and contributions on pages 30-34 are presented to supplement the basic financials statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 City of Cleveland, Georgia's basic financial statements. The accompanying combining and individual fund financial statements and Schedule of Expenditures of Special Purpose Local Option Sales Tax, as required by O.C.G.A. 48-8-121 as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Special Purpose Local Sales Tax is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the Schedule of Expenditures of Special Purpose Local Sales Tax is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2024, on our consideration of the City of Cleveland, Georgia'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, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Cleveland, Georgia's internal control over financial reporting and compliance.

Walker, Pierce & Tuck, CPA's P.C.

Gainesville, GEORGIA
March 11,2024

CITY OF CLEVELAND, GEORGIA

Statement of Net Position

June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 6,003,095	$ 2,491,331	$ 8,494,426
Restricted assets	-	997,873	997,873
Accounts receivables (net)	241,203	252,516	493,719
Intergovernmental receivable	283,178	-	283,178
Accrued revenue	-	104,654	104,654
Prepaid expenditures	38,098	14,252	52,350
Interfund balances	871,300	(871,300)	-
Total Current Assets	7,436,874	2,989,326	10,426,200
Noncurrent Assets			
Capital assets			
Nondepreciable	870,359	1,315,732	2,186,091
Depreciable, net	1,934,919	10,712,272	12,647,191
Total Noncurrent Assets	2,805,278	12,028,004	14,833,282
Total Assets	10,242,152	15,017,330	25,259,482
Deferred Outflows of Resources	620,964	109,584	730,548
Total Assets and Deferred Outflows of Resources	10,863,116	15,126,914	25,990,030
Liabilities			
Current Liabilities			
Accounts payable	292,056	6,216	298,272
Accrued expenses	33,101	12,130	45,231
Retainage payable	-	10,717	10,717
Amounts held in trust	2,751	223,572	226,323
Notes payable	-	92,692	92,692
Unearned revenue	1,555,359	-	1,555,359
Total Current Liabilties	1,883,267	345,327	2,228,594
Long-term Liabilities			
Net pension liability	774,432	136,663	911,095
Notes payable	-	1,472,619	1,472,619
Compensated absences	135,341	103,372	238,713
Total Long-term Liabilities	909,773	1,712,654	2,622,427
Total Liabilities	2,793,040	2,057,981	4,851,021
Deferred Inflows of Resources	29,134	5,141	34,275
Total Liabilities and Deferred Inflows of Resources	2,822,174	2,063,122	4,885,296
Net Position			
Net Investment in Capital Assets	2,805,278	10,462,693	13,267,971
Restricted for:			
Capital projects	3,986,085	-	3,986,085
Tourism	54,244		54,244
Public Safety	2,170		2,170
Unrestricted	1,193,165	2,601,099	3,794,264
Total Net Position	$ 8,040,942	$ 13,063,792	$ 21,104,734

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

CITY OF CLEVELAND, GEORGIA

Statement of Activities

For the Year Ended

June 30, 2023

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position - Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	$ 1,488,953	$ 514,429	$ 23,914	$ 1,619,554	$ 668,944		$ 668,944
Public safety	2,320,798	135,259	47,370	-	(2,138,169)		(2,138,169)
Public works	501,822	-	55,274	-	(446,548)		(446,548)
Recreation and culture	19,495	-	-	-	(19,495)		(19,495)
Housing and development	27,613	-	-	-	(27,613)		(27,613)
Total Governmental Activities	4,358,681	649,688	126,558	1,619,554	(1,962,881)	-	(1,962,881)
Business-type Activities:							
Water and sewer	2,759,764	2,468,908	-	-		(290,856)	(290,856)
Total Business-type activities	2,759,764	2,468,908	-	-	-	(290,856)	(290,856)
Total Primary Government	$ 7,118,445	$ 3,118,596	$ 126,558	$ 1,619,554	$ (1,962,881)	$ (290,856)	$ (2,253,737)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					686,489		686,489
Franchise fees					274,590		274,590
Sales Tax					1,532,687		1,532,687
Excise taxes					198,318		198,318
Business tax					408,068		408,068
Hotel/Motel tax					37,091		37,091
Interest and investment earnings					60,614	75,590	136,204
Miscellaneous					30,723	29,246	59,969
Gain (loss) on disposition of assets					87,631	-	87,631
Transfers					(74,169)	74,169	-
Total General Revenues and Transfers					3,242,042	179,005	3,421,047
Change in Net Position					1,279,161	(111,851)	1,167,310
Net Position Beginning of Year					6,761,781	13,175,643	19,937,424
Ending Net Position					$ 8,040,942	$ 13,063,792	$ 21,104,734

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

CITY OF CLEVELAND, GEORGIA

Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Capital Projects Fund	ARPA Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 185,140	$ 4,163,236	$ 1,596,494	$ 58,225	$ 6,003,095
Intergovernmental receivable	146,337	136,841	-	-	283,178
Receivables (net)	237,979	-	-	3,224	241,203
Prepaid expenditures	38,098	-	-	-	38,098
Due from other funds	1,200,247	10,781	-	-	1,211,028
Total Assets	1,807,801	4,310,858	1,596,494	61,449	7,776,602
Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 1,807,801	$ 4,310,858	$ 1,596,494	$ 61,449	$ 7,776,602
Liabilities					
Accounts payable	$ 291,212	$ -	$ -	$ 844	$ 292,056
Accrued expenses	33,101	-	-	-	33,101
Due to other funds	10,764	324,773	-	4,191	339,728
Unearned revenue	-	-	1,555,359	-	1,555,359
Amounts held in trust	2,751	-	-	-	2,751
Total Liabilities	337,828	324,773	1,555,359	5,035	2,222,995
Deferred Inflows of Resources	180,984	-	-	-	180,984
Total Liabilities and Deferred Inflows of Resources	518,812	324,773	1,555,359	5,035	2,403,979
Fund Balances					
Nonspendable					
Prepaid expenditures	38,098	-	-	-	38,098
Restricted for					
Capital projects	-	3,986,085	-	-	3,986,085
Public safety	-	-	41,135	2,170	43,305
Tourism	-	-	-	54,244	54,244
Unassigned	1,250,891	-	-	-	1,250,891
Total Fund Balances	1,288,989	3,986,085	41,135	56,414	5,372,623
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,807,801	$ 4,310,858	$ 1,596,494	$ 61,449	$ 7,776,602

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

CITY OF CLEVELAND, GEORGIA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2023

Total Governmental Fund Balances		$ 5,372,623
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	$ 5,545,674	
Less: Accumulated depreciation	(2,740,396)	
Total capital assets		2,805,278
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Accrued compensated absences not reported in governmental funds		(135,341)
Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		180,984
Pension items not included in fund financial statements.		
Deferred outflows of resources		620,964
Deferred inflows of resources		(29,134)
Net pension liability		(774,432)
Net Position of Governmental Activities		$ 8,040,942

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

CITY OF CLEVELAND, GEORGIA

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2023

	General Fund	Capital Projects Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property tax	$ 685,400	$ -	$ -	$ -	$ 685,400
Sales tax	1,532,687	-	-	-	1,532,687
Business tax	408,068	-	-	-	408,068
Franchise tax	274,590	-	-	-	274,590
Excise tax	198,318	-	-	-	198,318
Hotel/Motel tax	-	-	-	37,091	37,091
Intergovernmental	126,558	1,619,554	-	-	1,746,112
Licenses and permits	104,966	-	-	-	104,966
Fines and forfeitures	103,690	-	-	-	103,690
Charges for services	410,629	-	-	-	410,629
Interest	18,160	-	41,135	1,319	60,614
Miscellaneous	30,723	-	-	-	30,723
Total Revenue	3,893,789	1,619,554	41,135	38,410	5,592,888
Expenditures					
Current:					
General Government	1,382,619	-	-	-	1,382,619
Public safety	2,183,009	3,226	-	-	2,186,235
Public works	420,768	-	-	-	420,768
Recreation and culture	11,730	-	-	-	11,730
Housing and development	-	-	-	27,613	27,613
Capital outlay		180,832	-	-	180,832
Total Expenditures	3,998,126	184,058	-	27,613	4,209,797
Excess (Deficiency) of Revenues Over (Under) Expenditures	(104,337)	1,435,496	41,135	10,797	1,383,091
Other Financing Sources (Uses)					
Transfers in	182,566	-	-	-	182,566
Transfers out	(165,400)	(82,469)	-	(8,866)	(256,735)
Proceeds from sale of assets	87,631	-	-	-	87,631
Total Other Financing Sources (Uses)	104,797	(82,469)	-	(8,866)	13,462
Net Change in Fund Balances	460	1,353,027	41,135	1,931	1,396,553
Fund Balances Beginning of Year	1,288,529	2,633,058	-	54,483	3,976,070
Fund Balances End of Year	$ 1,288,989	$ 3,986,085	$ 41,135	$ 56,414	5,372,623

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

CITY OF CLEVELAND, GEORGIA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2023

Net Changes in Fund Balances - Total Governmental Funds		$ 1,396,553
Amounts reported as governmental activities in the Statement of Activities are different from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance because:		
Capital outlay	$ 180,832	
Less: Current year depreciation	(241,686)	
		(60,854)
In the statement of activities, only the gin/loss on the sale of various fixed asset is reported, whereas in the government funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book vaue of the equipment sold.		
Net book value of fixed assts sold		-
Net pension liability is not available during the current period and therefore is not reported in the funds.		
End of Year	(774,432)	
Beginning of Year	348,196	
		(426,236)
Contibutions made after pension measurement dae, changes in assumptions, and differences in expected and actual results of the defined benefit pension plan are reported as deferred outflows and not reported in the funds.		
End of Year	620,964	
Beginning of Year	(477,049)	
		143,915
Deferred inflows of resources related to pensions are applicable to future periods and therefore are not reported in the funds.		
End of Year	(29,134)	
Beginning of Year	217,328	
		188,194
Compensated absences are reported in the Statement of Activities, but do not require the use of current financial resources and thereforeare not reported as expenditures in the governmental funds.		
End of Year	(135,341)	
Beginning of Year	141,438	
		6,097
Because some revenues will not be collected for several months after the City's fiscal year end, they are considered "available" revenues and are deferred in the governmental funds.		
End of Year	180,984	
Beginning of Year	(149,492)	
		31,492
Change in Net Position of Governmental Activities		$ 1,279,161

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

CITY OF CLEVELAND, GEORGIA
Statement of Net Position
Proprietary Fund
June 30, 2023

	Water and Sewer Fund
Current Assets	
Cash and cash equivalents	$ 2,491,331
Restricted cash and cash equivalents	997,873
Accounts receivable (net)	252,516
Prepaid expenses	14,252
Accrued revenue	104,654
Total Current Assets	3,860,626
Noncurrent Assets	
Capital assets	
Non-depreciable	1,315,732
Depreciable, net	10,712,272
Total Noncurrent Assets	12,028,004
Total Assets	15,888,630
Deferred Outflows of Resources	109,584
Total Assets and Deferred Outflows of Resources	15,998,214
Liabilities	
Current Liabilities	
Accounts payable	6,216
Accrued expenses	12,130
Retainage Payable	10,717
Due to other funds	871,300
Notes payable	92,692
Total Current Liabilities	993,055
Long-term Liabilities	
Net pension liability	136,663
Compensated absences	103,372
Customer deposits	223,572
Notes payable	1,472,619
Total Long-term Liabilities	1,936,226
Total Liabilities	2,929,281
Deferred Inflows of Resources	5,141
Total Liabilities and Deferred Inflows of Resources	2,934,422
Net Position	
Net investment in capital assets	10,462,693
Unrestricted	2,601,099
Total Net Position	$ 13,063,792

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

CITY OF CLEVELAND, GEORGIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2023

	Water and Sewer
Operating Revenue	
Charges for services	$ 2,468,908
Miscellaneous income	29,246
Total Operating Revenue	2,498,154
Operating Expenses	
Personnel services:	
Salaries and wages	723,218
Employment Taxes	58,499
Benefits	94,659
Total Personnel Services	876,376
Purchased / contracted services:	
Professional and technical	18,726
Other purchased services	15,017
Total Purchased / contracted services	33,743
Other operating expenses:	
Purchased water	411,421
Supplies	301,551
Insurance	189,264
Repairs and maintenance	140,825
Utilities	230,567
Engineering, lab fees and training	21,582
Depreciation	483,548
Miscellaneous	40,138
Total Other Operating Expenses	1,818,896
Total Operating Expenses	2,729,015
Operating Income (Loss)	(230,861)
Nonoperating Revenues (Expenses)	
Interest income	75,590
Interest expense	(30,749)
Total Nonoperating Revenues and (Expenses)	44,841
Income (Loss) Before Contributions and Transfers	(186,020)
Capital contributions	-
Transfer in	247,869
Transfer (out)	(173,700)
Change in Net Position	(111,851)
Net Position Beginning of Year	13,175,643
Net Position End of Year	$ 13,063,792

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

CITY OF CLEVELAND, GEORGIA
Statement of Cash Flows
Proprietary Fund
For The Year Ended June 30, 2023

Cash flows from operating activities:		
Receipts from customers	$	2,402,844
Payments to suppliers		(683,018)
Payments to employees		(896,963)
Net cash provided (used) by operating activities		822,863
Cash flows from noncapital financing activities:		
Transfer to other funds		(173,700)
Net cash provided (used) by noncapital financing activities		(173,700)
Cash flows from capital and related financing activities:		
Transfer from other funds for capital related items		247,869
Capital contributions		-
Acquisition and construction of capital assets		(10,781)
Note payable debt proceeds		-
Debt payments, principal and interest		(117,542)
Net cash provided (used) by capital and related financing activities		119,546
Cash flows from investing activities:		
Interest income		75,590
Net cash provided (used) by investing activities		75,590
Net increase (decrease) in cash and cash equivalents		844,299
Cash and cash equivalents, June 30, 2022		2,644,905
Cash and cash equivalents, June 30, 2023	$	3,489,204
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$	(230,861)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation		483,548
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable		(66,577)
(Increase) decrease in prepaid expenses		(1,765)
(Increase) decrease in accrued revenue		(17,499)
(Increase) decrease in due from other funds		(20,626)
(Increase) decrease in deferred outflows of resources		(25,397)
Increase (decrease) in accounts payable		(194,088)
Increase (decrease) in accrued expenses		3,518
Increase (decrease) in compensated absences		(40,715)
Increase (decrease) in deferred revenue		-
Increase (decrease) in due to other funds		881,926
Increase (decrease) in deferred inflows of resources		(33,211)
Increase (decrease) in customer deposits		9,392
Increase (decrease) in net pension liability		75,218
Net cash provided (used) by operating activities	$	822,863

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Cleveland, Georgia, have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and Accounting Principles Board (APB) opinions, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The more significant of the government's accounting policies are described below.

1-A The Reporting Entity

The City of Cleveland, Georgia is a municipal corporation governed by an elected mayor and a four-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are for financial reporting purposes, part of a primary government.

The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

Discretely Presented Component Units. The Downtown Development Authority is governed by a separate board and is a separate legal, public body corporate and politic created and existing under instrumentality of the City of Cleveland, Georgia for the purpose of revitalizing and developing the central business district of Cleveland, Georgia.

The Authority is currently inactive and is without assets, liabilities, revenue or expenditures. No separate statements are available.

Organizations for which a primary government is accountable because that government appoints a voting majority of the board, but is not financially accountable, are related organizations. The following entity is a related organization of the City of Cleveland, Georgia and operations are not included in this report:

Cleveland Housing Authority

Based upon GASB criteria, the following entity is not considered a component unit of the City of Cleveland, Georgia and operations are not included in this report:

Turner Creek Water Treatment Plant Management Fund

1-B Basis of Presentation and Basis of Accounting

Basis of Presentation - Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. Activity between governmental funds that are representative of lending/borrowing arrangements or interfund transfers are eliminated from the government-wide financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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.

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category-governmental and proprietary-are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund. This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects Fund. This fund accounts for *Special Purpose Local Option Sales Tax* financial resources expended for purposes approved by referendum.

ARPA Fund. This fund accounts for *American Rescue Plan* Act grant financial resources expended for purposes approved by grant agreement.

The City reports the following major proprietary fund:

Water and Sewer Fund. This fund accounts for the operations of the City's water and sewer services.

Measurement Focus - Basis of Accounting

Government-Wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the flow of economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Proprietary fund operating revenues and expenses result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues and expenses, such as subsidies, investment earnings or interest expense, result from non-exchange transactions or ancillary activities.

Receivables from and payables to external parties are reported separately and not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and adjustments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

1-C Assets, Liabilities, and Equity

Cash and Cash Equivalents

The City considers short-term liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates to be cash equivalents. Only investments with original maturities of three months or less meet this definition. The city has not formally adopted deposit and investment policies that limit the City's allowable deposits or investments.

Investments

As of June 30, 2023, the City did not have investments, nor were any authorized.

Restricted Assets

These assets are held in the capital projects and special revenue funds for specific purposes defined by statute, referendum, or grant contract and are not generally available for general government operations. In addition, restricted assets are also held in the proprietary fund and the business-type activities of the government-wide financial statements in amounts required to pay customer deposit balances.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "interfund balances" and eliminated on the Statement of Net Position.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade accounts receivable for the City of Cleveland, Georgia are shown net of an allowance for uncollectible. Trade accounts receivable in excess of ninety days comprise the trade accounts receivable allowance for uncollectible.

Property Tax Calendar

The City set its mileage rate for 2022 on August 23, 2022 at 5.056 mils. Property tax bills were mailed on September 1, 2022 and were due November 15, 2022. Penalties and interest are due on all accounts not paid by the due date. FIFA's on delinquent tax accounts could be filed on December 23, 2022. The City contracts with the White County Tax Commissioner's office to process tax bills, collect and remit tax payments. The fee for this service is $2.50 per tax bill.

Inventories and Prepaid Items

Inventories are valued at the lower of cost or market. In the governmental funds, the cost of inventory items is recorded as expenditures at the time of purchase. The City maintains no significant inventories. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at the estimated fair value of the item at the date of donation.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Public domain infrastructure	50
System infrastructure	30
Building improvements	20
Vehicles	5
Office equipment	5
Computer equipment	5

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Compensated Absences

General leave for the City includes both vacation and sick pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon termination, employees are paid full value for any accrued leave earned not to exceed the number of leave hours outlined in the employee policy manual.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable available financial resources are maintained separately and represents a reconciling item between the fund and government-wide presentations. Vested or accumulated general leave of proprietary fund is recorded as an expense and liability of those funds as the benefits accrue to employees. The balance of compensated absences is recorded as a noncurrent liability and disclosed as a long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section of 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. Currently, the City has one resource that qualifies as deferred outflows in its governmental activities. This resource is its

defined benefit pension plan. The City has one resources that qualify as deferred outflows in its proprietary funds. These resources are its defined benefit pension plan.

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 and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item that qualifies as deferred inflows in its governmental activities. This resource is its experience gains in its defined benefit pension plan.

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 and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. These items only arise under the modified accrual basis of accounting. Accordingly, the items, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and fines.

1-D Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance - Generally fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally contractually required to be maintained intact.

Restricted - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.

Assigned - Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City's finance officer to assign fund balances.

Unassigned - Fund balances are reported as unassigned at the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balances only in the general fund. Negative unassigned fund balances may be reported in all funds.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

Committed
Assigned
Unassigned

Net position - Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net positions are reported as restricted as described in the fund balance section above. All other net positions are reported as

unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

NOTE 2. CASH

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities.

The City's custodial credit risk policy is to require all banks to collateralize the City's deposits at 110% of account balances and to have a perfected security agreement supporting the collateral agreement with the bank. The City does not have foreign credit risk. At June 30, 2023, all bank deposits were insured or fully collateralized.

NOTE 3. RECEIVABLES

The following is a summary of amounts due from others at June 30, 2023:

Governmental Activities:		
Property taxes receivable - net	$	5,994
Hotel/motel taxes receivable - net		3,224
Fines receivable - net		163,733
Sanitation receivable -net		54,124
Franchise taxes receivable	$	14,128
Due from other governments - SPLOST		136,841
Due from other governments - LOST		8,343
Due from other governments - GA DOR (withholding overpayment)		137,994
Total Governmental Receivables:	$	524,381
Business-type Activities:		
Water sewer fees receivable - net	$	252,516
Total Business-type Receivables:	$	252,516

The following is a summary of the allowance for doubtful accounts for the relevant receivable accounts:

Allowance for Bad Debts:

Governmental Activities:		
Property taxes receivable	$	1
Fines receivable		70,172
Sanitation receivable		20,908
Total Governmental Allowance for Bad Debts:	$	91,081
Business-type Activities:		
Water sewer fees receivable	$	100,511
Total Business-type Allowance for Bad Debts:	$	100,511

NOTE 4. LITIGATION

The Attorneys for the City have advised that there are no known legal matters which will have a material effect on the City's financial condition. No provision has been made to provide reserves for litigation settlements.

NOTE 5. JOINT VENTURES

Under Georgia law, the City in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission and required to pay annual dues thereto. During its year ended June 30, 2023, the City paid $5,209 in such dues. Membership in the Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Regional Commissions in Georgia. The Commission Board membership includes the chief elected official of each city and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the Commission. Separate financial statements may be obtained from:

Georgia Mountains Regional Commission
1310 W. Ridge Road
Gainesville, GA 30501

NOTE 6. LONG-TERM DEBT

The City's long-term debt for governmental activities consist of compensated absences and net pension liability. The General Fund has been used to liquidate compensated absences occurring in the governmental funds.

Changes in long-term debt:

	Balance as of June 30,2022	Additions	Reductions	Balance as of June 30,2023	Due Within One Year
Governmental Activities:					
Compensated absences	$ 141,438	$ -	$ (6,097)	$ 135,341	$ -
Net pension liability	$ 348,196	426,236	-	$ 774,432	$ -
Total governmental activities	$ 489,634	$ 426,236	$ (6,097)	$ 909,773	$ -

The General Fund has been used to liquidate compensated absences occurring in the governmental funds.

The City's long-term debt for the Water Sewer Fund consisted of an intergovernmental loan from the Georgia Environmental Facilities Authority to construct the City's Truelove outfall sewer project. On July 12, 2013, the City signed a loan agreement with the Clean Water State Revolving Fund, administered by the Georgia Environmental Facilities Authority to borrow $2,100,828 to finance the costs of acquiring, constructing, and installing the environmental facilities that consist of installing gravity sewers, force mains, a 700-gpm pump station, a standby generator, and all other equipment to make it complete and appurtenant to work. Construction on the project was complete as of June 1, 2015. As of June 1, 2015, the short-term debt was replaced with permanent long- term financing. The loan carries an interest rate of 1.82% with a 20-year term at $7,269 per month.

On March 30, 2016, the City signed a loan agreement administered by the Georgia Environmental Facilities Authority to finance the Highway 129 North Sewer Project, which involves the replacement of an existing pump station with a gravity sewer line and related appurtenances. Construction on the project was completed July 2017. The loan for $478,055 is a 20 year note at 2.03% interest at $2,425 monthly installments began on September 1, 2017.

On February 20, 2021, the City signed a loan agreement administered by the Georgia Environmental Facilities Authority to finance the expansion and upgrade of the existing 0.75 MGD facility to a 1.5 MGD facility and related appurtenances. Construction on the project is expected to be completed by September 2023. As of June 30, 2023, draws in the amount of $221,868 had been made on the loan.

Interest cost of the long-term debt in the business-type activity is expensed in the current period. For the year ending June 30, 2023, that interest cost was $30,810.

Changes in long-term debt:

	Balance as of June 30,2022	Additions	Reductions	Balance as of June 30,2023	Due Within One Year
Business-Type Activities:					
Compensated absences	$ 144,087	$ -	$ (40,715)	$ 103,372	$ -
Net pension liability	$ 61,445	75,218	-	$ 136,663	$ -
Notes payable	$ 1,614,375	41,125	(90,189)	$ 1,565,311	$ 92,692
Total business-type activities	$ 1,819,907	$ 116,343	$ (130,904)	$ 1,805,346	$ 92,692

Annual debt service requirements for notes payable are as follows:

Year	Principal	Interest	Total
2024	92,752	23,578	116,330
2025	94,501	21,829	116,330
2026	96,284	20,046	116,330
2027	98,100	18,230	116,330
2028	99,950	16,380	116,330
2029-2032	419,015	46,305	465,320
2033-2037	392,273	14,922	407,195
2038-2039	272,436	8,793	281,229
Totals:	$ 1,565,311	$ 170,083	$ 1,735,395

NOTE 7. RISK MANAGEMENT

The City purchased general liability insurance from Legacy Risk Solutions, LLC. The policy starts July 1 and ends June 30th of each year. The premium for the City's fiscal year of 2022 was $93,649. The City purchases Workers Compensation Insurance through Key Risk Insurance Company. The City's policy year starts on January 1st and ends on December 31st of each year. The premium for the policy year of 2022 was $87,097.

As part of these risk pools, the Government is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The Government is also to allow the pool's agents and attorneys to represent the Government in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Government within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense. With respect to other types of risk including torts, theft or destruction of assets, errors of omissions, and acts of God, the City has purchased sufficient insurance and, therefore, transferred risk of loss. There have been no settlements in the previous three years in excess of insurance.

NOTE 8. HOTEL/MOTEL TAX COMPLIANCE

The City's Hotel/Motel Tax rate is 8%. The Chamber of Commerce has contracted to expend 43.75% and the City retains 37.5% which is restricted for expenditures for the promotion of tourism and trade. For the year ending June 30, 2023, the City is in compliance with OCGA 48-13-51 which requires the City to spend tax receipts monies on tourism.

Tax Collections	$37,091
Amount Provided to the White County Chamber of Commerce	$ 16,228
Amount Expended by City for Promotion of Tourism & Trade	$13,909

NOTE 9. BUDGET COMPLIANCE

The following are governmental funds for which budgets were legally adopted:

Department	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Variance with Final Budget Over (Under)
General Fund			
General Government	$ 1,383,267	$ 1,382,619	$ (648)
Public Safety	2,268,688	2,183,009	$ (85,679)
Public Works	481,090	420,768	$ (60,322)
Recreation & culture	27,000	11,730	$ (15,270)
Transfers Out	165,500	165,400	$ (100)
ARPA Fund	100	-	$ (100)
Hotel Motel Fund	37,750	36,479	$ (1,271)
Confiscated Assets Fund	10,005	-	$ (10,005)
	$ 4,373,400	$ 4,200,005	$ (163,390)

The legal level of control for this government is at the departmental level, which is the basis for the Budgetary Comparison Schedule.

NOTE 10. UNEARNED REVENUE/DEFERRED INFLOWS OF RESOURCES

As of June 30, 2023, deferred inflows of resources and unearned revenue consisted of the following:

Governmental Fund Financial Statements:		
Deferred inflows of resources		
Property Taxes	$ 1,421	Non-exchange transaction resource collected
Fines	179,563	beyond the City's period of availability.
Total deferred inflows of resources	$ 180,984	
Government-Wide Fund Financial Statements		
Deferred inflows of resources		
Defined benefit retirement plan - See note 14	$ 29,134	
Total deferred inflows of resources	$ 29,134	
Business-type Activities:		
Deferred inflows of resources		
Defined benefit retirement plan - See note 14	$ 5,141	
Total deferred inflows of resources - business-type activities	$ 5,141	
Total Deferred Inflows of Resources - Government-Wide	$ 34,275	

NOTE 11. DEFERRED OUTFLOWS OF RESOURCES

As of June 30, 2023, deferred outflows of resources consisted of the following:

Governmental Activities:	
Defined benefit retirement plan - See note 14	$ 620,964
Total deferred outflows of resources - governmental activities	$ 620,964
Business-type Activities:	
Defined benefit retirement plan - See note 14	$ 109,584
Total deferred outflows of resources - business-type activities	$ 109,584
Total Deferred Outflows of Resources - Government-Wide	$ 730,548

NOTE 12. INTERNAL FUND BALANCES AND TRANSFERS

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. As of June 30, 2023, the interfund balances were as follows:

Interfund Balances:

	Due From:					
Due To:	General Fund	Capital Projects Fund	Hotel Motel Fund	Confiscated Assets Fund	Water Sewer Fund	Total
General Fund	$ 10,764	$ 324,773	$ 4,174	$ 17	$ 871,300	$ 1,211,028
	$ 10,764	$ 324,773	$ 4,174	$ 17	$ 871,300	$ 1,211,028

This government reports interfund transfers between many of its funds. Some of the transfers are considered immaterial and are aggregated into a single column or row titled All Others. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements. These transfers have been eliminated from the government-wide financial statements.

	Transfer From:			
Transfer To:	Capital Projects Fund	Hotel Motel Fund	Water Sewer Fund	Total
General Fund	$ -	$ 8,866	$ 173,700	$ 182,566
Water Sewer Fund	247,869	-	-	247,869
	$ 247,869	$ 8,866	$ 173,700	$ 430,435

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) provide unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 13. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Primary Government:					
Governmental Activities:					
Non-Depreciable Assets:					
Land	$ 447,815	$ -	$ -	$ -	$ 447,815
Construction in Progress	422,544	-	-	-	422,544
Total non-depreciable capital assets	870,359	-	-	-	870,359
Depreciable Assets:					
Buildings & Improvements	1,521,044	-	7,890	-	1,513,154
Machinery & Equipment	2,254,437	180,832	94,494	-	2,340,775
Infrastructure	821,386	-	-	-	821,386
Total depreciable capital assets	4,596,867	180,832	102,384	-	4,675,315
Accumulated Depreciation:					
Buildings & Improvements	576,025	32,857	7,890	-	600,992
Machinery & Equipment	1,881,093	168,748	94,494	-	1,955,347
Infrastructure	143,976	40,081	-	-	184,057
Total accumulated depreciation	2,601,094	241,686	102,384	-	2,740,396
Total depreciable capital assets, net	1,995,773	(60,854)	-	-	1,934,919
Governmental activities capital assets, net	$ 2,866,132	$ (60,854)	$ -	$ -	$ 2,805,278
Business-type Activities:					
Non-Depreciable Assets:					
Land	$ 171,336	-	-	-	$ 171,336
Construction in Progress	1,037,735	106,661	-	-	1,144,396
Total non-depreciable capital assets	1,209,071	106,661	-	-	1,315,732
Depreciable Assets:					
Buildings & Improvements	57,881	-	-	-	57,881
Machinery & Equipment	1,043,607	17,766	-	-	1,061,373
Infrastructure	17,692,569	-	-	-	17,692,569
Total depreciable capital assets	18,794,057	17,766	-	-	18,811,823
Accumulated Depreciation:					
Buildings & Improvements	48,897	3,041	-	-	51,938
Machinery & Equipment	909,944	36,729	-	-	946,673
Infrastructure	6,657,162	443,778	-	-	7,100,940
Total accumulated depreciation	7,616,003	483,548	-	-	8,099,551
Total depreciable capital assets, net	11,178,054	(465,782)	-	-	10,712,272
Business-type activities capital assets, net	$ 12,387,125	$ (359,121)	$ -	$ -	$ 12,028,004

Depreciation expense was charged to these functions in the government-wide financial statements, as follows:

Governmental Activities:		
General Government	$	16,729
Public Safety	$	130,236
Public Works	$	86,956
Culture and Recreation	$	7,765
Total depreciation expense - governmental activities	$	241,686
Business-type Activities:		
Water and Sewer	$	483,548
Total depreciation expense - business-type activities	$	483,548

NOTE 14: RETIREMENT PLANS

Defined Benefit Retirement Plan

Plan Description
The Georgia Municipal Employees Benefit System (GMEBS) administers an agent multiple-employer defined benefit pension plan, the City of Cleveland Retirement Plan as defined in the Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. Under the GMEBS Retirement Fund, the contributions made by the City of Cleveland, Georgia are commingled with contributions made by other participants of the GMEBS Retirement Fund for investment purposes. The plan was effective on October 1, 2013.

The Board of Trustees of the Georgia Municipal Employees Benefit System (GMEBS) is authorized to amend the "Plan" documents pursuant to a formally adopted resolution. The adoption agreements, executed by the City Council, establish the specific benefit provisions of the Defined Benefit Plan and may be amended by a formally adopted resolution by the City Council and approved by the Plan Board of Trustees. The Plan provides for benefits upon retirement, death, disablement, and termination of employment. The pension plan's financial report is included in the report of the Georgia Municipal Employees Benefit System.
A copy of the Pension Plan financial reports can be obtained from:

Georgia Municipal Association
201 Pryor Street, NW
Atlanta, GA. 30303-3606

Employee membership data related to the Plan, as of December 31, 2023 was as follows:

Active employees:	
Benefits for retired participants and beneficiaries	2
Terminated vested participants	5
Active vested participants	34
Total number of plan participants:	41

Funding Policy

The City is required to contribute an actuarially determined amount annually to the Plan's trust. The Contribution amount is determined using actuarial methods and assumptions provided for by the adoption agreement and intended to satisfy the minimum contribution requirements set forth in controlling State of Georgia statutes. The City's retirement plan is subject to minimum funding standards of the Public Retirement Systems Standard Law (Georgia Code Section 47-20-10). The minimum annual contribution under these standards is $185,001 which is 8.49% of the current-year covered payroll. The minimum contribution amount is determined as the sum of the normal cost (including administrative expenses), the 30-year level percentage of payroll amortization of the unfunded actuarial accrued liability or the 10-year level percentage of payroll

amortization surplus, and interest on these amounts from the valuation date to the date contributions are paid. The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contributions to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan.

Recommended Contribution

	Year Beginning	
	1/1/2023	1/1/2022
Total Benefit Normal Cost	$ 141,182	$ 120,795
Administrative Expenses	7,081	7,025
Expected Employee Contributions		-
Employer Normal Cost	$ 148,263	$ 127,820
Actuarial Accrued Liability at Valuation Date	2,275,865	2,038,774
Actuarial Value of Assets at Valuation Date	2,009,476	1,770,556
Underfunded/(Surplus) Actuarial Accrued Liability	$ 266,389	$ 268,218
Payment on Unfunded/(Surplus) Actuarial Accrued Liability	30,272	29,319
Full Funding Credit		-
Recommended Mid-Year Contribution at Valuation Date	$ 178,535	$ 157,139
Adjustment to Fiscal Year (Begins July 1, 2016)	6,466	5,691
Total Recommended Mid-Year Contribution, For Fiscal Year	$ 185,001	$ 162,830
Recommended Contribution As A Percentage Of Expected Payroll	8.49%	8.88%

Summary of Plan Provisions

Employer	City of Cleveland
Social Security	No
Participant Contribution	Non-Contributory
Original Effective Date	10/1/2013
Eligibility Requirements	Employees: No waiting period Officials: Not covered
Normal Retirement Age	65+5
Early Retirement	55+10
Benefit Formula	1.75%
Official's Benefits	None
Vesting	5 years
Death Benefits	Auto A - Participant must be vested in a Normal Retirement Term vest Auto A death benefit
Disability Minimum	20% - Participant must be vested in a Normal Retirement
Cost-of-Living	None
Other	Prior service from 10-1-13 counts for purposes of satisfying the minimum service requirements for participation, benefit eligibility and vesting only. Service Credit Purchase – Participants who are eligible regular employees of the city and actively employed with the city as of 9-30-13 and vested may purchase service. See Service Credit Addendum for details) No changes in plan features since last valuation.

The following chart shows the historical funding information. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Funding History	
Actuarial Valuation Date	1/1/2023
Actuarial Value of Assets (a)	$2,009,476
Actuarial Accrued Liability (b)	$2,275,865
Underfunded/(Surplus) (b) - (a)	$ 266,389
Funded Ratio (a) / (b)	88.30%
Covered Payroll	$2,154,052
Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll	12.37%

Actuarial Cost Method. Entry Age Method.

Amortization Method. Closed level dollar for remaining underfunded liability.

Asset Valuation Method. Sum of actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Actuarial assumptions. The total pension liability in the January 1, 2023 actuarial valuation date was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Net Investment Rate of Return	7.375% (on-going basis) 1.92% (plan termination basis)
Projected Salary Increases	2.25% plus service based merit increases
Social Security Wage Base Increase	2.25%
Inflation	2.25%

The mortality and economic actuarial assumptions used in the January 1, 2023 valuation were approved by the Board in December 2019 based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019 conducted by Segal in November and December 2019. The Pri-2012 mortality tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2015 to June 30, 2019. Mortality experience will be review periodically and updated if necessary.

Mortality Rates

Healthy:	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortalilty Table with rate multiplied by 1.25
Disabled:	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortalilty Table with rate multiplied by 1.25
Active participants, terminated vested particpants, and deferred beneficiaries:	Sex-distinct Pri-2012 head-count weighted Employee Mortalilty Table
Plan termination basis (all lives):	1994 Group Annuity Reserving Unisex Table

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.40%
International Equity	20%	6.80%
Domestic Fixed Income	20%	0.40%
Real Estate	10%	3.90%
Global Fixed Income	5%	0.46%
Cash	0%	
Total	100%	

Discount Rate. The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that the employee contributions will be made at the current contribution rate and that City contributions will be made at equal rates to the difference between actuarially determined contribution rates and the employee rate. 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 active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability. The City's net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. At June 30, 2023, the City reported a net pension liability. The amount recognized by the City were as follows:

City's Net Pension Liability:	
Governmental activities	$ 540,229
Business-type activities	$ 95,335
Total Net Pension Liability	$ 635,564

Changes in the City's net pension liability for the year ended September 30, 2022 were as follows:

	Liability (TPL) (a)	Position (FNP) (b)	Liability (NPL) (a)-(b)
Balances at September 30, 2021	**2,451,996**	**2,042,355**	**409,641**
Changes for the Year:			
Service Cost	$ 98,486	$ -	$ 98,486
Interest Expense	186,273	-	186,273
Benefit Changes (Changes of benefit terms)	-	-	-
Differences between expected and actual experience	39,566	-	39,566
Contributions - Employer/Nonemployer	-	181,201	(181,201)
Net Investment Income	-	(351,866)	351,866
Benefits Paid	(49,488)	(49,488)	-
Plan Administrative Expenses	-	(6,464)	6,464
NET CHANGES:	$ 274,837	$ (226,617)	$ 501,454
Balances at September 30, 2022	**$ 2,726,833**	**$ 1,815,738**	**$ 911,095**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's net pension liability calculated using the discount rate of 7.375 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375 percent) or 1-percentage-point higher (8.375 percent) than the current rate:

	Discount Rate	Net Pension Liability
1% Decrease	6.375%	$1,350,520
Current Discount Rate	7.375%	$911,095
1% Increase	8.375%	$549,089

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

Pension Expense for the Year Ended June 30, 2023:

Service Cost	$ 98,486
Interest on TPL	186,273
Employee Contributions	-
Administrative Expenses	6,464
Expected Return on Assets	(155,242)
Expensed Portion of Current Year Period Differences Between Expected And Actual Experience in TPL	5,654
Expensed Portion of Current Year Period Assumption Changes	-
Current Year Plan Changes (Establishment of New Plan)	-
Expensed Portion of Current Year Period Differences Between Projected and Actual Investment Earnings	101,420
Current Year Recognition of Deferred Inflows and Outflows Established in Prior Years	3,375
Total Pension Expense	$ 246,430

For the year ended June 30, 2023, the City of Cleveland recognized pension expense of $209,466.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows/Inflows of Resources Related to Pensions

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected And Actual Experience	$ 384,115	$ -
Changes of Assumptions	6,785	(34,275)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	244,664	-
City Contributions Subsequent to the Measurement Date	94,984	-
Total	$ 730,548	$ (34,275)

The deferred outflows of resources are reported on the Statement of Net Position as follows:

	Governamental Activities	Business-Type Activities	Total
Difference Between Projected & Actual Earnings on Pension Plan Investments	$ 207,962	$ 36,702	$ 244,664
Difference Between Expected & Actual Experience	$ 326,498	$ 57,617	$ 384,115
Change in Assumptions	$ (23,367)	$ (4,124)	$ (27,490)
Employer Contributions Oct 1, 2022 - June 30, 2023	$ 80,736	$ 14,248	$ 94,984
	$ 591,830	$ 104,443	$ 696,273

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in the pension expense as follows:

Projected Recognition of Deferred Outflows/ (Inflows)

	Year Established	Outstanding Balance at July 1, 2022	Amount Recognized During FYE June 30, 2023	Outstanding Balance at June 30, 2023	2024	2025	2026	2027	2028	2029 and Thereafter
Fiscal Year Outflows										
Investment	2020	$ 19,004	$ 9,502	$ 9,502	$ 9,502	$ -	$ -	$ -	$ -	$ -
Investment	2023	507,108	101,420	405,688	101,422	101,422	101,422	101,422		
Demographics	2016	12,270	2,454	9,816	2,454	2,454	2,454	2,454	-	-
Demographics	2017	42,978	7,163	35,815	7,163	7,163	7,163	7,163	7,163	-
Demographics	2018	29,760	4,960	24,800	4,960	4,960	4,960	4,960	4,960	-
Demographics	2019	103,082	14,726	88,356	14,726	14,726	14,726	14,726	14,726	14,726
Demographics	2020	42,960	7,160	35,800	7,160	7,160	7,160	7,160	7,160	-
Demographics	2021	96,635	13,805	82,830	13,805	13,805	13,805	13,805	13,805	13,805
Demographics	2022	84,917	12,131	72,786	12,131	12,131	12,131	12,131	12,131	12,131
Demographics	2023	39,566	5,654	33,912	5,652	5,652	5,652	5,652	5,652	5,652
Assumption Change	2018	8,142	1,357	6,785	1,357	1,357	1,357	1,357	1,357	-
Total Outflows		$ 986,422	$ 180,332	$ 806,090	$ 180,332	$ 170,830	$ 170,830	$ 170,830	$ 66,954	$ 46,314
Fiscal Year Inflows										
Investment	2018	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Investment	2019	(4,021)	(4,021)	-	-	-	-	-	-	-
Investment	2021	(19,485)	(6,495)	(12,990)	(6,495)	(6,495)	-	-	-	-
Investment	2022	(210,048)	(52,511)	(157,537)	(52,512)	(52,512)	(52,512)	-	-	-
Investment	2023	-	-	-	-	-	-	-	-	-
Assumption Change	2020	(41,130)	(6,855)	(34,275)	(6,855)	(6,855)	(6,855)	(6,855)	(6,855)	-
Total Inflows		$ (274,684)	$ (69,882)	$ (204,802)	$ (65,862)	$ (65,862)	$ (59,367)	$ (6,855)	$ (6,855)	$ -
Total		$ 711,738	$ 110,450	$ 601,288	$ 114,470	$ 104,968	$ 111,463	$ 163,975	$ 60,099	$ 46,314

Defined Contribution Plan

The City also sponsors a defined contribution plan for all eligible employees. All full-time employees are eligible to participate in the plan as of June 30, 2023. Contributions to the plan are funded on a monthly basis. Employees are not permitted to contribute consequently; the City does not have a matching obligation. Employees are 100% vested after being employed as an eligible employee for 5 years. At June 30, 2023, there were 41 employees participating in the plan.

The City has authorized the Georgia Municipal Association through its legal counsel to amend the 401(a) Defined Contribution Plan on its behalf with the approval of the Plan Trustees.
The Plan holds assets in a separate trust in the name of each participant. The assets of the trust are not reported on the City's financial statements. The adoption agreement can be amended by a formal resolution of the City Council and the Board of Trustees of GMEBS. For the year ending June 30, 2023, the City contributed on behalf of participating employees $181.201.

In addition to the above defined contribution plan, the City also sponsors the Deferred Compensation Plan of the City of Cleveland, a Section 457 defined contribution plan for the benefit of its employees. At June 30, 2023, there was two employees participating in the plan. Contributions to the plan are funded on a monthly basis. The City does not match employee contributions. All employees are eligible to participate in the plan. Employees can begin to participate in the plan the following month after employment begins. The plan holds its assets in a separate trust invested in annuity contracts in the name of each participant and consequently is not reported on the City's financial statements. As administrator of the plan, the City may amend the plan at its discretion. For the year ending June 30, 2023, the employees contributed $2,400 to the plan.

NOTE 15. NEW ACCOUNTING STANDARD

The implementation of GASB No. 87 Leases, is effective for the City's current fiscal year. The requirements of this statement are effective for the periods beginning after June 15, 2021. The City had no leases during the current fiscal year that are required to be reported under GAB 87.

The City implemented GASB Statement No. 91, *Conduit Debt*, effective for the City's current fiscal year. The requirements of this statement are effective for the periods beginning after December 15, 2021. The implementation of this new standard had no impact on the City's net position.

The City implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the City's current fiscal year. The requirements of this statement are effective for the periods beginning after June 15, 2022. The implementation of this new standard had no impact on the City's net position.

The City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the City's current fiscal year. The requirements of this statement are effective for the periods beginning after June 15, 2022. The implementation of this new standard had no impact on the City's net position.

The City implemented GASB Statement No. 99, *Omnibus 2022*, effective for the City's current fiscal year. The requirements of this statement are effective for the periods beginning after June 15, 2022. The implementation of this new standard had no impact on the City's net position.

NOTE 16. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 11, 2024.

CITY OF CLEVELAND, GEORGIA
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Budget to GAAP Differences Over/(Under)	Actual Amounts GAAP Basis	Variance with Final Budget
Revenues						
Property tax	$ 737,550	$ 737,550	$ 685,400	$ -	$ 685,400	$ (52,150)
Sales tax	1,200,000	1,200,000	1,532,687		1,532,687	332,687
Business tax	413,000	413,000	408,068		408,068	(4,932)
Franchise tax	286,500	286,500	274,590		274,590	(11,910)
Excise tax	201,000	201,000	198,318		198,318	(2,682)
Hotel/Motel tax	22,000	22,000	-		-	(22,000)
Intergovernmental	144,450	144,450	126,558		126,558	(17,892)
Licenses and permits	127,500	127,500	104,966		104,966	(22,534)
Fines and forfeitures	67,550	67,550	103,690	-	103,690	36,140
Charges for services	454,550	454,550	410,629	-	410,629	(43,921)
Interest	1,500	1,500	18,160		18,160	16,660
Miscellaneous	208,700	208,700	30,723	-	30,723	(177,977)
Total Revenue	**3,864,300**	**3,864,300**	**3,893,789**	**-**	**3,893,789**	**29,489**
Expenditures						
Current:						
General Government	1,353,267	1,383,267	1,382,619		1,382,619	(648)
Public safety	2,268,688	2,268,688	2,183,009		2,183,009	(85,679)
Public works	481,090	481,090	420,768		420,768	(60,322)
Recreation and culture	42,500	27,000	11,730		11,730	(15,270)
Total Expenditures	**4,145,545**	**4,160,045**	**3,998,126**	**-**	**3,998,126**	**(161,919)**
Excess (Deficiency) of Revenues Over (Under)	$ (281,245)	$ (295,745)	$ (104,337)	$ -	$ (104,337)	$ 191,408
Other Financing Sources (Uses)						
Transfers in	-	180,000	182,566	-	182,566	2,566
Transfers out	-	(165,500)	(165,400)	-	(165,400)	(100)
Proceeds from sale of assets	-	-	87,631	-	87,631	87,631
Budgeted Fund Balance	281,245	281,245	-	-	-	(281,245)
Total Other Financing Sources (Uses)	281,245	295,745	104,797	-	104,797	(191,148)
Net Change in Fund Balances	-	-	460	-	460	260
Fund Balances Beginning of Year			1,288,529		1,288,529	
Fund Balances End of Year			$ 1,288,989		$ 1,288,989	

CITY OF CLEVELAND, GEORGIA
Budgetary Comparison Schedule - ARPA Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Budget to GAAP Differences	Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Over/(Under)	GAAP Basis	Final Budget
Revenues						
Interest	$ -	$ 100	$ 41,135	$ -	$ 41,135	$ 41,035
Total Revenue	-	100	41,135	-	41,135	41,035
Expenditures						
Current:						
General Government	-	100	-	-	-	(100)
Total Expenditures	-	100	-	-	-	(100)
Excess (Deficiency) of Revenues Over (Under)	$ -	$ -	$ 41,135	$ -	$ 41,135	$ 41,135
Other Financing Sources (Uses)						
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Change in Fund Balances	$ -	$ -	41,135	$ -	41,135	$ 41,135
Fund Balances Beginning of Year			-		-	
Fund Balances End of Year			$ 41,135		$ 41,135	

CITY OF CLEVELAND, GA
Notes to Required Supplementary Information
on Budgetary Accounting and Control
Year Ended June 30, 2023

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

The City prepares its annual operating budget under the provisions of the official Code of Georgia. In accordance with those provisions, the following process is used to adopt the annual budget:

(a). Prior to June 1, the City Finance Officer submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

(b). Public hearings are conducted in November or December to obtain taxpayer comments. Public hearings are normally scheduled no later than 15 days prior to the beginning of the budget year.

(c). Subsequent to the public hearings, the budget is legally enacted through the passage of a resolution by the City Council.

All governmental funds with revenues and/or expenditures as defined by State law are required to have annual budgets. The legal level of control at which expenditures may not legally exceed appropriations is at the department level within a fund.

Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the city council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Budget Amendments

Amendments to the original budget appropriations are approved by the City Council.

Department	Original Budget	Supplemental Appropriations	Supplemental Decreases	Revised Appropriations
General Fund				
General Government	$ 1,353,267	$ 30,000	$ -	$ 1,383,267
Public Safety	2,268,688	-	-	2,268,688
Public Works	481,090	-	-	481,090
Recreation & culture	42,500	-	15,500	27,000
Transfers Out	-	165,500	-	165,500
ARPA Fund	-	100	-	100
Hotel Motel Fund	27,750	10,000	-	37,750
Confiscated Assets Fund	10,005	-	-	10,005
	$ 4,183,300	$ 205,600	$ 15,500	$ 4,373,400

CITY OF CLEVELAND, GEORGIA
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability								
Service Cost	$ 98,486	$ 106,474	$ 102,238	$ 97,999	$ 64,925	$ 58,326	$ 58,898	$ 48,885
Interest	186,273	162,660	137,232	123,189	96,456	78,639	62,564	52,430
Differences Between Expected and Actual Experience	39,566	97,046	124,247	64,439	161,991	54,563	85,952	29,448
Changes of Assumptions	-	-	-	(61,697)	-	14,932	-	-
Changes of Benefit Terms	-	-	-	-	-	-	-	-
Benefit Payments, Including Refunds of	(49,488)	(26,527)	(19,829)					
Employee Contributions	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	274,837	339,653	343,888	223,930	323,372	206,460	207,414	130,763
Total Pension Liability - Beginning	2,451,996	2,112,343	1,768,455	1,544,525	1,221,153	1,014,693	807,279	676,516
Total Pension Liability - Ending (a)	$ 2,726,833	$ 2,451,996	$ 2,112,343	$ 1,768,455	$ 1,544,525	$ 1,221,153	$ 1,014,693	$ 807,279
Plan Fiduciary Net Position								
Contributions - Employer	$ 181,201	$ 167,455	$ 145,641	$ 141,841	$ 122,385	$ 102,039	$ 86,327	$ 64,832
Contributions - Employee		-	-	-	-	-	-	-
Net Investment Income	(351,866)	380,186	131,064	40,148	91,430	110,614	64,770	3,251
Benefit Payments, Including Refunds of Employee Contributions	(49,488)	(26,527)	(19,829)	-	-	-	-	-
Administrative Expense	-6464	(6,475)	(6,125)	(5,692)	(5,923)	(6,329)	(3,206)	(3,636)
Other		-	-	-	-	-	-	-
Net Change in Fiduciary Net Position	(226,617)	514,639	250,751	176,297	207,892	206,324	147,891	64,447
Plan Fiduciary Net Position - Beginning	2,042,355	1,527,716	1,276,965	1,100,668	892,776	686,452	538,561	474,114
Plan Fiduciary Net Position - Ending (b)	$ 1,815,738	$ 2,042,355	$ 1,527,716	$ 1,276,965	$ 1,100,668	$ 892,776	$ 686,452	$ 538,561
Net Pension Liability - Ending: (a)-(b)	$ 911,095	$ 409,641	$ 584,627	$ 491,490	$ 443,857	$ 328,377	$ 328,241	$ 268,718
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	66.59%	83.29%	72.32%	72.21%	71.26%	73.11%	67.65%	66.71%
Covered-Employee Payroll	$ 2,154,052	$ 1,812,896	$ 1,828,618	$ 1,752,918	$ 1,540,974	$ 1,125,945	$ 979,915	$ 931,713
Net Pension Liability as a Percentage of Covered Payroll	42.30%	22.60%	31.97%	28.04%	28.80%	29.16%	33.50%	28.84%

Note: The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CLEVELAND, GEORGIA
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	-	$ 163,901	$ 140,448	$ 128,762	$ 87,548	$ 72,713	$ 60,989	$ 52,058
Contributions in Relation to the Actuarially	-	183,879	160,380	143,676	140,866	115,045	97,571	83,496
Determined Contribution	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	-	(19,978)	(19,932)	(14,914)	(53,318)	(42,332)	(36,582)	(31,438)
Covered-Employee Payroll	-	1,812,896	1,828,618	1,752,918	1,540,974	1,125,945	979,915	931,713
Contributions as a Percentage of	-							
Covered Payroll	0.00%	10.14%	8.77%	8.20%	9.14%	10.22%	9.96%	8.96%

Note: 2023 information will be determined after fiscal year end and will be in the 2024 valuation report. Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions. 2023 covered payroll is based on data collected as of September 30, 2022 for the 2023 actuarial valuation.

Changes of Assumptions
There have been no changes in methods or assumptions since last valuation.

Benefit Changes
There have been no changes in plan provisions in the last three fiscal years.

CITY OF CLEVELAND, GEORGIA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Hotel / Motel Fund	Confiscated Assets Fund	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	$ 55,888	$ 2,337	$ 58,225
Receivables (net)	3,224	-	3,224
Total Assets	59,112	2,337	61,449
Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	$ 59,112	$ 2,337	$ 61,449
Liabilities			
Accounts payable	$ 694	$ 150	$ 844
Due to other funds	4,174	17	4,191
Total Liabilities	4,868	167	5,035
Deferred Inflows of Resources	-	-	-
Total Liabilities and Deferred Inflows of Resources	4,868	167	5,035
Fund Balances			
Restricted for			
Public safety	-	2,170	2,170
Tourism	54,244	-	54,244
Total Fund Balances	54,244	2,170	56,414
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 59,112	$ 2,337	$ 61,449

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

CITY OF CLEVELAND, GEORGIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2023

	Hotel / Motel Fund	Confiscated Assets Fund	Total Nonmajor Governmental Funds
Revenues			
Hotel/Motel tax	$ 37,091	$ -	$ 37,091
Interest	1,257	62	1,319
Total Revenue	38,348	62	38,410
Expenditures			
Current:			
Housing and development	27,613	-	27,613
Total Expenditures	27,613	-	27,613
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,735	62	10,797
Other Financing Sources (Uses)			
Transfers out	(8,866)	-	(8,866)
Total Other Financing Sources (Uses)	(8,866)	-	(8,866)
Net Change in Fund Balances	1,869	62	1,931
Fund Balances Beginning of Year	52,375	2,108	54,483
Fund Balances End of Year	$ 54,244	$ 2,170	56,414

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

Walker Pierce & Tuck
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

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

To the City Council
City of Cleveland, Georgia

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 City of Cleveland, Georgia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Cleveland, Georgia's basic financial statements, and have issued our report thereon dated March 11, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Cleveland, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

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 results 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.

Walker, Pierce & Tuck, CPA's

Gainesville, Georgia
March 11, 2024

CITY OF CLEVELAND, GEORGIA

Schedule of Special Purpose Local Option Sales Tax
Estimated Cost and Expenditure Summary
For the Year Ended June 30, 2023

Project Description	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST 2014					
Water and Sewer Improvements	$ 1,033,600	$ 1,033,600	$ 627	$ 10,781	$ 11,408
Improvement of Buildings, Infrastructure, and Vehicles	236,400	236,400	467,702	184,058	651,760
Roads Streets, Bridges, and Sidewalk Projects	750,000	750,000	264,249	-	264,249
Cultural and Recreational Equipment	450,000	450,000	-	-	-
Total:	$ 2,470,000	$ 2,470,000	$ 732,578	$ 194,839	$ 927,417
SPLOST 2020					
Water / wastewater improvements,	$ 2,400,000	$ 2,400,000	$ -	$ 71,688	$ 71,688
Acquisiton & improvements of public buildings, infrastructure, recreation, & public safety vehicles	1,700,000	1,700,000	34,184	-	34,184
Roads, streets, bridges, and sidewalk projects incl. equipment and vehicles	1,100,000	1,100,000	-	-	-
	$ 5,200,000	$ 5,200,000	$ 34,184	$ 71,688	$ 105,872