

*ANNUAL COMPREHENSIVE  
FINANCIAL REPORT*

of the

**City of Cleveland, Texas**

**For the Year Ended  
September 30, 2024**

Prepared by:

Pamela Harrison  
Finance Director

Scott Swigert  
City Manager

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# City of Cleveland, Texas

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September 30, 2024

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***INTRODUCTORY SECTION***

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Mayor, Danny Lee  
Mayor Pro-Tem, Julius Buckley  
City Council  
Roscoe Warrick Jr.  
Brent McWaters  
Desiree David  
Rachel Hall



Pamela Harrison, Interim City Manager  
Juanita Limon, City Secretary  
Tommy Ramsey, City Attorney  
  
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May 20, 2025

The Honorable Mayor, City Council and  
Citizens of Cleveland, Texas:

The Texas Local Government Code states that a municipality shall have its records and accounts audited annually and shall have annual financial statements prepared based on the audit. The Annual Comprehensive Financial Report (ACFR) of the City of Cleveland, Texas (the “City”), for the year ended September 30, 2024, is hereby submitted to fulfill that requirement.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to gain an understanding of the City’s financial affairs have been included. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

BrooksWatson & Company, PLLC, has issued an unmodified (“clean”) opinion on the City of Cleveland’s financial statements for the year ended September 30, 2024. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (the “MD&A”) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## **PROFILE OF THE CITY OF CLEVELAND**

The City of Cleveland, founded in 1935, located primarily in Liberty County with portions entering into both Montgomery and San Jacinto counties, is approximately 40 miles northeast of Houston and 22 miles east of Conroe, with an estimated population of 8,946 based on the projections of Esri. The City is a Home Rule Charter City and operates under the “Council-Manager Government.” The elected body is made up of a Mayor and five Council members who are elected at large. The length of office for all Council

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members and the Mayor are staggered two-year terms. The City Council appoints the City Manager, the City Attorney, and the Municipal Court Judges. All other staff members work under the direction of the City Manager.

The Combined Financial Statements of the City of Cleveland include all government activities, organizations, and functions for which the City exercises significant oversight responsibility. The criteria considered in determining governmental activities to be reported within the City's combined financial statements are based upon and consistent with those set forth in GASB Statement No. 61, "The Financial Reporting Entity." Based on this criterion the City of Cleveland Economic Development Corporation is included in this report.

The City Council appoints several boards and commissions, which do not meet the established criteria for inclusion in the reporting entity and are therefore excluded from this report. They are the following:

1. Parks and Recreation Board
2. Cleveland Housing Authority Board
3. Zoning Commission
4. Zoning Board of Adjustments
5. Charter Review Commission
6. Airport Advisory Board
7. Tax Increment Reinvestment Zone 1
8. Tax Increment Reinvestment Zone 2

The City directly provides the majority of services to the citizens within its jurisdiction and contracts additional services as necessary. This approach allows the City to tailor services to meet the specific needs of the community, therefore guaranteeing efficient and effective support for the citizens and community. Major services provided under general government and enterprise functions are: police and fire protection, water, wastewater, solid waste, parks, library services, street maintenance, and general administrative services. Other services include code enforcement, building inspection, animal control, cemetery, airport, civic center, and economic development. The City operates a municipal court as established by the City's charter.

#### **LOCAL ECONOMY:**

The City of Cleveland has experienced steady economic growth over the last several years with continued expansion expected. Cleveland is growing into a community of opportunity and prosperity, while retaining the peacefulness of a Texas country town. Innovative businesses, including those that specialize in forestry and manufacturing, have found Cleveland to be the ideal home for new business growth and expansion. Through continual development efforts in the Grand Oaks Reserve, the McKinley Development Company has constructed 402 single-family

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homes and completed a 9-hole golf course, splash pad and a community center with a swimming pool and fitness center. Recent approval has set forth the development of section ten in Grand Oaks, which will consist of additional single-family homes. The LGI development known as Pinewood Trails has constructed a total of 336 single-family homes and completed the construction of a 4-acre park, a party pavilion, picnic areas, splash pad and water amenities. BNSF is developing a 1,200-acre logistics center near Fostoria and Hi-Way 105. This industrial park will serve multiple rail-customers including light manufacturers and laydown yards. Phase II is anticipated to start in June 2025, and an Opening Ceremony is tentatively scheduled to commence in Q3 of 2025. The City expects additional retail and commercial development once residential homes are established. The City's major sources of revenue are sales and ad valorem property taxes and have fluctuated according to prevailing business conditions.

The unemployment rate was 5.4% in Liberty County as of October 2024. The City as well as the area's economic development groups have combined efforts to make the City of Cleveland a better place to live and work. The Economic Development Corporation and Greater Cleveland Chamber of Commerce are committed to marketing the City's assets and encouraging small business and entrepreneurial activity.

## **LONG-TERM FINANCIAL PLANNING**

The City adopts a one-year operating budget, which includes capital improvement projects. Capital improvements projects are very important for planning and managing the growth and development, as well as maintaining existing infrastructure. It implements some of the community's goals and objectives and encourages discussion of the City's long-term vision. In May of 2021, the City adopted a Comprehensive Plan through 2040 and in early 2023 a new Strategic Plan was adopted that will assist the City with its financial planning.

Major goals for this year ending September 30, 2024, were the completion of Fire Station 2, Airport Fence Project, and the Buzzy Bee 12" Waterline Extension.

## **FINANCIAL PROCEDURES AND BUDGETARY CONTROLS**

This report includes all the active funds of the City which are: General, Economic Development, Water & Sewer, Debt Service, TIRZ #1, TIRZ #2, Hotel/Motel, Capital Equipment, Money Seizure, Court Technology and Court Security. The Unity Donation Fund is not reflected in this report. The City's accounting records for general government are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received, and the liabilities are incurred. Accounting records for the City's water and sewer utility and other proprietary activities are maintained on the accrual basis. The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City's financial management staff, and expenditure estimates by

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each City division. Budgets are reviewed by the City Manager who submits a recommended budget to the City Council. The City adopts an annual appropriated budget for its general fund and special revenue funds and approves all budget amendments. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

## MAJOR INITIATIVES

The City has multiple capital programs currently in design or in construction phase, several of which are major initiatives. Many of these projects have been proposed for some time, even prior to COVID-19. Some projects were paused in 2020 due to economic uncertainty; however, local demands on housing construction and hyper growth within the local school district require these projects to advance as quickly as manageable.

Projects completed in this fiscal year include:

- Purchase and replacement of vehicles and equipment needed for efficient operation of Fire, Police and other departments
- Completion of Fire Station 2
- Skate Park
- Airport Fence Project (Part 1)
- Installation of 12" Waterline in Northeast Cleveland

Projects undertaken and/or planned for future fiscal years include:

- Purchase and replacement of vehicles and equipment needed for efficient operation
- Repaving of selected streets
- Repair and/or Replace Critical Infrastructure
- Police Evidence Facility
- Purchase Axon Camera System for Police Officers
- E Houston St Sidewalk Project
- Airport Fence Project (Part 2)
- Expansion of Hangar Infrastructure at Municipal Airport

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- Installation of New Playground Equipment and Construction of New Walking Trail at Sam Wiley Park
- Automatic Meter Reading Tower, Software and Meters
- Installation of Generators to Critical Infrastructure
- Downtown Pavilion
- Buzzy Bee 12" Waterline extension
- Airport Observation Area
- Jefferson Street Waterline Upgrade
- Purchase Pumper Truck for Fire Department
- Impact Study and Implementation of Impact Fees

## OTHER INFORMATION

### Acknowledgments:

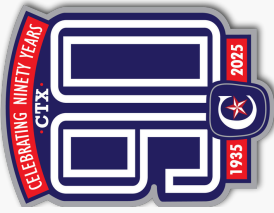
The preparation of this report could not have been accomplished without the efficient and dedicated service of the entire staff. I would like to express my appreciation to all members of the departments who assisted and contributed to the preparation of this report. Due credit is also given to the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Pamela Harrison'.

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Pamela Harrison, Finance Director | Interim City Manager



# CITIZENS OF CLEVELAND



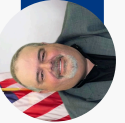
**Mayor**  
Danny Lee



**Council Position 1**  
Mayor Pro Tem  
Julius Buckley



**Council Position 2**  
Roscoe Warrick Jr



**Council Position 3**  
Brent McWaters



**Council Position 4**  
Desiree David



**Council Position 5**  
Rachel Hall



**City Attorney - Olson & Olson**  
Tommy Ramsey

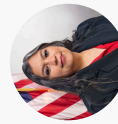


**City Manager**  
Scott Swigert

**Municipal Judge**  
Ralph Fuller



**Airport Director**  
Dickie Harbour



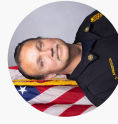
**City Secretary**  
Juanita Limon



**Director of Community Development**  
Emilio Levario



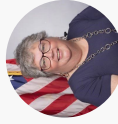
**Director of Finance**  
Pamela Harrison



**Fire Chief**  
Sean Anderson



**Director of Human Resources**  
Angela Valdez



**Library Director**  
Mary Cohn



**Municipal Court Clerk**  
Hannah Woods



**Police Chief**  
Darrell Broussard



**Public Works Director**  
Roger Brookes



**Civic Center Director**  
Ashleigh Broussard

Airport CSR

Development Services  
Economic Development

Emergency Management  
Fire

Library  
Youth Services

Animal Control  
Detectives  
Dispatch  
Patrol

Civic Center  
CVB  
Facility Services  
Municipal Park  
Stancil Park

City Secretary Office  
Cemetery

Accounting & Finance  
Accounts Receivable  
Utility Billing

Customer Service  
Representatives  
Payroll

Municipal Court

Cemetery  
Streets/Parks Dept  
Water/Sewer Dept



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Cleveland  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2023

*Christopher P. Morill*

Executive Director/CEO

**PRINCIPAL CITY OFFICIALS**

**CITY ELECTED OFFICIALS**

<b>COUNCIL POSITION 1</b> JULIUS BUCKLEY	<b>DANNY LEE</b> MAYOR	<b>COUNCIL POSITION 3</b> BRENT MCWATERS
<b>COUNCIL POSITION 4</b> DESIREE DAVID	<b>COUNCIL POSITION 2</b> ROSCOE WARRICK	<b>COUNCIL POSITION 5</b> RACHEL HALL

**CLEVELAND EDC**

- ECONOMIC DEVELOPMENT DIRECTOR**  
EMILIO LEVARIO
- PRESIDENT**  
JOHN WILLIAMS
- VICE PRESIDENT**  
BRENT MCWATERS
- BOARD MEMBER**  
CHUCK THOMPSON
- BOARD MEMBER**  
TONYA CLARK
- BOARD MEMBER**  
MICHELE WYATT
- BOARD MEMBER**  
HEIDI SOLES
- BOARD MEMBER**  
MICHAEL BUCKLEY

**APPOINTED OFFICIALS**

- CITY MANAGER**  
SCOTT SWIGERT
- CITY ATTORNEY OLSON & OLSON**  
TOMMY RAMSEY
- MUNICIPAL COURT JUDGE**  
RALPH FULLER

**PRIMARY ADMINISTRATORS**

- FINANCE DIRECTOR**  
PAMELA HARRISON
- CHIEF OF POLICE**  
DARREL BROUSSARD
- TOURISM & MARKETING DIRECTOR**  
ASHLEY BROUSSARD
- LIBRARY DIRECTOR**  
MARY COHN
- FIRE CHIEF**  
SEAN ANDERSON
- HUMAN RESOURCES DIRECTOR**  
ANGELA VALDEZ
- CITY SECRETARY**  
ALICE RIOS
- MUNICIPAL COURT CLERK**  
HANNAH WOODS



***FINANCIAL SECTION***

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## *INDEPENDENT AUDITOR'S REPORT*

To the Honorable Mayor and  
Members of the City Council  
City of Cleveland, Texas:

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the discretely presented component unit of the City of Cleveland, Texas (the "City") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the discretely presented component unit of the City of Cleveland, Texas, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 City of Cleveland, Texas 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*

The City's 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's ability to continue as a going concern for one year after the date that the financial statements are issued.

### *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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability (asset) and related ratios, schedule of employer contributions to pension plan, schedule of changes in the other postemployment benefits liability and the budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Brooks Watson & Co.*

Brooks Watson & Co.  
Certified Public Accountants  
Houston, Texas  
May 20, 2025

***MANAGEMENT'S DISCUSSION  
AND ANALYSIS***

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# City of Cleveland, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### September 30, 2024

As management of the City of Cleveland, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information contained in this report.

#### **Financial Highlights**

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources (net position) by \$64,748,745 at September 30, 2024. Of this, \$13,225,924 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balance of \$10,816,631, an increase of \$747,670.
- As of the end of the year, the unassigned fund balance of the general fund was \$7,755,946 or 66% of total general fund expenditures.
- The City had an overall increase in net position of \$18,842,387, which is primarily a result of current year operating surpluses and developer capital contributions.

#### **Overview of the Financial Statements**

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

#### **Government-Wide Statements**

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

The *statement of net position* presents information on all of the City's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

# City of Cleveland, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2024

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, transportation, culture and recreation, and economic development. The business-type activities of the City include water, sewer, and sanitation services.

### FUND FINANCIAL STATEMENTS

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

#### Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

# City of Cleveland, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2024

The City adopts an annual appropriated budget for its general, debt service, and certain special revenue funds. A budgetary comparison statement has been provided for the general fund and all other governmental funds, for which the City adopted a budget, to demonstrate compliance with the respective budget.

### **Proprietary Funds**

The City's proprietary funds are all enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water, sewer and sanitation services. All activities associated with providing such services are accounted for in these funds, including administration, water production, sewer and sanitation services, and other operating costs. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund which is considered to be a major fund of the City.

### **Component Units**

The City maintains the accounting and financial statements for two component units. The Cleveland Economic Development Corporation is a discretely presented component unit displayed on the government-wide financial statements. The Tax Increment Reinvestment Zone No. 1 Fund ("TIRZ #1") and Tax Increment Reinvestment Zone No. 2 Fund ("TIRZ" #2) are blended component units and presented as nonmajor governmental funds.

### **Notes to Financial Statements**

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

### **Other Information**

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The required RSI includes a budgetary comparison schedule for the general fund, schedule of the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. RSI can be found after the basic financial statements.

**City of Cleveland, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2024**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Cleveland, assets and deferred outflows exceeded liabilities and deferred inflows by \$64,748,745 as of September 30, 2024, in the primary government.

The largest portion of the City's net position, \$48,526,440, reflects its investments in capital assets (e.g., land, municipal buildings, streets, and water/sewer systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Position:

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and						
other assets	\$ 12,216,905	\$ 6,855,458	\$ 19,072,363	\$ 11,489,840	\$ 4,780,005	\$ 16,269,845
Internal balances	43,441	(43,441)	-	211,583	(211,583)	-
Capital assets, net	28,082,721	38,675,720	66,758,441	27,117,831	23,126,645	50,244,476
<b>Total Assets</b>	<b>40,343,067</b>	<b>45,487,737</b>	<b>85,830,804</b>	<b>38,819,254</b>	<b>27,695,067</b>	<b>66,514,321</b>
<b>Deferred Outflows of Resources</b>	<b>691,087</b>	<b>142,290</b>	<b>833,377</b>	<b>1,171,900</b>	<b>239,326</b>	<b>1,411,226</b>
Other liabilities	2,233,456	1,147,476	3,380,932	2,492,975	883,252	3,376,227
Long-term liabilities	11,298,350	6,735,971	18,034,321	13,893,251	4,654,135	18,547,386
<b>Total Liabilities</b>	<b>13,531,806</b>	<b>7,883,447</b>	<b>21,415,253</b>	<b>16,386,226</b>	<b>5,537,387</b>	<b>21,923,613</b>
<b>Deferred of Resources</b>	<b>401,457</b>	<b>98,726</b>	<b>500,183</b>	<b>66,524</b>	<b>29,052</b>	<b>95,576</b>
Net Position:						
Net investment						
in capital assets	16,539,511	31,986,929	48,526,440	14,379,333	18,839,662	33,218,995
Restricted	2,996,381	-	2,996,381	2,352,899	-	2,352,899
Unrestricted	7,564,999	5,660,925	13,225,924	6,806,172	3,528,292	10,334,464
<b>Total Net Position</b>	<b>\$ 27,100,891</b>	<b>\$ 37,647,854</b>	<b>\$ 64,748,745</b>	<b>\$ 23,538,404</b>	<b>\$ 22,367,954</b>	<b>\$ 45,906,358</b>

**City of Cleveland, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2024**

**Statement of Activities:**

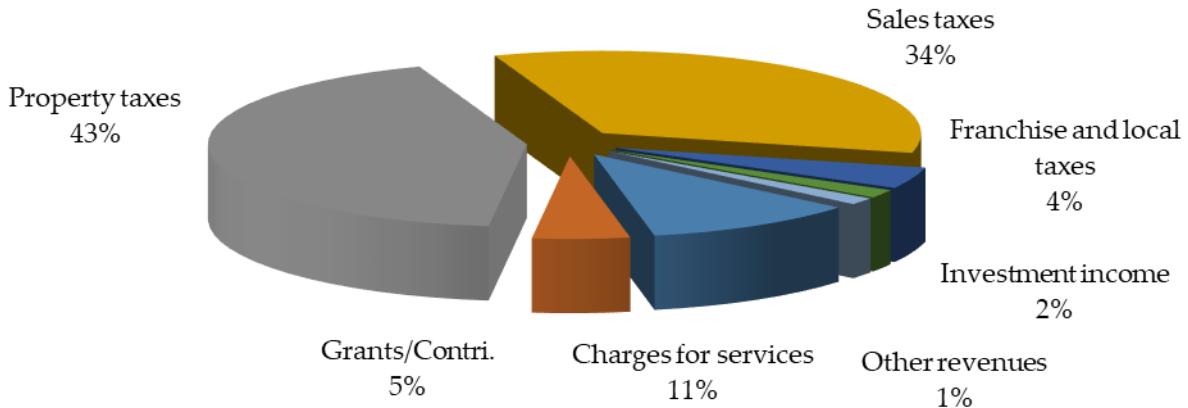
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2024			For the Year Ended September 30, 2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
			Primary Government			Primary Government
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,604,652	\$ 4,853,435	\$ 6,458,087	\$ 1,377,629	\$ 4,629,529	\$ 6,007,158
Operating grants/contri.	434,586	-	434,586	1,155,079	-	1,155,079
Capital grants/contri.	294,327	15,680,546	15,974,873	524,429	3,404,213	3,928,642
General revenues:						
Property taxes	6,297,302	-	6,297,302	4,973,404	-	4,973,404
Sales taxes	5,074,753	-	5,074,753	4,393,269	-	4,393,269
Franchise and local taxes	624,164	-	624,164	715,663	-	715,663
Investment income	242,298	107,004	349,302	161,689	50,006	211,695
Other revenues	206,379	7,740	214,119	80,181	7,052	87,233
<b>Total Revenues</b>	<b>14,778,461</b>	<b>20,648,725</b>	<b>35,427,186</b>	<b>13,381,343</b>	<b>8,090,800</b>	<b>21,472,143</b>
<b>Expenses</b>						
General government	2,105,053	-	2,105,053	1,787,082	-	1,787,082
Public safety	5,627,657	-	5,627,657	5,600,367	-	5,600,367
Public works	791,981	-	791,981	831,635	-	831,635
Transportation	1,285,109	-	1,285,109	950,090	-	950,090
Culture and recreation	1,750,321	-	1,750,321	1,729,161	-	1,729,161
Economic development	194,757	-	194,757	216,786	-	216,786
Interest and fiscal charges	259,203	127,452	386,655	300,858	95,161	396,019
Water & sewer	-	4,443,266	4,443,266	-	3,986,709	3,986,709
<b>Total Expenses</b>	<b>12,014,081</b>	<b>4,570,718</b>	<b>16,584,799</b>	<b>11,415,979</b>	<b>4,081,870</b>	<b>15,497,849</b>
<b>Change in Net Position</b>						
<b>Before Transfers</b>	2,764,380	16,078,007	18,842,387	1,965,364	4,008,930	5,974,294
Transfers	798,107	(798,107)	-	17,577	(17,577)	-
<b>Total</b>	<b>798,107</b>	<b>(798,107)</b>	<b>-</b>	<b>17,577</b>	<b>(17,577)</b>	<b>-</b>
<b>Change in Net Position</b>	3,562,487	15,279,900	18,842,387	1,982,941	3,991,353	5,974,294
Beginning Net Position	23,538,404	22,367,954	45,906,358	21,555,463	18,376,601	39,932,064
<b>Ending Net Position</b>	<b>\$ 27,100,891</b>	<b>\$ 37,647,854</b>	<b>\$ 64,748,745</b>	<b>\$ 23,538,404</b>	<b>\$ 22,367,954</b>	<b>\$ 45,906,358</b>

**City of Cleveland, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2024**

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

**Governmental Activities - Revenues**

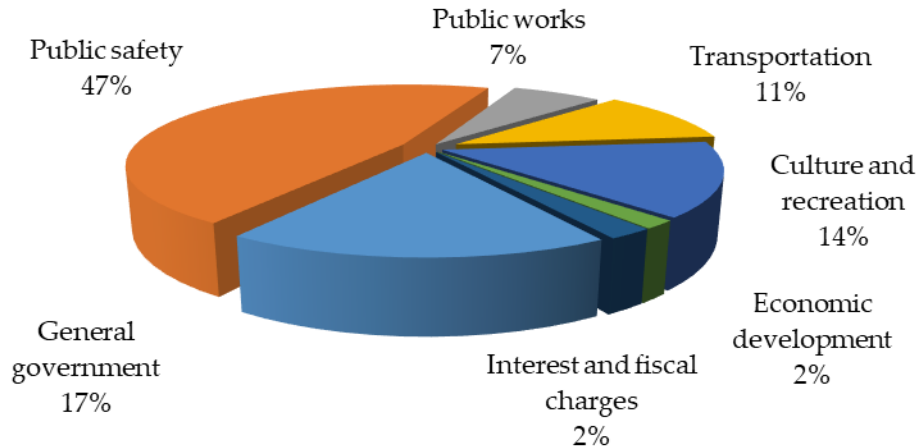


For the year ended September 30, 2024, revenues from governmental activities totaled \$14,778,461. Property tax, sales tax and grants/contributions are the City's largest revenue sources. Grants and contributions decreased by \$950,595 or 57% primarily due to nonrecurring CDBG and SAFER grants received in the prior year. Charges for services increased by \$227,023 or 16% primarily due to greater airport rental fees and fuel purchases in the current year. In prior fiscal years, airport management was outsourced to a third party. The City acquired airport management operations from the third party in January 2024. Property taxes increased by \$1,323,898 or 27% resulting from a greater property tax rate and rising appraised property values in the current year. Sales taxes increased by \$681,484 or 16% due to economic growth fueled by greater local purchases. Franchise and local taxes decreased by \$91,499 or 13% primarily due to nonrecurring revenue received from the local correctional center in the prior year. Investment income increased by \$80,609 or 50% primarily due to greater interest-bearing accounts and the realization of higher interest rates. Other revenues increased by \$126,198 or over 100% primarily as a result of nonrecurring miscellaneous revenues and refunds received in the current year. All other revenues remained relatively consistent when compared to the previous year.

**City of Cleveland, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2024**

This graph shows the governmental function expenses of the City:

**Governmental Activities - Expenses**

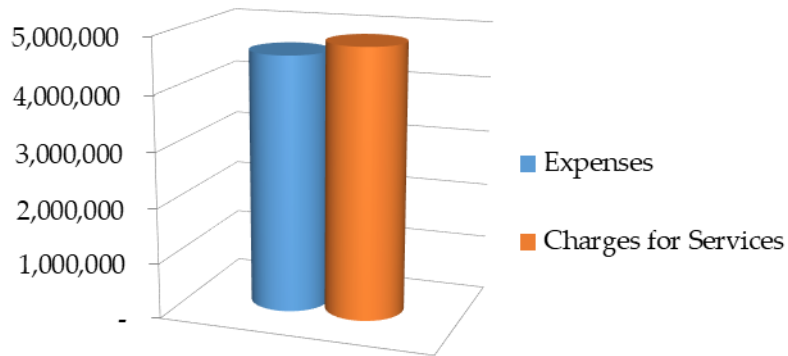


For the year ended September 30, 2024, expenses for governmental activities totaled \$12,014,081. This represents an increase of \$598,102 or 5% from the prior year. The City's largest functional expense is public safety of \$5,627,657, which increased by \$27,290 or less than 1%, and is considered minimal. General government expenses increased by \$317,971 or 18% primarily due to merit-based salary increases and nonrecurring debris removal costs associated with Hurricane Beryl in the current year. Transportation expenses increased by \$335,019 or 35% primarily as a result of the City taking over management of the airport during the current year. The City also incurred greater aviation fuel expenses and personnel costs due to three new hires over the course of the year. All other expenses remained relatively consistent with the previous year.

**City of Cleveland, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2024**

Business-type activities are shown comparing operating costs to revenues generated by related services.

**Business-Type Activities - Revenues and Expenses**



For the year ended September 30, 2024, charges for services by business-type activities totaled \$4,853,435. This represents an increase of \$223,906 or 5% from the previous year and is considered minimal. Capital grants and contributions increased by \$12,276,333 or over 100% due to nonrecurring contributions related to Pinewood Trails roadway and water infrastructure improvements received in the current year. Investment income increased by \$56,998 or over 100% primarily due to greater interest-bearing accounts and the realization of higher interest rates in the current year.

Total expenses amounted to \$4,570,718, an increase of \$488,848 or 12% during the year. Water and sewer expenses totaling \$4,443,266 increased by \$456,557 or 11% primarily due to city growth, causing an increase in utility service operating costs, in addition, an increase in depreciation and personnel costs.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

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

As of the end of the year the general fund reflected a fund balance of \$7,856,283. Unassigned fund balance totaled \$7,755,946 as of yearend. The general fund increased by \$519,002 primarily as a result of greater transfers received from other funds in the current year.

**City of Cleveland, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued***  
**September 30, 2024**

The debt service fund had an ending fund balance of \$921,502 at yearend, a decrease of \$40,288 from the prior year. The decrease was primarily due to nonrecurring transfers out to other funds in the current year. Total principal and interest payments made during the year were \$1,470,616 and \$308,598, respectively.

The capital projects fund had an ending fund balance of \$14,107, a decrease of \$409,157 compared to the prior year. The decrease was primarily a result of capital expenditures and transfers out exceeding current year revenues.

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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

There was a total positive revenue variance of \$473,893 and a positive expenditure variance of \$656,357 for the year. Other financing sources had an overall positive budget variance of \$275,029. Sales tax was the one revenue source significantly greater than budgeted revenues. Final budgeted revenues increased by \$360,066 when compared to the original budgeted revenues. Final budgeted expenditures increased by \$1,417,889 compared to the original expense appropriations. Technology, development services, cemetery and parks, and principal and interest were over the final budget amounts and exceeded appropriations at the legal level of control. Budget amendments were made primarily to account for additional capital outlay estimates.

**CAPITAL ASSETS**

As of the end of the year, the City's governmental activities funds had invested \$28,082,721 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested \$38,675,720 in a variety of capital assets and infrastructure, net of accumulated depreciation. Major capital asset events during the current year include the following:

- Capital contributions for roadway and water infrastructure in Pinewood Trails development totaling \$15,598,082.
- Purchase monopole for base station totaling \$320,067.
- Waterline improvements totaling \$529,454.
- Purchased slop mower for \$175,000.
- Purchased audio/video update for Council chambers for \$110,125.
- New investment in police evidence building totaling \$740,884.
- Improvements to fence at municipal airport totaling \$102,140.

# City of Cleveland, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2024

- Grand Oaks improvements (held in CIP) for \$335,600.
- New playground at Old City Park for \$97,932.
- Improvements to new fire station #2 totaling \$339,086.
- Install fence and concrete pad at state park for \$52,995.
- Install 100' communication towers for \$50,000.
- Purchased three police department vehicles for \$155,904.

More detailed information about the City's capital assets is presented in note IV. D to the financial statements.

### **LONG-TERM DEBT**

At the end of the current year, the City had total bonds, leases and notes outstanding (excluding premiums) of \$17,032,824. During the year the City entered into a note payable agreement for purchase of equipment totaling \$2,639,307. Principal payments of \$1,836,866 were made during the year. More detailed information about the City's long-term liabilities is presented in note IV. E to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Cleveland and improving services provided to their public citizens. The City is considering budgeting conservatively for the upcoming year and planning to maintain similar services.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City of Cleveland's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City Finance Department, 907 Houston St. Cleveland, Texas 77327.

## ***FINANCIAL STATEMENTS***

**City of Cleveland, Texas**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
**September 30, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 9,760,049	\$ 5,709,461	\$ 15,469,510
Restricted cash	12,997	295,825	308,822
Receivables, net	2,379,555	841,277	3,220,832
Prepays	64,304	8,895	73,199
Internal balances	43,441	(43,441)	-
Due from primary government	-	-	-
<b>Total Current Assets</b>	<b>12,260,346</b>	<b>6,812,017</b>	<b>19,072,363</b>
Capital assets:			
Non-depreciable	3,051,084	515,533	3,566,617
Net depreciable capital assets	25,031,637	38,160,187	63,191,824
<b>Total Noncurrent Assets</b>	<b>28,082,721</b>	<b>38,675,720</b>	<b>66,758,441</b>
<b>Total Assets</b>	<b>40,343,067</b>	<b>45,487,737</b>	<b>85,830,804</b>
<b>Deferred Outflows of Resources</b>			
Pension outflows	665,624	141,004	806,628
OPEB outflows	6,071	1,286	7,357
Deferred charges on refunding	19,392	-	19,392
<b>Total Deferred Outflows of Resources</b>	<b>691,087</b>	<b>142,290</b>	<b>833,377</b>

**Component Unit**  
**Cleveland**  
**EDC**

---

\$ 2,715,193  
-  
-  
3,444  
-  
32,831  

---

2,751,468  

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1,013,293  
-  

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1,013,293  

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3,764,761  

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-  
-  
-  

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-  

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**City of Cleveland, Texas**  
**STATEMENT OF NET POSITION (Page 2 of 2)**  
**September 30, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Liabilities</u></b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 495,247	\$ 287,206	\$ 782,453
Customer deposits	-	450,052	450,052
Accrued interest payable	37,029	50,288	87,317
Due to component unit	32,831	-	32,831
Compensated absences, current	118,849	28,680	147,529
Long-term debt due in one year	1,549,500	331,250	1,880,750
<b>Current Liabilities</b>	<b>2,233,456</b>	<b>1,147,476</b>	<b>3,380,932</b>
Noncurrent liabilities:			
Compensated absences, noncurrent	13,205	3,187	16,392
Net pension liability	1,421,522	301,131	1,722,653
OPEB liability	213,126	45,148	258,274
Long-term debt due in more than one year	9,650,497	6,386,505	16,037,002
<b>Noncurrent Liabilities</b>	<b>11,298,350</b>	<b>6,735,971</b>	<b>18,034,321</b>
<b>Total Liabilities</b>	<b>13,531,806</b>	<b>7,883,447</b>	<b>21,415,253</b>
<b><u>Deferred Inflows of Resources</u></b>			
Pension inflows	351,098	74,375	425,473
OPEB inflows	50,359	10,668	61,027
Deferred gain on bond refunding	-	13,683	13,683
<b>Total Deferred Inflows of Resources</b>	<b>401,457</b>	<b>98,726</b>	<b>500,183</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	16,539,511	31,986,929	48,526,440
Restricted for:			
Capital projects	14,107	-	14,107
Municipal court	42,216	-	42,216
Debt service	921,502	-	921,502
Tourism	818,712	-	818,712
TIRZ	1,122,163	-	1,122,163
Opioid funding	36,033	-	36,033
Public safety	41,648	-	41,648
Unrestricted	7,564,999	5,660,925	13,225,924
<b>Total Net Position</b>	<b>\$ 27,100,891</b>	<b>\$ 37,647,854</b>	<b>\$ 64,748,745</b>

See Notes to Financial Statements.



# City of Cleveland, Texas

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 2,105,053	\$ -	\$ 346,186	\$ -
Public safety	5,627,657	173,985	33,229	-
Public works	791,981	431,589	-	294,327
Transportation	1,285,109	-	-	-
Culture and recreation	1,750,321	999,078	10,637	-
Economic development	194,757	-	44,534	-
Interest	259,203	-	-	-
<b>Total Governmental Activities</b>	<b>12,014,081</b>	<b>1,604,652</b>	<b>434,586</b>	<b>294,327</b>
<b>Business-Type Activities</b>				
Water & Sewer	4,570,718	4,853,435	-	15,680,546
<b>Total Business-Type Activities</b>	<b>4,570,718</b>	<b>4,853,435</b>	<b>-</b>	<b>15,680,546</b>
<b>Total Primary Government</b>	<b>\$ 16,584,799</b>	<b>\$ 6,458,087</b>	<b>\$ 434,586</b>	<b>\$ 15,974,873</b>
<b>Component Unit</b>				
Cleveland EDC	920,334	-	-	-
<b>Total Component Unit</b>	<b>\$ 920,334</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**General Revenues:**

- Taxes
  - Property taxes
  - Sales taxes
  - Franchise and local taxes
- Investment income
- Other revenues

**Transfers**

**Total General Revenues and Transfers**

**Change in Net Position**

Beginning Net Position

**Ending Net Position**

See Notes to Financial Statements.

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Cleveland EDC</b>
\$ (1,758,867)	\$ -	\$ (1,758,867)	\$ -
(5,420,443)	-	(5,420,443)	-
(66,065)	-	(66,065)	-
(1,285,109)	-	(1,285,109)	-
(740,606)	-	(740,606)	-
(150,223)	-	(150,223)	-
(259,203)	-	(259,203)	-
<u>(9,680,516)</u>	<u>-</u>	<u>(9,680,516)</u>	<u>-</u>
-	15,963,263	15,963,263	-
-	15,963,263	15,963,263	-
<u>(9,680,516)</u>	<u>15,963,263</u>	<u>6,282,747</u>	<u>-</u>
			<u>(920,334)</u>
			<u>\$ (920,334)</u>
6,297,302	-	6,297,302	-
5,074,753	-	5,074,753	937,646
624,164	-	624,164	-
242,298	107,004	349,302	82,898
206,379	7,740	214,119	2,098
798,107	(798,107)	-	-
<u>13,243,003</u>	<u>(683,363)</u>	<u>12,559,640</u>	<u>1,022,642</u>
3,562,487	15,279,900	18,842,387	102,308
23,538,404	22,367,954	45,906,358	3,656,114
<u>\$ 27,100,891</u>	<u>\$ 37,647,854</u>	<u>\$ 64,748,745</u>	<u>\$ 3,758,422</u>

# City of Cleveland, Texas

## BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 7,128,849	\$ 1,562,042	\$ 1,110	\$ 1,068,048
Restricted cash	-	-	12,997	-
Receivables, net	1,776,713	336,103	-	266,739
Prepays	64,304	-	-	-
Due from other funds	48,198	20,798	-	703,554
<b>Total Assets</b>	<b>\$ 9,018,064</b>	<b>\$ 1,918,943</b>	<b>\$ 14,107</b>	<b>\$ 2,038,341</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 486,402	\$ -	\$ -	\$ 8,845
Due to component unit	32,831	-	-	-
Due to other funds	63,014	661,338	-	4,757
<b>Total Liabilities</b>	<b>582,247</b>	<b>661,338</b>	<b>-</b>	<b>13,602</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue:				
Property tax	579,534	336,103	-	-
<b>Total Deferred Inflows of Resources</b>	<b>579,534</b>	<b>336,103</b>	<b>-</b>	<b>-</b>
<b><u>Fund Balances</u></b>				
Nonspendable:				
Prepays	64,304	-	-	-
Restricted for:				
Capital projects	-	-	14,107	-
Municipal court	-	-	-	42,216
Debt service	-	921,502	-	-
Tourism	-	-	-	818,712
TIRZ	-	-	-	1,122,163
Opioid funding	36,033	-	-	-
Public safety	-	-	-	41,648
Unassigned reported in:				
General fund	7,755,946	-	-	-
<b>Total Fund Balances</b>	<b>7,856,283</b>	<b>921,502</b>	<b>14,107</b>	<b>2,024,739</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 9,018,064</b>	<b>\$ 1,918,943</b>	<b>\$ 14,107</b>	<b>\$ 2,038,341</b>

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

\$ 9,760,049  
12,997  
2,379,555  
64,304  
772,550  
\$ 12,989,455

\$ 495,247  
32,831  
729,109  
1,257,187

915,637

915,637

64,304

14,107

42,216

921,502

818,712

1,122,163

36,033

41,648

7,755,946

10,816,631

\$ 12,989,455

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# City of Cleveland, Texas

## RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2024

<b>Fund Balances - Total Governmental Funds</b>	<b>\$ 10,816,631</b>
<b>Adjustments for the Statement of Net Position:</b>	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	3,051,084
Capital assets - net depreciable	25,031,637
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Property tax receivable	915,637
Deferred outflows (inflows) of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.	
Pension outflows	665,624
Pension inflows	(351,098)
OPEB outflows	6,071
OPEB inflows	(50,359)
Deferred charge on refunding	19,392
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Accrued interest	(37,029)
Compensated absences	(132,054)
Net pension liability	(1,421,522)
OPEB liability	(213,126)
Bond premium	(558,980)
Bonds, notes, and lease liabilities	(10,641,017)
<b>Net Position of Governmental Activities</b>	<b>\$ <u>27,100,891</u></b>

See Notes to Financial Statements.

# City of Cleveland, Texas

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS For the Year Ended September 30, 2024

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds
<b>Revenues</b>				
Property tax	\$ 3,335,335	\$ 1,978,968	\$ -	\$ 892,485
Sales tax	4,732,138	-	-	342,615
Franchise and local taxes	624,164	-	-	-
Intergovernmental	199,241	190,992	-	4,769
Contributions	44,534	-	-	-
Charges for services	999,078	-	-	-
License and permits	431,589	-	-	-
Fines and forfeitures	171,236	-	-	2,749
Investment income	233,869	4,427	598	3,404
Other revenue	199,679	-	-	-
<b>Total Revenues</b>	10,970,863	2,174,387	598	1,246,022
<b>Expenditures</b>				
General government:				
Administration	1,495,799	-	-	-
City council	31,803	-	-	-
Technology	524,071	-	-	-
Public safety:				
Municipal court	219,400	-	-	-
Police department	3,194,015	-	-	6,417
Animal control	78,184	-	-	-
Fire and ambulance	1,872,547	-	-	-
Emergency management	37,165	-	-	-
Public works:				
Development services	512,519	-	-	-
Garbage department	9,935	-	-	-
Transportation:				
Street department	510,618	-	-	-
Airport department	592,030	-	-	-
Culture and recreation:				
Library department	496,214	-	-	-
Cemetery and parks	562,700	-	-	-
Civic/community	345,338	-	-	-
Sports facilities	20,285	-	-	-
Economic development	-	-	-	561,492
Debt service:				
Principal	48,750	1,470,616	-	-
Interest	10,296	308,598	-	-
Capital outlay	1,130,460	-	409,755	-
<b>Total Expenditures</b>	11,692,129	1,779,214	409,755	567,909

**Total  
Governmental  
Funds**

---

\$ 6,206,788  
5,074,753  
624,164  
395,002  
44,534  
999,078  
431,589  
173,985  
242,298  
199,679

---

14,391,870

---

1,495,799  
31,803  
524,071

219,400  
3,200,432  
78,184  
1,872,547  
37,165

512,519  
9,935

510,618  
592,030

496,214  
562,700  
345,338  
20,285  
561,492

1,519,366  
318,894  
1,540,215

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14,449,007

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# City of Cleveland, Texas

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended September 30, 2024

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$ (721,266)	\$ 395,173	\$ (409,157)	\$ 678,113
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	1,233,568	-	-	-
Transfers (out)	-	(435,461)	-	-
Sale of capital assets	6,700	-	-	-
<b>Total Other Financing Sources (Uses)</b>	1,240,268	(435,461)	-	-
<b>Net Change in Fund Balances</b>	519,002	(40,288)	(409,157)	678,113
Beginning fund balances	7,337,281	961,790	423,264	1,346,626
<b>Ending Fund Balances</b>	\$ 7,856,283	\$ 921,502	\$ 14,107	\$ 2,024,739

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

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\$ (57,137)

---

1,233,568

(435,461)

6,700

---

804,807

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747,670

10,068,961

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\$ 10,816,631

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# City of Cleveland, Texas

## *RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES*

**For the Year Ended September 30, 2024**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$	747,670
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		2,057,643
Depreciation expense		(1,382,130)
Capital contributions from the EDC		289,377

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		90,514
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		6,501
Accrued interest		5,814
Pension expense		172,629
OPEB expense		1,226

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Amortization of deferred charges on refunding		(2,585)
Amortization of debt premium		56,462
Principal payments		1,519,366

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>3,562,487</b>
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See Notes to Financial Statements.

# City of Cleveland, Texas

## STATEMENT OF NET POSITION PROPRIETARY FUND (Page 1 of 2)

September 30, 2024

	<u>Water &amp; Sewer</u>
<b><u>Assets</u></b>	
<b><u>Current Assets</u></b>	
Cash and cash equivalents	\$ 5,709,461
Restricted cash	295,825
Receivables, net	841,277
Prepays	8,895
<b>Total Current Assets</b>	<b><u>6,855,458</u></b>
<b><u>Noncurrent Assets</u></b>	
Capital assets:	
Non-depreciable	515,533
Net depreciable capital assets	38,160,187
<b>Total Noncurrent Assets</b>	<b><u>38,675,720</u></b>
<b>Total Assets</b>	<b><u>45,531,178</u></b>
<b><u>Deferred Outflows of Resources</u></b>	
Pension outflows	141,004
OPEB outflows	1,286
<b>Total Deferred Outflows of Resources</b>	<b><u>142,290</u></b>

# City of Cleveland, Texas

## STATEMENT OF NET POSITION PROPRIETARY FUND (Page 2 of 2)

September 30, 2024

	<u>Water &amp; Sewer</u>
<b><u>Liabilities</u></b>	
<b><u>Current Liabilities</u></b>	
Accounts payable and accrued liabilities	\$ 287,206
Due to other funds	43,441
Customer deposits	450,052
Accrued interest payable	50,288
Long-term debt - current portion	331,250
Compensated absences - current portion	28,680
<b>Total Current Liabilities</b>	<u>1,190,917</u>
<b><u>Noncurrent Liabilities</u></b>	
Net pension liability	301,131
OPEB liability	45,148
Long-term debt - noncurrent portion	6,386,505
Compensated absences - noncurrent portion	3,187
<b>Total Liabilities</b>	<u>7,926,888</u>
<b><u>Deferred Inflows of Resources</u></b>	
Pension inflows	74,375
OPEB inflows	10,668
Deferred gain on bond refunding	13,683
<b>Total Deferred Inflows of Resources</b>	<u>98,726</u>
<b><u>Net Position</u></b>	
Net investment in capital assets	31,986,929
Unrestricted	5,660,925
<b>Total Net Position</b>	<u>\$ 37,647,854</u>

See Notes to Financial Statements.

# City of Cleveland, Texas

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUND

For the Year Ended September 30, 2024

	<b>Water &amp; Sewer</b>
<b><u>Operating Revenues</u></b>	
Charges for services	\$ 4,853,435
<b>Total Operating Revenues</b>	<b>4,853,435</b>
<b><u>Operating Expenses</u></b>	
Administration	574,616
Water production	1,079,064
Sewer department	1,116,593
Sanitation services	430,290
Other	56,873
Depreciation	1,185,830
<b>Total Operating Expenses</b>	<b>4,443,266</b>
<b>Operating Income</b>	<b>410,169</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>	
Insurance recoveries	7,740
Investment income	107,004
Interest expense	(127,452)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(12,708)</b>
<b>Income (Loss) Before Transfers and Contributions</b>	<b>397,461</b>
<b><u>Transfers and Contributions</u></b>	
Capital contributions by developer	15,598,082
Capital contributions from the EDC	82,464
Transfers in	435,461
Transfers (out)	(1,233,568)
<b>Change in Net Position</b>	<b>15,279,900</b>
Beginning net position	22,367,954
<b>Ending Net Position</b>	<b>\$ 37,647,854</b>

See Notes to Financial Statements.

# City of Cleveland, Texas

## STATEMENT OF CASH FLOWS PROPRIETARY FUND (Page 1 of 2) For the Year Ended September 30, 2024

	<u>Water &amp; Sewer</u>
<b><u>Cash Flows from Operating Activities</u></b>	
Receipts from customers	\$ 5,049,576
Payments to suppliers	(2,673,855)
Payments to employees	(590,559)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>1,785,162</u>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>	
Transfer in	435,461
Transfer (out)	(1,233,568)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(798,107)</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Capital purchases	(1,054,359)
Insurance recoveries	7,740
Proceeds from capital debt	2,639,307
Principal paid on debt	(317,500)
Interest paid on debt	(117,963)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>1,157,225</u>
<b><u>Cash Flows from Investing Activities</u></b>	
Interest on investments	107,004
<b>Net Cash Provided by Investing Activities</b>	<u>107,004</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	2,251,284
Beginning cash and cash equivalents	3,754,002
<b>Ending Cash and Cash Equivalents</b>	<u><u>\$ 6,005,286</u></u>

See Notes to Financial Statements.

# City of Cleveland, Texas

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 2 of 2) For the Year Ended September 30, 2024

	Water & Sewer
<b><u>Reconciliation of Operating Income (Loss)</u></b>	
<b><u>to Net Cash Provided by Operating Activities</u></b>	
Operating Income (Loss)	\$ 410,169
Adjustments to reconcile operating income (loss) to net cash provided:	
Depreciation	1,185,830
<b>Changes in Operating Assets and Liabilities:</b>	
<b>(Increase) Decrease in:</b>	
Accounts receivable	174,206
prepaids	1,625
Net pension liability	(203,191)
OPEB liability	3,832
Due to (from) other funds	(168,142)
Deferred Outflows of Resources:	
Pension	96,998
OPEB	38
<b>Increase (Decrease) in:</b>	
Accounts payable and accrued liabilities	175,482
Customer deposits	21,935
Compensated absences	15,185
Deferred Inflows of Resources:	
Pension	74,375
OPEB	(3,180)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 1,785,162</b>
 <b><u>Schedule of Noncash Capital and Related Financing Activities</u></b>	
Capital contributions by developer	\$ 15,598,082
Capital contributions received from EDC	82,464
	<b>\$ 15,680,546</b>

See Notes to Financial Statements.

**City of Cleveland, Texas**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2024**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of 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 nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**B. Reporting Entity**

The City of Cleveland, Texas (the “City”) is a municipal corporation. Council is composed of five Council Members and a Mayor. Pursuant to its provisions and subject only to its limitations imposed by the State Constitution and by the City’s charter, all powers of the City shall be vested in an elective Council composed of four Council Members and a Mayor, collectively known as the City Council. The City Council enacts local legislation, adopts budgets, determines policies, and appoints the City Manager, who in turn is responsible to the City Council for the execution of laws and the administration of the government of the City.

The City is an independent political subdivision of the State of Texas governed by an elected council and is considered a primary government for financial reporting purposes as its activities are not considered a part of any other governmental or other type of reporting entity. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. The Cleveland Economic Development Corporation (“CEDC”) is legally separate and presented as a discretely presented component unit. The Tax Increment Reinvestment Zone No. 1 Fund (“TIRZ #1”) and Tax Increment Reinvestment Zone No. 1 (“TIRZ #2”) are blended component units and presented as a nonmajor governmental funds. No other entities have been included in the City’s reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City’s financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally,

**City of Cleveland, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**Discretely Presented Component Unit**

Cleveland Economic Development Corporation (“CEDC”)

The Cleveland Economic Development Corporation was established as a nonprofit industrial development corporation on November 27, 2001. The primary purpose of the CEDC is to (1) enhance appearance, housing and education, (2) envision improvements and plan for progress in the local economy and (3) create and develop opportunities for enhancing the quality of life. The CEDC receives funding primarily through sales and use taxes levied for the benefit of the CEDC. The CEDC is exempt from Federal income taxes under Section 501(c) 6 of the Internal Revenue Code. The CEDC is managed by a seven-member board of directors who are appointed by the City Council of the City of Cleveland, Texas.

**Blended Component Unit**

Tax Increment Reinvestment Zone No. 1 Fund (“TIRZ #1”)

The Tax Increment Reinvestment Zone No. 1 fund was created to encourage and accelerate planned development within the City limits. The fund accounts for all tax and expenditure activity associated with the fund’s primary purpose. The tax increment is derived from the difference in appraised value between the year in which the reinvestment zone is established (base year) and each year the reinvestment zone is in existence. The Board is comprised of nine members who serve two and one-year terms. The City is responsible for appointing at least six members to the Board, Liberty County shall appoint one, one member is from the state senate of the district, and one from the state house of representatives. City Council has all decision-making authority over the TIRZ and is the governing body. Which makes the City Council and TIRZ governing bodies are substantively the same. In addition, any debt outstanding of the TIRZ would be paid for by pledged property tax revenue of the City. These circumstances are the basis for blending the component unit. Separate audited financial statements are not available.

Tax Increment Reinvestment Zone No. 2 Fund (“TIRZ #2”)

The Tax Increment Reinvestment Zone No. 2 fund was created to encourage and accelerate planned development within the City limits. The fund accounts for all tax and expenditure activity associated with the fund’s primary purpose. The tax increment is derived from the difference in appraised value between the year in which the reinvestment zone is established (base year) and each year the reinvestment zone is in existence. The Board is comprised of nine

**City of Cleveland, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
**September 30, 2024**

members who serve two and one-year terms. The City is responsible for appointing at least seven members to the Board, one member is from the state senate of the district, and one from the state house of representatives. City Council has all decision-making authority over the TIRZ and is the governing body. Which makes the City Council and TIRZ governing bodies are substantively the same. In addition, any debt outstanding of the TIRZ would be paid for by pledged property tax revenue of the City. These circumstances are the basis for blending the component unit. Separate audited financial statements are not available.

**C. Basis of Presentation – Government-Wide and Fund Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government’s enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

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

The fund financial statements provide information about the government’s funds, including its blended component units. 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 and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

**General Fund**

The general fund is the main operating fund of the City and is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, transportation, and culture and recreation.

**City of Cleveland, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2024

**Debt Service Fund**

The debt service fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds. The primary source of revenue for debt service is local property taxes.

**Capital Projects Fund**

The capital projects fund accounts for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

**Proprietary Fund Types**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB.

The government reports the following major enterprise fund:

**Water and Sewer Fund**

The water and sewer fund is used to account for the provision of water & wastewater collection and wastewater treatment operations. Activities of the fund include administration, operations and maintenance of the water and sewer system, and sanitation services. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

Additionally, the government reports the following fund types:

**Special Revenue Funds**

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. These funds consist of the hotel/motel fund, the money seizures fund, the fire

**City of Cleveland, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2024

department restoration fund, court technology fund, court security fund, TIRZ #1, and TIRZ #2 funds.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus refers to what is being measured and basis of accounting refers to when transactions are recorded in the financial records and reported on the financial statements and relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable. Proprietary fund equity consists of net position. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

**City of Cleveland, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2024

All governmental funds and component units are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current period. Property taxes, sales taxes, franchise taxes, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

**E. Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**F. Assets, Liabilities, Deferred Inflows/Outflows, and Net Position/Fund Balance**

**1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexSTAR, are reported using the pools' share price.

**City of Cleveland, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2024

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

Direct obligations of the U.S. Government  
Fully collateralized certificates of deposit and money market accounts  
Statewide investment pools

**2. Fair Value**

The City has applied Governmental Accounting Standards Board (“GASB”) Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

**3. Receivables and Interfund Transactions**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds” in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as “due to/from component unit/primary government.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

All trade receivables are shown net of any allowance for uncollectible amounts.

**4. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific

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approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

**5. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**6. 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 are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, assets from a service concession arrangement and works of art are recorded at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful years.

<b>Asset Description</b>	<b>Estimated Useful Life</b>
Vehicles	5 to 10 years
Furniture and equipment	5 to 20 years
Water & sewer system	5 to 50 years
Buildings and improvements	10 to 50 years

**7. Deferred Outflows/Inflows of Resources**

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

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An example is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and fines and forfeitures. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

**8. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**9. Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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**10. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance.

Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**11. Compensated Absences**

The City employees are paid for absences due to vacation according to a prescribed policy. Accordingly, the government-wide and proprietary fund financial statements reflect the accrual for vacation leave at September 30, 2024. Compensated absences are liquidated by the general fund and proprietary fund.

**12. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable, leases, and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the

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actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

Assets acquired under the terms of leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

**13. Leases**

Lessee: The City is a lessee for noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the full-accrual financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**14. Pensions**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**15. Other Postemployment Benefits ("OPEB")**

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

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**G. Revenues and Expenditures/Expenses**

**1. Program Revenues**

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the water and sewer fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.**

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds. Reconciling items have been presented on the balance sheet of governmental funds in the basic financial statements.

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first

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issued, whereas these amounts are deferred and amortized in the statement of activities.” A reconciliation has been presented in the basic financial statements.

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, and certain special revenue funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the department level. No funds can be transferred or added to a budgeted fund without Council approval. Appropriations lapse at the end of the year.

**A. Expenditures in Excess of Appropriations**

For the current year, expenditures exceeded appropriations at the legal level of control as follows:

General fund:	
Technology	\$ 31,535
Development services	9,185
Cemetery and parks	60,111
Principal	11,650
Interest	396
Debt Service fund:	
Transfers (out)	\$ 435,461

**B. Restricted Fund Balance**

The City records restricted net position on amounts with externally imposed restrictions (e.g., through debt covenants or by grantors) or restrictions imposed by law through constitutional provisions or enabling legislation. Total restricted fund balance for governmental funds was \$2,996,381, of which, \$119,897 is restricted by enabling legislation.

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**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2024, the primary government had the following investments:

<b>Investment Type</b>	<b>Value</b>	<b>Weighted Average Maturity (Years)</b>
External investment pools	\$ 6,848,378	0.07
Total fair value	\$ 6,848,378	
Portfolio weighted average maturity		0.07

As of September 30, 2024, the discretely presented component unit had the following investments:

<b>Investment Type</b>	<b>Value</b>	<b>Weighted Average Maturity (Years)</b>
External investment pools	\$ 1,373,924	0.07
Total fair value	\$ 1,373,924	
Portfolio weighted average maturity		0.07

*Interest rate risk* In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

*Credit risk* The City’s investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than “A” or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service.

*Custodial credit risk – deposits* In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities

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that have a market value of not less than the principal amount of the deposits. As of September 30, 2024, the market values of pledged securities and FDIC exceeded bank balances.

*Custodial credit risk – investments* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City’s safekeeping account prior to the release of funds.

**TexPool**

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor’s rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor’s, as well as to the office of the Comptroller of Public Accounts for review. There were no limitations or restrictions on withdrawals.

**B. Receivables**

The following comprise receivable balances of the primary government at year end:

	<b>General</b>	<b>Debt Service</b>	<b>Nonmajor Governmental</b>	<b>Water &amp; Sewer</b>	<b>Total</b>
Property taxes	\$ 579,534	\$ 336,103	\$ -	\$ -	\$ 915,637
Sales taxes	1,124,786	-	-	-	1,124,786
Franchise and other tax	-	-	231,147	-	231,147
Occupancy taxes	-	-	35,592	-	35,592
Grant	24,507	-	-	-	24,507
Other	47,886	-	-	-	47,886
Accounts	-	-	-	979,800	979,800
Allowance	-	-	-	(138,523)	(138,523)
	<u>\$ 1,776,713</u>	<u>\$ 336,103</u>	<u>\$ 266,739</u>	<u>\$ 841,277</u>	<u>\$ 3,220,832</u>

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**C. Capital Assets**

A summary of changes in governmental activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/Transfers Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 2,381,017	\$ -	\$ -	\$ 2,381,017
Construction in progress	5,360,575	348,600	(5,039,108)	670,067
Total capital assets not being depreciated	<u>7,741,592</u>	<u>348,600</u>	<u>(5,039,108)</u>	<u>3,051,084</u>
Capital assets, being depreciated:				
Buildings and improvements	25,423,987	1,323,867	5,243,485	31,991,339
Furniture and equipment	7,499,501	385,176	85,000	7,969,677
Right-of-use assets	240,117	-	-	240,117
Total capital assets being depreciated	<u>33,163,605</u>	<u>1,709,043</u>	<u>5,328,485</u>	<u>40,201,133</u>
Less accumulated depreciation				
Buildings and improvements	(9,016,918)	(873,057)	-	(9,889,975)
Furniture and equipment	(4,708,040)	(457,730)	-	(5,165,770)
Right-of-use assets	(62,408)	(51,343)	-	(113,751)
Total accumulated depreciation	<u>(13,787,366)</u>	<u>(1,382,130)</u>	<u>-</u>	<u>(15,169,496)</u>
Net capital assets being depreciated	<u>19,376,239</u>	<u>326,913</u>	<u>5,328,485</u>	<u>25,031,637</u>
<b>Total Net Capital Assets</b>	<u><u>\$ 27,117,831</u></u>	<u><u>\$ 675,513</u></u>	<u><u>\$ 289,377</u></u>	<u><u>\$ 28,082,721</u></u>

Depreciation was charged to governmental functions as follows:

General government	\$ 76,636
Public safety	489,202
Public works	274,270
Transportation	189,836
Culture and recreation	352,186
<b>Total Governmental Activities Depreciation Expense</b>	<u><u>\$ 1,382,130</u></u>

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A summary of changes in business-type activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 178,621	\$ -	\$ -	\$ 178,621
Construction in progress	317,945	336,912	(317,945)	336,912
Total capital assets not being depreciated	<u>496,566</u>	<u>336,912</u>	<u>(317,945)</u>	<u>515,533</u>
Capital assets, being depreciated:				
Buildings and improvements	47,997	-	-	47,997
Furniture and equipment	2,521,975	329,698	-	2,851,673
Water system	15,552,048	7,217,205	317,945	23,087,198
Sewer system	23,631,172	8,851,090	-	32,482,262
Total capital assets being depreciated	<u>41,753,192</u>	<u>16,397,993</u>	<u>317,945</u>	<u>58,469,130</u>
Less accumulated depreciation				
Buildings and improvements	(37,352)	(1,408)	-	(38,760)
Furniture and equipment	(1,668,641)	(142,095)	-	(1,810,736)
Water system	(4,950,974)	(491,871)	-	(5,442,845)
Sewer system	(12,466,146)	(550,456)	-	(13,016,602)
Total accumulated depreciation	<u>(19,123,113)</u>	<u>(1,185,830)</u>	<u>-</u>	<u>(20,308,943)</u>
Net capital assets being depreciated	<u>22,630,079</u>	<u>15,212,163</u>	<u>317,945</u>	<u>38,160,187</u>
<b>Total Net Capital Assets</b>	<u><u>\$ 23,126,645</u></u>	<u><u>\$ 15,549,075</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 38,675,720</u></u>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 1,185,830
<b>Total Business-type Activities Depreciation Expense</b>	<u><u>\$ 1,185,830</u></u>

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A summary of changes in component unit activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 1,013,293	\$ -	\$ -	\$ 1,013,293
Total capital assets not being depreciated	<u>1,013,293</u>	<u>-</u>	<u>-</u>	<u>1,013,293</u>
Capital assets, being depreciated:				
Buildings and improvements	173,952	30,425	(204,377)	-
Machinery & equipment	85,000	-	(85,000)	-
Total capital assets being depreciated	<u>258,952</u>	<u>30,425</u>	<u>(289,377) *</u>	<u>-</u>
Less accumulated depreciation				
Buildings and improvements	(8,587)	-	8,587	-
Furniture & equipment	(6,091)	-	6,091	-
Total accumulated depreciation	<u>(14,678)</u>	<u>-</u>	<u>14,678</u>	<u>-</u>
Net capital assets being depreciated	244,274	30,425	(274,699)	-
<b>Total Net Capital Assets</b>	<u>\$ 1,257,567</u>	<u>\$ 30,425</u>	<u>\$ (274,699)</u>	<u>\$ 1,013,293</u>

\*These capital assets were transferred to the primary government's governmental activities during the year.

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**D. Long-term Debt**

The following is a summary of changes in the City's total long-term debt for the year ended. In general, the City uses the debt service fund to liquidate certain governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Certificates of Obligation General Obligation	\$ 7,575,000	\$ -	\$ (587,500)	\$ 6,987,500	\$ 603,750
Refunding Bonds	3,260,000	-	(710,000)	2,550,000	725,000
Less: Deferred Amounts					
Issuance Premium	615,442	-	(56,462)	558,980	-
Note payables	1,107,235	-	(173,116)	934,119	177,532
Lease liability	218,148	-	(48,750)	169,398	43,218
<b>Total Governmental     Activities</b>	<u>\$ 12,775,825</u>	<u>\$ -</u>	<u>\$ (1,575,828)</u>	<u>\$ 11,199,997</u>	<u>\$ 1,549,500</u>
<b>Long-term Liabilities Due in More than One Year</b>				<u>\$ 9,650,497</u>	
<b>Business-Type Activities:</b>					
Certificates of Obligation General Obligation	\$ 1,740,000	\$ -	\$ (97,500)	\$ 1,642,500	\$ 101,250
Refunding Bonds	2,330,000	-	(220,000)	2,110,000	230,000
Note payables	-	2,639,307	-	2,639,307	-
Less: Deferred Amounts					
Issuance Premium	354,329	-	(28,381)	325,948	-
<b>Total Business-Type     Activities</b>	<u>\$ 4,424,329</u>	<u>\$ 2,639,307</u>	<u>\$ (345,881)</u>	<u>\$ 6,717,755</u>	<u>\$ 331,250</u>
<b>Long-term Liabilities Due in More than One Year</b>				<u>\$ 6,386,505</u>	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Leases are secured by the underlying asset. In the event of default, the lender may demand immediate payment or take possession of the asset.

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Long-term debt at year end was comprised of the following debt issues:

<u>Description</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Original Balance</u>	<u>Current Balance</u>
<b>Governmental Activities:</b>				
2013 General Obligation Refunding	2% - 3%	2026	\$ 7,860,000	\$ 1,140,000
2017 Certificates of obligation	3% - 3.25%	2037	3,920,000	2,060,000
2019 General Obligation Refunding	2%	2032	2,030,000	1,410,000
2021 Certificates of Obligation	2% - 4%	2046	5,745,000	4,927,500
Note payables:				
Fire Truck	2.55%	2029	1,276,045	934,119
Lease liabilities	3% - 4%	2025	240,117	169,398
Premiums	n/a	various	1,222,717	558,980
<b>Total Governmental Activities</b>			<b>\$ 22,293,879</b>	<b>\$ 11,199,997</b>
<b>Business-Type Activities:</b>				
2021 Certificates of Obligation	2% - 4%	2046	\$ 1,915,000	\$ 1,642,500
2021 General Obligation Refunding	2% - 4%	2033	2,740,000	2,110,000
Note payables:				
AMR Equipment	4.82%	2040	2,639,307	2,639,307
Premiums	n/a	various	523,856	325,948
<b>Total Business Type Activities</b>			<b>\$ 7,818,163</b>	<b>\$ 6,717,755</b>

**City of Cleveland, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

The annual requirements to amortize governmental activities debt issues outstanding at year ending were as follows:

<b>Year ending September 30,</b>	<b>Certificates of Obligation</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 603,750	\$ 187,989	\$ 791,739
2026	616,250	169,689	785,939
2027	632,500	150,958	783,458
2028	448,750	134,739	583,489
2029	456,250	121,164	577,414
2030	463,750	105,620	569,370
2031	482,500	87,845	570,345
2032	280,000	75,189	355,189
2033	283,750	67,984	351,734
2034	283,750	60,877	344,627
2035	291,250	53,833	345,083
2036	295,000	46,605	341,605
2037	290,000	39,349	329,349
2038	183,750	33,924	217,674
2039	191,250	30,174	221,424
2040	195,000	26,067	221,067
2041	198,750	21,638	220,388
2042	150,000	17,620	167,620
2043	153,750	14,013	167,763
2044	157,500	10,219	167,719
2045	161,250	6,234	167,484
2046	168,750	2,109	170,859
<b>Total</b>	<b>\$ 6,987,500</b>	<b>\$ 1,463,839</b>	<b>\$ 8,451,339</b>

**City of Cleveland, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

<b>Year ending September 30,</b>	<b>General Obligation Refunding</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 725,000	\$ 47,677	\$ 772,677
2026	745,000	31,060	776,060
2027	170,000	20,696	190,696
2028	175,000	17,108	192,108
2029	180,000	13,416	193,416
2030	180,000	9,672	189,672
2031	185,000	5,876	190,876
2032	190,000	1,976	191,976
<b>Total</b>	<b>\$ 2,550,000</b>	<b>\$ 147,481</b>	<b>\$ 2,697,481</b>

<b>Year ending September 30,</b>	<b>Notes Payable - Fire Truck</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 177,532	\$ 23,829	\$ 201,361
2026	182,061	19,300	201,361
2027	186,705	14,656	201,361
2028	191,468	9,893	201,361
2029	196,353	5,009	201,362
<b>Total</b>	<b>\$ 934,119</b>	<b>\$ 72,687</b>	<b>\$ 1,006,806</b>

<b>Year ending September 30,</b>	<b>Lease Payable</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 43,218	\$ 8,702	\$ 51,920
2026	40,180	6,648	46,828
2027	42,284	4,544	46,828
2028	43,716	2,336	46,052
<b>Total</b>	<b>\$ 169,398</b>	<b>\$ 22,230</b>	<b>\$ 191,628</b>

The City entered into a lease agreement for an asphalt zipper on May 25, 2023 in the amount of \$201,390. The lease bears an interest rate of 5.23% and will mature on May 25, 2028. The City's lease assets have a net book value of \$126,366 as of yearend.

**City of Cleveland, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

The annual requirements to amortize business-type activities debt issues outstanding at year ending were as follows:

<b>Year ending September 30,</b>	<b>Certificates of Obligation</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 101,250	\$ 43,280	\$ 144,530
2026	103,750	40,205	143,955
2027	107,500	37,036	144,536
2028	111,250	33,755	145,005
2029	113,750	30,380	144,130
2030	116,250	26,348	142,598
2031	122,500	21,573	144,073
2032	55,000	18,505	73,505
2033	56,250	17,253	73,503
2034	56,250	16,058	72,308
2035	58,750	14,908	73,658
2036	60,000	13,720	73,720
2037	60,000	12,520	72,520
2038	61,250	11,308	72,558
2039	63,750	10,058	73,808
2040	65,000	8,689	73,689
2041	66,250	7,213	73,463
2042	50,000	5,873	55,873
2043	51,250	4,671	55,921
2044	52,500	3,406	55,906
2045	53,750	2,078	55,828
2046	56,250	703	56,953
<b>Total</b>	<b>\$ 1,642,500</b>	<b>\$ 379,540</b>	<b>\$ 2,022,040</b>

**City of Cleveland, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

Year ending September 30,	General Obligation Refunding Bonds		
	Principal	Interest	Total
2025	\$ 230,000	\$ 62,700	\$ 292,700
2026	235,000	53,400	288,400
2027	250,000	43,700	293,700
2028	265,000	33,400	298,400
2029	270,000	24,050	294,050
2030	280,000	15,800	295,800
2031	285,000	8,750	293,750
2031	145,000	4,450	149,450
2032	150,000	1,500	151,500
Total	<u>\$ 2,110,000</u>	<u>\$ 247,750</u>	<u>\$ 2,357,750</u>

Year ending September 30,	Notes Payable - AMR Equipment		
	Principal	Interest	Total
2025	\$ -	\$ 137,109	\$ 137,109
2026	90,471	126,181	216,652
2027	67,584	121,679	189,263
2028	77,736	119,131	196,867
2029	125,059	114,407	239,466
2030-2034	865,757	463,161	1,328,918
2035-2039	1,267,429	209,990	1,477,419
2040	145,271	3,501	148,772
Total	<u>\$ 2,639,307</u>	<u>\$ 1,295,159</u>	<u>\$ 3,934,466</u>

**F. Deferred Charges (Gains) on Refunding**

A deferred charge resulting from the issuance of the 2013 and 2019 General Obligation Refunding Bonds has been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for governmental activities totaled \$19,392. Current year amortization expense for governmental activities totaled \$2,585.

A deferred gain resulting from the issuance of the 2021 General Obligation Refunding Bonds has been recorded as a deferred inflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for business-type activities totaled \$13,683. Current year amortization expense for business-type activities totaled \$1,521.

**City of Cleveland, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

**G. Other Long-term Liabilities**

The following is a summary of changes in the City’s total other long-term liabilities for the year ended. In general, the City uses the general and proprietary fund to liquidate governmental compensated absences.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<b>Governmental Activities:</b>					
Other liabilities:					
Compensated Absences	\$ 138,555	\$ 167,832	\$ (174,333)	\$ 132,054	\$ 118,849
<b>Total Governmental Activities</b>	<u>\$ 138,555</u>	<u>\$ 167,832</u>	<u>\$ (174,333)</u>	<u>\$ 132,054</u>	<u>\$ 118,849</u>
<b>Long-term liabilities due in more than one year</b>				<u>\$ 13,205</u>	
<b>Business-Type Activities:</b>					
Other liabilities:					
Compensated Absences	\$ 16,682	\$ 49,463	\$ (34,278)	\$ 31,867	\$ 28,680
<b>Total Business-Type Activities</b>	<u>\$ 16,682</u>	<u>\$ 49,463</u>	<u>\$ (34,278)</u>	<u>\$ 31,867</u>	<u>\$ 28,680</u>
<b>Long-term liabilities due in more than one year</b>				<u>\$ 3,187</u>	

**H. Customer Deposits**

The City had customer deposits of \$450,052 in the water and sewer fund as of year end. The City requires a refundable deposit for all new utility customers. This amount will be returned to the customer when utility service is discontinued and all outstanding utility expenses are paid.

**I. Interfund Transactions**

The compositions of interfund due to/from balances as of the year ended September 30, 2024 were as follows:

	<b>Payable Fund:</b>				<b>Total</b>
	<b>General</b>	<b>Debt Service</b>	<b>Nonmajor Governmental</b>	<b>Water &amp; Sewer</b>	
<b>Receivable Fund:</b>					
General	\$ -	\$ -	\$ 4,757	\$ 43,441	\$ 48,198
Debt service	20,798	-	-	-	20,798
Nonmajor governmental	42,216	661,338	-	-	703,554
<b>Total</b>	<u>\$ 63,014</u>	<u>\$ 661,338</u>	<u>\$ 4,757</u>	<u>\$ 43,441</u>	<u>\$ 772,550</u>

**City of Cleveland, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

Interfund balances resulted from the timing difference 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. All balances are expected to be paid in the subsequent year.

The primary government owed the CEDC \$32,831 as of September 30, 2024.

Transfers between the primary government funds during the 2024 year were as follows:

<b>Transfer in:</b>	<b>Transfer out:</b>		<b>Total</b>
	<b>Debt Service</b>	<b>Water &amp; Sewer</b>	
General	\$ -	\$ 1,233,568	\$ 1,233,568
Water & sewer	435,461	-	435,461
<b>Total</b>	<b>\$ 435,461</b>	<b>\$ 1,233,568</b>	<b>\$ 1,669,029</b>

During the current year, the CEDC contributed \$150,425 and \$190,992 to the general fund and debt service fund, respectively. The funds were presented as intergovernmental revenue within the governmental fund statements.

Amounts transferred between funds relate to amounts collected by the governmental and enterprise funds for various operating capital expenditures and principal and interest payments.

**IV. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with more than 2,800 other entities in the Texas Municipal League’s Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums.

The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

The City uses a number of approaches to decrease risks and protect against losses to the City, including internal practices, employee training, and a code of ethics, which all employees are required to acknowledge

The City owns and operates motor vehicles and may provide such vehicle to employees for business use during the course and scope of their employment. The City is insured as to its own property losses, and the liability of loss to others.

**City of Cleveland, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2024

Public Funds Investment & Collateral Acts

State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2024, the market values of pledged securities and FDIC exceeded bank balances. In addition, the City is required to adopt certain standards as it relates to the investment and maintenance of public funds. The City was in compliance with the requirement Public Funds Investment Act and the Public Funds Collateral Act.

**B. Contingent Liabilities**

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City had not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired.

**C. Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the City could result. The City does not anticipate that it will have an arbitrage liability and reviews the estimate for this potential liability annually. The City will also engage an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations if indicated.

**City of Cleveland, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
 September 30, 2024

**D. Defined Benefit Pension Plans**

**Texas Municipal Retirement System**

**1. Plan Description**

The City participates as one of 934 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com). All eligible employees of the city are required to participate in TMRS.

**2. Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2023</u>	<u>Plan Year 2022</u>
Employee deposit rate	5.0%	5.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

**City of Cleveland, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

**Employees covered by benefit terms**

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	57
Inactive employees entitled to but not yet receiving benefits	87
Active employees	<u>104</u>
<b>Total</b>	<b><u>248</u></b>

**3. Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Cleveland, Texas were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Cleveland, Texas were 10.59% and 10.04% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024, were \$600,955, which the required contributions.

**4. Net Pension Liability (Asset)**

The City's Net Pension Liability (Asset) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date.

**Actuarial assumptions**

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.60% to 11.85%, including inflation
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General

**City of Cleveland, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
**September 30, 2024**

Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

**City of Cleveland, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	6.7%
Core Fixed Income	6.0%	4.7%
Non-Core Fixed Income	20.0%	8.0%
Other Public/Private Markets	12.0%	8.0%
Real Estate	12.0%	7.6%
Hedge Funds	5.0%	6.4%
Private Equity	10.0%	11.6%
Total	100.0%	

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, 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 was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, 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 (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 4,145,886	\$ 1,722,653	\$ (249,924)

**City of Cleveland, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

**Changes in the Net Pension Liability (Asset):**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
<b>Balance at 12/31/22</b>	\$ 16,223,772	\$ 13,296,261	\$ 2,927,511
Changes for the year:			
Service Cost	647,993	-	647,993
Interest	1,093,673	-	1,093,673
Difference between expected and actual experience	(404,757)	-	(404,757)
Changes of assumptions	(138,817)	-	(138,817)
Contributions – employer	-	594,658	(594,658)
Contributions – employee	-	280,633	(280,633)
Net investment income	-	1,537,517	(1,537,517)
Benefit payments, including refunds of emp. contributions	(690,407)	(690,407)	-
Administrative expense	-	(9,790)	9,790
Other changes	-	(68)	68
Net changes	507,685	1,712,543	(1,204,858)
<b>Balance at 12/31/23</b>	<b>\$ 16,731,457</b>	<b>\$ 15,008,804</b>	<b>\$ 1,722,653</b>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at [www.tmr.com](http://www.tmr.com).

**5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2024, the City recognized pension expense of \$396,517.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Difference between projected and investment earnings	\$ -	\$ (325,650)
Differences between expected and actual economic experience	372,119	-
Pension assumption changes	-	(99,823)
Contributions subsequent to the measurement date	434,509	-
<b>Total</b>	<b>\$ 806,628</b>	<b>\$ (425,473)</b>

**City of Cleveland, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

The City reported \$434,509 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>	
2024	\$ (52,289)
2025	(66,869)
2026	193,808
2027	(128,004)
2028	-
Thereafter	-
	\$ (53,354)

**Supplemental Death Benefits Fund**

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit,” or OPEB. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees’ entire careers.

**City of Cleveland, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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**Employees covered by benefit terms**

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	37
Inactive employees entitled to but not yet receiving benefits	14
Active employees	104
Total	155

The City's contributions to the TMRS SDBF for the years ended 2023 and 2024 were \$10,031 and \$10,343, respectively, which equaled the required contributions each year.

Three-Year Contribution Information

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2022	0.16%	0.16%	100.0%
2023	0.19%	0.19%	100.0%
2024	0.17%	0.17%	100.0%

**Total OPEB Liability**

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2023, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions:**

The Total OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.6% to 11.85%, including inflation per year
Discount rate	3.77%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

**City of Cleveland, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

**Discount Rate:**

The discount rate used to measure the Total OPEB Liability was 3.77%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

1% Decrease (2.77%)	Current Single Rate Assumption 3.77%	1% Increase (4.77%)
\$ 304,035	\$ 258,274	\$ 221,984

**Changes in the Total OPEB Liability:**

	<b>Total OPEB Liability</b>
<b>Balance at 12/31/22</b>	\$ 239,791
Changes for the year:	
Service Cost	10,669
Interest	9,711
Difference between expected and actual experience	(4,295)
Changes of assumptions	13,067
Benefit payments	(10,669)
Net changes	18,483
<b>Balance at 12/31/23</b>	<b>\$ 258,274</b>

**City of Cleveland, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2024**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2024, the City recognized OPEB expense of \$9,808.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Changes in actuarial assumptions	\$ -	\$ (42,482)
Difference between expected and actual experience	-	(18,545)
Contributions subsequent to measurement date	7,357	-
<b>Total</b>	<b>\$ 7,357</b>	<b>\$ (61,027)</b>

The City reported \$7,357 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2025.

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended December 31:</b>	
2024	\$ (13,051)
2025	(18,034)
2026	(19,723)
2027	(11,215)
2028	996
Thereafter	-
	<b>\$ (61,027)</b>

**E. Subsequent Events**

There were no material subsequent events through May 20, 2025, the date the financial statements were issued.

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***REQUIRED SUPPLEMENTARY INFORMATION***

**City of Cleveland, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 2)**  
**GENERAL FUND**

**For the Year Ended September 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Property tax	\$ 3,271,154	\$ 3,271,154	\$ 3,335,335	\$ 64,181
Sales tax	4,037,000	4,037,000	4,732,138	695,138
Franchise and local taxes	657,221	657,221	624,164	(33,057)
Intergovernmental	135,000	135,000	199,241	64,241
Contributions	63,700	68,700	44,534	(24,166)
Charges for services	1,051,164	1,372,580	999,078	(373,502)
License and permits	500,040	500,040	431,589	(68,451)
Fines and forfeitures	194,600	194,600	171,236	(23,364)
Investment income	160,025	160,025	233,869	73,844
Other revenue	67,000	100,650	199,679	99,029
<b>Total Revenues</b>	<u>10,136,904</u>	<u>10,496,970</u>	<u>10,970,863</u>	<u>473,893</u>
<b>Expenditures</b>				
General government:				
Administration	1,277,166	1,502,166	1,495,799	6,367
City council	60,100	40,100	31,803	8,297
Technology	467,536	492,536	524,071	(31,535) *
Public safety:				
Municipal court	353,222	228,222	219,400	8,822
Police department	3,713,200	3,513,622	3,194,015	319,607
Animal control	74,730	79,230	78,184	1,046
Fire and ambulance	1,910,939	1,938,939	1,872,547	66,392
Emergency management	30,000	37,500	37,165	335
Public works:				
Development services	518,334	503,334	512,519	(9,185) *
Garbage department	12,900	12,900	9,935	2,965
Transportation:				
Street department	595,319	645,301	510,618	134,683
Airport department	324,064	594,064	592,030	2,034
Culture and recreation:				
Library department	519,432	524,432	496,214	28,218
Cemetery and parks	502,589	502,589	562,700	(60,111) *
Civic/community	313,172	383,822	345,338	38,484
Sports facilities	26,700	21,700	20,285	1,415
Debt Service:				
Principal	-	37,100	48,750	(11,650) *
Interest	-	9,900	10,296	(396) *
Capital outlay	231,194	1,281,029	1,130,460	150,569

# City of Cleveland, Texas

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 2) GENERAL FUND

For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Total Expenditures</b>	10,930,597	12,348,486	11,692,129	656,357
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	(793,693)	(1,851,516)	(721,266)	1,130,250
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	\$ 791,692	\$ 963,239	\$ 1,233,568	\$ 270,329
Sale of capital assets	2,000	2,000	6,700	4,700
<b>Total Other Financing Sources (Uses)</b>	793,692	965,239	1,240,268	275,029
<b>Net Change in Fund Balance</b>	\$ (1)	\$ (886,277)	519,002	\$ 1,405,279
Beginning fund balance			7,337,281	
<b>Ending Fund Balance</b>			\$ 7,856,283	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- \* Expenditures exceeded appropriations at the legal level of control.

# City of Cleveland, Texas

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Total pension liability				
Service cost	\$ 647,993	\$ 596,472	\$ 545,874	\$ 509,750
Interest	1,093,673	1,051,269	971,852	901,287
Differences between expected and actual experience	(404,757)	(236,559)	372,542	149,698
Changes of assumptions	(138,817)	-	-	-
Benefit payments, including refunds of participant contributions	(690,407)	(927,069)	(550,966)	(515,803)
<b>Net change in total pension liability</b>	<u>507,685</u>	<u>484,113</u>	<u>1,339,302</u>	<u>1,044,932</u>
<b>Total pension liability - beginning</b>	<u>16,223,772</u>	<u>15,739,659</u>	<u>14,400,357</u>	<u>13,355,425</u>
<b>Total pension liability - ending (a)</b>	<u>16,731,457</u>	<u>16,223,772</u>	<u>15,739,659</u>	<u>14,400,357</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 594,658	\$ 523,829	\$ 498,839	\$ 463,526
Contributions - members	280,633	255,777	237,543	220,099
Net investment income	1,537,517	(1,057,851)	1,650,907	882,655
Benefit payments, including refunds of participant contributions	(690,407)	(927,069)	(550,966)	(515,803)
Administrative expenses	(9,790)	(9,159)	(7,643)	(5,711)
Other	(68)	10,930	53	(221)
<b>Net change in plan fiduciary net position</b>	<u>1,712,543</u>	<u>(1,203,543)</u>	<u>1,828,733</u>	<u>1,044,545</u>
<b>Plan fiduciary net position - beginning</b>	<u>13,296,261</u>	<u>14,499,804</u>	<u>12,671,071</u>	<u>11,626,526</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 15,008,804</u>	<u>\$ 13,296,261</u>	<u>\$ 14,499,804</u>	<u>\$ 12,671,071</u>
<b>Fund's net pension liability - ending (a) - (b)</b>	<u>\$ 1,722,653</u>	<u>\$ 2,927,511</u>	<u>\$ 1,239,855</u>	<u>\$ 1,729,286</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	90%	82%	92%	88%
<b>Covered payroll</b>	\$ 5,615,192	\$ 5,115,538	\$ 4,750,866	\$ 4,401,986
<b>Fund's net pension liability as a percentage of covered payroll</b>	31%	57%	26%	39%

Notes to schedule:

	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<sup>1</sup>
\$	437,356	\$ 395,063	\$ 385,239	\$ 361,883	\$ 310,615	\$ 289,352	
	837,773	797,496	747,381	699,231	693,226	668,798	
	52,935	(136,743)	81,087	106,870	(125,466)	(146,722)	
	65,894	-	-	-	36,902	-	
	(462,603)	(497,953)	(454,374)	(478,284)	(492,054)	(454,110)	
	<u>931,355</u>	<u>557,863</u>	<u>759,333</u>	<u>689,700</u>	<u>423,223</u>	<u>357,318</u>	
	<u>12,424,070</u>	<u>11,866,207</u>	<u>11,106,874</u>	<u>10,417,174</u>	<u>9,993,951</u>	<u>9,636,633</u>	
	<u>13,355,425</u>	<u>12,424,070</u>	<u>11,866,207</u>	<u>11,106,874</u>	<u>10,417,174</u>	<u>9,993,951</u>	
\$	408,197	\$ 363,729	\$ 350,699	\$ 308,931	\$ 306,308	\$ 285,365	
	189,496	170,286	166,051	156,659	143,537	143,400	
	1,540,427	(306,841)	1,239,934	567,304	12,441	457,872	
	(462,603)	(497,953)	(454,374)	(478,284)	(492,054)	(454,110)	
	(8,701)	(5,926)	(6,422)	(6,406)	(7,578)	(4,780)	
	(261)	(310)	(325)	(345)	(373)	(393)	
	<u>1,666,555</u>	<u>(277,015)</u>	<u>1,295,563</u>	<u>547,859</u>	<u>(37,719)</u>	<u>427,354</u>	
	<u>9,959,971</u>	<u>10,236,986</u>	<u>8,941,423</u>	<u>8,393,564</u>	<u>8,431,283</u>	<u>8,003,929</u>	
\$	<u>11,626,526</u>	<u>\$ 9,959,971</u>	<u>\$ 10,236,986</u>	<u>\$ 8,941,423</u>	<u>\$ 8,393,564</u>	<u>\$ 8,431,283</u>	
\$	<u>1,728,899</u>	<u>\$ 2,464,099</u>	<u>\$ 1,629,221</u>	<u>\$ 2,165,451</u>	<u>\$ 2,023,610</u>	<u>\$ 1,562,668</u>	

	87%	80%	86%	81%	81%	84%	
\$	3,789,910	\$ 3,405,719	\$ 3,321,023	\$ 3,133,188	\$ 2,870,749	\$ 2,868,009	
	46%	72%	49%	69%	70%	54%	

# City of Cleveland, Texas

## SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Fiscal Years Ended:

	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Actuarially determined employer contributions	\$ 600,955	\$ 601,629	\$ 528,168	\$ 476,535
Contributions in relation to the actuarially determined contribution	\$ 600,955	\$ 601,629	\$ 528,168	\$ 476,535
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered-employee payroll	\$ 5,899,509	\$ 5,511,296	\$ 5,122,641	\$ 4,535,082
Employer contributions as a percentage of covered payroll	10.19%	10.92%	10.31%	10.51%

### NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

**Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023

valuation pursuant to an experience study of the period ending 2022.

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).  
Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

**Other Information:**

Notes There were no benefit changes during the year.

<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u> <sup>1</sup>
\$ 442,354	\$ 395,012	\$ 357,632	\$ 341,779	\$ 323,843	\$ 293,516
\$ 442,354	\$ 395,012	\$ 357,632	\$ 341,779	\$ 323,843	\$ 293,516
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 4,179,243	\$ 3,674,680	\$ 3,357,437	\$ 3,286,315	\$ 3,215,934	\$ 2,803,135
10.58%	10.75%	10.65%	10.40%	10.07%	10.47%

# City of Cleveland, Texas

## SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS PLAN

Years Ended:

	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Total OPEB liability				
Service cost	\$ 10,669	\$ 20,462	\$ 14,728	\$ 20,249
Interest	9,711	6,477	6,560	7,932
Differences between expected and actual experience	(4,295)	(13,263)	(792)	(19,894)
Changes of assumptions	13,067	(111,567)	9,701	41,012
Benefit payments, including refunds of participant contributions	(10,669)	(8,184)	(9,977)	(3,962)
<b>Net change in total OPEB liability</b>	<u>18,483</u>	<u>(106,075)</u>	<u>20,220</u>	<u>45,337</u>
<b>Total OPEB liability - beginning</b>	<u>\$ 239,791</u>	<u>\$ 345,866</u>	<u>\$ 325,646</u>	<u>\$ 280,309</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 258,274</u></u>	<u><u>\$ 239,791</u></u>	<u><u>\$ 345,866</u></u>	<u><u>\$ 325,646</u></u>
<b>Covered-employee payroll</b>	\$ 5,615,192	\$ 5,115,538	\$ 4,750,866	\$ 4,401,986
<b>City's total OPEB liability as a percentage of covered-employee payroll</b>	4.60%	4.69%	7.28%	7.40%

**Notes to schedule:**

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u> <sup>1</sup>
\$ 9,475	\$ 10,217	\$ 8,635
8,942	8,824	8,827
(14,494)	(25,357)	-
42,175	(14,913)	18,684
<u>(4,169)</u>	<u>(3,746)</u>	<u>(3,985)</u>
<u>41,929</u>	<u>(24,975)</u>	<u>32,161</u>
\$ 238,380	\$ 263,355	\$ 231,194
\$ 280,309	\$ 238,380	\$ 263,355
<u><u>\$ 3,789,910</u></u>	<u><u>\$ 3,405,719</u></u>	<u><u>\$ 3,321,023</u></u>
7.40%	7.00%	7.93%

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***COMBINING STATEMENTS AND  
INDIVIDUAL FUND SCHEDULES***

**City of Cleveland, Texas**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2024**

	<u>Hotel/Motel Fund</u>	<u>Money Seizures Fund</u>	<u>Fire Department</u>	<u>Court Technology</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 789,036	\$ 48,535	\$ 799	\$ -
Receivables, net	35,592	-	-	-
Due from other funds	-	-	-	911
<b>Total Assets</b>	<b>\$ 824,628</b>	<b>\$ 48,535</b>	<b>\$ 799</b>	<b>\$ 911</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued expenses	\$ 1,159	\$ 7,686	\$ -	\$ -
Due to other funds	4,757	-	-	-
<b>Total Liabilities</b>	<b>5,916</b>	<b>7,686</b>	<b>-</b>	<b>-</b>
<b><u>Fund Balances</u></b>				
Restricted for:				
Tourism	818,712	-	-	-
TIRZ	-	-	-	-
Municipal court	-	-	-	911
Public safety	-	40,849	799	-
<b>Total Fund Balances</b>	<b>818,712</b>	<b>40,849</b>	<b>799</b>	<b>911</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 824,628</b>	<b>\$ 48,535</b>	<b>\$ 799</b>	<b>\$ 911</b>

<u>Court Security</u>	<u>TIRZ #1</u>	<u>TIRZ #2</u>	<u>Total</u>
\$ -	\$ 5,055	\$ 224,623	\$ 1,068,048
-	231,147	-	266,739
41,305	376,068	285,270	703,554
<u>\$ 41,305</u>	<u>\$ 612,270</u>	<u>\$ 509,893</u>	<u>\$ 2,038,341</u>

\$ -	\$ -	\$ -	\$ 8,845
-	-	-	4,757
<u>-</u>	<u>-</u>	<u>-</u>	<u>13,602</u>

-	-	-	818,712
-	612,270	509,893	1,122,163
41,305	-	-	42,216
-	-	-	41,648
<u>41,305</u>	<u>612,270</u>	<u>509,893</u>	<u>2,024,739</u>

<u>\$ 41,305</u>	<u>\$ 612,270</u>	<u>\$ 509,893</u>	<u>\$ 2,038,341</u>
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**City of Cleveland, Texas**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2024**

	<u>Hotel/Motel</u> <u>Fund</u>	<u>Money Seizures</u> <u>Fund</u>	<u>Fire</u> <u>Department</u>	<u>Court</u> <u>Technology</u>
<b><u>Revenues</u></b>				
Sales taxes	\$ 342,615	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	4,769	-	-
Fines and forfeitures	-	2,749	-	-
Investment income	2,141	15	2	-
<b>Total Revenues</b>	<u>344,756</u>	<u>7,533</u>	<u>2</u>	<u>-</u>
<b><u>Expenditures</u></b>				
Economic development	225,892	-	-	-
Police department	-	6,417	-	-
<b>Total Expenditures</b>	<u>225,892</u>	<u>6,417</u>	<u>-</u>	<u>-</u>
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	<u>118,864</u>	<u>1,116</u>	<u>2</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	118,864	1,116	2	-
Beginning fund balances	699,848	39,733	797	911
<b>Ending Fund Balances</b>	<u>\$ 818,712</u>	<u>\$ 40,849</u>	<u>\$ 799</u>	<u>\$ 911</u>

<u>Court Security</u>	<u>TIRZ #1</u>	<u>TIRZ #2</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 342,615
-	607,215	285,270	892,485
-	-	-	4,769
-	-	-	2,749
-	573	673	3,404
-	<u>607,788</u>	<u>285,943</u>	<u>1,246,022</u>
-	335,600	-	561,492
-	-	-	6,417
-	<u>335,600</u>	<u>-</u>	<u>567,909</u>
-	<u>272,188</u>	<u>285,943</u>	<u>678,113</u>
-	272,188	285,943	678,113
41,305	340,082	223,950	1,346,626
<u>\$ 41,305</u>	<u>\$ 612,270</u>	<u>\$ 509,893</u>	<u>\$ 2,024,739</u>

**City of Cleveland, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**For the Year Ended September 30, 2024**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>			
Taxes	\$ 2,025,393	\$ 1,978,968	\$ (46,425)
Intergovernmental revenue	-	190,992	190,992
Investment income	2,000	4,427	2,427
<b>Total Revenues</b>	<u>2,027,393</u>	<u>2,174,387</u>	<u>146,994</u>
<b><u>Expenditures</u></b>			
Debt Service:			
Principal	1,628,116	1,470,616	157,500
Interest and fiscal charges	399,277	308,598	90,679
<b>Total Expenditures</b>	<u>2,027,393</u>	<u>1,779,214</u>	<u>248,179</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>395,173</u>	<u>395,173</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers (out)	-	(435,461)	(435,461) *
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(435,461)</u>	<u>(435,461)</u>
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>(40,288)</u>	<u>\$ (40,288)</u>
Beginning fund balances		961,790	
<b>Ending Fund Balances</b>		<u>\$ 921,502</u>	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

\* Expenditures exceeded appropriations at the legal level of control.

**City of Cleveland, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**COURT TECHNOLOGY**  
**For the Year Ended September 30, 2024**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>			
Fines and fees	\$ 4,141	\$ -	\$ (4,141)
<b>Total Revenues</b>	4,141	-	(4,141)
<b><u>Expenditures</u></b>			
Municipal court	4,141	-	4,141
<b>Total Expenditures</b>	4,141	-	4,141
<b>Revenues Over (Under) Expenditures</b>	-	-	-
<b>Net Change in Fund Balances</b>	\$ -	-	\$ -
Beginning fund balances		911	
<b>Ending Fund Balances</b>		\$ 911	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**City of Cleveland, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**COURT SECURITY**  
**For the Year Ended September 30, 2024**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Fines and fees	\$ 7,770	\$ -	\$ (7,770)
<b>Total Revenues</b>	7,770	-	(7,770)
<b><u>Expenditures</u></b>			
Municipal court	7,770	-	7,770
<b>Total Expenditures</b>	7,770	-	7,770
<b>Revenues Over (Under) Expenditures</b>	-	-	-
<b>Net Change in Fund Balances</b>	\$ -	-	\$ -
Beginning fund balances		41,305	
<b>Ending Fund Balances</b>		\$ 41,305	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

# City of Cleveland, Texas

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### MONEY SEIZURES FUND

For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Intergovernmental	\$ 2,000	\$ 2,000	\$ 4,769	\$ 2,769
Fines and forfeitures	-	-	2,749	2,749
Investment income	50	50	15	(35)
<b>Total Revenues</b>	2,050	2,050	7,533	5,483
<b><u>Expenditures</u></b>				
Police department	2,050	8,550	6,417	2,133
<b>Total Expenditures</b>	2,050	8,550	6,417	2,133
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	-	(6,500)	1,116	7,616
<b>Net Change in Fund</b>				
<b>Balances</b>	\$ -	\$ (6,500)	1,116	\$ 7,616
Beginning fund balances			39,733	
<b>Ending Fund Balances</b>			\$ 40,849	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**City of Cleveland, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**HOTEL/MOTEL FUND**  
**For the Year Ended September 30, 2024**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Taxes	\$ 285,000	\$ 342,615	\$ 57,615
Investment income	2,000	2,141	141
<b>Total Revenues</b>	287,000	344,756	57,756
 <b><u>Expenditures</u></b>			
Economic development	287,000	225,892	61,108
<b>Total Expenditures</b>	287,000	225,892	61,108
<b>Revenues Over (Under) Expenditures</b>	-	118,864	118,864
<b>Net Change in Fund Balances</b>	\$ -	118,864	\$ 118,864
Beginning fund balances		699,848	
<b>Ending Fund Balances</b>		\$ 818,712	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**City of Cleveland, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**TIRZ #1**  
**For the Year Ended September 30, 2024**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>			
Taxes	\$ 489,494	\$ 285,270	\$ (204,224)
Investment income	1,000	673	(327)
<b>Total Revenues</b>	<u>490,494</u>	<u>285,943</u>	<u>(204,551)</u>
<b><u>Expenditures</u></b>			
TIRZ expenses	490,494	-	490,494
<b>Total Expenditures</b>	<u>490,494</u>	<u>-</u>	<u>490,494</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>285,943</u>	<u>285,943</u>
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>285,943</u>	<u>\$ 285,943</u>
Beginning fund balances		<u>223,950</u>	
<b>Ending Fund Balances</b>		<u>\$ 509,893</u>	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**City of Cleveland, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**TIRZ #2**  
**For the Year Ended September 30, 2024**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Taxes	\$ 413,666	\$ 285,270	\$ (128,396)
Investment income	250	673	423
<b>Total Revenues</b>	413,916	285,943	(127,973)
 <b><u>Expenditures</u></b>			
Economic development	413,916	-	413,916
<b>Total Expenditures</b>	413,916	-	413,916
<b>Revenues Over (Under) Expenditures</b>	-	285,943	285,943
<b>Net Change in Fund Balances</b>	\$ -	285,943	\$ 285,943
Beginning fund balances		223,950	
<b>Ending Fund Balances</b>		\$ 509,893	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

## STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
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Financial Trends	100
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*These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*

Revenue Capacity	113
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*These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.*

Debt Capacity	120
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*These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.*

Demographic and Economic Information	125
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*These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.*

Operating Information	127
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*These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.*

# City of Cleveland, Texas

## NET POSITION BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 7,323,498	\$ 9,300,893	\$ 7,530,596	\$ 8,525,256
Restricted	1,219,152	1,480,473	1,524,020	1,482,062
Unrestricted	2,728,204	3,632,188	3,301,477	5,108,055
<b>Total Governmental Activities Net Position</b>	<b>\$ 11,270,854</b>	<b>\$ 14,413,554</b>	<b>\$ 12,356,093</b>	<b>\$ 15,115,373</b>
<b>Business-type Activities</b>				
Net investment in capital assets	\$ 9,362,131	\$ 10,020,518	\$ 12,222,622	\$ 12,060,753
Restricted	-	-	-	-
Unrestricted	1,791,936	1,882,829	2,113,244	1,431,007
<b>Total Business-type Activities Net Position</b>	<b>\$ 11,154,067</b>	<b>\$ 11,903,347</b>	<b>\$ 14,335,866</b>	<b>\$ 13,491,760</b>
<b>Primary Government</b>				
Net investment in capital assets	\$ 16,685,629	\$ 19,321,411	\$ 19,753,218	\$ 20,586,009
Restricted	1,219,152	1,480,473	1,524,020	1,482,062
Unrestricted	4,520,140	5,515,017	5,414,721	6,539,062
<b>Total Primary Government Net Position</b>	<b>\$ 22,424,921</b>	<b>\$ 26,316,901</b>	<b>\$ 26,691,959</b>	<b>\$ 28,607,133</b>

Source: City's Audited Financial Statements

<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
\$ 10,618,793	\$ 10,844,439	\$ 13,187,163	\$ 11,588,852	\$ 14,379,333	\$ 16,539,511
1,019,640	528,756	1,677,498	1,791,596	2,352,899	2,996,381
5,391,640	5,941,535	5,439,899	8,081,895	6,806,172	7,564,999
<u>\$ 17,030,073</u>	<u>\$ 17,314,730</u>	<u>\$ 20,304,560</u>	<u>\$ 21,462,343</u>	<u>\$ 23,538,404</u>	<u>\$ 27,100,891</u>
\$ 12,736,499	\$ 13,809,538	\$ 12,067,638	\$ 15,581,792	\$ 18,839,662	\$ 31,986,929
-	-	-	-	-	-
906,227	1,500,035	3,916,608	2,794,809	3,528,292	5,660,925
<u>\$ 13,642,726</u>	<u>\$ 15,309,573</u>	<u>\$ 15,984,246</u>	<u>\$ 18,376,601</u>	<u>\$ 22,367,954</u>	<u>\$ 37,647,854</u>
\$ 23,355,292	\$ 24,653,977	\$ 25,254,801	\$ 27,170,644	\$ 33,218,995	\$ 48,526,440
1,019,640	528,756	1,677,498	1,791,596	2,352,899	2,996,381
6,297,867	7,441,570	9,356,507	10,876,704	10,334,464	13,225,924
<u>\$ 30,672,799</u>	<u>\$ 32,624,303</u>	<u>\$ 36,288,806</u>	<u>\$ 39,838,944</u>	<u>\$ 45,906,358</u>	<u>\$ 64,748,745</u>

# City of Cleveland, Texas

## CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

	2015	2016	2017	2018
<b>Expenses</b>				
Governmental activities:				
General government:	\$ 1,137,071	\$ 1,103,435	\$ 1,183,915	\$ 1,285,000
Public safety	3,309,784	3,337,458	3,436,830	3,555,562
Public works	194,942	216,938	196,678	485,250
Transportation	510,621	752,884	933,812	678,439
Culture and recreation:	1,175,514	1,161,286	1,254,290	1,243,431
Grants	4,999	-	716,105	-
Economic development	111,417	198,116	204,066	272,960
Debt service	245,038	269,796	368,281	316,888
Total governmental activities	<u>6,689,386</u>	<u>7,039,913</u>	<u>8,293,977</u>	<u>7,837,530</u>
Business-type activities:				
Water and sewer	2,451,573	2,638,757	2,731,814	2,854,161
Total business-type activities	<u>2,451,573</u>	<u>2,638,757</u>	<u>2,731,814</u>	<u>2,854,161</u>
Total primary government	<u>\$ 9,140,959</u>	<u>\$ 9,678,670</u>	<u>\$ 11,025,791</u>	<u>\$ 10,691,691</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Public safety	\$ 891,522	\$ 655,966	\$ 440,672	\$ 527,371
Public works	51,185	64,024	188,800	443,939
Transportation	102,983	101,303	103,074	106,371
Culture and recreation	193,888	176,264	158,459	180,669
Operating grants and contributions	329,660	299,135	311,487	230,653
Capital grants and contributions	358,958	1,977,877	17,375	-
Total governmental activities	<u>1,928,196</u>	<u>3,274,569</u>	<u>1,219,867</u>	<u>1,489,003</u>
Business-type activities:				
Charges for services:				
Water and sewer	3,371,678	3,432,391	3,471,283	3,503,244
Operating grants and contributions	-	-	-	-
Capital grants and contributions	23,752	220,248	320,273	-
Total business-type activities	<u>3,395,430</u>	<u>3,652,639</u>	<u>3,791,556</u>	<u>3,503,244</u>
Total primary government	<u>\$ 5,323,626</u>	<u>\$ 6,927,208</u>	<u>\$ 5,011,423</u>	<u>\$ 4,992,247</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (4,761,190)	\$ (3,765,344)	\$ (7,074,110)	\$ (6,348,527)
Business-type activities	943,857	1,013,882	1,059,742	649,083
Total primary government	<u>\$ (3,817,333)</u>	<u>\$ (2,751,462)</u>	<u>\$ (6,014,368)</u>	<u>\$ (5,699,444)</u>

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$	1,447,736	\$ 1,416,600	\$ 1,529,229	\$ 1,532,194	\$ 1,787,082	\$ 2,104,941
	3,703,467	3,982,916	4,427,708	4,952,951	5,600,367	5,627,768
	461,180	459,795	706,638	1,075,180	831,635	791,981
	757,647	761,901	940,466	929,148	950,090	1,285,109
	1,395,381	1,316,044	1,397,441	1,510,373	1,729,161	1,750,321
	-	-	-	-	-	-
	202,728	144,123	135,014	159,971	216,786	194,757
	286,837	267,390	390,359	322,436	300,858	259,203
	<u>8,254,976</u>	<u>8,348,769</u>	<u>9,526,855</u>	<u>10,482,253</u>	<u>11,415,979</u>	<u>12,014,080</u>
	<u>3,000,660</u>	<u>3,103,284</u>	<u>3,289,684</u>	<u>3,597,096</u>	<u>4,081,870</u>	<u>4,570,718</u>
	<u>3,000,660</u>	<u>3,103,284</u>	<u>3,289,684</u>	<u>3,597,096</u>	<u>4,081,870</u>	<u>4,570,718</u>
\$	<u>11,255,636</u>	<u>\$ 11,452,053</u>	<u>\$ 12,816,539</u>	<u>\$ 14,079,349</u>	<u>\$ 15,497,849</u>	<u>\$ 16,584,798</u>
\$	478,081	\$ 267,966	\$ 243,245	\$ 291,135	\$ 209,610	\$ 173,985
	218,940	286,355	764,131	698,711	492,075	431,589
	149,134	289,370	288,005	334,504	324,527	-
	192,845	211,361	50,398	272,674	351,417	999,078
	288,387	477,781	2,434,293	2,507,878	1,155,079	434,586
	248,843	314,546	324,468	15,205	524,429	294,327
	<u>1,576,230</u>	<u>1,847,379</u>	<u>4,104,540</u>	<u>4,120,107</u>	<u>3,057,137</u>	<u>2,333,565</u>
	3,545,253	3,528,833	3,805,008	4,142,960	4,629,529	4,853,435
	-	-	-	-	-	-
	43,882	272,676	31,175	3,200	3,404,213	15,680,546
	<u>3,589,135</u>	<u>3,801,509</u>	<u>3,836,183</u>	<u>4,146,160</u>	<u>8,033,742</u>	<u>20,533,981</u>
\$	<u>5,165,365</u>	<u>\$ 5,648,888</u>	<u>\$ 7,940,723</u>	<u>\$ 8,266,267</u>	<u>\$ 11,090,879</u>	<u>\$ 22,867,546</u>
\$	(6,678,746)	\$ (6,501,390)	\$ (5,422,315)	\$ (6,362,146)	\$ (8,358,842)	\$ (9,680,515)
	588,475	698,225	546,499	549,064	3,951,872	15,963,263
\$	<u>(6,090,271)</u>	<u>\$ (5,803,165)</u>	<u>\$ (4,875,816)</u>	<u>\$ (5,813,082)</u>	<u>\$ (4,406,970)</u>	<u>\$ 6,282,748</u>

**City of Cleveland, Texas**  
**CHANGES IN NET POSITION (Continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>General Revenues</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 2,721,030	\$ 2,677,409	\$ 2,760,419	\$ 2,901,329
Sales and other taxes	2,858,816	3,096,142	3,004,420	3,268,102
Franchise taxes	468,169	497,207	490,642	522,006
Earnings on investments	33,378	46,808	51,997	65,180
Gain on sale of assets	79,000	2,860	3,830	147,514
Grants and contributions not restricted to specific programs	-	-	-	716,105
Proceeds from insurance	40,852	29,941	28,826	125,738
Miscellaneous	62,866	9,676	20,132	14,960
Transfers	-	-	-	-
Total governmental activities	<u>6,264,111</u>	<u>6,360,043</u>	<u>6,360,266</u>	<u>7,760,934</u>
Business-type activities:				
Investment earnings	43,938	39,255	29,160	40,798
Proceeds from insurance	16,365	3,310	-	41,037
Transfers	-	-	-	-
Total business-type activities	<u>63,566</u>	<u>42,565</u>	<u>29,160</u>	<u>81,835</u>
Total primary government	<u>\$ 6,327,677</u>	<u>\$ 6,402,608</u>	<u>\$ 6,389,426</u>	<u>\$ 7,842,769</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 1,502,921	\$ 2,594,699	\$ (713,844)	\$ 1,412,407
Business-type activities	1,007,423	1,056,447	1,088,902	730,918
Total primary government	<u>\$ 2,510,344</u>	<u>\$ 3,651,146</u>	<u>\$ 375,058</u>	<u>\$ 2,143,325</u>

Source: City's Audited Financial Statements

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$	3,063,702	\$ 3,188,794	\$ 3,586,950	\$ 4,166,969	\$ 4,973,404	\$ 6,297,302
	4,348,951	3,513,801	3,923,615	4,384,744	4,393,269	5,074,753
	475,052	597,880	608,222	606,617	715,663	624,164
	119,109	92,382	24,262	40,464	161,689	242,298
	5,000	9,025	-	-	-	-
	80,930	-	-	-	-	-
	11,112	-	320,433	-	-	-
	15,643	275,453	65,876	98,354	80,181	206,379
	473,947	(891,288)	(117,213)	(1,777,219)	17,577	798,107
	<u>8,593,446</u>	<u>6,786,047</u>	<u>8,412,145</u>	<u>7,519,929</u>	<u>10,341,783</u>	<u>13,243,003</u>
	33,129	15,517	3,612	11,921	50,006	107,004
	3,309	61,817	7,349	54,151	7,052	7,740
	(473,947)	891,288	117,213	1,777,219	(17,577)	(798,107)
	<u>(437,509)</u>	<u>968,622</u>	<u>128,174</u>	<u>1,843,291</u>	<u>39,481</u>	<u>(683,363)</u>
\$	<u>8,155,937</u>	<u>7,754,669</u>	<u>8,540,319</u>	<u>9,363,220</u>	<u>10,381,264</u>	<u>12,559,640</u>
\$	1,914,700	\$ 284,657	\$ 2,989,830	\$ 1,157,783	\$ 1,982,941	\$ 3,562,488
	150,966	1,666,847	674,673	2,392,355	3,991,353	15,279,900
\$	<u>2,065,666</u>	<u>1,951,504</u>	<u>3,664,503</u>	<u>3,550,138</u>	<u>5,974,294</u>	<u>18,842,388</u>

**City of Cleveland, Texas**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Years**  
**(modified accrual basis of accounting)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund:				
Restricted	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	-	51,259	-	-
Committed	38,488	38,488	38,488	38,488
Assigned	-	-	-	-
Unassigned	3,416,854	4,322,500	4,069,926	5,867,923
Total general fund	<u>\$ 3,455,342</u>	<u>\$ 4,412,247</u>	<u>\$ 4,108,414</u>	<u>\$ 5,906,411</u>
All other governmental funds:				
Restricted	1,106,039	1,313,553	3,123,318	2,133,350
Nonspendable	24,570	482	-	-
Committed	762	768	773	779
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 1,131,371</u>	<u>\$ 1,314,803</u>	<u>\$ 3,124,091</u>	<u>\$ 2,134,129</u>

Source: City's Audited Financial Statements

Note: The City implemented GASB Statement 54 in fiscal year 2011.

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ -	\$ -	\$ -	\$ 1,277,439	\$ 30,418	\$ 36,033
-	-	-	-	-	-
-	-	-	24,564	53,631	64,304
38,488	38,488	38,488	-	-	-
-	-	-	-	-	-
<u>6,324,013</u>	<u>6,486,814</u>	<u>6,940,934</u>	<u>7,037,476</u>	<u>7,253,232</u>	<u>7,755,946</u>
<u>\$ 6,362,501</u>	<u>\$ 6,525,302</u>	<u>\$ 6,979,422</u>	<u>\$ 8,339,479</u>	<u>\$ 7,337,281</u>	<u>\$ 7,856,283</u>
2,321,334	1,061,518	8,457,554	3,321,521	2,731,680	2,960,348
-	-	-	-	-	-
785	-	-	-	-	-
-	(5,445)	(2,845)	-	-	-
<u>\$ 2,322,119</u>	<u>\$ 1,056,073</u>	<u>\$ 8,454,709</u>	<u>\$ 3,321,521</u>	<u>\$ 2,731,680</u>	<u>\$ 2,960,348</u>

# City of Cleveland, Texas

## CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	2015	2016	2017	2018
<b>Revenues</b>				
Property taxes	\$ 2,716,197	\$ 2,705,538	\$ 2,695,641	\$ 2,929,142
Sales and other taxes	2,858,816	3,096,142	3,004,420	3,268,102
Franchise taxes	468,169	497,207	490,642	522,006
Licenses, permits, & fees	51,185	56,771	188,172	427,083
Charges for services	405,936	405,417	384,906	442,047
Fines and forfeitures	782,457	524,092	312,075	381,190
Intergovernmental	397,886	2,001,438	29,417	3,145
Earnings on investments	33,378	46,808	51,997	65,180
Contributions	290,732	273,924	300,693	577,508
Miscellaneous	62,866	22,603	24,736	22,990
<b>Total Revenues</b>	8,067,622	9,629,940	7,482,699	8,638,393
<b>Expenditures</b>				
General government	1,006,268	1,034,477	1,116,386	1,194,425
Public safety	3,123,370	3,114,285	3,117,794	3,216,720
Public works	195,298	215,059	189,159	470,129
Transportation	370,696	610,752	656,843	399,755
Culture and recreation	917,806	896,788	967,403	947,367
Grants	4,999	-	716,105	-
Economic Development	112,555	197,764	202,139	269,810
Capital outlay	510,956	3,075,355	345,281	1,649,264
Debt service:				
Principal	1,098,865	1,089,755	1,055,000	1,145,000
Interest	266,820	255,863	247,358	354,223
Bond issuance costs	-	33,043	124,186	-
<b>Total Expenditures</b>	7,607,633	10,523,141	8,737,654	9,646,693
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	459,989	(893,201)	(1,254,955)	(1,008,300)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$	3,059,338	\$ 3,188,794	\$ 3,586,950	\$ 4,007,791	\$ 4,916,606	\$ 6,206,788
	4,348,951	3,513,801	3,923,615	4,384,744	4,393,269	5,074,753
	475,052	597,880	608,222	606,617	715,663	624,164
	210,299	286,355	764,131	698,711	492,075	431,589
	489,458	500,731	509,508	607,178	675,944	999,078
	324,470	267,966	243,245	291,135	209,610	173,985
	279,434	502,498	2,697,871	2,598,587	1,652,785	395,002
	119,109	92,382	24,262	40,464	161,689	242,298
	378,726	365,982	189,200	23,087	26,723	44,534
	41,528	271,246	64,376	66,816	111,899	199,679
	<u>9,726,365</u>	<u>9,587,635</u>	<u>12,611,380</u>	<u>13,325,130</u>	<u>13,356,263</u>	<u>14,391,870</u>
	1,362,220	1,314,318	1,433,741	1,459,830	1,707,379	2,051,673
	3,384,659	3,833,182	4,313,538	4,834,057	5,502,949	5,407,728
	446,155	324,175	453,979	698,794	425,388	522,454
	472,316	587,956	764,924	851,975	789,377	1,102,648
	1,073,846	1,034,135	1,117,528	1,188,393	1,356,516	1,424,537
	-	-	-	-	-	-
	200,911	147,198	137,840	164,194	532,856	561,492
	1,125,002	1,078,543	1,555,266	5,889,250	3,084,737	1,540,215
	1,180,000	1,210,000	935,000	1,205,746	1,455,033	1,519,366
	316,123	279,110	251,520	347,190	351,191	318,894
	-	64,009	168,158	-	-	-
	<u>9,561,232</u>	<u>9,872,626</u>	<u>11,131,494</u>	<u>16,639,429</u>	<u>15,205,426</u>	<u>14,449,007</u>
	165,133	(284,991)	1,479,886	(3,314,299)	(1,849,163)	(57,137)

# City of Cleveland, Texas

## CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS (Continued)

Last Ten Years

(modified accrual basis of accounting)

	2015	2016	2017	2018
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of assets	\$ 79,000	\$ 2,860	\$ 3,830	\$ 147,514
Proceeds from insurance	40,852	29,941	28,826	125,738
Debt issuance	-	930,000	4,071,371	-
Proceeds from leases	-	-	-	-
Capital contributions from CEDC	-	-	-	-
Refunding bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in (out)	737,900	829,903	(1,343,617)	1,543,083
<b>Total Other Financing Sources (Uses)</b>	<b>857,752</b>	<b>1,792,704</b>	<b>2,760,410</b>	<b>1,816,335</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,317,741</b>	<b>\$ 899,503</b>	<b>\$ 1,505,455</b>	<b>\$ 808,035</b>
 Ratio of total debt service expenditures to noncapital	 19%	 18%	 16%	 19%

Source: City's Audited Financial Statements

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 5,000	\$ 9,025	\$ 1,500	\$ 31,538	\$ 38,157	\$ 6,700
-	-	320,433	-	-	-
-	-	5,745,000	1,276,045	-	-
-	-	-	-	201,390	-
-	-	-	-	-	-
-	2,030,000	-	-	-	-
-	-	423,150	-	-	-
-	(1,965,991)	-	-	-	-
<u>473,947</u>	<u>(891,288)</u>	<u>(117,213)</u>	<u>(1,777,219)</u>	<u>17,577</u>	<u>798,107</u>
<u>478,947</u>	<u>(818,254)</u>	<u>6,372,870</u>	<u>(469,636)</u>	<u>257,124</u>	<u>804,807</u>
<u>\$ 644,080</u>	<u>\$ (1,103,245)</u>	<u>\$ 7,852,756</u>	<u>\$ (3,783,935)</u>	<u>\$ (1,592,039)</u>	<u>\$ 747,670</u>
18%	17%	12%	14%	16%	15%

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# City of Cleveland, Texas

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2015	\$ 363,166,223	\$ 75,472,640	\$ 130,724,194	\$ 307,914,669	0.78000
2016	369,727,809	72,325,740	134,373,899	307,679,650	0.78000
2017	395,521,819	72,821,800	147,714,711	320,628,908	0.77000
2018	415,083,171	76,313,630	152,650,865	338,745,936	0.77000
2019	444,489,345	80,052,474	168,524,489	356,017,330	0.77000
2020	480,262,595	77,063,810	18,043,269	539,283,136	0.77000
2021	546,116,904	80,106,470	211,549,453	414,673,921	0.76000
2022	712,162,485	89,213,930	168,903,127	632,473,288	0.75500
2023	773,480,630	83,876,540	168,495,081	688,862,089	0.71500
2024	960,120,832	102,722,022	264,269,587	798,573,267	0.77000

Note: Tax rates per \$100 of assessed valuation.

Source: Liberty County Appraisal District

# City of Cleveland, Texas

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Direct Rates:</b>				
City of Cleveland - Operating	0.53950	0.54200	0.56568	0.53568
City of Cleveland - Debt Service	0.24050	0.23800	0.20432	0.23432
<b>Total Direct Rate</b>	<u>0.78000</u>	<u>0.78000</u>	<u>0.77000</u>	<u>0.77000</u>
 <b>Overlapping Rates:</b>				
Liberty County	0.57880	0.57880	0.57880	0.57880
Cleveland ISD	1.31500	1.31500	1.38000	1.41500
<b>Total Entities</b>	<u>1.89380</u>	<u>1.89380</u>	<u>1.95880</u>	<u>1.99380</u>

Tax rates per \$100 of assessed valuation.

Source: Liberty County Appraisal Districts and City records.

<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
0.54450	0.54450	0.50280	0.50290	0.46771	0.36116
0.22550	0.22550	0.25720	0.25210	0.24790	0.40884
<u>0.77000</u>	<u>0.77000</u>	<u>0.76000</u>	<u>0.75500</u>	<u>0.71561</u>	<u>0.77000</u>
0.57880	0.57880	0.55430	0.55430	0.47990	0.47000
1.41500	1.34500	1.24970	1.24700	1.21180	1.02410
<u>1.99380</u>	<u>1.92380</u>	<u>1.80400</u>	<u>1.80130</u>	<u>1.69170</u>	<u>1.49410</u>

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**City of Cleveland, Texas**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**Current Year and Ten Years Ago**

Property Tax Payer	2024			2015		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Wal-Mart Real Estate	\$ 10,776,910	1	1.35%	\$ -	n/a	-
Campbell Concrete & Materials, LP	8,539,450	2	1.07%	-	n/a	-
Wal-Mart Stores of Texas, LLC	6,025,080	3	0.75%	-	n/a	-
BNSF Railway Company	6,000,000	4	0.75%	-	n/a	-
Door Hospitality Houston LLC	5,876,640	5	0.74%	-	n/a	-
Entergy Texas Inc.	4,688,110	6	0.59%	-	n/a	-
Sleepy Hollow Holdings LP	3,837,950	7	0.48%	-	n/a	-
CISH Acquisition LLC	3,833,450	8	0.48%	-	n/a	-
Mckinley Development Co Inc.	3,652,660	9	0.46%	-	n/a	-
Cleveland Auto Properties	3,619,940	10	0.45%	-	n/a	-
NHCI of Hillsboro Inc.	-	n/a	-	9,758,380	1	3.17%
Wal-Mart Real Estate	-	n/a	-	8,127,150	2	2.64%
Cleveland Diagnostic Plaza	-	n/a	-	7,589,950	3	2.46%
Wal-Mart Stores of Texas, LLC	-	n/a	-	6,590,880	4	2.14%
Entergy Texas Inc.	-	n/a	-	4,546,810	5	1.48%
Southwestern Bell Telephone LP	-	na	-	3,634,710	6	1.18%
Cleveland Regional Medical Corp.	-	n/a	-	3,589,110	7	1.17%
Tobin Ben Co.	-	n/a	-	3,009,370	8	0.98%
Sleepy Hollow Holdings LP	-	n/a	-	2,821,660	9	0.92%
Campbell Concrete & Materials, LP	-	n/a	-	2,638,100	10	0.86%
<b>Total</b>	<b>\$ 56,850,190</b>		<b>7.12%</b>	<b>\$ 52,306,120</b>		<b>16.99%</b>
Total Assessed Valuation	\$ 798,573,267		100%	\$ 307,914,669		100%

Source: Liberty Central Appraisal District

Note: Property is assessed as of January 1 and certified to the City by July 25 for taxable values.

\*The requirement is for a comparison of current and nine years prior. Only 10 years prior was available.

**City of Cleveland, Texas**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Tax levy	\$ 2,588,336	\$ 2,665,275	\$ 2,815,854	\$ 2,994,333
Current tax collected	\$ 2,386,148	\$ 2,467,612	\$ 2,509,840	\$ 2,696,797
Percent of current tax collections	92.19%	92.58%	89.13%	90.06%
Delinquent tax collections	\$ 175,347	\$ 173,860	\$ 279,153	\$ 264,686
Total tax collections	\$ 2,561,495	\$ 2,641,472	\$ 2,788,994	\$ 2,961,483
Total collections as a percentage of levy	99.0%	99.1%	99.0%	98.9%

Source: Dallas and Collin County reports.

<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
\$ 3,183,951	\$ 3,186,119	\$ 3,560,554	\$ 3,824,817	\$ 4,770,465	\$ 5,923,631
\$ 2,864,968	\$ 3,031,165	\$ 3,419,960	\$ 3,650,616	\$ 4,547,179	\$ 5,655,876
89.98%	95.14%	96.05%	95.45%	95.32%	95.48%
\$ 270,716	\$ 103,773	\$ 79,285	\$ 92,429	\$ 90,053	\$ -
\$ 3,135,685	\$ 3,134,938	\$ 3,499,245	\$ 3,743,045	\$ 4,637,232	\$ 5,655,876
98.5%	98.4%	98.3%	97.9%	97.2%	95.5%

**City of Cleveland, Texas**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Governmental activities:</b>				
Deferred amounts:				
Premium	\$ 397,702	\$ 365,087	\$ 482,555	\$ 442,210
Certificates of Obligation	2,775,000	2,565,000	6,275,000	5,935,000
General Obligation Refunding Bonds	6,385,000	5,770,000	5,115,000	4,505,000
Other notes payable	105,000	780,000	590,000	395,000
Lease liabilities	9,755	-	-	-
<b>Business-type activities:</b>				
Certificates of Obligation	\$ 4,670,000	\$ 4,440,000	\$ 4,210,000	\$ 3,975,000
Premium	84,388	79,543	74,698	69,853
General Obligation Refunding Bonds	-	-	-	-
Notes payable	-	-	-	-
Total primary government	<u>\$ 14,426,845</u>	<u>\$ 13,999,630</u>	<u>\$ 16,747,253</u>	<u>\$ 15,322,063</u>
Percentage of personal income (1)	9.55%	9.09%	10.84%	9.80%
Per capita (1)	\$ 1,867	\$ 1,777	\$ 2,119	\$ 1,916

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Personal income and population data is disclosed on page 117.

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 401,865	\$ 361,678	\$ 728,366	\$ 671,904	\$ 615,442	\$ 558,980
5,570,000	3,210,000	8,675,000	8,150,000	7,575,000	6,987,500
3,885,000	5,285,000	4,630,000	3,960,000	3,260,000	2,550,000
200,000	-	-	1,276,045	1,107,235	934,119
-	-	38,727	27,981	218,148	169,398
\$ 3,400,000	\$ 3,180,000	\$ 1,915,000	\$ 1,835,000	\$ 1,740,000	\$ 1,642,500
65,008	60,007	411,089	382,709	354,329	325,948
-	-	2,740,000	2,545,000	2,330,000	2,110,000
-	-	-	-	-	2,639,307
<u>\$ 13,521,873</u>	<u>\$ 12,096,685</u>	<u>\$ 19,138,182</u>	<u>\$ 18,848,639</u>	<u>\$ 17,200,154</u>	<u>\$ 17,917,752</u>
8.58%	7.37%	11.66%	11.34%	8.93%	7.21%
\$ 1,677	\$ 1,441	\$ 2,279	\$ 2,355	\$ 2,023	\$ 2,003

**City of Cleveland, Texas**  
**RATIO OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>NET TAXABLE ASSESSED VALUE</b>				
All property	\$ 307,914,669	\$ 307,679,650	\$ 320,628,908	\$ 338,745,936
<b>NET BONDED DEBT (1)</b>				
Gross bonded debt	14,312,090	13,219,630	16,157,253	14,927,063
Less: debt service funds	366,997	537,878	585,724	595,066
<b>Net Bonded Debt</b>	<u>\$ 13,945,093</u>	<u>\$ 12,681,752</u>	<u>\$ 15,571,529</u>	<u>\$ 14,331,997</u>
<b>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</b>	4.53%	4.12%	4.86%	4.23%
<b>POPULATION</b>	7,728	7,879	7,904	7,998
<b>NET BONDED DEBT PER CAPITA</b>	\$ 1,804	\$ 1,610	\$ 1,970	\$ 1,792

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 356,017,330	\$ 539,283,136	\$ 414,673,921	\$ 632,473,288	\$ 688,862,089	\$ 798,573,267
13,321,873	12,096,685	19,099,455	18,820,658	17,200,154	17,917,752
282,175	289,042	620,505	736,630	961,790	921,502
<u>\$ 13,039,698</u>	<u>\$ 11,807,643</u>	<u>\$ 18,478,950</u>	<u>\$ 18,084,028</u>	<u>\$ 16,238,364</u>	<u>\$ 16,996,250</u>
3.66%	2.19%	4.46%	2.86%	2.36%	2.13%
8,061	8,396	8,396	8,003	8,503	8,946
\$ 1,618	\$ 1,406	\$ 2,201	\$ 2,260	\$ 1,910	\$ 1,900

# City of Cleveland, Texas

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2024

Governmental Unit	Gross Bonded Debt Outstanding (a)	Estimated Percentage Applicable (b)	Estimated Share of Overlapping Debt (a * b)
<b>Debt repaid with property taxes</b>			
Cleveland I.S.D	\$ 341,805,410 **	1.35%	\$ 4,597,283
Liberty County	30,856,722 ***	6.58%	2,030,372
	372,662,132		
Subtotal, overlapping debt			6,627,655
<b>City Direct Debt</b>			11,199,997
<b>Total Direct and Overlapping Debt</b>			\$ 17,827,652

Sources: Taxing Entities and City, Cleveland ISD, and Liberty County.

\* For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

\*\* As of 8/31/2024

\*\*\* As of 9/30/2023

**City of Cleveland, Texas**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**

<u>Year</u>	<u>Estimated Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
				<u>Liberty County</u>
2015	7,728	\$ 151,082,400	19,550	6.9%
2016	7,879	154,034,450	19,550	7.5%
2017	7,904	154,523,200	19,550	7.1%
2018	7,998	156,360,900	19,550	5.8%
2019	8,061	157,592,550	19,550	5.0%
2020	8,396	164,141,800	19,550	10.8%
2021	8,396	164,141,800	19,550	11.3%
2022	8,003	166,233,650	19,550	5.4%
2023	8,503	192,609,956	22,652	5.2%
2024	8,946	248,484,096	27,776	4.4%

Sources: Estimated population provided by United States Census Bureau  
Per Capita Income provided at <https://www.census.gov>  
Unemployment information provided by the Texas Workforce Commission.

Note: Only 2019 per capita personal income was available. The future years will be updated as they become available.

# City of Cleveland, Texas

## PRINCIPAL EMPLOYERS

Current Year and Two Years Ago

Employer	2024			2020*		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Cleveland ISD	2,091	1	25.94%	1,200	1	16.02%
Wal-Mart Supercenter	325	2	4.03%	340	2	4.54%
Texas Emergency Hospital	110	3	1.36%	187	3	2.50%
Union Tank Co.	176	5	2.18%	176	5	2.35%
City of Cleveland	118	4	1.46%	103	4	1.38%
Cleveland Correctional Center	305	6	3.78%	92	6	1.23%
H-E-B Foods	109	7	1.35%	90	7	1.20%
Cleveland Health Care Center	109	8	1.35%	87	8	1.16%
Martin Chevrolet Buick GMC	60	9	0.74%	61	9	0.81%
McCoy's Building Supply	49	10	0.61%	48	10	0.64%
<b>Total</b>	<b>3,452</b>		<b>42.82%</b>	<b>2,384</b>		<b>31.83%</b>
Total City Employment	8,061			7,489		

\*The requirement is for the current year and nine years ago, however, only the current and prior year is available at this time.

Source: Human Resources Department of each company.

Source: Texas Labor Market Information

<https://datausa.io/profile/geo/cleveland-tx>

# City of Cleveland, Texas

## *FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM*

Last Ten Fiscal Years

<b>Function/Program</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
General government and adminstration	17	18	19	18	20	18	14	13	13	15
Public safety	56	55	55	56	59	53	54	57	61	55
Public works	7	6	6	6	8	7	6	8	8	10
Culture and recreation	17	15	13	17	14	13	13	13	17	19
Water and sewer	13	17	16	14	14	12	9	13	12	12
Community development	4	4	4	3	4	3	2	4	2	3
Economic development	-	-	-	-	1	1	1	1	1	2
<b>Total</b>	<b>114</b>	<b>115</b>	<b>113</b>	<b>114</b>	<b>120</b>	<b>107</b>	<b>99</b>	<b>109</b>	<b>114</b>	<b>116</b>

Sources: Various City departments.

**City of Cleveland, Texas**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Public safety					
Police					
Number of employees	34	37	34	36	39
Number of violations (citations)	2,161	1,818	1,690	2,780	2,191
Fire					
Number of employees	18	18	18	19	19
Number of volunteers	21	19	18	15	16
Number of fire runs	1,508	2,112	2,639	2,158	2,245
Public works					
Streets (miles)	52	52	52	52	54
Building permits issued	606	610	549	854	875
Cultural and recreational					
Parks and recreation					
Park maintain & operate per acre	36	133	133	133	133
Participants in parks programs					
Library					
Volumes in collection	53,894	61,389	59,237	61,365	68,696
Water and sewer					
Number of water connections	2,449	2,470	2,452	2,451	2,471
Number of sewer connections	2,259	2,278	2,250	2,251	2,261
Average daily water consumption <sup>a</sup>	0.72	1.42	1.42	0.49	0.73
Maximum storage capacity <sup>a</sup>	2.7	2.7	2.7	2.7	2.7

Sources: Various City departments.

<sup>a</sup> Millions of gallons

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
32	35	35	36	32
1,636	1,721	2,384	1,937	1,650
19	20	24	23	23
16	14	7	6	6
1,712	2,181	2,261	2,688	2,774
56	56	56	56	78
1,220	1,682	1,821	1,149	1,133
133	133	133	133	133
68,475	47,664	47,922	49,793	42,767
2,526	2,837	2,995	3,124	3,149
2,306	2,600	2,754	2,767	2,913
0.75	0.77	1.10	0.93	1.07
2.7	3.3	3.8	3.7	3.7

**City of Cleveland, Texas**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**Last Ten Years**

Function/Program	2015	2016	2017	2018
Public safety				
Police stations	1	1	1	1
Police patrol units	18	17	19	18
Fire stations	1	1	1	1
Public works				
Streets-paved (miles)	52	52	52	52
Cultural and recreational				
Parks (acres)	36	133	133	133
Playgrounds	3	3	3	5
Library	1	1	1	1
Water and sewer				
Fire hydrants	300	300	300	300
Ground storage facilities	6	7	7 #	7
Elevated storage facilities	2	2	2	2
Lift stations	16	17	17	17

Sources: Various City departments.

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
1	1	1	1	1	1
18	17	20	20	17	19
1	1	1	1	2	2
54	56	56	56	56	78
133	133	133	133	133	133
5	5	5	5	5	4
1	1	1	1	1	1
300	300	400	400	400	400
7	7	8	8	8	8
2	2	2	3	3	3
18	18	19	20	20	20