NEW ISSUE | **PRELIMINARY OFFICIAL STATEMENT DATE DECEMBER 31, 2024** | Rating: Moody's "A1"
Book-Entry, | (See "Miscellaneous – Rating")

This "Preliminary Official Statement" and the information contained herein are subject to change, completion, or amendment without notice. The Series 2025 Bonds may not be sold nor may offers to buy be accepted prior to the time the "Official Statement" is delivered in final form. Under no circumstances shall this "Preliminary Official Statement" constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2025 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

In the opinion of Bond Counsel, under existing law, and assuming compliance with the tax covenants described herein, interest on the Series 2025 Bonds (i) will be excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is not treated as an item of tax preference in calculating the alternative minimum tax except for certain corporations, as more fully described herein. Under existing law, the Series 2025 Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "LEGAL MATTERS – Tax Matters" herein).

Cleveland Utilities
Your Hometown Connection

$4,895,000*
CLEVELAND UTILITIES AUTHORITY
(TENNESSEE)
WATER AND WASTEWATER SYSTEM REVENUE BONDS, SERIES 2025

Dated: Date of Delivery | **Due: June 1 as shown on the inside cover***

The $4,895,000* Water and Wastewater System Revenue Bonds, Series 2025 (the "Series 2025 Bonds") of the Cleveland Utilities Authority (the "Authority") will be issued in fully registered form, without coupons, in denominations of $4,895 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series 2025 Bonds. Individual purchases of the Series 2025 Bonds will be made in book-entry form only. See "DESCRIPTION OF THE SERIES 2025 BONDS – Book-Entry-Only System" herein.

Interest on the Series 2025 Bonds is payable semi-annually from the date thereof on each June 1 and December 1, commencing on June 1, 2025, by check or draft mailed to the owners thereof as shown on the books and records of U.S. Bank Trust Company, National Association, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry system, principal of and interest on the Series 2025 Bonds are payable at the designated corporate trust office of the Registration Agent.

The Series 2025 Bonds are subject to redemption prior to maturity as described herein. See "DESCRIPTION OF THE SERIES 2025 BONDS – Redemption" herein.

MATURITIES, AMOUNTS, INTEREST RATES, PRICE OR YIELD AND CUSIP NUMBERS – SEE INSIDE COVER

The Series 2025 Bonds are being issued to finance the costs of capital improvements to the Authority's water and wastewater system (the "System") and to pay costs of issuance of the Series 2025 Bonds. See "PLAN OF FINANCING" and "SOURCES AND USES" herein.

The Series 2025 Bonds shall be payable solely from and secured by a pledge of the Net Revenues, on parity with the pledge thereof in favor of the Outstanding Parity Lien Obligations (defined herein). The punctual payment of principal of and premium, if any, and interest on the Series 2025 Bonds shall be secured equally and ratably by the Net Revenues without priority by reason of series, number or time of sale or delivery. The Net Revenues are irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due. The Series 2025 Bonds do not constitute a debt of the State of Tennessee, or any political subdivision, agency or instrumentality thereof, other than the Authority, and no owner or holder of any of the Series 2025 Bonds shall have recourse to the taxing power of any such entities. The Authority has no taxing power. See "SECURITY FOR THE BONDS" and "Appendix D: SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION" herein.

The Bonds will be treated as "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended. See the section entitled "LEGAL MATTERS - Tax Matters" for additional information.

The Series 2025 Bonds are offered when, as and if issued, subject to the approval of the legality thereof by Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, solely to the Authority, whose opinion will be delivered with the Series 2025 Bonds. Certain legal matters will be passed upon for the Authority by its counsel, Kimball Law Firm, Cleveland, Tennessee. It is expected that the Series 2025 Bonds will be available for delivery through the facilities of The Depository Trust Company, New York, N.Y. on or about January 23, 2025.*

RAYMOND JAMES®
Municipal Advisor

December 31, 2024

[*] Preliminary, subject to change. See the "Official Notice of Sale" which is an integral part hereof and is incorporated herein by reference.

$4,895,000* WATER AND WASTEWATER SYSTEM REVENUE BONDS, SERIES 2025

Maturity*	Principal Amount*	Interest Rate	Yield	CUSIP No.**
6/1/2025	$290,000			186574AV1
6/1/2026	150,000			186574AW9
6/1/2027	160,000			186574AX7
6/1/2028	165,000			186574AY5
6/1/2029	175,000			186574AZ2
6/1/2030	185,000			186574BA6
6/1/2031	195,000			186574BB4
6/1/2032	205,000			186574BC2
6/1/2033	215,000			186574BD0
6/1/2034	225,000			186574BE8
6/1/2035	235,000			186574BF5
6/1/2036	245,000			186574BG3
6/1/2037	260,000			186574BH1
6/1/2038	270,000			186574BJ7
6/1/2039	285,000			186574BK4
6/1/2040	300,000			186574BL2
6/1/2041	315,000			186574BM0
6/1/2042	325,000			186574BN8
6/1/2043	340,000			186574BP3
6/1/2044	355,000			186574BQ1

$X* ____% Term Bond Due June _, 20XX, Yield ____% CUSIP No.** __________

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* Preliminary, subject to change.

** Copyright, American Bankers Association (the "ABA"). Initial CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of purchasers of the Series 2025 Bonds only at the time of issuance of the Series 2025 Bonds, and neither the Underwriters nor the Authority makes any representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2025 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2025 Bonds.

CLEVELAND UTILITIES AUTHORITY
(TENNESSEE)

BOARD OF DIRECTORS

Aubrey Ector, Chair

Joe Cate, Vice Chair	Kevin Brooks
Eddie Cartwright	Dale Hughes
David May, Jr.	Debbie Melton

AUTHORITY OFFICIALS

Tim Henderson	*President and Chief Executive Officer*
Walt Vineyard	*Executive Vice President, IT Division*
Marshall Stinnett, CPA	*Vice President, Chief Financial Officer*
Jimmy Isom	*Vice President, Electric Division*
Craig Mullinax	*Vice President, Water and Wastewater Division*
John Corum	*Vice President, Administrative Services*
John F. Kimball, Esq.	*Legal Counsel*

REGISTRATION AND PAYING AGENT

U.S. Bank Trust Company National Association
Nashville, Tennessee

BOND COUNSEL

Bass, Berry & Sims PLC
Nashville, Tennessee

MUNICIPAL ADVISOR

Raymond James & Associates, Inc.
Nashville, Tennessee

This “Preliminary Official Statement” speaks only as of its date, and the information contained herein is subject to change.

This “Preliminary Official Statement” may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this “Preliminary Official Statement”, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this “Preliminary Official Statement”. The Authority disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Authority’s expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This “Preliminary Official Statement” and the Appendices hereto contain brief descriptions of, among other matters, the Authority, the Series 2025 Bonds, the Resolution (as defined herein), the Disclosure Certificate, and the security and sources of payment for the Series 2025 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Series 2025 Bonds are qualified in their entirety to the forms thereof included in the Resolution.

The Series 2025 Bonds have not been registered under the Securities Act of 1933 and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts. This “Preliminary Official Statement” does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2025 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Authority, the Municipal Advisor to give any information or to make any representations other than those contained in this “Preliminary Official Statement”, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Authority or Municipal Advisor. Except where otherwise indicated, all information contained in this “Preliminary Official Statement” has been provided by the Authority. The information set forth herein has been obtained by the Authority from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by and is not to be construed as a representation of, the Municipal Advisor. The information contained herein is subject to change without notice, and neither the delivery of this “Preliminary Official Statement” nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Authority, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Series 2025 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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SUMMARY STATEMENT

The information set forth below is provided for convenient reference and does not purport to be complete and is qualified in its entirety by the information and financial statements appearing elsewhere in this "Preliminary Official Statement". This Summary Statement shall not be reproduced, distributed, or otherwise used except in conjunction with the remainder of this "Preliminary Official Statement".

The Issuer	Cleveland Utilities Authority (Tennessee) (the "Authority"). See the section entitled "Appendix B: Supplemental Information Statement" for more information.
Securities Offered	$4,895,000* Water and Wastewater System Revenue Bonds, Series 2025 (the "Series 2025 Bonds") of the Authority, dated the date of their delivery. The Series 2025 Bonds will mature on June 1, 2025, through June 1, 2044, inclusive*. See the section entitled "SECURITIES OFFERED – Authority and Purpose".
Security	The Series 2025 Bonds shall be payable solely from and secured solely by a pledge of the Net Revenues, on parity with the pledge thereof in favor of (i) the holders of the Authority's Water and Wastewater System Revenue Bonds, Series 2023 (the "Series 2023 Bonds") and (ii) TDEC and TLDA, relative to the SRF Loan Agreements (as such terms are defined herein). The punctual payment of principal of and premium, if any, and interest on the Series 2023 Bonds, the SRF Loan Agreements and the Series 2025 Bonds shall be secured equally and ratably by the Net Revenues without priority by reason of series, number or time of sale or delivery. The Net Revenues are irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due. **The Series 2025 Bonds do not constitute a debt of the State of Tennessee, or any political subdivision, agency, or instrumentality thereof, other than the Authority, and no owner or holder of any of the Series 2025 Bonds shall have recourse to the taxing power of any such entities. The Authority has no taxing power.** See the section entitled "SECURITIES OFFERED – Security" and "Appendix C: Summary of Certain Provisions of the Resolution".
Purpose	The Series 2025 Bonds are being issued for the purpose of providing funds to finance capital improvements to the Authority's water and wastewater system (the "System"), to reimburse the Authority for prior expenditures for the foregoing, and to pay the costs of issuance of the Series 2025 Bonds. See the section entitled "SECURITIES OFFERED – Introduction" for additional information.
Optional Redemption.................	Series 2025 Bonds maturing June 1, 2024, through June 1, 2033, inclusive, shall mature without option of prior redemption and Series 2025 Bonds maturing June 1, 2034, and thereafter shall be subject to redemption prior to maturity at the option of the Authority on June 1, 2033, and thereafter, as a whole or in part, at any time, at the redemption price of par, plus interest accrued to the redemption date. See "SECURITIES OFFERED – Optional Redemption" for additional information.

* Subject to reduction and adjustment as set forth in the "Official Notice of Sale" which is an integral part of the "Preliminary Official Statement" and is incorporated herein by reference.

Mandatory Redemption	[To Be Determined. See the "Official Notice of Sale" for Bidding Option.]
Rating	Moody's "A1". See the section entitled "MISCELLANEOUS – Rating" for more information.
Underwriter	____ (the "Underwriter"). Also see the section entitled "MISCELLANEOUS – Competitive Public Sale".
Municipal Advisor	Raymond James & Associates, Inc., Nashville, Tennessee, (the "Municipal Advisor" or "Raymond James"). Also see the section entitled "MISCELLANEOUS - Financial Professionals; Related Parties; Other".
Bond Counsel	Bass, Berry & Sims PLC, Nashville, Tennessee (the "Bond Counsel"). Also see the section entitled "MISCELLANEOUS - Financial Professionals; Related Parties; Other".
Registration and Paying Agent	U.S. Bank Trust Company National Association, Nashville, Tennessee (the "Registration Agent"). Also see the section entitled "MISCELLANEOUS - Financial Professionals".
Book Entry Only	The Series 2025 Bonds will be issued under the Book Entry System except as otherwise described herein. For additional information, see the section entitled "BASIC DOCUMENTATION – Book Entry System".
Tax Matters	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Authority, as hereafter defined, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax except as discussed herein. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "LEGAL MATTERS – Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county, and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. See "LEGAL MATTERS – Tax Matters" herein.
Bank Qualification	The Bonds will be treated as "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended. See the section entitled "LEGAL MATTERS - Tax Matters" for additional information.
General	The Series 2025 Bonds are being issued in full compliance with Title 7, Chapter 36, Section 101 et seq., Tennessee Code Annotated, as amended and a Resolution adopted on September 22, 2023 and supplemented on November 22, 2024. The Series 2025 Bonds will be issued with CUSIP numbers through the facilities of The Depository Trust Company, New York, New York. See the section entitled "SECURITIES OFFERED – Authority and Purpose" for more information.

Disclosure .... In accordance with Rule 15c2-12 of the Securities and Exchange Commission as amended (the “Rule”), the Authority will provide the Municipal Securities Rulemaking Board (“MSRB”) through the operation of the Electronic Municipal Market Access system (“EMMA”) and the State information depository (“SID”), if any, annual financial reports and notice of certain enumerated events. See the section entitled “MISCELLANEOUS - Continuing Disclosure”.

Other Information .... The information in the “Preliminary Official Statement” is deemed "final" within the meaning of Rule 15c2-12(b)(5) of the SEC (the “Rule”) as of the date which appears on the cover hereof except for the omission of certain information allowed to be excluded under the Rule. For more information concerning the Authority or the “Preliminary Official Statement”, contact the Vice President and Chief Financial Officer, Cleveland Utilities Authority, 2450 Guthrie Avenue, N.W., Cleveland, Tennessee 37311, Telephone: 423-472-4521 or the Authority’s Municipal Advisor, Raymond James, One Burton Hills Blvd. - Suite 225, Nashville, Tennessee 37215, Telephone: 615-665-6917.

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$4,895,000*
CLEVELAND UTILITIES AUTHORITY
(TENNESSEE)
Water and Wastewater System Revenue Bonds, Series 2025

SECURITIES OFFERED

AUTHORITY AND PURPOSE

This "Preliminary Official Statement" (including the cover page and inside cover page hereof and the Appendices hereto) is furnished by the Cleveland Utilities Authority (the "Authority") to provide information concerning the offering by the Authority of its Water and Wastewater System Revenue Bonds, Series 2025 (the "Series 2025 Bonds") to finance capital improvements to its water and wastewater systems (the "System"), and to pay costs of issuance of the Series 2025 Bonds.

The Authority has been created as a governmental authority and public corporation pursuant to the Municipal Energy Authority Act, Sections 7-36-101 et seq., Tennessee Code Annotated, as amended (the "Act") for the purpose of owning and operating the System. The Authority acquired ownership of the System in 2023. Prior to that, the System had heretofore been owned by the City of Cleveland, Tennessee. The Authority financed the acquisition of the System by issuing its Water and Wastewater System Revenue Bonds, Series 2023. Simultaneously with the issuance of the Series 2023 Bonds, the Authority also assumed the City's obligations with respect to their eighteen (18) existing State Revolving Fund Loan Agreements (the "SRF Loan Agreements") with the Tennessee Department of Environment and Conservation ("TDEC") and the Tennessee Local Development Authority ("TLDA"). For additional information on the Series 2023 Bonds and the SRF Loan Agreements, see the table entitled "FINANCIAL AND OPERATING INFORMATION – Summary of Bonded Indebtedness" in Appendix B.

The Resolution adopted on November 22, 2024 sets forth the terms of the Series 2025 Bonds, governs the Authority's application of the Net Revenues (as defined in Appendix C) of the System, and includes covenants regarding the operation of the System. The Resolution requires that the Authority set rates in each year sufficient to provide for 120% of the debt service on the Series 2025 Bonds and any parity bonds and 100% of the payment of operating costs and subordinate lien debt service. The Resolution allows the Authority to establish a debt service reserve fund determined from time to time as a reasonable reserve. No debt service reserve fund will be established upon the initial issuance of the Series 2025 Bonds. The Resolution prohibits the issuance of additional bonds on parity with the Series 2025 Bonds unless the System's revenues, after providing for the payment of operating costs, are at least 120% of the maximum annual debt service on then outstanding bonds and any proposed bonds. For a description of the terms of the Resolution, see "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS" herein, and Appendix C – Summary of Certain Provisions of the Resolution.

The Series 2025 Bonds are payable from and secured by a lien on the Net Revenues of the System, on parity with the lien on Net Revenues in favor of the Series 2023 Bonds and the SRF

Loan Agreements. For a discussion of the sources of payment and security for the Series 2025 Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS" herein.

THE BOARD

The Board of Directors of the Authority has the exclusive authority and responsibility for the ownership and operation of the System. The Authority, the System and the Board of Directors are further described in the Authority's Supplemental Information Statement, which is included herein as Appendix B.

DEFINED TERMS

Capitalized terms used but not defined herein shall have the meanings ascribed in Appendix C – Summary of Certain Provisions of the Resolution.

DESCRIPTION OF THE SERIES 2025 BONDS

The Series 2025 Bonds initially will be dated the date of their issuance estimated to be January 23, 2025*. Interest on the Series 2025 Bonds will be payable semiannually as applicable on June 1 and December 1, commencing June 1, 2025. Interest will be calculated based on a 360-day year of twelve 30-day months. The Series 2025 Bonds will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2025 Bonds. See the section entitled "BASIC DOCUMENTATION" for additional information.

SECURITY

The Series 2025 Bonds shall be payable solely from and secured solely by a pledge of the Net Revenues of the System, on parity with the lien on Net Revenues in favor of the Series 2023 Bonds and the SRF Loan Agreements. The punctual payment of principal of and premium, if any, and interest on the Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of series, number or time of sale or delivery. The Net Revenues of the System are irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due. **The Series 2025 Bonds do not constitute a debt of the State of Tennessee, or any political subdivision, agency, or instrumentality thereof, other than the Authority, and no owner or holder of any of the Series 2025 Bonds shall have recourse to the taxing power of any such entities. The Authority has no taxing power.** See "Appendix C: Summary of Certain Provisions of the Resolution".

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* Preliminary, subject to adjustment and revision. Also, see the "Official Notice of Sale".

PLAN OF FINANCE

The Series 2025 Bonds are being issued purpose of providing funds to (i) finance capital improvements to the Authority's water and wastewater system (the "System") and to reimburse the Authority for prior expenditures for the foregoing; and (ii) pay costs related to the sale and issuance of the Series 2025 Bonds.

SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds relating to the proceeds from the Series 2025 Bonds:

Sources of Funds:	
Par Amount	
Net Original Issue Premium [Discount]	
TOTAL SOURCES:	
Uses of Funds:	
Deposit to Bond Proceeds Fund	
Underwriter's Discount	
Costs of Issuance	
TOTAL USES:	

QUALIFIED TAX-EXEMPT OBLIGATIONS

Under the Internal Revenue Code of 1986, as amended (the "Code"), in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations," as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the County as to the Bonds, Bond Counsel has determined that the Bonds upon issuance will be "qualified tax-exempt obligations" within the meaning of the Code.

REDEMPTION

Optional Redemption. Series 2025 Bonds maturing on or before June 1, 2033, shall not be subject to optional redemption. The Series 2025 Bonds maturing on or after June 1, 2034, shall be subject to redemption at the option of the Authority at any time on or after June 1, 2033, in whole or part, at price of par plus interest accrued to the redemption date.

[*Mandatory Redemption*. In the event any or all the Series 2025 Bonds are sold as Term Bonds, the Authority shall redeem Term Bonds on redemption dates corresponding to the maturity dates set forth below, in aggregate principal amounts equal to the maturity at a price of par plus accrued interest thereon to the date of redemption. Any Term Bonds to be redeemed within a single maturity shall be selected as follows:

a) if the Series 2025 Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Series 2025 Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

b) if the Series 2025 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series 2025 Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

At its option, to be exercised on or before the 45th day next preceding any such mandatory redemption date, the Authority may (i) deliver to the Registration Agent for cancellation Series 2025 Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Series 2025 Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Series 2025 Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Authority on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Series 2025 Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Authority shall on or before the 45th day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

Final Maturity	Redemption Date	Principal Amount of Series 2025 Bonds Redeemed

*Final Maturity

Notice of Call for Redemption. Notice of call for redemption[, whether optional or mandatory,] shall be given by the Registration Agent on behalf of the Authority not less than 30 nor more than 60 days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series 2025 Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Series 2025 Bond registration records of the Registration Agent as of the date of the notice. Failure to mail such notice or any defect in any such notice so mailed shall not affect the sufficiency of the proceedings for redemption of any of the Series 2025 Bonds for which proper notice was given, and failure of any owner to receive such notice if properly given in the manner described above shall not affect the validity of the proceedings of the redemption of the Series 2025 Bonds held by such owner. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Series 2025 Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series 2025 Bonds, as and when above provided, and neither the Authority nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the Authority pursuant to written instructions from an authorized representative of the Authority (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least 45 days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Series 2025 Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the Authority to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Series 2025 Bonds called for redemption and not so paid remain outstanding.

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SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS

PLEDGE OF NET REVENUE

Under the terms of the Resolution, the Series 2025 Bonds are payable solely from and secured solely by a pledge of the Net Revenues of the System, on parity with the lien on Net Revenues in favor of the Series 2023 Bonds and the SRF Loan Agreements. The punctual payment of principal of and premium, if any, and interest on the Series 2025 Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of series, number or time of sale or delivery. The Net Revenues of the System are irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due, see "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" in Appendix C.

FLOW OF FUNDS

Pursuant to the Resolution, the Authority has agreed to deposit all revenues derived from the operation of the System into the Revenue Fund and to apply such moneys in accordance with the Resolution. See Appendix C for a description of the flow of funds.

RATE COVENANT

The Authority shall continuously own, control, operate, and maintain the System in an efficient and economical manner and on a revenue producing basis and shall at all times prescribe, fix, maintain, and collect rates, fees, and other charges for the services and facilities furnished by the System fully sufficient at all times, such that Net Revenues in each Fiscal Year: (a) will equal at least 120% of the Debt Service Requirement on the Series 2023 Bonds, the SRF Loan Agreements and the Series 2025 Bonds, and 100% of the Debt Service Requirement on all other bonds or other obligations then outstanding for such Fiscal Year; (b) will enable the Authority to make all required payments, if any, into the Reserve Fund and on any Credit Facility; (c) will enable the Authority to accumulate an amount, which, in the judgment of the Board of Directors, is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the System, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the System; and (d) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in the Resolution from prior Fiscal Years.

DEBT SERVICE SINKING FUND AND DEBT SERVICE RESERVE FUND

The Resolution establishes a Debt Service Sinking Fund to be held by the Authority. The Resolution requires that the Authority fund monthly accruals of principal and interest to the Debt Service Sinking Fund for the Series 2023 Bonds, the Series 2025 Bonds and any Parity Bonds. Money on deposit in the Debt Service Sinking Fund will be used to pay debt service on the Series 2025 Bonds and any Parity Bonds as it becomes due. See Appendix C for a further description of the Debt Service Sinking Fund. Payments of debt service on the SRF Loan Agreements are made on a monthly basis, at the same time as deposits are made to the Debt Service Sinking Fund.

The Resolution allows the Authority to establish a debt service reserve fund ("Reserve Fund") determined from time to time as a reasonable reserve in the manner described in "Appendix C -- Summary of Certain Provisions of the Resolution – Debt Service Reserve Fund". Upon the initial delivery of the Series 2025 Bonds the Reserve Fund shall be unfunded, and the Authority shall be under no obligation to fund the Reserve Fund.

PARITY BONDS

The Authority may, from time to time, issue Parity Bonds under the terms of the Resolution. Such Parity Bonds will have a lien on the Net Revenues of the System securing the Series 2025 Bonds. See Appendix C for the conditions under which such Parity Bonds may be issued.

For a more extensive discussion of the terms and provisions of the Resolution related to the sources of payment of and security for the Series 2025 Bonds, see "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" in APPENDIX C hereto.

PAYMENTS IN LIEU OF TAXES

As permitted by Tennessee law, the Authority may make annual payments in lieu of taxes required by the City of Cleveland (the "City") and other jurisdictions in which it has property and customers. Under the terms of the Resolution, payments in lieu of taxes are paid as an Operating Expense of the System.

SUBORDINATE INDEBTEDNESS

The Resolution does not limit the Authority's ability to incur indebtedness on an unsecured or subordinate basis relative to the pledge of Net Revenues in favor of the Series 2023 Bonds, the Series 2025 Bonds and the SRF Loan Agreements.

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BASIC DOCUMENTATION

REGISTRATION AGENT

The Registration Agent for the Authority will make all interest payments with respect to the Series 2025 Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at its address shown on said registration records, without, except for final payment, the presentation or surrender of such registered Series 2025 Bonds, and all such payments shall discharge the obligations of the Authority in respect of such Series 2025 Bonds to the extent of the payments so made. Payment of principal of the Series 2025 Bonds shall be made upon presentation and surrender of such Series 2025 Bonds to the Registration Agent as the same shall become due and payable.

So long as Cede & Co. is the Registered Owner of the Series 2025 Bonds, as nominee of DTC, references herein to the Holders or Registered Owners of the Series 2025 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2025 Bonds. For additional information, see the following section.

BOOK-ENTRY-ONLY SYSTEM

The Series 2025 Bonds, when issued, will be registered in the name of Cede & Co., DTC's partnership nominee, except as described above. When the Series 2025 Bonds are issued, ownership interests will be available to purchasers only through a book-entry system maintained by DTC (the "Book-Entry-Only System"). One or more fully-registered Bond certificates will be issued for each maturity, in the entire aggregate principal amount of the Series 2025 Bonds and will be deposited with DTC.

DTC and its Participants. DTC is a limited-purpose trust company organized under the New York Bank Law, a "**banking organization**" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "**clearing corporation**" within the meaning of the New York Uniform Commercial Code, and a "**clearing agency**" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for securities that its participants (the "**Direct Participants**") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry-only changes in DTC Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of its Direct Participants and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (the "NSCC", **"GSCC", "MBSCC",** and **"EMCC"**, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc. (the "**NYSE**"), the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct DTC Participant, either directly or indirectly (the **"Indirect Participants"** and, together with the Direct Participants, the **"Participants"**). DTC has S&P's highest Ratings: **"AAA."** The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtc.com.

Purchase of Ownership Interests. Purchases of the Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a **"beneficial owner"**) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through whom such beneficial owners entered into the transaction. Transfers of ownership interests in the Series 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the Series 2025 Bonds, except as specifically provided in the Series 2025 Bonds in the event that use of the book-entry-only system is discontinued.

Payments of Principal and Interest. Principal and interest payments on the Series 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Registration Agent on the payable date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in **"street name"** and will be the responsibility of such Participant and not of DTC, the Authority, or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of Direct and Indirect Participants.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial owners of Series 2025 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. Beneficial owners of the Series 2025 Bonds may wish to ascertain that the nominee holding the Series 2025 Bonds for their benefit has agreed to obtain and transmit notices to beneficial owners, or in the alternative, beneficial owners may wish to provide their names and addresses to the Registration Agent and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2025 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NONE OF THE AUTHORITY, THE UNDERWRITER, THE BOND COUNSEL, THE MUNICIPAL ADVISOR OR THE REGISTRATION AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENT TO, OR THE PROVIDING OF NOTICE FOR, SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES.

Transfers of Series 2025 Bonds. To facilitate subsequent transfers, all Series 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Series 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Bonds are credited, which may or may not be the beneficial owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Discontinuance of Book-Entry-Only System. In the event that (i) DTC determines not to continue to act as securities depository for the Series 2025 Bonds or (ii) to the extent permitted by the rules of DTC, the Authority determines to discontinue the Book-Entry System, the Book-Entry System shall be discontinued. Upon the occurrence of the event described above, the Authority will attempt to locate another qualified securities depository, and if no qualified securities depository is available, Bond certificates will be printed and delivered to beneficial owners.

No Assurance Regarding DTC Practices. The foregoing information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority, the Bond Counsel, the Registration Agent, the Municipal Advisor, and the Underwriter do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Series 2025 Bonds as nominee of DTC, references herein to the holders or registered owners of the Series 2025 Bonds will mean Cede & Co. and will not mean the beneficial owners of the Series 2025 Bonds. None of the Authority, the Bond Counsel, the Registration Agent, the Municipal Advisor or the Underwriter will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the beneficial owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Series 2025 Bonds.

For more information on the duties of the Registration Agent, please refer to the Resolution. Also, please see the section entitled "SECURITIES OFFERED – Redemption."

CERTAIN OTHER COVENANTS WITH RESPECT TO THE SERIES 2025 BONDS

See "Appendix C: Summary of Certain Provisions of the Master Resolution and the Resolution".

DISCHARGE AND SATISFACTION OF SERIES 2025 BONDS

If the Authority shall pay and discharge the indebtedness evidenced by all or any portion of the Series 2025 Bonds in any one or more of the following ways:

a) By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Series 2025 Bonds as and when the same become due and payable;

b) By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers ("an Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Series 2025 Bonds and to pay premium, if any, and interest thereon when due until the maturity or redemption date (provided, if such Series 2025 Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice); or

c) By delivering such Series 2025 Bonds to the Registration Agent, for cancellation by it; and if the Authority shall also pay or cause to be paid all other sums payable hereunder by the Authority with respect to such Series 2025 Bonds, or make adequate provision therefor, and by resolution of the Board instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest and redemption premiums, if any, on such Series 2025 Bonds when due, then and in that case the indebtedness evidenced by such Series 2025 Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the Authority to the holders of such Series 2025 Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

d) If the Authority shall pay and discharge the indebtedness evidenced by any of the Series 2025 Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

e) Except as otherwise provided, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant hereto nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Series 2025 Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (i) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Authority as received by the Registration Agent and (ii) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Series 2025 Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Authority, as received by the Registration Agent.

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BONDHOLDERS' RISKS

GENERAL

Set forth below are certain risks purchasers of the Series 2025 Bonds should consider when making an investment decision. All potential risks are not included, and the discussion is not intended to be exhaustive.

ENFORCEABILITIY OF REMEDIES

The remedies available to the owners of the Series 2025 Bonds upon an event of default under the Resolutions are in many respects dependent upon judicial actions, which are often subject to discretion and delay. The enforceability of remedies or rights with respect to the Series 2025 Bonds may be limited by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. Under existing constitutional and statutory law and judicial decisions, certain remedies specified by the Resolutions may not be readily available or may be limited. The legal opinion to be delivered concurrently with the delivery of the Series 2025 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

ADDITIONAL BONDS

The Authority may issue additional bonds in accordance with the provisions of the Resolutions. The issuance of additional bonds would increase the debt service requirements and could adversely affect debt service coverage on the Series 2025 Bonds.

EARLY PAYMENT PRIOR TO MATURITY

The Series 2025 Bonds are subject to optional redemption prior to maturity. A prospective investor should consider these rights when making any investment decision. Following any redemption, owners of the Series 2025 Bonds many not be able to reinvest their funds at a comparable interest rate.

LOSS OF TAX EXEMPTION

There is no provision for the redemption of the Series 2025 Bonds or for the payment of additional interest on the Series 2025 Bonds in the event that interest on the Series 2025 Bonds becomes includable in gross income for federal income tax purposes. In the event that interest on the Series 2024 Bonds becomes includable in gross income for federal income tax purposes, the value and marketability of the Series 2025 Bonds would likely be adversely affected. The Authority has covenanted not to do anything that would adversely affect the tax-exempt status of the Series 2025 Bonds.

See "LEGAL MATTERS – Tax Matters" herein.

FUTURE LEGISLATION COULD AFFECT TAX-EXEMPT OBLIGATIONS

The federal government is considering various proposals to reduce federal budget deficits and the amount of federal debt, including proposals that would eliminate or reduce indirect expenditures made through various deductions and exemptions currently allowed by the income tax laws. The exemption for interest on tax-exempt obligations is one of the indirect expenditures that could be affected by a deficit reduction initiative. Some deficit-reduction proposals would completely eliminate the exemption for interest on all tax-exempt obligations. Other proposals would place an aggregate cap on the total amount of exemptions and deductions that may be claimed by a taxpayer, or a cap on the exemption for interest on all tax-exempt obligations. Changes in the rate of the federal income tax, including so-called "flat tax" proposals, could also reduce the value of the exemption.

Changes affecting the exemption for interest on tax-exempt bonds, if enacted, could apply to tax-exempt obligations already outstanding, including the Series 2025 Bonds offered pursuant to this Official Statement, as well as obligations issued after the effective date of such legislation. It is not possible to predict whether Congress will adopt legislation affecting the exemption for tax-exempt bonds, what the provisions of such legislation may be, whether any such legislation will be retroactive in effect, or what effect any such legislation may have on investors in the Series 2025 Bonds. Investors should consult their own tax advisors about the prospects and possible results of future legislation that could affect the exemption for interest on tax-exempt obligations.

CLIMATE CHANGE

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. Cleveland Utilities Authority’s location in the southern United States and proximity to several waterways increases its vulnerability to flooding and extreme heat. In addition to flooding and extreme heat, the Authority faces other threats due to climate change, including the possibility of drought conditions that could become increasingly severe and frequent.

As required by federal law, the Tennessee Emergency Management Agency (“TEMA”), has prepared and adopted the “State of Tennessee Standard Hazard Mitigation Plan 2023” which includes among other things a climate risk and vulnerability assessment for all counties and regions of the State, including the Authority’s service area. Further information including the plan may be obtained as follows: https://www.tn.gov/tema/emergency-community/mitigation/state-mitigation-planning.html.

It is not possible for the Authority to predict the intensity, duration or impact of any weather related events, whether known or unknown, but the Authority has considered and addressed additional operational and safety measures and practices to offset and respond to future climate related issues similar to those which have occurred in the past. The Authority also believes it maintains adequate reserves to offset in part many financial risks associated with weather related operational disruptions, if they occur.

CYBERSECURITY

Cleveland Utilities Authority utilizes various computer systems and network technology to perform many of its vital operations. Such operations often include the storage and transmission of sensitive information. As a result, Cleveland Utilities Authority may be the target of cyberattacks attempting to gain access to such information. In addition to intentional attacks, information breaches may occur due to unintentional employee error. A successful cyberattack or unintentional breach may require the expenditure of an unknown amount of money or time to resolve, substantially interrupt municipal services and operations and subject the Authority to legal action. The Authority has no knowledge of, nor historical record of, any successful material cyber-security breach or related attack. Attempted cyber security attacks, whether anonymous or targeted, occur on a periodic frequency that is not uncommon to organizations or entities similar to the Authority. To mitigate against such risks, the Authority has instituted various technical controls, policies and procedures to protect its network infrastructure, including a cyber-security training requirement for certain departments, as well as general cyber-security training and awareness for all employees. The Authority also maintains insurance against cyber security incidents. Despite the Authority's measures to safeguard its network infrastructure, there are no guarantees that such measures will be successful.

PUBLIC HEALTH EMERGENCIES AND GLOBAL CONFLICTS

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has affected and continues to affect the entire world, including Cleveland Utilities Authority. In March 2020, in response to the COVID-19 outbreak, the Governor of the State of Tennessee issued a state of emergency and the World Health Organization declared the COVID-19 outbreak to be a global health emergency. The spread of COVID-19 led, from time to time, to quarantine and other "social distancing" measures. These measures included: (i) the closure, from time to time, of nonessential businesses, (ii) recommendations and warnings to limit nonessential travel and promote telecommuting, (iii) the postponement or cancellation of or reduced capacity at large-scale gatherings such as conventions, concerts and sporting events, (iv) limits on operations and customer capacity at commercial and retail establishments and (v) the closure, from time to time, of school buildings and community centers. The Governor of the State of Tennessee lifted the state of emergency in April 2021. The World Health Organization declared an end to the global health emergency in May 2023. The Authority is unable to predict whether and to what extent any increases in COVID-19 cases or the emergence of any other epidemic or pandemic may disrupt the local or global economy, or whether any such disruption may adversely affect the operations or financial condition of the Authority or the System.

Historical data on the financial performance of the System and as well as employment, income trends, and business activity in the Authority are detailed in this Official Statement, including historical data collected both before and during the COVID-19 pandemic. See also "Appendix B: Supplemental Information Statement" for historical economic and demographic information for the Authority. Certain data and other information collected prior to and during the COVID-19 outbreak may not reflect current conditions. For example, some of the largest employers and ratepayers in the area may have been forced to reduce their business activities during the COVID-19 outbreak and may be similarly affected as a result of any future epidemic, pandemic or other public health emergency. For additional information and historical data on the System, see "Appendix B: Supplemental Information Statement".

In February 2022, the Russian military invaded and attacked Ukraine. In October 2023, a conflict began in the Gaza strip between Israel and the Islamic Resistance Movement, also known as Hamas. Both conflicts are ongoing and may have adverse global economic impacts that could affect the Authority. The war between Russia and Ukraine and the after-effects of the COVID-19 pandemic have led to continued global labor shortages and supply chain disruptions. The Authority will continue to monitor and respond to developments affecting its workforce, customers and suppliers and intends to take additional steps to mitigate negative business impacts if and when appropriate.

OTHER RISK FACTORS

In the future, the following additional factors, among others, may adversely affect the operations of energy providers, including the Authority and the System, to an extent that cannot be determined at this time:

a) The ability of the Authority and the System to insure or otherwise protect itself against property damage and general liability claims due to cost or other unknown factors.

b) Proposals to eliminate the tax-exempt status of debt obligations issued by the Authority, or to limit the use of such tax-exempt obligations, which have been made in the past, and which may be made again in the future. The adoption of such proposals would increase the cost to the Authority of financing future capital needs.

LEGAL MATTERS

LITIGATION

There are no pending, nor to the knowledge of the Authority are there any threatened, legal proceedings questioning, or seeking to restrain, enjoin, or adversely affect the issuance or delivery of the Series 2025 Bonds, the fixing or collecting of rates and charges for the services of System, the pledge of the Net Revenues of the System to secure the payment of the Series 2025 Bonds, the proceedings and authority under which the Series 2025 Bonds are to be issued, the validity of the Series 2025 Bonds, the right of the Authority to acquire and operate the System, or the application of the proceeds of the Series 2025 Bonds for the purposes described herein.

The Board and the Authority, like other similar public bodies, are subject to a variety of other lawsuits and proceedings arising in the ordinary conduct of its affairs. The Authority will assume liabilities, if any, associated with these matters in connection with the transfer of the assets of the Board. After reviewing the current status of all pending and threatened litigation involving the System with its litigation counsel, the Authority believes that, while the outcome of such litigation and proceedings cannot be predicted, the final resolution of these pending and threatened lawsuits, proceedings and claims against the Authority and its officials in such capacity are not expected to have a material adverse effect upon the financial position or results of operations of the System after taking into consideration the Authority's insurance and self - insurance arrangements for unemployment.

REMEDIES OF BONDHOLDERS

Any registered owner of any of the Series 2025 Bonds may either at law or in equity, by suit, action, mandamus or other proceedings, in any court of competent jurisdiction enforce and compel performance of all duties imposed upon the Authority by the provisions of the Resolution, including the making and collecting of sufficient rates, the proper application of and accounting for revenues of the System, and the performance of all duties imposed by the terms of the Resolution.

If any default be made in the payment of principal of, premium, if any, or interest on the Series 2025 Bonds, then upon the filing of suit by any registered owner of the Series 2025 Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System in behalf of the Authority with power to charge and collect rates sufficient to provide for the payment of all bonds and obligations outstanding against the System and for the payment of Operating Expenses, and to apply the income and revenues thereof in conformity with the provisions of the Resolution.

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TAX MATTERS

Federal

General. Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Series 2025 Bonds. Their opinion under existing law, relying on certain statements by the Authority and assuming compliance by the City with certain covenants, is that interest on the Series 2025 Bonds:

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986 (the "Code"), and

- is not treated as an item of tax preference in calculating the alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial state income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing that alternative minimum tax imposed on corporations for the tax years beginning after December 31, 2022.

The Code imposes requirements on the Series 2025 Bonds that the Authority must continue to meet after the Series 2025 Bonds are issued. These requirements generally involve the way that the Bond proceeds must be invested and ultimately used. If the Authority does not meet these requirements, it is possible that a bondholder may have to include interest on the Series 2025 Bonds in its federal gross income on a retroactive basis to the date of issue. The Authority has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Series 2025 Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit,
- a borrower of money to purchase or carry the Series 2025 Bonds, or
- an applicable corporation, as defined in Section 59(k) of the Code

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Series 2025 Bonds or affect the market price of the Series 2025 Bonds. See also "Changes in Federal and State Tax Law" below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Series 2025 Bonds, or under State, local or foreign tax law.

Bond Premium. If a bondholder purchases a Series 2025 Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Series 2025 Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Series 2025 Bond will be reduced. The holder of a Series 2025 Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Series 2025 Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Series 2025 Bond with bond premium, even though the Series 2025 Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Series 2025 Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Original Issue Discount. A Series 2025 Bond will have "original issue discount" if the price paid by the original purchaser of such Series 2025 Bond is less than the principal amount of such Series 2025 Bond. Bond Counsel's opinion is that any original issue discount on these Series 2025 Bonds as it accrues is excluded from a bondholder's federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in these Series 2025 Bonds will be increased. If a bondholder owns one of these Series 2025 Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

Qualified Tax-Exempt Obligations. Under the Code, in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations", as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the Authority as to the Bonds, Bond Counsel has determined that the Bonds, upon issuance, will be "qualified tax-exempt obligations" within the meaning of the Code.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Series 2025 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2025 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2025 Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

State Taxes

Under existing law, the Series 2025 Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Series 2025 Bonds during the period the Series 2025 Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Series 2025 Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal and Congressional committees, and legislative proposals in the Congress and in the states that, if enacted, could alter, or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Series 2025 Bonds or otherwise prevent holders of the Series 2025 Bonds from realizing the full benefit of the tax exemption of interest on the Series 2025 Bonds. For example, various proposals have been made in Congress and by the President which, if enacted, would subject interest on Series 2025 Bonds, such as the Series 2025 Bonds, that is otherwise excluded from gross income for federal income tax purposes, to a tax payable by certain bondholders with an adjusted gross income in excess of certain proposed thresholds. Further, such proposals may impact the marketability or market value of the Series 2025 Bonds simply by being proposed. It cannot be predicted whether, or in what form, these proposals might be enacted or if enacted, whether they would apply to the Series 2025 Bonds prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability, or tax status of the Series 2025 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2025 Bonds would be impacted. Purchasers of the Series 2025 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives, or litigation. The opinion expressed by Bond Counsel is based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2025 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives, or litigation.

Miscellaneous

Prospective purchasers of the Series 2025 Bonds should consult their own tax advisors regarding the foregoing matters.

The form of the opinion of Bond Counsel is attached as "APPENDIX A: Form of Series 2025 Bond Opinion". Copies of the opinion will be available at the time of the initial delivery of the Series 2025 Bonds.

CLOSING CERTIFICATES

Upon delivery of the Series 2025 Bonds, the Authority will execute certain closing certificates including the following: (i) A certificate as to the "Official Statement", in final form (as defined herein), signed by the Chair and other officials acting in their official capacities to the effect that to the best of their knowledge and belief, and after reasonable investigation, (a) neither the "Official Statement", in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, not misleading, (b) since the date of the "Official Statement", in final form, no event has occurred which should have been set forth in such a memo or supplement, and (c) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Series 2025 Bonds, or contesting the validity of the Series 2025 Bonds or any proceeding taken pursuant to which the Series 2025 Bonds were authorized; (ii) a non-arbitrage certificate which supports the conclusions that based upon facts, estimates and circumstances in effect, upon delivery of the Series 2025 Bonds will not be used in a manner which would cause the Series 2025 Bonds to be arbitrage Series 2025 Bonds; (iii) certificates as to the delivery and payment, signed by the officials acting in their official capacities evidencing delivery of and payment for the Series 2025 Bonds; (iv) a signature identification and incumbency certificate, signed by the Chair and other officials of the Authority acting in their official capacities certifying as to the due execution of the Series 2025 Bonds; and (v) a Continuing Disclosure Certificate regarding certain covenants of the Authority concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

For additional information, see the section entitled "MISCELLANEOUS – Competitive Public Sale"; "Financial Professionals"; "MISCELLANEOUS - Additional Information"; "MISCELLANEOUS - Continuing Disclosure" and "Appendix A: Form of the Legal Opinion".

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and the validity of the Series 2025 Bonds are subject to the approval of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel. Bond Counsel did not prepare the "Preliminary Official Statement" or the "Official Statement", in final form, or verify their accuracy, completeness or fairness. Accordingly, Bond Counsel expresses no opinion of any kind concerning the "Preliminary Official Statement" or "Official Statement", in final form, except for the information under the section entitled "LEGAL MATTERS – Tax Matters". The opinion of Bond Counsel will be limited to matters relating to authorization and validity of the Series 2025 Bonds. Bond Counsel's opinion will state that interest on the Series 2025 Bonds is excluded from gross income for federal income tax purposes, is not an item of tax preference for purposes of the federal law alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The owners of the Series 2025 Bonds, however, may be subject to certain collateral tax consequences arising with respect to ownership of the Series 2025 Bonds. Reference is made to the "Preliminary Official Statement" and the form of the opinion contained in Appendix A.

Certain other matters will be passed upon for the Authority by the Kimball Law Firm, Cleveland, Tennessee.

MISCELLANEOUS

RATING

Moody's Investors Service, Inc. ("Moody's") has assigned the Series 2025 Bonds the credit rating of "A1" which appears on the cover of this "Preliminary Official Statement".

The Authority furnished Moody's certain information and materials and had a "due diligence" meeting with the rating agency concerning the Series 2025 Bonds and the Authority. Generally, Moody's bases its ratings on such information and materials and such investigations, studies, and assumptions that it may undertake independently. There is no assurance that any rating will be maintained for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's if, in its judgment, circumstances so warrant. The Authority undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the rating or other actions by a rating agency may have an adverse effect on the market price of the Series 2025 Bonds.

Any explanation of the significance of the ratings may be obtained only from Moody's.

COMPETITIVE PUBLIC SALE

The Series 2025 Bonds were offered for sale at competitive public bidding on ________, 2025*. Details concerning the public sale were provided to potential bidders and others in the "Preliminary Official Statement" that was dated ________, 2025*. Through IPREO's BiDCOMP®/Parity® system ("PARITY"), __ of the original __ firms which indicated an interest in bidding for the Series 2025 Bonds submitted proposals ranging from the best bid of ____ % on a true interest cost basis ("TIC") to ____ %.

The successful bidder for the Series 2025 Bonds was an account led by ____________________, _______, _________ (the "Underwriters") who contracted with the Authority, subject to the conditions set forth in the "Official Notice of Sale" (including permitted adjustments) to purchase the Series 2025 Bonds at an adjusted purchase price of $____________ (consisting of the par amount of the Series 2025 Bonds, plus a premium of $___________, less an original issue discount of $________, less an underwriter's discount of $_________) or a bid price of ______ % of par.

FINANCIAL PROFESSIONALS

Registration Agent. The Registration Agent provides commercial banking, investments and corporate trust services to private parties and State and local jurisdictions and may have provided one or more such services to the Authority on other occasions. As registration, registration and paying agent in this transaction, the Registration Agent will receive separate compensation for such services as it would if it were to serve the Authority in other normal commercial banking capacities.

*Subject to adjustment and revision as outlined in the "Official Notice of Sale" which is an integral part of the "Preliminary Official Statement" and is incorporated herein by reference.

Bond Counsel. Bass, Berry & Sims PLC presently represents the Raymond James on legal matters unrelated to the Authority and may continue to do so in the future.

Investments. Among other services, Raymond James assists local jurisdictions in the investment of idle funds. If the Authority chooses to use these services, then a portion of such compensation may be shared with other divisions of the firm including Public Finance. Whether such fees are shared or not, the standard fees will be the same.

Dissemination Agent. Raymond James may be employed to serve the Authority as its dissemination agent with respect to its continuing disclosure undertakings for the Series 2025 Bonds and other debt obligations. For such services, Raymond James will receive a separate annual fee.

ADDITIONAL DEBT OBLIGATIONS

There are no other debt obligations of the System approved or planned at this time. See the section entitled "Security and Source of Payment for the Series 2025 Bonds" for additional information.

OFFICIAL STATEMENT

Certain information relative to the location, economy and finances of the Authority is found in the "Preliminary Official Statement" and the "Official Statement". While not guaranteed as to completeness or accuracy, the "Preliminary Official Statement" and the "Official Statement" are believed to be correct as of their respective dates based on information supplied by the Authority and other reliable sources and by the certification by the Authority as to the "Official Statement".

Raymond James has not been engaged by Authority to provide or validate any information in this "Official Statement" relating to Authority, including (without limitation) any of Authority's financial and operating data, whether historical or projected. Raymond James is not a public accounting or auditing firm and has not been engaged by Authority to review or audit any information in this "Official Statement" in accordance with accounting standards.

CONTINUING DISCLOSURE

At the time the Series 2025 Bonds are delivered, the Authority will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the Series 2025 Bonds to provide certain financial information relating to the Authority by not later than twelve months after each of the Authority's fiscal years (the "Annual Report"), commencing with the fiscal year ending June 30, 2025, and to provide notice of the occurrence of certain enumerated events. The Annual Report (and audited financial statements, if filed separately) will be filed with the Municipal Securities Rulemaking Board ("MSRB") through the operation of the Electronic Municipal Market Access system ("EMMA") and with any State Information Depository established in the State of Tennessee (the "SID"). If the Authority is unable to provide the Annual Report to the MSRB and the SID by the date required, notice of each failure will be sent to the MSRB and the SID on or before such date. The notices of events will be filed by the Authority with the MSRB and the SID. The specific nature of the information to be contained in the Annual Report and the notices of events is set forth in "Appendix D: Form of Continuing disclosure Certificate". These covenants have been made to assist the underwriters in complying with SEC Rule 15c2-12(b) (the "Rule").

Prior Non-Compliance. For the reporting period ending June 30, 2023, the Authority filed the annual report after the reporting deadline of June 30, 2024. The Authority has since hired a new dissemination agent to avoid similar issues going forward. The Authority is not aware of any other issues of non-compliance.

See "Appendix D: Form of Continuing Disclosure Certificate" for additional information.

ADDITIONAL INFORMATION

References, excerpts and summaries contained herein of certain provisions of the laws of the State and any documents referred to herein do not purport to be complete statements of the provisions for such laws or documents, and reference should be made to the complete provisions thereof for a full and complete statement of all matters of fact relating to the Series 2025 Bonds, the security for the payment of the Series 2025 Bonds and the rights of the holders thereof. The "Preliminary Official Statement" and the "Official Statement" in final forms, and any advertisement of the Series 2025 Bonds are not to be construed as a contract or agreement between the Authority and the purchasers of any of the Series 2025 Bonds. Any statements or information printed in the "Preliminary Official Statement" and the "Official Statement", in final forms, involving matters of opinion or of estimates, whether expressly so identified, is intended merely as such and not representations of fact.

The Authority has deemed this "Preliminary Official Statement" as "final" as of its date within the meaning of Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC") (the "Rule") except for certain information allowed to be omitted by the Rule.

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CERTIFICATION OF THE AUTHORITY

At the time of payment for and delivery of the Series 2025 Bonds, the Authority will furnish the purchaser a certificate, signed by the Chair and the President and Chief Executive Officer, to the effect that (a) the descriptions and statements of or pertaining to the Authority contained in its "Official Statement" and any addendum thereto, for its Series 2025 Bonds, on the date of such "Official Statement", on the date of sale of the Series 2025 Bonds and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the Authority and its affairs, including its financial affairs, are concerned, such "Official Statement" did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data of or pertaining to entities other than the Authority, and their activities contained in such "Official Statement" are concerned, such statements and data have been obtained from sources which the Authority believes to be reliable and that the Authority has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the System of the Authority since June 30, 2024, the date of the last audited financial statements of the System of the Authority, the electronic link to which appears in "Appendix E: Financial Statements – June 30, 2024".

/s/ ______________________________
Chair

ATTEST:

/s/ ______________________________
President and Chief Executive Officer

/s/ ______________________________
Recording Secretary

APPENDIX A

PROPOSED FORM OF LEGAL OPINION

Bass, Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, TN 37201
(615) 742-6200

(Dated Closing Date)

Board of Directors
Cleveland Utilities Authority

[Underwriter]

Re: Cleveland Utilities Authority, Water and Wastewater System Revenue Bonds, Series 2025

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Cleveland Utilities Authority (the "Issuer") of $______________ Water and Wastewater System Revenue Bonds, Series 2025, dated the date hereof (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding obligations of the Issuer.

2. The resolution of the Board of Directors of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is the valid and binding agreement of the Issuer.

3. The principal of and interest on the Bonds are payable solely from and secured by a pledge of the income and revenues to be derived from the operation of the water and wastewater system of the Issuer (the "System"), subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing, and insuring the System. We express no opinion as to the sufficiency of any of such revenues for the payment of principal of, premium, if any, or interest on the Bonds.

4. Interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of

the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. Failure to comply with certain of such requirements could cause interest on the Bonds to be so includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

6. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Code.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors, and by equity principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds. Further, we express no opinion herein regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

APPENDIX B

SUPPLEMENTAL INFORMATION STATEMENT

CLEVELAND UTILITIES AUTHORITY

HISTORY AND ORGANIZATION

Background. Prior to the creation of the Authority in 2023, all activities were conducted through a five-member Board of Public Utilities of the City of Cleveland appointed and confirmed by the City Council ("Cleveland Utilities"). The Board of Public Utilities operated as an enterprise fund of the City.

The Board of Mayor and Commissioners of the City acquired the properties of the Tennessee Electric Power Company on August 16, 1939, and on that date established Cleveland Electric System.

Cleveland Water Works began its operation in 1895 under the direction of Commissioners of the Cleveland Water System. In 1959, the Board of Mayor and Commissioners instructed the Cleveland Water System to be under the direction of the Board of Mayor and Commissioners.

In March of 1976, the Board of Mayor, and Commissioners, after years of research, directed the Cleveland Water System and Cleveland Electric System to merge operations. The new organization adopted the name of Cleveland Utilities. A Board of Public Utilities for the City of Cleveland was established in 1981.

Cleveland Utilities now serves approximately 33,675 electric customers, 33,982 water customers, and 20,656 wastewater customers in the City and a substantial portion of Bradley County.

The Authority. In April 2023, the City Council of the City of Cleveland established Cleveland Utilities Authority and instructed Cleveland Utilities to begin the transition to transfer all the assets and liabilities of Cleveland Utilities to Cleveland Utilities Authority, which concluded as of October 31, 2023.

The Authority was created as a governmental authority and public corporation pursuant to the Municipal Energy Authority Act, Sections 7-36-101 et seq., Tennessee Code Annotated, as amended (the "Act") for the purpose of acquiring and operating the electric transmission and distribution system, water treatment and distribution and wastewater collection and treatment systems of Cleveland Utilities.

The Authority is governed by a seven-member Board of Directors. The Board of Directors is appointed by the City Council of the City of which three members will be a combination of either the current Mayor of the City and current members of City Council. All members serve stagged terms of four years commencing on July 1 or until the appointment and confirmation of their successors.

Any member may be removed from office for cause upon a vote of two-thirds of the members of City Council following preferment of formal charges by resolution of a majority of the members of City Council.

Source: Approved Charter of the Authority.

WATER AND WASTEWATER TREATMENT, DISTRIBUTION AND COLLECTION SYSTEM

General. The water department ("Water Department") and wastewater department ("Wastewater Department") of the Authority operate as the combined water and wastewater division ("Water and Wastewater Division"). The Water and Wastewater Division is responsible for and dedicated to providing water and wastewater services for the City and a substantial portion of Bradley County. The Authority's water sources come from the Hiwassee River and Waterville Springs. The water is clarified, disinfected, and then pumped through pipelines directly to the customer or to storage tanks.

Wastewater is collected from the Authority at the wastewater treatment facility located along the Hiwassee River. It is then treated and discharged into the Hiwassee River downstream from its original withdrawal point. An intensive sampling and analytical testing program are utilized to ensure that the quality of the drinking water and the wastewater discharge meets stringent state and federal standards.

The Authority additionally utilizes AMI technology to secure and maintain its water and wastewater system. The Authority leverages the AMI system to notify customers in as short as 24 hours when a suspected leak has begun for the customer. The Authority maintains a staff of individuals to notify the customer of potential leaks, as well as a staff to assist customers with identifying the leak and its potential causes. This technology is not only saving customers in their meter reading expense but is lessening the impact of water leaks in their monthly bill.

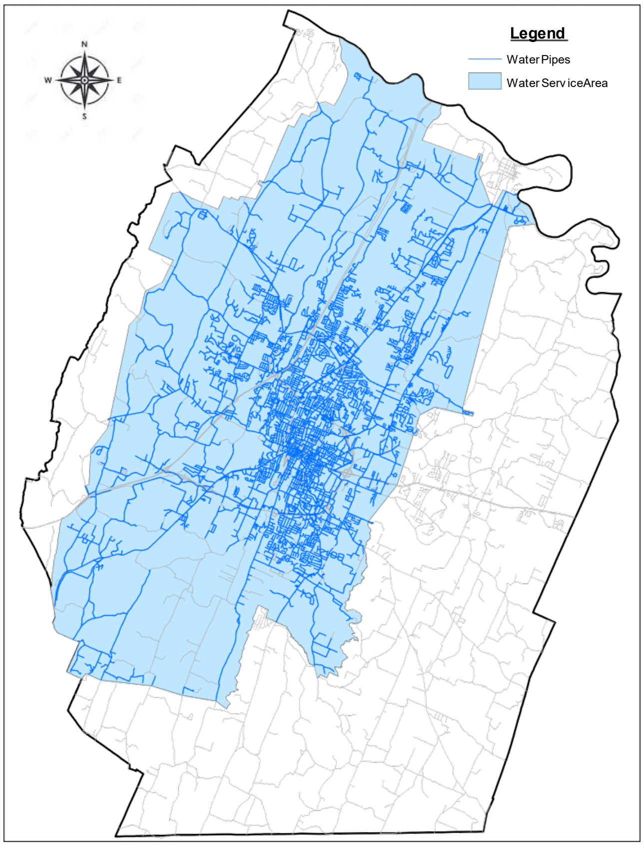
Water Department. The Water Department operates and maintains its own 8.0 million gallon per day ("MGD") drinking water treatment plant. The Water Department also operates and maintains by contract a 15 MGD drinking water treatment plant that is owned by the Hiwassee Utilities Commission ("HUC"). The HUC wholesales water to Athens, Niota, Calhoun, and Riceville in McMinn County, as well as to Charleston and Cleveland in Bradley County. Cleveland Utilities is contracted to purchase up to 9.7 MGD from the HUC facility. A supplemental supply of 1.4 MGD of water is pumped from the Waterville Spring. Additional water is sourced from Eastside Utilities located in Hamilton County and Savannah Valley Utility District.

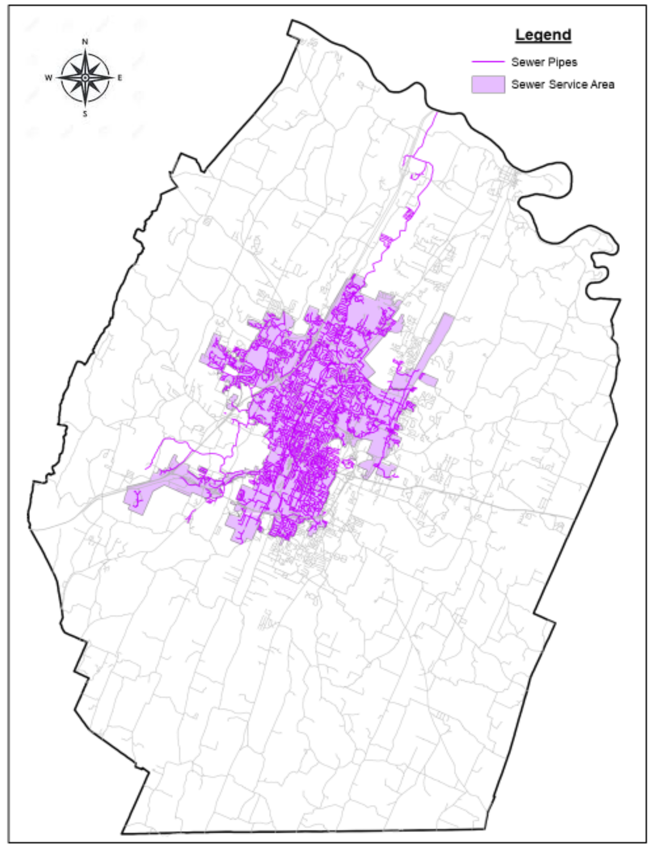
The Water Department operates and maintains over 778 miles of water distribution pipelines, over 36,588 metered water services and more than 2,930 fire hydrants and 436 flush hydrants.

Wastewater Department. The Wastewater Department operates and maintains a 21.6 MGD wastewater treatment plant near the Hiwassee River. The wastewater plant is currently undergoing a conversion from a gaseous chlorine disinfectant to an ultraviolent light disinfectant process. The conversion is planned to be completed by the Spring of 2024.

The Wastewater Department collects, maintains, and operates over 382 miles of sanitary sewers that currently serve 20,656 customers. The wastewater collection system sizes range from six inch to forty-eight inches in diameter and include over 8,310 sanitary utility access holes.

WATER AND WASTEWATER SERVICE AREAS





PROFESSIONAL LEADERSHIP OF THE AUTHORITY

Tim Henderson, President/CEO

Tim Henderson grew up in Cleveland/ Bradley County and is a graduate of Cleveland High School and East Tennessee State University. His work path began as an Environmentalist for the State of Tennessee. Tim then moved to the Department of Labor, working both with Federal OSHA and the State of Tennessee TOSHA. After spending 8 years as the Director of Safety Compliance for TOSHA, Tim moved to Cleveland Utilities in 1993. His utility path specifically started with guiding the safety, health, and security for all divisions of the organization. In 2000, he was promoted to Assistant Manager of Administrative Services and worked closely with government and community affairs. In 2012, he assumed the role of Vice President of the department, was promoted to Senior Vice President in May 2016 and President/CEO in November 2016.

Tim has served on or continues to serve on the Junior Achievement Board, Tree Board, Tennova Board, Planning Commission, Ocoee River Recreation and Economic Development Board, Chamber of Commerce Board, the United Way of Bradley County Board, Southeastern

Industrial Development Association (SEIDA) Board, along with other committees for the Tennessee Valley Authority (TVA), Tennessee Valley Public Power Association (TVPPA), and Southeast District Power Distributors Association (SDPDA).

Walt Vineyard, Executive Vice President - Information Technology & Customer Connection

Walt Vineyard joined Cleveland Utilities as an Electrical Engineer in 1991, was promoted to Information Systems Manager in 1997, Information Technology Manager at the division level in 1998 (which was renamed to Vice President of Information Technology in 2012), and to his current role as Executive Vice President/ Information Technology & Customer Connection in 2017. Walt is a Knoxville native who spent most of his youth in the Cleveland area. He earned a Bachelor of Science in Electrical Engineering from the University of Tennessee, Knoxville. Vineyard serves as a wrestling official for high school athletics and has spent the past couple of years as the assigning officer for the Chattanooga-region's officials' association.

Jimmy Isom, Vice President – Electric Division

Jimmy Isom joined Cleveland Utilities as an Engineer in 1994. During his tenure at CU, he has also served in the roles of Distribution Engineer, Assistant Engineering Manager, Engineering Manager, and was promoted to Vice President of the Electric Division in 2019. He has over 34 years of utility industry experience. Prior to joining the CU family, Isom worked at Cookeville Electric Department for five years and was the Engineering Manager for two years.

Throughout his career, he has worked closely with members of the Electric Division, developers/contractors in the community as well as colleagues from other utilities and has served on various committees. A Hardeman County native, he earned a Bachelor of Science degree in Electrical Engineering from Tennessee Technological University in Cookeville. Isom has lived in Bradley County for nearly 30 years.

Marshall Stinnett, Vice President, and CFO

Marshall Stinnett joined Cleveland Utilities as Controller in 2013 and was later promoted to Vice President and Chief Financial Officer in 2015. A Polk County native, he earned a Bachelor of Science in Accounting and a Master of Accountancy from the University of Tennessee at Knoxville. He obtained his CPA license in 2012. Prior to Cleveland Utilities, he served as an external auditor with Ernst & Young where he specialized in public utilities, manufacturing, and transportation. Marshall serves as a board member for the Cleveland Greenway Advisory Board and a Trustee on Cleveland State’s Foundation Board. He is a member of the Tennessee Society of Certified Public Accountants.

Craig Mullinax, Vice President – Water and Wastewater Division

Craig Mullinax joined Cleveland Utilities as a Civil Engineer in 1983, was promoted to Meter Department Supervisor in 1994 and to his current role as Vice-President of the Water and Wastewater Divisions in 2004. Cleveland Utilities’ Water and Wastewater Divisions currently have eighty-eight employees and serves 35,982 water customers and 20,656 wastewater customers. Mullinax earned a

Bachelor of Science degree in Civil Engineering from Tennessee Technological University in Cookeville.

He has been a member of the American Water Works Association (AWWA) and Water Environment Federation (WEF) for 40 years. He holds a Grade II Water Distribution Operator's License from the State of Tennessee. Craig has been a member of the Cleveland Rotary Club for 18 years where he served as treasurer for 5 years. He is a Cleveland native and now lives nearby in Ooltewah.

John Corum, Vice President – Administrative Services

John Corum has been employed at Cleveland Utilities since 2013 where he began as Safety Director and currently serves as the Vice President of Administrative Services. He has 32 years of utility industry experience including working as a Journeyman Lineman at Knoxville Utilities Board and faculty member at Western Nebraska Community College where he taught Utility Powerline Construction and Maintenance. He holds bachelor's and master's degrees from the University of Tennessee, Knoxville, and a Doctorate from the University of Texas at Austin.

John serves on various boards and advisory committees including the Family Resource Agency, Cleveland High School Career/Technical, Cleveland State Community College Business Programs, TVA Energy Programs, and TVPPA Safety Conference Planning. Active in the utility safety arena, he is an OSHA-Authorized General Industry Trainer and conducts regular trainings on the National Electric Safety Code. He has a passion for training and education and speaks at numerous conferences throughout the Tennessee Valley.

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FINANCIAL AND OPERATING INFORMATION

DISCUSSION OF OPERATIONS

General. Management believes the System's financial condition is strong. The System is well within the stringent financial policies and guidelines set by the Board and management. The following are key financial highlights for fiscal year 2024.

- Total assets and deferred outflows of resources at year-end were $405.66 million and exceeded liabilities and deferred inflows of resources in the amount of $226.11 million (i.e. net position).
- Total assets and deferred outflows increased by $13.18 million.
- Net Position increased $13.24 million during the current year. Unrestricted net position
- increased by $2.25 million due primarily to new purchases of capital assets.
- During the eight months ended June 30, 2024, the System delivered 1,637,247,000 gallons of water compared to 898,848 gallons of water during the four months ended October 31, 2023.
- Operating revenues for the eight months ended June 30, 2024, were $98.92 million, compared to $53.06 million for the four months ended October 31, 2023.
- Operating expenses for the eight months ended June 30, 2024, were $89.48 million, compared to $46.23 million for the four months ended October 31, 2023.
- The operating profit for the eight months ended June 30, 2024, was $9.44 million as compared to a $6.83 million profit for the four months ended October 31, 2023.
- Ratios of operating income to total operating revenue were 9.55% and 12.87% for the eight-month period ended June 30, 2024, and the four-month period ended October 31, 2023, respectively.

The Authority maintains an annual capital improvements program for the System. The program is necessary to continue to meet the increased demand placed on the System by customer growth, expansion and environment related obligations and regulations. The Water Department has projected an investment in capital assets totaling $32,277,470 and the Wastewater Department an investment of $54,943,065 in the five-year period beginning in fiscal year 2023. Both departments are proposing to finance the additional investment through a combination of funds generated by operations and additional long-term financing.
Source: Board of Public Utilities of the City of Cleveland, Tennessee – Financial Statements – June 30, 2022.

Number of Customers. The following table shows the number of customers for each component of the combined system for the most recent five fiscal periods.

Service	2020	2021	2022	2023	2024
Water	32,467	33,060	33,439	33,982	34,567
Wastewater	19,484	19,893	20,113	20,656	34,567

Source: Cleveland Utilities Authority – Financial Statements – June 30, 2024.

IMPORTANT NOTE: On October 31, 2023, the Authority was created and acquired all assets and liabilities of the System. In prior years, the System was owned and operated by the Board of Public Utilities of the City of Cleveland, Tennessee and was treated as an enterprise activity of the City.

Environmental and Regulatory Matters. The operations of the Water and Wastewater Departments are subject to the Federal Clean Water Act as amended; Water Quality Control Act of 1977; and regulations of the Tennessee Department of Environment and Conservation (Division of Water Pollution Control and Division of Drinking Water Supply), Division of Construction Grants and Loans; U.S. Environmental Protection Agency, Division of Water Pollution Control; and the Water Quality Control Board.

The Authority is in the process of voluntarily entering into a Consent Order with the State of Tennessee Department of Environment and Conservation that will require the Authority to fund approximately $49,700,000 of wastewater infrastructure improvements over the next five years to eliminate excessive sanitary sewer overflows. The cost of these improvements is included within the capital improvement program projections described above.

TEN LARGEST WATER CUSTOMERS

The ten largest customers of the water department and key other annual operating data are shown below:

Cleveland Utilities Authority
Ten Largest Water Customers
Fiscal Year 2024

Customer Name	Activity/Business	Gallons	% of total usage	% of Annual Revenue	FY 2024 Revenue
COCA COLA BOTTLING COMPANY UNITED INC	Industry/Drinks	116,438,250	3.97%	1.49%	324,318.34
MARS CHOCOLATE NORTH AMERICA LLC	Industry/Food	112,820,250	3.85%	1.44%	314,573.86
POLARTEC TN MANUFACTURING LLC	Industry/Fabric	83,311,500	2.84%	1.08%	235,096.96
WACKER POLYSILICON OF N AMERICA LLC	Industry/Chemical	69,839,250	2.38%	1.46%	318,559.17
OCOEE UTILITY DIST	Utility	39,397,500	1.34%	0.49%	107,688.12
WHIRLPOOL CORPORATION,	Industry/Appliances	29,651,250	1.01%	0.42%	90,572.02
COCA COLA BOTTLING COMPANY UNITED INC	Industry/Drinks	28,764,750	0.98%	0.40%	88,184.38
MANUFACTURERS SOAP	Industry/Chemical	24,071,250	0.82%	0.35%	75,543.22
WACKER POLYSILICON OF N AMERICA LLC	Industry/Chemical	23,760,000	0.81%	0.61%	133,048.89
BRADLEY COUNTY JUDICIAL COMPLEX	County Justice Center	17,930,250	0.61%	0.27%	59,003.46

Cleveland Utilities Authority

Ten Largest Water Customers

Fiscal Year 2014

Customer Name	Activity/Business	Gallons	% of total usage	% of Annual Revenue	FY 2014 Revenue
COCA-COLA ENTERPRISES	Industry/Drinks	113,409,000	4.19%	1.61%	197,174
MARS CHOCOLATE NORTH AMERICA LLC	Industry/Food	89,658,000	3.31%	1.28%	157,275
UNITED KNITTING INC	Industry/Fabric	55,089,000	2.04%	0.81%	99,197
MANUFACTURERS SOAP	Industry/Chemical	49,887,000	1.84%	0.74%	90,457
BAYER HEALTH CARE LLC	Industry/Pharmacy	29,709,000	1.10%	0.47%	57,086
WHIRLPOOL CORPORATION,	Industry/Appliances	25,867,500	0.96%	0.41%	50,105
BRADLEY CO JUSTICE CMPLX	County Justice Center	22,452,750	0.83%	0.36%	44,368
COCA-COLA ENTERPRISES	Industry/Drinks	21,805,500	0.81%	0.35%	43,280
WACKER POLYSILICON OF N AMERICA LLC	Industry/Chemical	20,730,000	0.77%	0.30%	37,146
WHIRLPOOL CORP	Industry/Appliances	19,761,750	0.73%	0.33%	39,847

Source: Cleveland Utilities Authority

WASTEWATER CUSTOMERS

The ten largest customers of the wastewater department and other key annual operating date are shown below:

Cleveland Utilities Authority

Ten Largest Wastewater Customers

Fiscal Year 2024

Customer Name	Activity/Business	Gallons	% of total usage	% of Annual Revenue	FY 2024 Revenue
MARS CHOCOLATE NORTH AMERICA LLC	Industry/Food	112,820,250	5.93%	4.09%	638,963.57
POLARTEC TN MANUFACTURING LLC	Industry/Fabric	83,311,500	4.38%	2.96%	461,931.38
COCA COLA BOTTLING COMPANY UNITED INC	Industry/Drinks	79,062,000	4.16%	2.87%	447,512.56
WHIRLPOOL CORPORATION,	Industry/Appliances	29,651,250	1.56%	1.19%	185,666.57
MANUFACTURERS SOAP	Industry/Chemical	24,071,250	1.27%	0.92%	143,200.61
BRADLEY CO JUSTICE CMPLX	Justice Center	17,930,250	0.94%	0.71%	110,606.85
CALHOUN CHARLESTON UTIL	Utility	16,229,250	0.85%	0.50%	78,765.96
SANTEK	Solid Waste Facility	13,710,000	0.72%	0.80%	125,596.32
GEORGIA PACIFIC CORP	Industry/Boxes	13,545,750	0.71%	0.57%	88,859.15
TPAF VI TENNESSEE LLC	Apartments	11,238,000	0.59%	0.48%	74,746.12

Cleveland Utilities Authority

Ten Largest Wastewater Customers

Fiscal Year 2014

Customer Name	Activity/Business	Gallons	% of total usage	% of Annual Revenue	FY 2014 Revenue
MARS CHOCOLATE NORTH AMERICA LLC	Industry/Food	87,579,000	4.91%	3.46%	347,399.40
WHIRLPOOL CORP	Industry/Appliances	57,426,750	3.22%	2.29%	229,628.67
UNITED KNITTING INC	Industry/Fabric	55,089,000	3.09%	2.20%	220,558.20
MANUFACTURERS SOAP	Industry/Chemical	49,887,000	2.80%	1.99%	200,374.44
WHIRLPOOL CORPORATION,	Industry/Appliances	25,867,500	1.45%	1.07%	107,178.78
BRADLEY CO JUSTICE CMPLX	Justice Center	22,452,750	1.26%	0.94%	93,929.55
COCA-COLA ENTERPRISES	Industry/Drinks	21,805,500	1.22%	0.91%	91,418.22
BAYER HEALTH CARE LLC	Industry/Pharm	16,678,500	0.94%	0.72%	72,055.98
RENFRO CHARLESTON LLC	Industry/Socks	14,666,250	0.82%	0.63%	63,717.93
GEORGIA PACIFIC CORP	Industry/Boxes	11,257,500	0.63%	0.50%	50,115.06

Source: Cleveland Utilities Authority

SYSTEM RATES

For the fiscal year beginning on July 1, 2024, water rates were increased 6.13% resulting in estimated annual revenue of $21,803,888 Wastewater rates were increased 5.25% for estimated annual revenue of $16,159,358.

See "Appendix E: Current Rates" for additional information on System rates.

RETIREMENT PLANS

For information on the Board's retirement plans, see Appendix F: "Cleveland Utilities Authority – Financial Statements – June 30, 2024".

OTHER POST-EMPLOYMENT BENEFITS

Cleveland Utilities provides additional post-employment benefits ("OPEB") to its retirees. The OPEB obligation is disclosed in the annual financial statements. See Appendix F: "Board of Public Utilities of the City of Cleveland, Tennessee – Financial Statements – June 30, 2024".

SUMMARY OF BONDED INDEBTEDNESS

CLEVELAND UTILITIES AUTHORITY
Water and Wastewater Bonds
Summary of Indebtedness
As of June 30, 2024, Plus the Series 2025 Bonds

Amount Issued [1]	Purpose	Maturity Date	Amount Outstanding
$2,000,000	2014 State Revolving Fund Loan (SRF) DG2 14-151	1-Jun-36	$1,214,442
23,251,000	2015 State Revolving Fund Loan (SRF)CG4 15-349	1-Jun-36	1,471,188
2,889,229	2016 State Revolving Fund Loan (SRF) DWF 16-172	20-Jun-38	1,990,027
104,897	2017 State Revolving Fund Loan (SRF) CG3 17-379	20-Jun-37	68,545
800,000	2017 State Revolving Fund Loan (SRF)DW6 17-192	20-Jun-39	612,942
195,000	2017 State Revolving Fund Loan (SRF) DWF 17-193	20-Jun-39	148,940
430,000	2018 State Revolving Fund Loan (SRF) DWF 18-205	20-Jun-39	326,084
1,374,972	2014 State Revolving Fund Loan (SRF) 13-319	20-Feb-37	907,120
8,169,388	2014 State Revolving Fund Loan (SRF) 13-320	20-Jun-39	6,106,618
10,000,000	2018 State Revolving Fund Loan (SRF) 18-417	1-Jun-42	9,099,452
10,000,000	2018 State Revolving Fund Loan (SRF)18-417-01	1-Jun-42	5,081,057
884,207	2018 State Revolving Fund Loan (SRF) CW6 18-415	1-Jun-40	721,126
491,390	2018 State Revolving Fund Loan (SRF) 18-416	1-Jun-42	432,563
15,931,900	2019 State Revolving Fund Loan (SRF) CW7 19-431	1-Jun-42	1,570,756
2,700,000	2023 State Revolving Fund Loan (SRF) CW7 23-484	1-Jun-44	1,597,858
3,100,000	2022 State Revolving Fund Loan (SRF) CW7 22-473-01	1-Jun-44	299,383
4,650,000	2023 State Revolving Fund Loan (SRF) CW7 2023-473	28-Feb-44	4,582,196
27,265,000	Water and Wastewater System Rev. Bonds, Series 2023	1-Jun-42	8,180,000
86,971,983	**TOTAL EXISTING DEBT**		$60,470,297
$4,895,000	Plus: Water and Wastewater Revenue Bonds, Series 2025	1-Jun-44	$4,895,000
$91,866,983	**TOTAL NET DIRECT**		**$65,365,297**

(1) Prior to fiscal year 2023, the System was owned and operated by the City of Cleveland, Tennessee and was treated as an enterprise activity of the City. On October 1, 2023, the Authority was created and acquired the System. For additional information, see the section entitled "SECURITIES OFFERED - Introduction".

Cleveland Utilities Authority

Water and Wastewater System Revenue Bonds

As of June 30, 2024, Plus the Series 2025 Bonds

FYE 6/30	Principal Requirements			% of Total Debt	Interest Requirements			Total Debt Service
	Existing Principal	Series 2024 Bonds	Total Principal		Existing Interest	Series 2024 Interest	Total Interest	
2025	$ 6,329,858	$ 290,000	$6,619,858		$1,726,772	$ 84,116	$1,810,888	$8,430,746
2026	4,781,052	150,000	4,931,052		1,573,470	222,075	1,795,545	6,726,597
2027	4,744,163	160,000	4,904,163		1,418,760	214,575	1,633,335	6,537,498
2028	4,629,040	165,000	4,794,040		1,199,170	206,575	1,405,745	6,199,785
2029	3,926,196	175,000	4,101,196	40.4%	1,050,764	198,325	1,249,089	5,350,285
2030	3,663,688	185,000	3,848,688		938,522	189,575	1,128,097	4,976,785
2031	3,741,516	195,000	3,936,516		837,388	180,325	1,017,713	4,954,229
2032	3,669,740	205,000	3,874,740		738,414	170,575	908,989	4,783,729
2033	3,568,300	215,000	3,783,300		642,080	160,325	802,405	4,585,705
2034	3,657,256	225,000	3,882,256	70.6%	551,862	149,575	701,437	4,583,693
2035	3,368,665	235,000	3,603,665		458,248	138,325	596,573	4,200,238
2036	2,958,542	245,000	3,203,542		336,003	126,575	462,578	3,666,120
2037	2,388,417	260,000	2,648,417		257,075	114,325	371,400	3,019,817
2038	2,292,275	270,000	2,562,275		204,471	101,325	305,796	2,868,071
2039	2,028,620	285,000	2,313,620	92.2%	153,641	87,825	241,466	2,555,086
2040	1,518,206	300,000	1,818,206		103,894	73,575	177,469	1,995,675
2041	1,514,564	315,000	1,829,564		64,933	60,075	125,008	1,954,572
2042	1,103,603	325,000	1,428,603		25,041	45,900	70,941	1,499,544
2043	350,352	340,000	690,352		5,724	31,275	36,999	727,351
2044	236,244	355,000	591,244	100%	1,403	15,975	17,378	608,622
	$60,470,297	$4,895,000	$65,365,297		$12,287,638	$2,571,215	$14,858,851	$14,858,851

(1) For additional information of the Series 2024 Bonds, see the section entitled "SECURITIES OFFERED - Introduction"

Cleveland Utilities Authority

Water and Wastewater Systems

Summary of Revenues, Expenses and Changes in Net Position

	For the Fiscal Year Ended June 30				
	2020	**2021**	**2022**	**2023**	**2024**
Operating Revenues:					
Charges for sales and services (net of uncollectables)	$ 28,365,233	$ 30,118,422	$ 31,811,082	$ 34,896,410	$ 38,658,241
Other Revenues	2,613,225	3,195,702	3,235,513	3,437,553	2,005,377
Total Operating Revenues	$ 30,978,458	$ 33,314,124	$ 35,046,595	$ 38,333,963	$ 40,663,618
Operating Expenses:					
Operations	$ 15,732,890	$ 16,975,995	$ 18,113,206	$ 17,449,004	$ 20,384,148
Maintenance	3,236,904	3,357,489	3,515,145	4,541,240	4,194,792
Provision for Depreciation and Amortization	6,567,128	6,746,827	7,156,227	7,395,724	7,641,320
Total Operating Expenses	$ 25,536,922	$ 27,080,311	$ 28,784,578	$ 29,385,968	$ 32,220,260
Net Operating Revenue	$ 5,441,536	$ 6,233,813	$ 6,262,017	$ 8,947,995	$ 8,443,358
Other Revenues (Expenses):					
Interest Expense	$(1,310,451)	$(1,387,600)	$(1,240,874)	$ (1,226,479)	$(3,651,226)
Interest Income	160,679	21,228	40,242	587,295	523,716
Plant Cost Recovered - Contributions in Aid of Construction	1,020,815	1,332,427	961,596	2,078,925	-
Gain on Sale of Assets	(16,011)	(17,340)	(10,246)	39,363	-
Tap fees and other nonoperating revenues	-	-	-	-	3,482,548
Other Expenses	-	-	-	(15,779)	-
Total Other Revenue (Expense)	$ (144,968)	$ (51,285)	$ (249,282)	$ 1,463,325	$ 355,038
Net Income Before Transfers	$ 5,296,568	$ 6,182,528	$ 6,012,735	$ 10,411,320	$ 8,798,396
Transfers to Other Funds - PILOT	(463,103)	(474,583)	(486,260)	(496,087)	(506,009)
Capital Contributions	-	-	-	-	5,165,740
Change in Net Position	$ 4,833,465	$ 5,707,945	$ 5,526,475	$ 9,915,233	$ 13,458,127
Net Position - Beginning of Year - (Restated)	79,351,275	84,184,740	89,892,685	95,419,160	105,334,393
Net Position - End of Year	**$ 84,184,740**	**$ 89,892,685**	**$ 95,419,160**	**$ 105,334,393**	**$ 118,792,520**

Source: Financial Statements of the Board of Public Utilities of the City of Cleveland, Tennessee & Financial Statements of Cleveland Utilities Authority

CLEVELAND UTILITIES AUTHORITY

Debt Service Coverages

Historic Coverages of Proforma Maximum Annual Debt Service Requirements

Operations:	**2020**	**2021**	**2022**	**2023**	**2024**
Operating Revenues	$ 30,978,458	$33,314,124	$35,046,595	$38,333,963	$40,663,618
Operations Expense	(18,969,794)	(20,333,484)	(21,628,351)	(21,990,244)	(24,578,940)
Depreciation	(6,567,128)	(6,746,827)	(7,156,227)	(7,395,724)	(7,641,320)
Net Operating Income	$ 5,441,536	$ 6,233,813	$ 6,262,017	$ 8,947,995	$ 8,443,358
Non-Operating Revenues (Expenses):					
Interest Expense	$ (1,310,451)	$(1,387,600)	$(1,240,874)	$(1,226,479)	$(3,651,226)
Interest Income	160,679	21,228	40,242	587,295	523,716
Plant Cost Recovered	1,020,815	1,332,427	961,596	2,078,925	-
Gain on Sale of Assets	16,011)	(17,340)	(10,246)	39,363	-
Tap fees & other nonoperating revenues	-	-	-	-	3,482,548
Other Expenses	-	-	-	(15,779)	-
Net Non-Operating Revenues (Expenses):	$(144,968)	$(51,285)	$ (249,282)	$1,463,325	$ 355,038
Other:					
Operating Transfers - PILOT Payments	$ (463,103)	$ (474,583)	$ (486,260)	$ (496,087)	$ (506,009)
	-	-	-	-	-
Net Operating Income	$ 4,833,465	$ 5,707,945	$ 5,526,475	$ 9,915,233	$ 8,292,387
Add Back:					
Depreciation	$ 6,567,128	$ 6,746,827	$ 7,156,227	$ 7,395,724	$ 7,641,320
Interest Expense	1,310,451	1,387,600	1,240,874	1,226,479	3,651,226
Total Additional:	$ 7,877,579	$ 8,134,427	$ 8,397,101	$ 8,961,647	$11,292,546
Income Available for Debt Service	$ 12,711,044	$ 13,842,372	$13,923,576	$18,876,880	$19,584,933
Prior Maximum Debt Service[1]	$ 6,939,156	$ 6,939,156	$6,939,156	$6,939,156	$6,939,156
Historical Coverage Ratio	183.18%	199.48%	200.65%	272.03%	282.24%

Debt Service Coverage:	
MADS[1][2]:	$ 8,430,746
Coverage as of June 30, 2043 Plus SRF Loans (as noted below) and the Series 2025 Bonds	232.30%

Prior to its creation on October 31, 2023, ownership and operations of the System were part of the City of Cleveland, Tennessee and were treated as an enterprise activity of the City. Accordingly information provided for years prior to fiscal year 2023 is included for informational and comparative purposes only.

[1] Maximum annual debt service ("MADS") occurs in FY 2025

[2] The State requires all SRF Loans to carry a debt service reserve equal to the MADS for each loan. Although coverage ratios are calculated for all debt, only the Series 2025 Bonds do not carry a debt service reserve.

Important Notes: Assumes preliminary full amortization schedules for each of the following SRF Loans:

State Revolving Fund Loan (SRF Loan) – DWF 2023-258 has also been awarded and is in the draw-down mode. Of this SRF Loan, $3,927,750 remained to be drawn as of June 30, 2024.

State Revolving Fund Loan (SRF Loan) - DWF 22-247 has also been awarded and is in the draw-down mode. Of this SRF Loan, $825,000 remained to be drawn as of June 30, 2024.

State Revolving Fund Loan (SRF Loan) - CWL 2023-484 has also been awarded and is in the draw-down mode. Of this SRF Loan, $1,102,142 remained to be drawn as of June 30, 2024.

See the section entitled "Financial and Operating Information: Discussion of Operations - System Rates" for information on recent rate changes.

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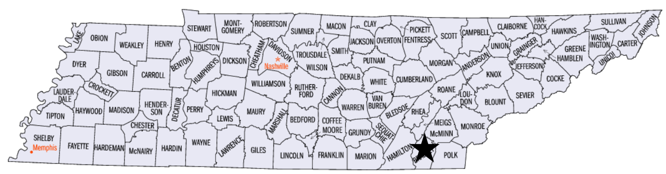
THE CITY OF CLEVELAND AND BRADLEY COUNTY*

INTRODUCTION

The City of Cleveland (the "City") serves as the county seat of Bradley County (the "County") is in the southeast portion of the State of Tennessee approximately twenty-six miles northeast of Chattanooga and 80 miles south of Knoxville. The City lies in a valley between the Cumberland and Great Smoky Mountains and consists of 30.33 miles of land area. Bradley County is bordered to the east by Hamilton County and to the west by Polk County. Meigs and McMinn Counties make up the County's northern border. To the south, the County is bordered by the state of Georgia.

Cleveland is Bradley County's largest city with a Census 2020 population of 47,356. The 2020 Census reported the County with a 108,620 population. In 2004 Cleveland was designated a Metropolitan Statistical Area (the "MSA"). The MSA includes Bradley and Polk Counties and has a Census 2020 population of 126,164.



The City is also part of the Chattanooga-Cleveland-Athens, TN-GA Combined Statistical Area (the "CSA") of southeast Tennessee and northeast Georgia. The CSA includes Hamilton, Marion, and Sequatchie Counties in Tennessee. The 2020 Census reported the CSA with a 623,180 population. The City of Chattanooga is the largest city in the CSA with a population of 181,099 according to the 2020 Census.

Census Population	City of Cleveland	% Increase	Bradley County	% Increase	Tennessee	% Increase
2024*	49,475	3.25%	111,579	2.7%	7,126,489	3.1%
2020	47,356	14.7%	108,620	9.8%	6,910,339	8.9%
2010	41,285	11.0%	98,963	12.5%	6,346,105	11.5%
2000	37,192	22.5%	87,965	19.3%	5,689,283	16.7%
1990	30,354	14.9%	73,712	9.1%	4,877,185	6.2%
1980	26,415	23.2%	67,564	33.3%	4,591,120	17.0%
1970	21,466	32.4%	50,686	32.3%	3,923,687	10.0%

Source: U.S. Census Bureau

* Unless otherwise cited, information about the City and Bradley County are taken from their respective continuing disclosure filings for the fiscal year ended June 30, 2024.

TRANSPORTATION

Transportation is provided by numerous facilities. The County is served by Interstate 75, U.S. highways 11 and 64, and state routes 60, 74, 40 and 2. Over 100 motor freight carriers serve the area with local terminals. The Norfolk-Southern railway's main line between New Orleans and Washington, D.C. is located less than thirty miles from Cleveland. Ten miles north of Cleveland a barge terminal is located on the Hiwassee River, providing manufacturing concerns with direct access to a major barge traffic artery.

The Cleveland Regional Jetport has a 6,200-foot runway that was completed in 2013. Commercial airline service is available in Chattanooga at Lovell Field, which is approximately fifteen miles from the County. Air freight, cargo and package express services are also available at Lovell Field.

GOVERNMENTAL STRUCTURE

The City of Cleveland operates under the council-manager form of government, established by an amended Private Act Charter in 1993, following a referendum. Five council members are elected from districts, and the mayor and two council members are elected at large. All elections are non-partisan, and the terms are for four years, with half the members elected every two years. Policy-making and legislative authority are vested in the council. The council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, hiring the city manager, and appointing the city attorney and city judge. The city manager is responsible for carrying out the policies and ordinances of the city council, overseeing the city's day-to-day operations, and appointing the heads of the various departments.

The City provides a full range of services which include police and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition to general government activities, the City Council exercises, or has the authority to exercise, oversight of the Utilities Department and the Cleveland City Schools.

EDUCATIONAL OPPORTUNITIES

Pre-K through 12 Public Education. Public education is provided to City and County residents by two systems. The Bradley County School System operates seventeen schools with a fall 2023 enrollment of about 9,970 students. The Cleveland City Schools System operates nine schools with a fall 2023 enrollment of about 5,604 students.

Chattanooga State Technical Community College (the “CSTCC”) located in Chattanooga, Tennessee. It was founded in 1965. The fall 2021 enrollment was 7,085 over four campuses: Downtown Chattanooga, East Chattanooga, Dayton, Kimball, and Sequatchie Bledsoe. Chattanooga State provides comprehensive one and two-year occupational, college parallel, continuing education, and community service programs as well as quality technical and scientific occupational programs. The College serves Chattanooga and Hamilton, Bradley, Rhea, Sequatchie, Marion, Bledsoe, and Grundy counties.

Since 2007 CSTCC has invested more than $2.3 million in technology curriculum updates and expansions to relate directly to automotive industry and suppliers, as well as energy and nuclear industries moving to the area. Volkswagen has completed construction on a $1 billion plant in nearby Chattanooga that employs about 2,000 people. The $2.4 billion Wacker Polysilicon plant, which began production in early 2016, has located in nearby Bradley County, has three apprenticeship programs at CSTCC to help meet future employment needs. Chemical operator and mechanical and electrical/instrumentation apprentices will work one to two days a week at the plant in addition to their class work.
Source: Chattanooga State Technical Community College.

Cleveland State Community College is a comprehensive two-year community college that operates within the governance of the Tennessee Board of Regents. The college is in Cleveland, Tennessee, just thirty miles northeast of Chattanooga. The fall of 2023 semester had an enrollment of 3,180 students. The college has offices and classrooms in Athens and Vonore. Cleveland State's service area includes Bradley, Meigs, McMinn, Monroe, and Polk Counties.
Source: Cleveland State Community College and TN Higher Education Commission.

Lee University is a private, comprehensive Christian college operated by the Church of God located in Cleveland, Tennessee. Lee is a fully accredited liberal arts institution with bachelor's degrees available in forty majors in 80 programs of study and seven master's degree programs. Lee is the second largest of Tennessee's 35 accredited private colleges and universities. The University was founded in 1918 and had a fall 2023 enrollment of 3,927students.
Source: Lee University.

University of Tennessee at Chattanooga Cleveland MBA Program. UTC's College of Business Administration offers the only AACSB accredited Master of Business Administration (MBA) program in the Cleveland area. Professors travel to Cleveland once a week. The MBA program is designed to help potential as well as experienced managers improve their skills by learning in an application-based teaching environment.
Source: University of Tennessee at Chattanooga.

The Tennessee College of Applied Technology at Athens. The Tennessee College of Applied Technology at Athens (the "TCAT-A") is part of a statewide system of twenty-six vocational-technical schools. The TCAT-A meets a Tennessee mandate that no resident is more than fifty miles from a vocational-technical shop. The institution's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The TCAT-A serves the southeast region of the state including McMinn, Monroe, Bradley, Meigs, and Polk Counties. The TCAT-A began operations in 1963, and the main campus located in McMinn County.
Source: Tennessee Technology Center at Athens and TN Higher Education Commission.

HEALTHCARE

Tennova Healthcare is a 351- bed, two campus, full service, regional medical center. Services include surgery, digestive care, senior services, behavioral health, women's services, emergency, and pediatric care. The hospital has about 150 active physicians. Tennova Healthcare is affiliated with Community Health Systems (the "CHS"), which is one of the nation's leading operators of general acute care hospitals based in Brentwood, TN. The organization's affiliates own, operate or lease 127 hospitals in twenty states with approximately 21,000 licensed beds. There are sixteen CHS hospitals in Tennessee.

MANUFACTURING AND COMMERCE

Industrial Parks. Northeast Industrial Park is fully developed, and Cleveland-Bradley County Industrial Park has only thirty of its total 330 acres remaining for development. The Hiwassee River Industrial Park has approximately fifteen of its total 121 acres available for development. Property for a new industrial park Spring Branch, was purchased by Bradley County Government and the City of Cleveland, and development of the park was recently completed.

Amazon.com, Inc. Amazon currently operates fulfillment and sortation centers in Charleston, Chattanooga, Lebanon, Memphis, Mt. Juliet, Murfreesboro and Nashville, a Prime Now Hub in Nashville and various other facilities supporting last mile delivery operations across the State of Tennessee. New facilities in Alcoa and Clarksville were built in 2022. The company is building a corporate office in downtown Nashville, which will bring 5,000 jobs and house the management functions for Amazon's Retail Operations division. In Tennessee, Amazon has three fulfillment centers that use innovative robotics technology (Alcoa, Memphis, and Mt. Juliet), with eighth fulfillment centers total.

Since 2010, Amazon has invested more than $13 billion in Tennessee, including infrastructure and compensation to thousands of its employees in the state. Amazon's investments in Tennessee contributed an additional $13 billion into the state's economy, and using methodology developed by the U.S. Bureau of Economic Analysis, Amazon estimates its investments in the state have created an additional 39,000 indirect jobs on top of the company's more than 25,000 direct hires in Tennessee.

Amazon in 2018 bought organic grocer Whole Foods for $13.7 billion. Amazon also added Sears' Kenmore appliances to its website and is rolling out its own ready-to-cook meal kits, competing with companies such as Blue Apron. Amazon's fulfillment network supports millions of small, medium, and large-sized businesses worldwide through its Fulfillment By Amazon offering. There are more than 30,000 authors, sellers, and developers in Tennessee, growing their businesses and reaching new customers on Amazon products and services every day.

Amazon's innovative Career Choice program pre-pays 95 percent of tuition for courses in high-demand fields. Since the program's launch, more than 30,000 employees have pursued degrees in game design and visual communications, nursing, IT programming and radiology, to name a few. In addition, Amazon has pledged to invest over $700 million to provide upskilling training for 100,000 U.S. employees for in-demand jobs. Programs will help Amazonians from all backgrounds access training to move into highly skilled roles across the company's corporate offices, tech hubs, fulfillment centers, retails stores, and transportation network, or pursue career paths outside of Amazon.

Tennessee Main Street Program. The City has a historically significant downtown that it has improved through accreditation with the Tennessee Main Street Program. As of November 2022, there are forty-five communities that are accredited through the state program Tennessee Main Street

Accreditation and a program of the national Trust for Historic Preservation (called Main Street America). The Main Street Program provides training, support, and grant opportunities to assist in downtown revitalization efforts to focus on historic preservation, community events and economic revitalization. In 2020, accredited Tennessee Main Street communities generated $79 million of public and private investment and 158 new businesses. The Tennessee Main Street Program requires communities to illustrate a commitment from local government and other local organizations, an adequate organizational budget, a strong historic preservation ethic, a collection of historic commercial buildings and a walkable district.
Source: Tennessee Department of Economic and Community Development.

Volkswagen. In 2019 the German automaker announced an $800 million project to build the company's first Water and Wastewater vehicle facility in North America, resulting in 1,000 additional jobs. It is expected that the first Water and Wastewater vehicle would be produced in Chattanooga sometime in 2023. Volkswagen expects to sell one million Water and Wastewater vehicles by 2025. In addition to Chattanooga, the company is also building a Water and Wastewater vehicle facility in Germany and China. As of early 2019, Volkswagen employs 3,500 people in Chattanooga and will have invested $2.3 billion in the facility by the end of 2019.

In 2011, the German automaker completed the $1 billion plant in the Enterprise South industrial park located about ten miles from Cleveland in Chattanooga. This $1 billion plant is the largest single manufacturing investment ever for Chattanooga. This is the first U.S. assembly plant for VW. A study by the University of Tennessee's Center for Business and Economic Research estimated the plant and suppliers will create new tax revenue of $1.4 billion and create 11,477 jobs. The Chattanooga plant is a key part of the carmaker's long-term plan to nearly quadruple its U.S. sales to about 800,000 annually by 2018. In addition to the plant, the Chattanooga built a $40 million Volkswagen Training Center.

Volkswagen invested an additional $600 million in an expansion to produce a new sport utility vehicle called the CrossBlue. This created an additional 2,000 new jobs for the plant was in production in 2017. Also, Volkswagen built a new research and development center near the automotive plant that employed two hundred. This large expansion was a year after Volkswagen laid off five hundred workers in 2013 due to slower than expected sales growth. In 2012 Volkswagen hired an additional eight hundred employees to produce the Passat sedan.

In 2012, construction was completed on the largest solar park in the State at the time. The $30 million, 9.5 megawatts park supplies power to the Volkswagen plant. The park is estimated to provide up to 12.5% of the VW plant's power. The solar park is privately run by two companies, Phoenix Solar and Silicon Ranch Corp headquartered in Germany and Nashville, TN, respectively.

Wacker Polysilicon. The German chemical company, Wacker Polysilicon, has a facility in Bradley County to make hyper-pure polycrystalline silicon to be used in the solar energy industry. The plant was built on a 550-acre site near Hiwassee Industrial Park in Charleston. The $2.4 billion plant was opened in April 2016 with six hundred employees. A second $150 million pryogenic silica plant was added in 2016 at the site. The plant uses chlorine supplied by the adjacent Olin Chemical through a pipeline that connects the plants. Wacker has graduated several lead chemical operator and technicians from its Wacker Institute at the Chattanooga State Community College since the program started in 2013. In 2019, WACKER added production of pyrogenic silica. With the announced expansion in 2022 of these specialty silicones, the company will have invested \$3 billion in Southeast Tennessee in less than a decade.

WACKER officials announced an expansion of new silicone production facilities in Charleston in 2022. The expansion would involve a phased investment of more than \$200 million over several years and create more than two hundred new jobs in Bradley County, adding to WACKER-Charleston's existing workforce of 700.

Polysilicon is the raw material used in the production of solar power panels. A byproduct of its manufacture is tetrachlorosilane, which either is converted and fed back into the production loop or processed into pyrogenic silica. The plant produces 20,000 tons per year of hyper-pure polysilicon. Pyrogenic silica is a filler in silicone elastomer and a viscosity-adjusting agent in coatings, printing inks and adhesives. It also serves as a flow aid in the cosmetics, pharmaceutical and food-processing industries.

There are several solar-related plants planned or already located in Tennessee: the solar panel manufacturer Sharp in Memphis; AGC Flat Glass, a solar glass manufacturer with plants in Sullivan and Hawkins Counties, and Wacker Polysilicon.

SK Food Group, Inc. In January 2023, it was announced that SK Food Group, Inc. would invest \$205.2 million to construct its fourth production facility in the City. The new production facility will be built in the recently established Spring Branch Industrial Park in Cleveland and be an approximately 525,000 square foot food manufacturing plant. The new plant will utilize state-of-the-art technology to assist with sandwich assembly and food handling.

According to the Tennessee Department of Economic and Community Development, SK Food Group's newest facility is expected to create approximately 840 new jobs Bradley County by 2030.

Founded as a mobile catering business in 1942, SK Food Group is an Arizona-based premium custom foods manufacturer. Today, the company specializes in supplying sandwiches, wraps, snacks, flatbreads, burgers, and other protein snacks for branding by corporate customers worldwide.
Source: TECD news release – January 19, 2023.

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Major Employers in Bradley County	
Whirlpool Corporation, Cleveland Division	1,600
Bradley County Schools	1,160
Peyton's Southeastern	1,157
Tennova	1,100
Jackson Furniture	894
Amazon	790
WACKER Polysilicon	772
Cleveland City Schools	745
Walmart	640
Bradley County Government	620
Mars Chocolate North America	575
Lee University	501
Family Resource Agency	483
Life Care Centers of America	450
Life Bridges, Inc.	447
Eaton Electrical	413
City of Cleveland	340
Renfro Corporation	336

Source: Cleveland – Bradley Economic Development Council, 2022

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EMPLOYMENT - GENERAL

The chart below depicts estimated average annual employment and unemployment trends (on a seasonally adjusted basis) for the most recent ten (10) years:

Average Annual Employment Trends

Location	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
United States	5.3%	5.3%	4.9%	4.4%	3.9%	3.7%	8.1%	5.4%	3.6%	3.5%
Tennessee	5.6%	5.6%	4.7%	3.7%	3.5%	3.4%	7.5%	4.7%	3.4%	3.4%
Bradley County	5.2%	5.2%	4.4%	3.6%	3.6%	3.4%	6. 6%	4.3%	3.6%	3.5%
✓ **Workforce**	49,265	49,265	49,945	50,918	50,547	52,521	52,621	50,688	50,242	50,328
✓ **Employment**	46,687	46,687	47,725	49,064	48,746	50,735	49,160	48,505	48,430	55,350
✓ **Unemployment**	2,578	2,578	2,220	1,854	1,801	1,786	3,461	2,183	1,812	2,030

Source: TN Dept. of Labor & Workforce Development, "ANNUAL AVERAGES: Labor Force & Nonfarm Employment - Estimates (2015-2023)" and "Labor Force Estimates – United States & Tennessee"

PER CAPITA PERSONAL INCOME

The chart below depicts estimated per capita personal income trends for the most recent ten (10) years:

Per Capita Personal Income

Location	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
United States	$48,040	$49,831	$51,550	$53,786	$56,250	$59,765	$64,143			
Tennessee	$42,810	$43,932	$44,879	$46,870	$49,343	$52,351	$56,560			
Bradley County	$37,403	$37,643	$37,850	$39,236	$40,228	$43,319	$46,409			
✓ **County vs National**	77.86%	75.54%	73.42%	72.95%	71.52%	72.48%	72.35%			
✓ **County vs State**	87.37%	85.68%	84.34%	83.71%	81.53%	82.71%	82.05%			

Source: U.S. Department of Commerce, Bureau of Economic Analysis – Personal Income by County, Metro, and other Areas.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following briefly summarizes certain terms and provisions of the Resolution adopted on September 22, 2023, as supplemented on November 22, 2024 (the "Resolution"). This summary is not a complete explanation of the terms and conditions of the Resolution. Investors should refer to the Resolution for a complete statement of the terms, provisions, and conditions thereof.

Definitions of Certain Terms

"Acquired System" shall mean any water and/or wastewater system acquired by the Authority and/or any such facilities hereafter constructed or otherwise established by the Authority pursuant to the Act.

"Act" shall mean Sections 7-36-101 et seq., Tennessee Code Annotated, as amended.

"Authority" means the Cleveland Utilities Authority.

"Balloon Indebtedness" shall mean any bonds, notes or other indebtedness, other than Short-Term Indebtedness, 25% or more of the initial principal amount of which matures (or must be redeemed at the option of the holder) during any twelve-month period, if such 25% or more is not to be amortized to below 25% by mandatory redemption prior to the beginning of such twelve-month period.

"Board of Directors" means the Board of Directors of the Authority.

"Bonds" means the Series 2023 Bonds, the Series 2025 Bonds and any Parity Bonds.

"Capital Appreciation Bonds" shall mean bonds which bear interest at a stated interest rate of 0.0% per annum, have a value on any applicable date equal to the Compound Accreted Value thereof on that date, and are payable only at maturity or earlier redemption.

"Compound Accreted Value" shall mean the value at any applicable date of any Capital Appreciation Bonds computed as the original principal amount thereof for each maturity date plus an amount equal to interest on said principal amount (computed on the basis of a 360-day year of twelve 30-day months) compounded semiannually on such dates as shall be established by the resolution authorizing Capital Appreciation Bonds, from the dated date to said applicable date at an interest rate which will produce at maturity the Maturity Amount for such maturity date.

"Consulting Engineer" means (i) an engineering firm or individual engineer employed by the Authority with substantial experience in advising water and wastewater systems as to the construction and maintenance of such systems and in the projection of costs of expansion of such systems or (ii) an engineer or engineers who are employees of the Authority whose reports or projections are certified by a Financial Adviser.

"Credit Facility" means any municipal bond insurance policy, letter of credit, surety bond, line of credit, guarantee, or other agreement under which any person other than the Authority provides additional security for any Series 2025 Bonds and guarantees timely payment of or purchase price equal to the principal of and interest on all or a portion of any Bond and shall include any Reserve Fund Credit Facility.

"Debt Service Requirement" means the total principal, Maturity Amounts and interest coming due on the SRF Loan Agreements and the Bonds, whether at maturity or upon mandatory redemption (less any amount of interest that is capitalized and payable with the proceeds of debt on deposit with the Authority or any paying agent for the or other obligations of the Authority payable from all or some portion of Gross Earnings), for any period of 12 consecutive calendar months for which such a determination is made, provided:

The Debt Service Requirement with respect to Variable Rate Indebtedness shall be determined as if the variable rate in effect at all times during future periods equaled, at the option of the Authority, either (A) the average of the actual variable rate which was in effect (weighted according to the length of the period during which each such variable rate was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period), or (B) the current average annual fixed rate of interest on securities of similar quality having a similar maturity date, as certified by a Financial Adviser.

For the purpose of calculating the Debt Service Requirement on Balloon Indebtedness and Short-Term Indebtedness, at the option of the Authority, (i) the actual principal and interest on such Balloon Indebtedness and Short Term Indebtedness shall be included in the Debt Service Requirement, subject to the other assumptions contained herein, or (ii) such Balloon Indebtedness and Short Term Indebtedness shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of 20 years at an assumed interest rate (which shall be the interest rate certified by a Financial Adviser to be the interest rate at which the Authority could reasonably expect to borrow the same amount by issuing bonds with the same priority of lien as such Balloon Indebtedness and Short Term Indebtedness and with a 20-year term); provided, however, that if the maturity of such Balloon Indebtedness is in excess of 20 years from the date of issuance, then such Balloon Indebtedness shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of years equal to the number of years from the date of issuance of such Balloon Indebtedness to maturity and at the interest rate applicable to such Balloon Indebtedness; provided further that this paragraph shall not be applicable for purposes of determining the Debt Service Requirement for purposes of Section 7.4 of the Resolution unless the Authority has expressly resolved prior to the commencement of the relevant Fiscal Year to refinance, or retire from available System funds, such Balloon Indebtedness or Short-Term Indebtedness coming due in such Fiscal Year.

"Debt Service Sinking Fund" shall mean the Debt Service Sinking Fund established pursuant to Section 6.1(b) the Resolution.

"Defeasance Obligations" shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, or obligations of any agency or instrumentality of the United States, which obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

"Financial Advisor" means an investment banking or financial advisory firm, commercial bank, or any other person who or which is retained by the Authority for the purpose of passing on questions relating to the availability and terms of specified types of debt obligations or the financial condition or operation of the System and is actively engaged in and, in the good faith opinion of the Authority, has a favorable reputation for skill and experience in providing financial advisory services of the type with respect to which the Municipal Adviser has been retained.

"Financial Guaranty Agreement" shall mean any Financial Guaranty Agreement authorized herein to be executed in connection with a Reserve Fund Credit Facility.

"Fiscal Year" means each fiscal year of the Authority, which initially is the twelve-month period commencing July 1st of each year and ending June 30th of the following year.

"Gross Earnings" means all revenues, rentals, earnings and income of the System from whatever source, determined in accordance with generally accepted accounting principles; proceeds from the sale of System property; proceeds of System-related insurance and condemnation awards and compensation for damages, to the extent not applied to the payment of the cost of repairs, replacements and improvements; and all amounts realized from the investment of funds of the System, including money in any accounts and funds created by this resolution, and resolutions authorizing any Parity Bonds or subordinate lien bonds (excluding any investment earnings from construction or improvement funds created for the deposit of bond proceeds pending use, to the extent such income is applied to the purposes for which the bonds were issued, and funds created to defease any outstanding obligations of the System); provided, however, at the election of the Board of Directors, the term "Gross Earnings" as used herein shall not include any revenues, rentals, earnings or other income received from the operation of an Acquired System, and any bonds or other obligations issued in connection with such Acquired System shall not be payable from or secured by Net Revenues or be deemed to be Parity Bonds.

"Loan Agreement" shall mean any agreement or contract entered into by the Authority whereby a third party agrees to advance funds to the Authority and the Authority agrees to repay those funds with interest from all or a portion of Gross Earnings.

"Maturity Amount" shall mean the Compound Accreted Value on the stated maturity date of a Capital Appreciation Bond.

"Maximum Annual Debt Service Requirement" means the maximum annual Debt Service Requirement for any Fiscal Year.

"Net Revenues" shall mean (i) Gross Earnings, excluding any profits or losses on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets and further excluding non-cash or non-recurring items, including but not limited to, contributions in aid of construction, less (ii) Operating Expenses.

"Operating Expenses" means and shall include but not be limited to, expenses for ordinary repairs, removals and replacements of the System, salaries and wages, employees' health, hospitalization, pension and retirement expenses, fees for services, materials and supplies, rents, administrative and general expenses (including legal, engineering, accounting and financial advisory fees and expenses and costs of other consulting or technical services not funded with proceeds of bonds, notes or other debt obligations), insurance expenses, taxes, payments-in-lieu-of-taxes and other governmental charges, the imposition or amount of which is not subject to control of the Board of Directors, any payments made by the Authority during any Fiscal Year to purchase water or wastewater supplies, production and/or treatment services. Operating Expenses do not include depreciation or obsolescence charges or reserves therefore, amortization of intangibles or other bookkeeping entries of a similar nature, on bonds, notes or other debt obligations of the System payable from Net Revenues of the System, costs or charges made therefor, capital additions, replacements, betterments, extensions or improvements to or retirement from the System which under generally accepted accounting principles are properly chargeable to the capital account or the reserve for depreciation, and do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the System, nor such property items, including taxes and fuels, which are capitalized pursuant to the then existing accounting practices of the Authority, or expenses of an Acquired System if revenues of the Acquired System are not included in Gross Earnings at the election of the Board of Directors.

"Parity Bonds" means bonds, notes, Loan Agreements, and other debt obligations, including Balloon Indebtedness, Short-Term Indebtedness and Variable Rate Indebtedness, issued or entered into by the Authority on a parity with the then-outstanding Bonds herein authorized in accordance with the restrictive provisions of the Resolution, including any bonds or other obligations secured by a pledge of and/or lien on an Acquired System and the revenues derived from the operation of such Acquired System (provided such pledge and lien are subject only to normal and customary expenses of operating, maintaining, repairing and insuring any such System), so long as the Acquired System is not being operated separately from the System as is permitted herein or the revenues from such Acquired System are not excluded from Gross Earnings.

"President" means the duly appointed President of the Authority, or such person as may be lawfully acting in his or her place.

"Rating" means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

"Rating Agencies" or "Rating Agency" means Fitch Ratings, Inc., Moody's Investors Service, Inc., and S&P Global Ratings, or any successors thereto and any other nationally recognized credit rating agency.

"Registration Agent" means the registration and paying agent selected by the President or any successor designated by the Board of Directors.

"Reserve Fund" shall mean the Debt Service Reserve Fund established pursuant to the Resolution.

"Reserve Fund Credit Facility" means a municipal bond insurance policy, surety bond, letter of credit, line of credit, guarantee or other agreement provided by a Reserve Fund Credit Facility which provides for payment of amounts equal to all or any portion of the Reserve Fund Requirement in the event of an insufficiency of moneys in the Debt Service Sinking Fund to pay when due principal of and interest on all or a portion of a series of Bonds.

"Reserve Fund Credit Facility Issuer" means, at the time at which such Reserve Fund Credit Facility is purchased, an issuer of a Reserve Fund Credit Facility that has a credit rating not lower than the rating on any series of Bonds to be secured thereby from each Rating Agency that rates both such issuer and such series of Bonds.

"Reserve Fund Requirement" means an amount determined from time to time by the Authority as a reasonable reserve, if any, for the payment of principal of and interest on a series of bonds pursuant to the resolution authorizing such bonds.

"Revenue Fund" shall have the mean the Revenue Fund established by the Resolution.

“Series 2023 Bonds” means the Authority’s Water and Wastewater System Revenue Bonds, Series 2023, dated October 31, 2023.

"Series 2025 Bonds" means the water and wastewater revenue bonds authorized to be issued by the Resolution.

"Short-Term Indebtedness" means bonds, notes, Loan Agreements, or other debt obligations, including Variable Rate Indebtedness, maturing five years or less from their date of issuance, issued by the Authority as Parity Bonds in accordance with the restrictive provisions of the Resolution.

"SRF Loan Agreements" shall mean the following loan agreements by and among the Authority, TDEC, and TLDA: SRF Loan CW0 13-319; SRF Loan SRF 13-320; SRF Loan CG4 15-349; SRF Loan CG3 17-379; SRF Loan CW6 18-415; SRF Loan SRF 18-416; SRF Loan SRF 18-417; SRF Loan CW7 19-431; SRF Loan SRF 18-471-01; SRF Loan DG2 14-151; SRF Loan DWF 16-172; SRF Loan DW6 17-192; SRF Loan DWF 17-193; SRF Loan DWF 18-205; SRF Loan SRF 22-473; SRF Loan DWF 22-247; SRF Loan SRF 2023-484; and SRF Loan SRF 2022-473-01.

"SRF Security Deposit" means any and all security deposits required to be maintained by the SRF Loan Agreements.

"State" means the State of Tennessee.

"System" means the water and wastewater system of the Authority. Any water and/or wastewater system hereafter acquired, constructed or otherwise established, including all improvements and extensions made by the Authority while the Bonds remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the foregoing, and including all appurtenances, contracts, leases, franchises, and other intangibles; provided, however, at the election of the Board of Directors, an Acquired System may be included within the System as defined herein and become a part thereof or, at the election of the Board of Directors, not become a part of the System but be operated as a separate and independent system by the Authority with the continuing right, upon the election of the Board of Directors, to incorporate such separately Acquired System within the System.

"TDEC" means the Tennessee Department of Environment and Conservation.

"TLDA" means the Tennessee Local Development Authority.

"Variable Rate Indebtedness" means any Parity Bonds, the interest rate on which is subject to periodic adjustment, at intervals, at such times and in such manner as shall be determined by resolution authorizing such Parity Bonds; provided that if the interest rate shall have been fixed for the remainder of the term thereof, it shall no longer be Variable Rate Indebtedness.

Source of Payment and Equality of Lien

The Bonds shall be payable solely from and secured solely by a pledge of the Net Revenues on parity with the pledge thereof in favor of TDEC and TLDA, relative to the SRF Loan Agreements. The punctual payment of principal of and premium, if any, and interest on the SRF Loan Agreements and the Bonds shall be secured equally and ratably by the Net Revenues without priority by reason of series, number or time of sale or delivery. The Net Revenues are irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due.

Application of Revenues and Creation of Funds

As long as any of the Bonds shall be outstanding and unpaid either as to principal or as to interest, or until the discharge and satisfaction of all the Bonds, the Gross Earnings of the System shall be deposited as collected by the Authority to the Revenue Fund hereby established (the "Revenue Fund"), administered and controlled by the Board of Directors. The funds so deposited in the Revenue Fund created under the Resolution shall be used only as follows:

> Operating Expenses. The money in the Revenue Fund shall be used first from month to month for the payment of Operating Expenses.
>
> Payment of SRF Loan Agreements; Debt Service Sinking Fund. The money thereafter remaining in the Revenue Fund shall next be used to pay debt service on the SRF Loan Agreements, and to make deposits into a separate and special fund, to be known as the "Debt Service Sinking Fund" (the "Debt Service Sinking Fund") to be kept separate and apart from all other funds of the Authority and used to pay principal of and interest on the Bonds as the same become due, either by maturity or mandatory redemption. Such

deposits shall be made monthly until the Bonds are paid in full or discharged and satisfied pursuant to terms hereof, beginning in the month next following delivery of the Bonds. In the event the money remaining in the Revenue Fund is insufficient to pay debt service on the SRF Loan Agreements, and to make the required deposits to the Debt Service Sinking Fund, such money shall be applied to the SRF Loan Agreements and the Debt Service Sinking Fund pro rata in proportion to the scheduled payment thereon or deposit thereto (as applicable).

For the period commencing with the month next following the delivery of any Series of Bonds, to and including the month of the next interest payment date for such Series of Bonds, each monthly deposit as to interest shall be an amount that, together with all other monthly deposits of approximately equal amounts during such period and amounts otherwise in said Fund, will be equal to interest due on such Series of Bonds on the next interest payment date, and for each six month period thereafter, each monthly deposit as to interest for such Series of Bonds shall be an equal to not less than one-sixth ($1/6^{th}$) of the interest coming due on such Series of Bonds on the next interest payment date net of any interest earnings on such amounts.

For the period commencing with the month next following the delivery of any bonds to and including the month of the next principal payment for such bonds, each monthly deposit as to principal shall be an amount that, together with all other monthly deposits during such period and amounts otherwise in said Fund, will be equal to the principal due on such bonds on the next principal payment date (provided that, in the event that the next principal payment date is more than 12 months following the month next following delivery of such bonds, monthly deposits to the Debt Service Sinking Fund in respect of principal shall begin in the month which is 12 months prior to the month of the next principal payment date), and for each twelve-month period thereafter, each monthly deposit as to principal for such bonds shall be an amount equal to not less than one-twelfth ($1/12^{th}$) of the principal amount or Maturity Amount, as the case may be, coming due on such bonds, whether by maturity or mandatory redemption, on the next principal payment date net of any interest earnings on such amounts.

No further deposit shall be required as to any bonds when the Debt Service Sinking Fund balance is equal to or greater than the amount needed to pay interest on the next interest payment date, the total of the principal amounts payable, either by maturity or mandatory redemption, during the applicable twelve-month period. Notwithstanding the foregoing, deposits for payment of interest and principal on Variable Rate Indebtedness shall be made as set forth in the resolution authorizing such Variable Rate Indebtedness, and if interest is not paid semi-annually and/or principal is not paid annually with respect to any bonds, the deposits may be adjusted by the Authority as provided in the resolution authorizing the issuance of such bonds. Money in the Debt Service Sinking Fund shall be used and is hereby expressly pledged for the purpose of paying principal of and interest on the bonds.

<u>Repayment of Reserve Fund Credit Facility Issuers</u>. The next available money in the Revenue Fund shall be paid to any Reserve Fund Credit Facility Issuer or Issuers (pro rata, if more than one) to the extent needed to reimburse the Reserve Fund Credit Facility

Issuer for amounts advanced by the Reserve Fund Credit Facility Issuer or Issuers under the Reserve Fund Credit Facility, including any amounts payable under any Financial Guaranty Agreement, together with reasonable related expenses incurred by the Reserve Fund Credit Facility Issuer and interest as provided in the Financial Guaranty Agreement.

Reserve Fund. The next available money in the Revenue Fund shall be used to replenish any deficiency in the SRF Security Deposit, and to the extent the Reserve Fund Requirement for any Series of Bonds, if any, is not fully satisfied by a Reserve Fund Credit Facility or Facilities or funds of the Authority, or a combination thereof, to make deposits into a separate and special fund, to be known and designated as the "Debt Service Reserve Fund" (the "Reserve Fund") to be kept separate and apart from all other funds of the Authority. No deposit shall be required to be made to the Reserve Fund unless the amount in the Reserve Fund, together with the Reserve Fund Credit Facility or Facilities, if any, becomes less than the Reserve Fund Requirement, if any.

In the event deposits to the Reserve Fund shall be required pursuant to the preceding sentence, said deposits shall be payable monthly as hereafter provided and each deposit shall be in a minimum amount equal to 1/24th of the difference between the Reserve Fund Requirement and the amount in said Fund, together with the Reserve Fund Credit Facility or Facilities, if any, immediately following the occurrence of such deficiency, so that any deficiency in said Fund shall be replenished over a period of not greater than twenty-four (24) consecutive months; provided, any monthly payments in excess of said minimum payments shall be a credit against the next ensuing payment or payments.

When monies are required to replenish two or more of the SRF Security Deposit and the Reserve Fund, available monies shall be allocated pro rata between the SRF Security Deposit and the Reserve Fund (as applicable), in proportion to the respective deficiency; provided that, if the allocation to the Reserve Fund for any month is in excess of 1/24th of the deficiency therein, and if there remains a deficiency in the SRF Security Deposit, then such excess shall be reallocated to replenishing the SRF Security Deposit.

Any deposits required to be made hereunder shall be made monthly at the same time as deposits are made to the Debt Service Sinking Fund, commencing the first month in which the amount in the Fund, together with the Reserve Fund Credit Facility or Facilities, if any, is less than the Reserve Fund Requirement. All deposits to the Reserve Fund shall be made from the first money in the Revenue Fund thereafter received which shall not then be required to pay Operating Expenses, pay the SRF Loan Agreements be transferred into the Debt Service Sinking Fund, or to be paid to the Reserve Fund Credit Facility Issuer or Issuers as above provided. Money in the Reserve Fund shall be used solely for the purpose of paying principal of or interest on the Bonds for the payment of which funds are not available in the Debt Service Sinking Fund. Funds in excess of the Reserve Fund Requirement may be released to be used by the Authority for legally permissible purposes.

At the option of the Authority, it may satisfy the Reserve Fund Requirement, or a portion thereof, by providing for the benefit of owners of the Bonds a Reserve Fund

Credit Facility or Facilities, at any time, in an amount not greater than the Reserve Fund Requirement applicable to the Bonds and release an equal amount of funds on deposit in the Reserve Fund to be used by the Authority for legally permissible purposes. At any time during the term hereof, the Authority shall have the right and option to substitute a new Reserve Fund Credit Facility or Facilities for any Reserve Fund Credit Facility or Facilities previously delivered, upon notice to the Registration Agent and the Reserve Fund Credit Facility Issuer or Issuers and delivery of a Reserve Fund Credit Facility or Facilities in substitution therefor.

In the event of the issuance of Parity Bonds pursuant to the restrictive provisions of the Resolution or the substitution of a Reserve Fund Credit Facility or Facilities for less than the full amount of the Reserve Fund Requirement, the Authority shall satisfy the Reserve Fund Requirement, if any, by depositing funds to the Reserve Fund or obtaining a Reserve Fund Credit Facility or Facilities, or any combination thereof, in an aggregate amount equal to the Reserve Fund Requirement for the Bonds taking into account any funds then held therein or the amount of any Reserve Fund Credit Facility or Facilities then in effect.

In the event of the necessity of a withdrawal of funds from the Reserve Fund during a time when the Reserve Fund Requirement is being satisfied by a Reserve Fund Credit Facility or Facilities and funds of the Authority, the funds shall be disbursed completely before any demand is made on the Reserve Fund Credit Facility. In the event all or a portion of the Reserve Fund Requirement is satisfied by more than one Reserve Fund Credit Facility, any demand for payment shall be pro rata between or among the Reserve Fund Credit Facilities. If a disbursement is made by demand on a Reserve Fund Credit Facility, the Authority, from Revenues after payment of Operating Expenses and satisfaction of the required deposits to the Debt Service Sinking Fund, shall reimburse the Reserve Fund Credit Facility Issuer for all amounts advanced under the Reserve Fund Credit Facility (pro rata, if more than one Reserve Fund Credit Facility), including all amounts payable under any Financial Guaranty Agreement or Agreements, and then replenish the Reserve Fund as provided in the Resolution.

In the event the Reserve Fund Requirement, or any part thereof, shall be satisfied with a Reserve Fund Credit Facility or Facilities, notwithstanding the terms of hereof, the terms, covenants, liability and liens provided or created herein or in any resolution supplemental hereto shall remain in full force and effect and said terms, covenants, liability and liens shall not terminate until all amounts payable under any Financial Guaranty Agreement have been paid in full and all obligations thereunder performed in full. If the Authority (as applicable) shall fail to pay when due all amounts payable under any Financial Guaranty Agreement, the Reserve Fund Credit Facility Issuer shall be entitled to exercise any and all remedies available at law or under the Resolution other than remedies that would adversely affect owners of the Bonds.

It shall be the responsibility of the Registration Agent to maintain adequate records, verified with the Reserve Fund Credit Facility Issuer or Issuers, as to the amount available to be drawn at any given time under the Reserve Fund Credit Facility or

Facilities and as to the amounts paid and owing to the Reserve Fund Credit Facility Issuer or Issuers under the terms of any Financial Guaranty Agreement and to provide notice to the Reserve Fund Credit Facility Issuer at least two days before any payment is due. The Reserve Fund Credit Facility Issuer shall receive notice of the resignation or removal of the Registration Agent and the appointment of a successor thereto.

Surplus Funds. The next available money in the Revenue Fund shall be used for the purpose of the payment of principal of and interest on (including reasonable reserves therefor) any bonds or other obligations payable from revenues of the System, but junior and subordinate to the Bonds, and may thereafter be used by the Authority for any legally permissible purpose, as the Board of Directors shall determine.

Covenants Regarding the Operation of the System

Charges for Services Supplied by the System. While the Bonds remain outstanding and unpaid, the Authority covenants and agrees that the charges for all services supplied through the medium of the System to all consumers and users shall be reasonable and just, taking into account and consideration the cost and value of the System and the cost of maintaining, operating, repairing and insuring the System, a proper and necessary allowance for the depreciation thereof, and the amounts necessary for the payment of principal of and interest on all obligations payable from revenues of the System; and that there shall be charged against all users of the services of the System such rates and amounts as shall be fully adequate to comply with the covenants of this resolution and the SRF Loan Agreements.

Insurance. The Authority shall maintain insurance on the properties of the System of a kind and in an amount which would normally be carried by private companies engaged in a similar type and size of business; provided, the Authority shall not be required to insure beyond the limits of immunity provided by Sections 29-20-101 et seq., Tennessee Code Annotated, or other applicable law. The proceeds of any such insurance, except public liability insurance, shall be used to replace the part or parts of the System damaged or destroyed, or, if not so used, shall be placed in the Revenue Fund.

Books and Accounts; Audits. The Authority will cause to be kept proper books and accounts adapted to the System, will cause the books and accounts to be audited at the end of each Fiscal Year by a recognized independent certified public accountant or a firm of such accountant or accountants, which such audit shall be prepared in accordance with generally accepted accounting practices.

Rate Covenant. The Authority shall continuously own, control, operate, and maintain the System in an efficient and economical manner and on a revenue producing basis and shall at all times prescribe, fix, maintain, and collect rates, fees, and other charges for the services and facilities furnished by the System fully sufficient at all times, such that Net Revenues in each Fiscal Year:

a) will equal at least 120% of the Debt Service Requirement on the SRF Loan Agreements and all Bonds, and 100% of the Debt Service Requirement on all other bonds or other obligations then outstanding for such Fiscal Year;

b) will enable the Authority to make all required payments, if any, with respect to the SRF Security Deposit or into the Reserve Fund and on any Credit Facility;

c) will enable the Authority to accumulate an amount, which, in the judgment of the Board of Directors, is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the System, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the System; and

d) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in this resolution from prior Fiscal Years.

Sale or Disposal of System. The Authority will not sell, lease, mortgage, or in any manner dispose of the System, or any part thereof, including any and all extensions and additions that may be made thereto, or any facility necessary for the operation thereof; provided, however, the use of any of the System facilities may at any time be permanently abandoned or otherwise disposed of or any of the System facilities sold at fair market value, provided that:

a) The Authority is in full compliance with all covenants and undertakings in connection with all bonds, notes and other obligations then outstanding and payable from the revenues of the System and any required reserve funds for such bonds, notes and other obligations have been fully established and contributions thereto are current;

b) Any sale proceeds will be applied either (A) to redemption of Bonds and the prepayment of the SRF Loan Agreements, pro rata in proportion to the outstanding principal amount, in accordance (with respect to the Bonds) with the provisions governing repayment of Bonds in advance of maturity, or (B) to the purchase of Bonds at the market price thereof so long as such price does not exceed the amount at which the Bonds could be redeemed on such date or the next optional redemption date as set forth herein or in the resolutions authorizing the Parity Bonds, and the prepayment of the SRF Loan Agreements, pro rata in proportion to outstanding principal amount, or (C) to the construction or acquisition of facilities in replacement of the facilities so disposed of or other facilities constituting capital improvements to the System, or (D) the deposit to a replacement fund to be used to make capital improvements to the System;

b) (i) The abandonment, sale or disposition is for the purpose of disposing of facilities which are no longer necessary or no longer useful to the operation of the System or (ii) the operation of the System or revenue producing capacity of the System is not materially impaired by such abandonment, sale or disposition or any facilities acquired in replacement thereof are of equivalent or greater value; and

c) If the facilities are being sold or disposed to an entity that is not a state or local government and the facilities were financed with the proceeds of Bonds the interest on which is excludable from gross income for federal income tax purposes, the Authority shall have received an opinion of nationally recognized bond counsel to the effect that such sale, lease, mortgage or other disposition will not jeopardize the exclusion from federal income taxation of interest on any Bonds then outstanding intended to be excludable from gross income for federal income tax purposes.

Nothing herein is intended to prohibit the lease purchase of equipment or facilities of the System hereafter to be put in service or to prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as the Authority is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

Budgets. Prior to the beginning of each Fiscal Year, the Board of Directors shall prepare, or cause to be prepared, and adopted an annual budget of estimated revenues, Operating Expenses, and capital expenditures for the System for the ensuing Fiscal Year in compliance with the rate covenant described herein, and will undertake to operate the System within such budget to the best of its ability. Copies of such budgets and amendments thereto will be made available to any registered owner of a Bond upon written request.

Franchises. The Authority will not construct, finance or grant a franchise for the development or operation of facilities that compete for service with the services to be provided by the System or consent to the provision of any such services in the area currently or hereafter served by the Authority by any other public or private entity and will take all steps necessary and proper, including appropriate legal action to prevent any such entity from providing such service; provided, nothing herein contained shall prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as the Authority is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

SRF Loan Agreements. The Authority shall timely pay the amounts owed pursuant to the SRF Loan Agreements and duly perform its covenants and agreements thereunder and with respect thereto. The Authority will not consent or agree to or permit any amendment to or otherwise take any action under or in connection with the SRF Loan Agreements which will increase the payments required thereunder or which will in any manner impair or adversely affect the rights of the holders of the Bonds. The Authority shall immediately notify the Trustee in writing of any default by the Authority under the SRF Loan Agreements.

Remedies of Bond Owners

Any registered owner of any of the Bonds may either at law or in equity, by suit, action, mandamus or other proceedings, in any court of competent jurisdiction enforce and compel performance of all duties imposed upon the Authority by the provisions of this resolution, including the making and collecting of sufficient rates, the proper application of and accounting for revenues of the System, and the performance of all duties imposed by the terms hereof.

If any default be made in the payment of principal of, premium, if any, or interest on the Bonds, then upon the filing of suit by any registered owner of said Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System in behalf of the Authority or the Authority with power to charge and collect rates sufficient to provide for the payment of all bonds and obligations outstanding against the System and for the payment of Operating Expenses, and to apply the income and revenues thereof in conformity with the provisions of this resolution.

In addition to the foregoing, whenever the TLDA and/or TDEC has declared (and not subsequently rescinded such declaration) all unpaid principal and interest on any SRF Loan

Agreements to be immediately due and payable (an "SRF Acceleration Event"), then all unpaid principal and interest on any outstanding Bonds shall likewise be immediately due and payable unless and until the registered owners of a majority in aggregate principal amount of the Bonds then outstanding shall have directed otherwise. Upon an SRF Acceleration Event, the Authority shall cause notice of the SRF Acceleration Event to be mailed by first-class mail, postage prepaid, to the registered holder of each Bond then outstanding. Such notice shall briefly set forth the nature of the SRF Acceleration Event and describe the rights of Bondholders with respect thereto.

Whenever at any time from the date of mailing of said notice there shall be filed with the Secretary of the Board of Directors an instrument or instruments executed by the registered owners of at least a majority in aggregate principal amount of the Bonds then outstanding, which instrument or instruments shall refer to SRF Acceleration Event and specifically direct that acceleration of the Bonds not occur, then the Bonds shall immediately cease to be immediately due and payable and shall be payable as to principal and interest as originally issued.

Any direction given by the registered owner of a Bond pursuant to the provisions of this section shall be irrevocable once given, but solely with respect to the specific SRF Acceleration Event and shall be conclusive and binding upon all future registered owners of the same Bond during such period. The fact and date of the execution of any instrument under the provisions of this Section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

The amount (number(s)) of the Bonds owned by any person executing such instrument and the date of the ownership of the same shall be proved by reference to the Bond registration records maintained by the Registration Agent, which records shall constitute conclusive proof of the ownership thereof.

Notwithstanding the foregoing, if any Bonds are insured by a bond insurance policy, the bond insurer issuing such bond insurance policy shall be entitled to consent to any modifications to this Resolution on behalf of the owners of the Bonds insured by such bond insurer.

Modification of Master Resolution

The Resolution may be amended without the consent of or notice to the registered owners of the Bonds for the purpose of curing any ambiguity or formal defect or omission in the Master Resolution; provided such amendment shall not adversely affect the registered owners, without taking into account any bond insurance policy.

In addition to the amendments to this Resolution without the consent of registered owners as referred to above, the registered owners of a majority in aggregate principal amount of the Bonds at any time outstanding (not including in any case any Bonds which may then be held or owned by or for the account of the Authority but including such refunding bonds as may have been issued for the purpose of refunding any of such Bonds if such refunding bonds shall not then be owned by the Authority) shall have the right from time to time to consent to and approve the adoption by the Board of Directors of a resolution or resolutions modifying any of the terms or provisions contained in this resolution; provided, however, that this resolution may not be so modified or amended in such manner, without the consent of 100% of the registered owners of the Bonds, as to:

(i) Make any change in the maturities or redemption dates of the Bonds;

(ii) Make any change in the rates of interest borne by the Bonds;

(iii) Reduce the amount of the principal payments or redemption premiums payable on the Bonds;

(iv) Modify the terms of payment of principal of or interest on the Bonds or impose any conditions with respect to such payments;

(v) Affect the rights of the registered owners of less than all of the Bonds then outstanding;

(vi) Reduce the percentage of the principal amount of the Bonds, the consent of the registered owners of which is required to effect a further modification.

Whenever the Authority shall propose to amend or modify this resolution under the provisions of this Section, it shall cause notice of the proposed amendment to be mailed by first-class mail, postage prepaid, to the owner of each Bond then outstanding. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the Authority for public inspection.

Whenever at any time within one year from the date of mailing of said notice there shall be filed with the Secretary of the Board of Directors an instrument or instruments executed by the registered owners of at least a majority in aggregate principal amount of the Bonds then outstanding, which instrument or instruments shall refer to the proposed amendatory resolution described in said notice and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the Authority may adopt such amendatory resolution and such resolution shall become effective and binding upon the owners of all Bonds.

If the registered owners of at least a majority in aggregate principal amount of the Bonds outstanding as in this section defined, at the time of the adoption of such amendatory resolution, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof as herein provided, no registered owner of any Bonds, whether or not such owner shall have consented to or shall have revoked any consent as provided, shall have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the Authority from taking any action pursuant to the provisions thereof.

Any consent given by the registered owner of a Bond pursuant to the provisions hereof shall be irrevocable for a period of six months from the date of the publication of the notice above provided for and shall be conclusive and binding upon all future registered owners of the same Bond during such period. Such consent may be revoked at any time after six months from the date of publication of such notice by the registered owner who gave such consent or by a successor in title by filing notice of such revocation at the Authority office, but such revocation shall not be effective if the registered owners of a majority in aggregate principal amount of the Bonds outstanding as defined herein shall have, prior to the attempted revocation, consented to and approved the amendatory resolution referred to in such revocation.

The fact and date of the execution of any instrument under the provisions hereof may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

The amount (number(s)) of the Bonds owned by any person executing such instrument and the date of the ownership of the same shall be proved by reference to the Bond registration records maintained by the Registration Agent, which records shall constitute conclusive proof of the ownership thereof.

Notwithstanding the foregoing, if any Bonds are insured by a bond insurance policy, the bond insurer issuing such bond insurance policy shall be entitled to consent to any modifications to this Resolution on behalf of the owners of the Bonds insured by such bond insurer, provided that no bond insurer shall be entitled to consent to any modifications to this Resolution that require the unanimous consent of the owners of the Bonds as described above.

Prohibition of Prior Lien; Parity Obligations.

The Authority will issue any other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenues of the System having priority over the Bonds without the prior written consent of the holders of the Bonds.

Additional bonds, notes, loan agreements or obligations may hereafter be issued on a parity with the Bonds under the following conditions but not otherwise:

(a) Any portion (including any maturities or portions thereof whether or not in chronological order and any amounts subject to mandatory redemption) or all of a series of the Bonds may be refunded at maturity, upon redemption in accordance with their terms, or upon payment, prepayment or redemption with the consent of the owners of such bonds, and the refunding bonds so issued shall constitute Parity Bonds secured on a parity with the Bonds thereafter outstanding, if all of the following conditions are satisfied:

(i) the Authority shall have obtained a report from a Financial Adviser or the Chief Financial Officer of the Authority demonstrating that the refunding is expected to reduce the total debt service payments on the SRF Loan Agreements and the Bonds, including payments on related Credit Facilities; and

(ii) the requirements of subsections (b)(ii) and (iv) below are met with respect to such refunding.

(b) Parity Bonds (including refunding Parity Bonds which do not meet the requirements of (a)) may also be issued on a parity with the Bonds, and the Parity Bonds so issued shall be secured on a parity with such Bonds, if all of the following conditions are satisfied:

(i) There shall have been procured and filed with the Authority a report by a Financial Adviser or a certificate by the Chief Financial Officer of the Authority, or his designee, to the effect that the historical Net Revenues for either (i) a period of 12 consecutive months of the most recent 18 consecutive months prior to the issuance of the proposed Parity Bonds or (ii) the most recent audited Fiscal Year, were equal to at least 120% of the Maximum Annual Debt Service Requirement on the SRF Loan Agreements and all bonds which will be outstanding immediately after the issuance of the proposed Parity Bonds, in the then current and each succeeding Fiscal Year, provided, however, (w) the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to the increased annual amount of Net Revenues attributable to improvements to the System that had been placed in service prior to the delivery of the proposed Parity Bonds and that are not fully reflected in the historical related Net Revenues actually received during such historical period used, (x) the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to 100% of the increased annual amount attributable to any revision in the schedule of rates, fees, and charges for the services and facilities furnished by the System, imposed prior to the date of delivery of the proposed Parity Bonds and not fully reflected in the historical related Net Revenues actually received during such historical period used; (y) if the Authority has a contract to purchase or otherwise acquire an Acquired System that will become part of the System, the historical Net Revenues may be adjusted to include the anticipated Net Revenues from the Acquired System; and (z) if the Authority has entered into a contract to furnish services of the System that is not fully reflected in the historical Net Revenues of the System, such historical Net Revenues may be adjusted to include the anticipated Net Revenues from such contract.

(ii) the Authority shall have received, at or before issuance of the Parity Bonds, a report from a Financial Adviser or a certificate of the Chief Financial Officer of the Authority, or his designee, to the effect that (x) the payments required to be made into the Debt Service Sinking Fund have been made and the balance in the Debt Service Sinking Fund is not less than the balance required hereby as of the date of issuance of the proposed Parity Bonds; and (y) the Reserve Fund is funded to the Reserve Fund Requirement, if any, and will be funded to the Reserve Fund Requirement, if any, immediately following the issuance of the proposed Parity Bonds.

(iii) The resolution authorizing the proposed Parity Bonds must require the proceeds of such proposed Parity Bonds to be used to make capital improvements to or capital acquisitions for the System, to fund interest on the proposed Parity Bonds, to refund other obligations issued for such purposes (whether or not such refunding Parity Bonds satisfy the requirements of (a)), for any other legal purpose under applicable law as evidenced by an opinion of Bond Counsel, and/or to pay expenses incidental thereto and to the issuance of the proposed Parity Bonds.

(iv) The President shall have certified, by written certificate dated as of the date of issuance of the Parity Bonds that the Authority is in compliance with all requirements of the Resolution and SRF Loan Agreements.

c) Upon the determination of the Authority to combine an Acquired System into the System, any bonds, notes and other obligations of the Acquired System outstanding upon such combination may, at the election of the Authority, be payable from Net Revenues of the combined System on a parity and equality of lien with each other, provided that there shall be filed with the Authority:

(i) a report by a Financial Adviser or a certificate by the Chief Financial Officer of the Authority, or his designee the Net Revenues of such combined System for a period of 12 consecutive months of the most recent 18 consecutive months prior to such combination were equal to at least 120% of the Maximum Annual Debt Service Requirement on all Bonds and any bonds, notes and other obligations of the Acquired System which will be outstanding immediately after the combination, provided, however, (w) the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to the increased annual amount of Net Revenues attributable to improvements to the System that had been placed in service prior to the combination and that are not fully reflected in the historical related Net Revenues actually received during such historical period used, (x) the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to 100% of the increased annual amount attributable to any revision in the schedule of rates, fees, and charges for the services and facilities furnished by the System, imposed prior to the date of the combination and not fully reflected in the historical related Net Revenues actually received during such historical period used; and (y) if the Authority has entered into a contract to furnish services of the System that is not fully reflected in the historical Net Revenues of the System, such historical Net Revenues may be adjusted to include the anticipated Net Revenues from such contract.

(ii) A certificate of the President, as of the date of the combination that the Authority is in compliance with all requirements of this resolution and the SRF Loan Agreements.

Applicability of Resolution to Parity Bonds. All the provisions and covenants of the Resolution relating to negotiability and registration of Bonds, creation and investment of funds and the application of revenues, the operation of the System and charges for services of the System, the remedies of owners of the Bonds, the issuance of additional bonds, modification of this resolution, the defeasance of Bonds, and such other provisions hereof as are appropriate may be incorporated by reference into supplemental resolutions authorizing additional bonds, and said provisions, when so incorporated, shall be equally applicable to the additional bonds issued or assumed pursuant to the terms of the Resolution in all respects and with like force and effect as though said provisions were recited in full in said supplemental resolutions and shall continue to be applicable so long as any such bonds remain outstanding.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CLEVELAND UTILITIES AUTHORITY (TENNESSEE)

$__________ WATER AND WASTEWATER SYSTEM REVENUE BONDS, SERIES 2025

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered this __ day of ______, 202 by the Cleveland Utilities Authority (Tennessee) (the "Issuer") in connection with the issuance of its $__________ Water and Wastewater System Revenue Bonds, Series 2025 (the "Series 2025 Bonds"). The Issuer hereby covenants and agrees as follows:

SECTION 1. Purpose of and Authority for the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Registered Owners and the Beneficial Owners of the Series 2025 Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12(b)(5) (the "Rule") of the Securities and Exchange Commission (the "SEC"). This Disclosure Agreement is being executed and delivered by the Issuer under the authority of the Resolution.

SECTION 2. Definitions. In addition to the terms otherwise defined herein, the following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025 Bonds (including persons holding Series 2025 Bonds through nominees, depositories, or other intermediaries) or (b) is treated as the owner of any Series 2025 Bonds for federal income tax purposes.

"Fiscal Year" shall mean any period of twelve consecutive months adopted by the Issuer as its fiscal year for financial reporting purposes and shall initially mean the period beginning on June 1 of each calendar year and ending June 30 of the following calendar year.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the Official Statement of the Issuer, dated ______, 2025, relating to the Series 2025 Bonds.

"Participating Underwriters" shall mean any of the original underwriters of the Series 2025 Bonds required to comply with the Rule in connection with offering of the Series 2025 Bonds.

"Registered Owner" means any person who is identified as a holder of Series 2025 Bonds on the registration records maintained by or on behalf of the Issuer with respect to the Series 2025 Bonds.

"Resolution" shall mean the bond resolution adopted by the Board of Directors of the Issuer on November 22, 2024.

"State" shall mean the State of Tennessee.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule.

SECTION 3. Continuing Disclosure. The Issuer hereby agrees to provide or cause to be provided the information set forth below:

(a) *Annual Financial Information*. For Fiscal Years ending on or after June 30, 2025, the Issuer shall provide annual financial information and operating data within 12 months after the end of the Fiscal Year. The annual financial information and operating data shall include (i) the Issuer's audited financial statements, prepared in accordance with generally accepted accounting principles, or, if the Issuer's audited financial statements are not available, then the Issuer's unaudited financial statements, and (ii) any other publicly available financial information related to the Issuer.

(i) The Issuer's audited financial statements, prepared in accordance with generally accepted accounting principles, or, if the Issuer's audited financial statements are not available, then the Issuer's unaudited financial statements; and

(ii) Operating data of the type included under the following headings of the Official Statement, which data may be presented in a manner other than as set in the Official Statement:

1. Historical Debt Service Coverages;

2. Summary of Bonded Indebtedness;

3. Summary of Revenues, Expenses, and Changes in Net Position;

4. Information relative to Customer and System Usage;

5. Ten Largest Water and Wastewater Customers; and

6. Water and Wastewater Customer Rates.

(b) *Audited Financial Statements*. For Fiscal Years ending on or after June 30, 2025, the Issuer shall provide audited financial statements, prepared in accordance with generally accepted accounting principles, if and when available, if such audited financial statements are not included with the annual financial information described in subsection (a) above.

(c) *Event Notices*. The Issuer will provide notice of the following events relating to the Series 2025 Bonds in a timely manner, not in excess of ten business days after the occurrence of the event:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2025 Bonds or other material events affecting the tax status of the Series 2025 Bonds;

(vii) Modifications to rights of Bondholders if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances (including disclosure as to whether the Series 2025 Bonds have been defeased to their maturity or to a preceding call date);

(x) Release, substitution, or sale of property securing repayment of the securities if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership, or similar event of the obligated person;

(xiii) The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence of a financial obligation* of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

* As used in subsections (xv) and (xvi), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) *Notice of Failure to File Annual Financial Information*. The Issuer will provide timely notice of its failure to provide the annual financial information described in subsection (a) above within the time frame prescribed by subsection (a).

(e) *Notice of Amendment of Disclosure Agreement*. The Issuer will provide timely notice of an amendment to this Disclosure Agreement pursuant to the terms of Section 5(a) below.

SECTION 4. Methods of Providing Information.

(a) All disclosures required by Section 3 shall be transmitted to the MSRB using the MSRB's Electronic Municipal Market Access System ("EMMA") or by such other method as may be subsequently determined by the MSRB.

(b) Information shall be provided to the MSRB in an electronic format as prescribed by the MSRB, either directly, or indirectly through an indenture trustee or a designated dissemination agent.

(c) All transmissions to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(d) Any required disclosure may be incorporated by reference to other documents filed with the MSRB in the manner required by subsection (a) above. The Issuer shall clearly identify each such other document so incorporated by reference.

(e) All disclosures transmitted to the MSRB hereunder shall be simultaneously transmitted to any State Repository.

SECTION 5. Amendment.

This Disclosure Agreement may be amended or modified so long as: (i) any such amendments are not violative of any rule or regulation of the SEC or MSRB, or other federal or state regulatory body; (ii) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (iii) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Series 2025 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iv) the amendment does not materially impair the interests of Beneficial Owners or Registered Owners, as determined either by parties unaffiliated with the Issuer (such as bond counsel), or by approving vote of the

Beneficial Owners and Registered Owners pursuant to the terms of the Resolution at the time of the amendment.

(b) In the event of any amendment or modification to the financial information or operating data required to be filed pursuant to Section 3(a) above, the Issuer shall describe such amendment in the next filing pursuant to Section 3(a), and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, the next filing pursuant to Section 3(a) or 3(b), as applicable, shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Series 2025 Bonds.

SECTION 7. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any disclosure required hereunder, in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure.

SECTION 8. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Registered Owners and Beneficial Owners from time to time of the Series 2025 Bonds and shall create no rights in any other person or entity.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Registered Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of any party to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 10. Dissemination Agent. The Issuer may, from time to time, appoint a dissemination agent to assist it in carrying out its obligations under this Disclosure Agreement, and the Issuer may, from time to time, discharge the dissemination agent, with or without appointing a successor dissemination agent. If at any time there is not a designated dissemination agent, the Issuer shall be the dissemination agent.

SECTION 11. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 12. Severability. In case any one or more of the provisions of this Disclosure Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Agreement, but this Disclosure Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

CLEVELAND UTILITIES AUTHORITY
(TENNESSEE)

By: ____
President

APPENDIX E

WATER AND WASTEWATER SYSTEM RATES

Important Note: For the fiscal year beginning on July 1, 2023, water rates were increased 6.13% resulting in estimated annual revenue of $21,876,513. Wastewater rates were increased 5.0% for estimated annual revenue of $16,159,358.

In the future, additional increases are proposed including for the fiscal year beginning July 1, 2024. Under the proposal, water rates will increase 6.13% resulting in estimated annual revenue of $23,333,334. On the wastewater side, a 5.25% increase is proposed resulting in estimated annual revenue of $17,077,456.

CLEVELAND UTILITIES
WATER DIVISION
CUSTOMER RATE CLASSIFICATIONS
Effective July 1, 2024

		Inside	Outside
Residential Water		202	201
Residential Sewer		302	301
Non-Residential – Water			
Small Commercial		205	204
Large Commercial		208	209
Non-Residential – Sewer			
Small Commercial		305	304
Large Commercial		308	309
Irrigation (All Classes)		211	213
Resale (OUD)		203	203
Fire Sprinkler System Meter		210	210
Calhoun – Charleston UD (Sewer Only)		N/A	312
Small Commercial w/Sewer Deduct Meters			
1 Meter	Water	241	251
	Sewer	341	351
2 Meters	Water	242	252
	Sewer	342	352
3 Meters	Water	243	253
	Sewer	343	353
4 Meters	Water	244	254
	Sewer	344	354
5 Meters	Water	245	255
	Sewer	345	355
Large Commercial w/Sewer Deduct Meters			
1 Meter	Water	221	231
	Sewer	321	331
2 Meters	Water	222	232
	Sewer	322	332
3 Meters	Water	223	233
	Sewer	323	333
4 Meters	Water	224	234
	Sewer	324	334
5 Meters	Water	225	235
	Sewer	325	335

CLEVELAND UTILITIES – WATER DIVISION
WATER & WASTEWATER RATES
Effective July 1, 2024
(Minimum bills will apply based on meter size.)

WATER RATE	INSIDE CITY	OUTSIDE CITY
RESIDENTIAL (Class 201, 202)		
Customer Charge	$ 12.41	$ 22.39
First 1,400 cu. ft.	$3.68 /100 cu. ft.	$5.77 /100 cu. ft.
Additional	$3.83 /100 cu. ft.	$6.07 /100 cu. ft.
NON-RESIDENTIAL (Small Commercial) (Class 204, 205)		
Customer Charge	$ 20.32	$ 30.26
First 15,000 cu. ft.	$3.68 /100 cu. ft.	$5.77 /100 cu. ft.
Next 85,000 cu. ft.	$3.04 /100 cu. ft.	$4.79 /100 cu. ft.
Additional	$2.21 /100 cu. ft.	$3.58 /100 cu. ft.
NON-RESIDENTIAL (Large Commercial) (Class 208, 209)		
Customer Charge	$ 49.95	$ 59.87
First 15,000 cu. ft.	$3.68 /100 cu. ft.	$5.77 /100 cu. ft.
Next 85,000 cu. ft.	$3.04 /100 cu. ft.	$4.79 /100 cu. ft.
Additional	$2.21 /100 cu. ft.	$3.58 /100 cu. ft.
IRRIGATION ONLY (Class 211, 213)		
Customer Charge	$ 12.41	$ 22.39
All Usage	$3.83 /100 cu. ft.	$6.07 /100 cu. ft.
RESALE (Class 203)		
Customer Charge	$ 49.95	$ 49.95
All usage	$2.21 /100 cu. ft.	$2.21 /100 cu. ft.
Fire Sprinkler System (Class 210)		
Customer Charge	$ 49.95	$ 49.95
All usage	$2.21 /100 cu. ft.	$2.21 /100 cu. ft.

WASTEWATER RATE	INSIDE CITY	OUTSIDE CITY
RESIDENTIAL (Class 301, 302) (April – November)		
Customer Charge	$ 16.33	$ 23.22
First 1,400 cu. ft.	$5.19 /100 cu. ft.	$7.83 /100 cu. ft.
Additional	$0 /100 cu. ft.	$0 /100 cu. ft.
RESIDENTIAL (Class 301, 302) (December – March)		
Customer Charge	$ 16.33	$ 23.22
All usage	$5.19 /100 cu. ft.	$7.83 /100 cu. ft.
NON-RESIDENTIAL (Small Commercial) (Class 304, 305) (Meter Less Than 3")		
Customer Charge	$ 26.55	$ 33.41
First 100,000 cu. ft.	$5.19 /100 cu. ft.	$7.83 /100 cu. ft.
Additional	$4.35 /100 cu. ft.	$6.53 /100 cu. ft.
NON-RESIDENTIAL (Large Commercial) (Class 308, 309) (Meter 3" or Larger)		
Customer Charge	$ 64.74	$ 71.65
First 100,000 cu. ft.	$5.19 /100 cu. ft.	$7.83 /100 cu. ft.
Additional	$4.35 /100 cu. ft.	$6.53 /100 cu. ft.
WASTEWATER SURCHARGE		
CBOD	0.1538/pound/day	0.1538/pound/day
TSS	0.1821/pound/day	0.1821/pound/day
TKN	0.3091/pound/day	0.3091/pound/day

Rates are subject to rules and regulations of Cleveland Utilities.
Rates will be subject to adjustment as rate adjustments are received from water suppliers.

CLEVELAND UTILITIES – WATER DIVISION
WATER & WASTEWATER RATES
Effective July 1, 2024
MINIMUM BILLS
(Based on installed meter size)
(See Supplemental Rate Schedule for Customers with Sewer Deduct Meters)

RESIDENTIAL
(Class 201, 202, 301, 302)

			Inside Rates			Outside Rates		
		Minimum	Water	Sewer		Water	Sewer	
Size	Code	Usage	Jan-Dec	Dec-Mar	Apr-Nov	Jan-Dec	Dec-Mar	Apr-Nov
5/8”	000	200 cu. ft.	$ 19.77	$ 26.71	$ 26.71	$ 33.93	$ 38.88	$ 38.88
3/4”	002	600 cu. ft.	$ 34.49	$ 47.47	$ 47.47	$ 57.01	$ 70.20	$ 70.20
1”	003	800 cu. ft.	$ 41.85	$ 57.85	$ 57.85	$ 68.55	$ 85.86	$ 85.86
1½”	005	2,000 cu. ft.	$ 86.91	$ 120.13	$ 88.99	$ 139.59	$ 179.82	$ 132.84
2”	006	4,000 cu. ft.	$ 163.51	$ 223.93	$ 88.99	$ 260.99	$ 336.42	$ 132.84

IRRIGATION
(Class 211, 213)

		Minimum	Inside Rates		Outside Rates	
Size	Code	Usage	Water	Sewer	Water	Sewer
5/8”	000	200 cu. ft.	$ 20.07	N/A	$ 34.53	N/A
3/4”	002	600 cu. ft.	$ 35.39	N/A	$ 58.81	N/A
1”	003	800 cu. ft.	$ 43.05	N/A	$ 70.95	N/A
1½”	005	2,000 cu. ft.	$ 89.01	N/A	$ 143.79	N/A
2”	006	4,000 cu. ft.	$ 165.61	N/A	$ 265.19	N/A
3”	008	10,000 cu. ft.	$ 395.41	N/A	$ 629.39	N/A
4”	009	17,000 cu. ft.	$ 663.51	N/A	$ 1,054.29	N/A
6”	010	44,000 cu. ft.	$ 1,697.61	N/A	$ 2,693.19	N/A
8”	011	82,000 cu. ft.	$ 3,153.01	N/A	$ 4,999.79	N/A

NON-RESIDENTIAL – SMALL COMMERCIAL
(Class 204, 205, 304, 305)

		Minimum	Inside Rates		Outside Rates	
Size	Code	Usage	Water	Sewer	Water	Sewer
5/8”	000	200 cu. ft.	$ 27.68	$ 36.93	$ 41.80	$ 49.07
3/4”	002	600 cu. ft.	$ 42.40	$ 57.69	$ 64.88	$ 80.39
1”	003	800 cu. ft.	$ 49.76	$ 68.07	$ 76.42	$ 96.05
1½”	005	2,000 cu. ft.	$ 93.92	$ 130.35	$ 145.66	$ 190.01
2”	006	4,000 cu. ft.	$ 167.52	$ 234.15	$ 261.06	$ 346.61

NON-RESIDENTIAL – LARGE COMMERCIAL
(Class 208, 209, 308, 309)

		Minimum	Inside Rates		Outside Rates	
Size	Code	Usage	Water	Sewer	Water	Sewer
3”	008	10,000 cu. ft.	$ 417.95	$ 583.74	$ 636.87	$ 854.65
4”	009	17,000 cu. ft.	$ 662.75	$ 947.04	$ 1,021.17	$ 1,402.75
6”	010	44,000 cu. ft.	$ 1,483.55	$ 2,348.34	$ 2,314.47	$ 3,516.85
8”	011	82,000 cu. ft.	$ 2,638.75	$ 4,320.54	$ 4,134.67	$ 6,492.25
10"	012	115,000 cu. ft.	$ 3,517.45	$ 5,907.24	$ 5,533.87	$ 8,881.15

RESALE/FIRE SPRINKLER SYSTEM METER
(Class 203, 210)

		Minimum	Inside Rates		Outside Rates	
Size	Code	Usage	Water	Sewer	Water	Sewer
3”	008	10,000 cu. ft.	$ 270.95	N/A	$ 270.95	N/A
4”	009	17,000 cu. ft.	$ 425.65	N/A	$ 425.65	N/A
6”	010	44,000 cu. ft.	$ 1,022.35	N/A	$ 1,022.35	N/A
8”	011	82,000 cu. ft.	$ 1,862.15	N/A	$ 1,862.15	N/A
10"	012	115,000 cu. ft.	$ 2,591.45	N/A	$ 2,591.45	N/A

Rates are subject to rules and regulations of Cleveland Utilities.
Rates will be subject to adjustment as rate adjustments are received from water suppliers.

CLEVELAND UTILITIES - WATER & SEWER
ACCESS FEES & SERVICE CHARGES
EFFECTIVE JULY 1, 2024 (Unless noted otherwise)

Access Fees:

	FY 2025		
Meter Size	Water	Sewer	Irrigation Meter
5/8"	1,265	1,240	2,530
3/4"	1,305	1,450	2,610
1"	1,400	1,990	2,800
1 1/2"	3,765	2,530	7,530
2"	3,870	3,600	7,740
3"	6,610	5,460	
4"	8,060	7,660	
6"	11,510	12,710	
8"	14,305	16,800	

New Line/Fire Sprinkler Fee

	FY 2025	
	Tap Fee (CU)/ Access Fee	Access Fee
4" or smaller	4,910	900
6" Tap	5,560	1,300
8" Tap	6,700	1,700
10" Tap	8,205	2,100
12" Tap	11,625	2,525

Tap Fee (CU)/Access Fee - Cleveland Utilities will provide a water connection point for connecting to the water distribution system. The fee also incorporates an Access Fee which allows access to the water system. Cleveland Utilities provides all connections to its existing system.

Access Fee - Allows access to the water system. Fee is paid by an owner/ contractor who extends new water lines including fire sprinkler lines in a development.

Rates and fees are subject to rules and regulations of Cleveland Utilities.

Sprinkler System Accounts

Minimum (Up to 500 Heads)	160.00 Annual Charge (Effective 7/1/08)
> 500 Heads	160.00 Annual Charge + .33 per head/per year for heads in excess of 500 (Effective 7/1/08)

Fire Hydrants

Private Fire Hydrants	175.00 per hydrant/per year (Effective 7/1/08)

Subdivision Stub-outs — 450.00 per lot (Effective 7/1/24)

CLEVELAND UTILITIES - WATER DIVISION
WATER & WASTEWATER RATES FOR CUSTOMERS
WITH SEWER DEDUCT METERS
July 1, 2024

(Minimum Bill will apply based on meter size)

SMALL COMMERCIAL METERS LESS THAN 3"

Water Rate (All Classes Below)	Inside City	Outside City
Customer Charge	$ 20.32	$ 30.26
First 15,000 cu. ft.	$3.68 /100 cu. ft.	$5.77 /100 cu. ft.
Next 85,000 cu. ft.	$3.04 /100 cu. ft.	$4.79 /100 cu. ft.
Additional	$2.21 /100 cu. ft.	$3.58 /100 cu. ft.

Wastewater Rate (Class 341 and 351)	Inside City	Outside City
Customer Charge	$ 91.55	$ 98.41
First 100,000 cu. ft.	$5.19 /100 cu. ft.	$7.83 /100 cu. ft.
Additional	$4.35 /100 cu. ft.	$6.53 /100 cu. ft.

Wastewater Rate (Class 342 and 352)		
Customer Charge	$ 106.55	$ 113.41
First 100,000 cu. ft.	$5.19 /100 cu. ft.	$7.83 /100 cu. ft.
Additional	$4.35 /100 cu. ft.	$6.53 /100 cu. ft.

Wastewater Rate (Class 343 and 353)		
Customer Charge	$ 121.55	$ 128.41
First 100,000 cu. ft.	$5.19 /100 cu. ft.	$7.83 /100 cu. ft.
Additional	$4.35 /100 cu. ft.	$6.53 /100 cu. ft.

Wastewater Rate (Class 344 and 354)		
Customer Charge	$ 136.55	$ 143.41
First 100,000 cu. ft.	$5.19 /100 cu. ft.	$7.83 /100 cu. ft.
Additional	$4.35 /100 cu. ft.	$6.53 /100 cu. ft.

Wastewater Rate (Class 345 and 355)		
Customer Charge	$ 151.55	$ 158.41
First 100,000 cu. ft.	$5.19 /100 cu. ft.	$7.83 /100 cu. ft.
Additional	$4.35 /100 cu. ft.	$6.53 /100 cu. ft.

Minimum Bill Based on Meter Size

SMALL COMMERCIAL METERS LESS THAN 3"

		Minimum	One Deduct Meter		Two Deduct Meters		Three Deduct Meters		Four Deduct Meters		Five Deduct Meters	
		Usage	Inside Rate	Inside Rate	Inside Rate	Inside Rate	Inside Rate	Inside Rate	Inside Rate	Inside Rate	Inside Rate	Inside Rate
Size	Code	Cu. Ft.	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
5/8"	000	200	27.68	101.93	27.68	116.93	27.68	131.93	27.68	146.93	27.68	161.93
3/4"	002	600	42.40	122.69	42.40	137.69	42.40	152.69	42.40	167.69	42.40	182.69
1"	003	800	49.76	133.07	49.76	148.07	49.76	163.07	49.76	178.07	49.76	193.07
1 1/2"	005	2,000	93.92	195.35	93.92	210.35	93.92	225.35	93.92	240.35	93.92	255.35
2"	006	4,000	167.52	299.15	167.52	314.15	167.52	329.15	167.52	344.15	167.52	359.15
3"	008	10,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4"	009	17,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6"	010	44,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8"	011	82,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

		Minimum	One Deduct Meter		Two Deduct Meters		Three Deduct Meters		Four Deduct Meters		Five Deduct Meters	
		Usage	Outside Rate	Outside Rate	Outside Rate	Outside Rate	Outside Rate	Outside Rate	Outside Rate	Outside Rate	Outside Rate	Outside Rate
Size	Code	Cu. Ft.	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
5/8"	000	200	41.80	114.07	41.80	129.07	41.80	144.07	41.80	159.07	41.80	174.07
3/4"	002	600	64.88	145.39	64.88	160.39	64.88	175.39	64.88	190.39	64.88	205.39
1"	003	800	76.42	161.05	76.42	176.05	76.42	191.05	76.42	206.05	76.42	221.05
1 1/2"	005	2,000	145.66	255.01	145.66	270.01	145.66	285.01	145.66	300.01	145.66	315.01
2"	006	4,000	261.06	411.61	261.06	426.61	261.06	441.61	261.06	456.61	261.06	471.61
3"	008	10,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4"	009	17,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6"	010	44,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8"	011	82,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Rates are subject to rules and regulations of Cleveland Utilities.
***Rates will be subject to adjustment as changes are received from water suppliers.**

CLEVELAND UTILITIES - WATER DIVISION
WATER & WASTEWATER RATES FOR CUSTOMERS
WITH SEWER DEDUCT METERS
July 1, 2024

(Minimum Bill will apply based on meter size)

LARGE COMMERCIAL METERS 3" AND LARGER

Water Rate (All Classes Below)	Inside City	Outside City
Customer Charge	$ 49.95	$ 59.87
First 15,000 cu. ft.	$3.68 /100 cu. ft.	$5.77 /100 cu. ft.
Next 85,000 cu. ft.	$3.04 /100 cu. ft.	$4.79 /100 cu. ft.
Additional	$2.21 /100 cu. ft.	$3.58 /100 cu. ft.

Wastewater Rate (Class 321 and 331)	Inside City	Outside City
Customer Charge	$ 129.74	$ 136.65
First 100,000 cu. ft.	$5.19 /100 cu. ft.	$7.83 /100 cu. ft.
Additional	$4.35 /100 cu. ft.	$6.53 /100 cu. ft.
Wastewater Rate (Class 322 and 332)		
Customer Charge	$ 144.74	$ 151.65
First 100,000 cu. ft.	$5.19 /100 cu. ft.	$7.83 /100 cu. ft.
Additional	$4.35 /100 cu. ft.	$6.53 /100 cu. ft.
Wastewater Rate (Class 323 and 333)		
Customer Charge	$ 159.74	$ 166.65
First 100,000 cu. ft.	$5.19 /100 cu. ft.	$7.83 /100 cu. ft.
Additional	$4.35 /100 cu. ft.	$6.53 /100 cu. ft.
Wastewater Rate (Class 324 and 334)		
Customer Charge	$ 174.74	$ 181.65
First 100,000 cu. ft.	$5.19 /100 cu. ft.	$7.83 /100 cu. ft.
Additional	$4.35 /100 cu. ft.	$6.53 /100 cu. ft.
Wastewater Rate (Class 325 and 335)		
Customer Charge	$ 189.74	$ 196.65
First 100,000 cu. ft.	$5.19 /100 cu. ft.	$7.83 /100 cu. ft.
Additional	$4.35 /100 cu. ft.	$6.53 /100 cu. ft.

Minimum Bill Based on Meter Size

LARGE COMMERCIAL METERS 3" AND LARGER

		Minimum	One Deduct Meter		Two Deduct Meters		Three Deduct Meters		Four Deduct Meters		Five Deduct Meters	
		Usage	Inside Rate	Inside Rate	Inside Rate	Inside Rate	Inside Rate	Inside Rate	Inside Rate	Inside Rate	Inside Rate	Inside Rate
Size	Code	Cu. Ft.	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
5/8"	000	200	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3/4"	002	600	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1"	003	800	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1 1/2"	005	2,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2"	006	4,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3"	008	10,000	417.95	648.74	417.95	663.74	417.95	678.74	417.95	693.74	417.95	708.74
4"	009	17,000	662.75	1,012.04	662.75	1,027.04	662.75	1,042.04	662.75	1,057.04	662.75	1,072.04
6"	010	44,000	1,483.55	2,413.34	1,483.55	2,428.34	1,483.55	2,443.34	1,483.55	2,458.34	1,483.55	2,473.34
8"	011	82,000	2,638.75	4,385.54	2,638.75	4,400.54	2,638.75	4,415.54	2,638.75	4,430.54	2,638.75	4,445.54

		Minimum	One Deduct Meter		Two Deduct Meters		Three Deduct Meters		Four Deduct Meters		Five Deduct Meters	
		Usage	Outside Rate	Outside Rate	Outside Rate	Outside Rate	Outside Rate	Outside Rate	Outside Rate	Outside Rate	Outside Rate	Outside Rate
Size	Code	Cu. Ft.	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
5/8"	000	200	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3/4"	002	600	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1"	003	800	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1 1/2"	005	2,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2"	006	4,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3"	008	10,000	636.87	919.65	636.87	934.65	636.87	949.65	636.87	964.65	636.87	979.65
4"	009	17,000	1,021.17	1,467.75	1,021.17	1,482.75	1,021.17	1,497.75	1,021.17	1,512.75	1,021.17	1,527.75
6"	010	44,000	2,314.47	3,581.85	2,314.47	3,596.85	2,314.47	3,611.85	2,314.47	3,626.85	2,314.47	3,641.85
8"	011	82,000	4,134.67	6,557.25	4,134.67	6,572.25	4,134.67	6,587.25	4,134.67	6,602.25	4,134.67	6,617.25

Rates are subject to rules and regulations of Cleveland Utilities.
*Rates will be subject to adjustment as changes are received from water suppliers.

CLEVELAND UTILITIES – WATER DIVISION

CALHOUN – CHARLESTON UTILITY DISTRICT
WASTEWATER TREATMENT RATES

Effective July 1, 2024

Per 100 cubic feet	**$3.82**

Customer Classification

312 Calhoun – Charleston Utility District

Rates are subject to rules and regulations of Cleveland Utilities.

CLEVELAND UTILITIES
MISCELLANEOUS SERVICE CHARGES
In Effect July 1, 2024
(Unless Noted Otherwise)

New Account Fee	**Regular**	**27.50**
	Rollover	**17.50**
Disconnect for Nonpayment Fee	**Regular**	**35.00**
	@ Pole	**300.00**
Reconnection Fee – During Business Hours		**00.00 (3)**
– After Business Hours (1)		**50.00 (3)**
Return Check Fee		**20.00**
Meter Tampering Fee – Electric	**Pull Meter**	**85.00**
	@ Pole	**300.00**
	Lock Gang Base	**225.00**
– Water	**Pull/Lock Meter**	**85.00**
Meter Testing Fee		**150.00**
Outdoor Lighting Pole Rental Fee		**6.03/month**
After Hours Service Fee for New Service (Plus New A/C Fee) (1)		**125.00**
Fire Hydrant Flow Test		**130.00**
Sewer Dye Test Fee		**130.00**
Wastewater Disposal (Bulk @ WWTP)		**90.00/1,000 gallons**
Same Day Regular Connection – Request Made After 3:00 p.m. Fee (2)		**125.00**

(1) After hours defined as:
After 5:00 p.m. on regular business days
Holidays, Saturday and Sunday – 24 Hours
(2) Plus New Account Fee
(3) Either regular non-pay disconnect or cut @ pole disconnect.

Water Meter Relocation and Upsizing Fee

Effective July 1, 2024

The lesser of time and new materials or new access fee.

Residential Deposits

Effective July 1, 2024

	Inside City	Outside City
Electric	$277.00	$277.00
Water	$70.00	$115.00
Sewer	$95.00	$141.00
Sanitation	$30.00	N/A
Stormwater	$8.00	N/A

CLEVELAND UTILITIES – WATER DIVISION
MISCELLANEOUS CHARGES – EQUIPMENT
Effective July 1, 2024

Small TV Camera	**187.00/hr.**	**3 hour minimum**
TV Truck & Camera	**191.00/hr.**	**3 hour minimum**
Jet/Vacuum Truck	**170.00/hr.**	**3 hour minimum**
Small Jetter	**167.00/hr.**	**3 hour minimum**
Smoke Test	**250.00/hr.**	**2 hour minimum**
Manhole Coring	**507.00/hr., exclusive of excavation & trench safety equipment – 2 hour minimum – 250.00/hr. for overage**	

CLEVELAND UTILITIES
SEWER SERVICE LINE INSTALLATION FEE
FOR PROPERTY BEING SUBDIVIDED
(Service line may serve up to two (2) lots)
Effective July 1, 2024

Cost to subdivide lots will be billed at actual time and materials cost.

CLEVELAND UTILITIES
WATER DIVISION
CUSTOMER ASSISTANCE FEE
Effective July 1, 2024

Cleveland Utilities Water Division will charge a Customer Assistance Fee of $50.00 for any non-emergency service required during after-hours as defined on the miscellaneous service charges fee schedule.

Customers have the responsibility for the maintenance and upkeep of their individual water service line and plumbing. Customer assistance is defined as any service provided by Cleveland Utilities for the customer beyond the water meter box. A customer's service line and plumbing are recognized as beginning outside the water meter box and extending to the customer's home or business.

Services may include, but are not limited to:

- **Turning water meters on or off for any reason, such as plumbing repair and/or leaks**
- **Pressure Checks**

Customer assistance will be provided at no cost during regular business hours.

Cleveland Utilities Water Customer Classification Guidelines

Cleveland Utilities' present guidelines for establishing a customer's rate classification is the corporate city limits.

The criteria for establishing the customer's classification at the inside rate will be:

- **If the customer's meter is located within the corporate city limits of Cleveland and the customer owns the property where the meter is located, an inside rate will apply.**
- **In addition, if the customer's water meter is located in the county, but their usage is in the corporate city limits of Cleveland, the inside rate will apply.**

APPENDIX F

CLEVELAND UTILITIES AUTHORITY
FINANCIAL STATEMENTS
JUNE 30, 2024 & OCTOBER 31, 2023

CLEVELAND UTILITIES AUTHORITY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

JUNE 30, 2024

CLEVELEND UTILITIES AUTHORITY
DIRECTORY
June 30, 2024

BOARD MEMBERS

Aubrey Ector
Joe Cate
Debbie Melton
David May Jr.
Eddie Cartwright

MANAGEMENT TEAM

Tim Henderson, President/CEO
Walt Vineyard, Executive Vice President IT & Customer Connection
Marshall Stinnet, Vice President of Finance/CFO
John Corum, Vice President Administration Services
Jimmy Isom, Vice President Electric Vision
Craig Mullinax, Vice President Water & Wastewater Division

COUNSEL

John Kimball, Attorney

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

ATA, PLLC
Jackson, Tennessee

CLEVELAND UTILITIES AUTHORITY
TABLE OF CONTENTS

FINANCIAL SECTION

ATA, PLLC
227 Oil Well Road Jackson, TN 38305
P 731.427.8571 F 731.424.5701

Independent Auditor's Report

Cleveland Utilities Authority
Cleveland, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Cleveland Utilities Authority (the Utility) as of and for the eight months ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Cleveland Utilities Authority as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the eight months then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utility'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 Utility's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other post-employment benefits schedules and notes as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Utility's basic financial statements. The accompanying supplementary information, including the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information section, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024 on our consideration of the Utility's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Utility's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Utility's internal control over financial reporting and compliance.

ATA, PLLC

Jackson, Tennessee
October 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Cleveland Utilities Authority (Utility), we offer readers of the Utility's financial statements this narrative overview and analysis of the financial activities of the Utility for the eight months ended June 30, 2024. All amounts, unless otherwise indicated, are expressed in actual dollars.

FINANCIAL HIGHLIGHTS

Management believes the Utility's financial condition is strong. The Utility is well within the stringent financial policies and guidelines set by the Board and management. The following are key financial highlights.

- Total assets and deferred outflows of resources at year-end were $405.66 million and exceeded liabilities and deferred inflows of resources in the amount of $226.11 million (i.e. net position). Total assets and deferred outflows increased by $13.18 million.

- Net Position increased $13.24 million during the current year. Unrestricted net position increased by $2.25 million due primarily to new purchases of capital assets.

- During the eight months ended June 30, 2024, the Utility delivered 644,004,170 kWh and 1,637,247,000 gallons of water compared to 178,448,531 kWh and 898,848 gallons of water during the four months ended October 31, 2023.

- Operating revenues for the eight months ended June 30, 2024 were $98.92 million, compared to $53.06 million for the four months ended October 31, 2023.

- Operating expenses for the eight months ended June 30, 2024 were $89.48 million, compared to $46.23 million for the four months ended October 31, 2023.

- The operating profit for the eight months ended June 30, 2024 was $9.44 million as compared to a $6.83 million profit for the four months ended October 31, 2023.

- Ratios of operating income to total operating revenue were 9.55% and 12.87% for the eight-month period ended June 30, 2024 and the four month period ended October 31, 2023, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the financial statements and supplementary information. The MD&A represents management's examination and analysis of the Utility's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Utility's strategic plan, budget, bond resolutions and other management tools were used for this analysis. The Financial Statements and Supplementary Information are made up of four sections: 1) the introductory section, 2) the financial section, 3) the supplementary information section, and 4) the internal control and compliance section. The introductory section includes the Utility's directory. The financial section includes the MD&A, the independent auditor's report, the financial statements with accompanying notes, and the required supplementary information. The supplementary information section includes selected financial and operational information. The internal control and compliance section includes the report on internal control and compliance. These sections make up the financial report presented here.

REQUIRED FINANCIAL STATEMENTS

A proprietary fund is used to account for the operations of The Utility, which is financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The Utility presents the Electric, Water, and Sewer funds as major funds. The financial statements report information about The Utility, using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.
,
A fiduciary fund is used to account for resources held for the benefit of parties outside of the Utility. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the Utility's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Utility maintains one fiduciary fund used to report resources held related to the Utility's single employer OPEB plan.

The *Statement of Net Position* presents the financial position of the Utility on a full accrual historical cost basis. The statement includes all of the Utility's assets, liabilities, and deferred outflows and inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Utility's creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Utility, and assessing the liquidity and financial flexibility of the Utility.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents the results of the business activities over the course of the fiscal year and information as to how the net positions changed during the year. All changes in net positions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement measures the success of the Utility's operations and can be used to determine whether the Utility has successfully recovered all of its costs. This statement also measures the Utility's profitability and credit worthiness.

The *Statement of Cash Flows* presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipt and cash disbursement information, without consideration of the earnings event, when an obligation arises.

The *Statement of Fiduciary Net Position* includes all accounting assets and liabilities of the plan and provides a picture of the fiduciary net position of the plan as of the end of the current fiscal year compared to the previous fiscal year. Assets less liabilities results in net position restricted for pensions held in trust at year-end.

The *Statement of Changes in Fiduciary Net Position* reports all additions and deductions of the plan for the current fiscal year compared to the previous fiscal year. Additions consist of employer contributions and investment earnings. Deductions include benefits paid to plan participants and administrative expenses. Total additions minus total deductions provide the net increase in net position for the current fiscal year compared to the previous fiscal year. The increase in net position plus the beginning net position restricted for pensions results in the ending net position restricted for pensions for the current year compared to the previous year.

The *Notes to the Financial Statements* provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Utility's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

FINANCIAL ANALYSIS

One of the most important questions asked about the Utility's finances is "Is the Utility, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Utility's activities in a way that will help answer this question. These two statements report the net position of the Utility and the changes in the net position. A net position is one way to measure the financial health or financial position of the Utility. Over time, increases or decreases in the Utility's net position are an indicator of whether its financial health is improving or deteriorating. However, you will need to also consider other non-financial factors such as changes in economic conditions, customer growth, and legislative mandates.

The Utility's total net position increased by $13.24 million for the eight months ended June 30, 2024. The analysis below focuses on the Utility's net position (Table 1A & 1B) and changes in net position (Table 2A and 2B) during the eight months ended June 30, 2024. On April 10, 2023, the City Council of the City of Cleveland, Tennessee authorized the formation of the Cleveland Utilities Authority pursuant to the provisions of the Tennessee Municipal Energy Authority Act, Tennessee Code Annotated Section 7-36-101. On November 1, 2023, Cleveland Utilities Authority assumed the entirety of Cleveland Utilities' assets, liabilities, and equity position, thus resolving the business of Cleveland Utilities. Also on November 1, 2023, Cleveland Utilities Authority began operation per the approved initial resolution passed by the Cleveland Utilities Authority Board on August 25, 2023.

The increase in capital assets were due mainly to an increase in ongoing projects in both departments. The changes in deferred inflows/outflows of resources are primarily due to transactions related to the Utility's pension plan and OPEB plan. The decrease in long-term liabilities was caused mainly by the payment on debt. The increase in other liabilities was mainly due to higher power bill at year end when comparted to the prior period.

Table 1A

CONDENSED STATEMENTS OF NET POSITION - ELECTRIC FUND

	June 30, 2024	October 31, 2023	Increase (Decrease) $	Increase (Decrease) %
Current and other assets	$ 101,857,057	$ 106,543,286	$ (4,686,229)	-4.40%
Capital assets	98,639,829	90,789,882	7,849,947	8.65%
Total assets	200,496,886	197,333,168	3,163,718	1.60%
Deferred outflows of resources	7,185,183	8,539,847	(1,354,664)	-15.86%
Long-term liabilities	75,482,418	80,530,674	(5,048,256)	-6.27%
Other liabilities	21,022,245	18,904,643	2,117,602	11.20%
Total liabilities	96,504,663	99,435,317	(2,930,654)	-2.95%
Deferred inflows of resources	3,861,923	2,970,623	891,300	30.00%
Net investment in capital assets	79,789,814	78,352,615	1,437,199	1.83%
Unrestricted	27,525,669	25,114,460	2,411,209	9.60%
Total net position	$ 107,315,483	$ 103,467,075	$ 3,848,408	3.72%

Table 1B

CONDENSED STATEMENTS OF NET POSITION - WATER & SEWER DEPARTMENT

	June 30, 2024	October 31, 2023	Increase (Decrease) $	%
Current and other assets	$ 17,593,905	$ 16,156,883	$ 1,437,022	8.89%
Capital assets	172,829,520	162,241,147	10,588,373	6.53%
Total assets	190,423,425	178,398,030	12,025,395	6.74%
Deferred outflows of resources	7,557,561	8,216,335	(658,774)	-8.02%
Long-term liabilities	67,797,944	68,469,562	(671,618)	-0.98%
Other liabilities	8,185,696	6,418,226	1,767,470	27.54%
Total liabilities	75,983,640	74,887,788	1,095,852	1.46%
Deferred inflows of resources	3,204,826	2,329,667	875,159	37.57%
Net investment in capital assets	114,066,666	104,512,049	9,554,617	9.14%
Unrestricted	4,725,854	4,884,861	(159,007)	-3.26%
Total net position	$ 118,792,520	$ 109,396,910	$ 9,395,610	8.59%

The Electric fund's total net position increased by $3,848,408 mainly due to increased revenues due to increased usage for the eight months ended June 30, 2024. The Water and Sewer fund's total net position increased by $9,395,610 which was mainly due to current year usage and capital contributions.

Changes in the Utility's net position can be determined by reviewing the following condensed Statements of Revenues, Expenses and Changes in Net Position for the eight months ended June 30, 2024 and for the four months ended October 31, 2023:

Table 2A

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ELECTRIC DEPARTMENT

	June 30, 2024	October 31, 2023	Increase (Decrease) $	%
Operating revenues	$ 72,428,932	$ 38,883,850	$ 33,545,082	86.27%
Non-operating revenues	3,341,205	1,691,505	1,649,700	97.53%
Total revenues	75,770,137	40,575,355	35,194,782	86.74%
Cost of sales and service	53,363,144	28,353,274	25,009,870	88.21%
Operations expense	7,666,585	3,564,393	4,102,192	115.09%
Maintenance expense	3,598,714	1,620,815	1,977,899	122.03%
Depreciation and Amortization expense	3,558,973	1,757,318	1,801,655	102.52%
Transfers out - in lieu of taxes	1,461,981	747,322	714,659	95.63%
Interest and other expense	2,272,332	1,137,656	1,134,676	99.74%
Total expenses	71,921,729	37,180,778	34,740,951	93.44%
Change in net position	3,848,408	3,394,577	453,831	13.37%
Beginning net position	103,467,075	100,072,498	3,394,577	3.39%
Ending net position	$ 107,315,483	$ 103,467,075	$ 3,848,408	3.72%

Table 2B

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - WATER AND SEWER DEPARTMENT

	June 30, 2024	October 31, 2023	Increase (Decrease) $	Increase (Decrease) %
Operating revenues	$ 26,488,454	$ 14,175,164	$ 12,313,290	86.87%
Non-operating revenues	5,704,745	3,467,259	2,237,486	64.53%
Total revenues	32,193,199	17,642,423	14,550,776	82.48%
Operations expense	13,346,929	7,037,219	6,309,710	89.66%
Maintenance expense	2,798,359	1,396,433	1,401,926	100.39%
Depreciation and Amortization expense	5,142,631	2,498,689	2,643,942	105.81%
Transfers out - in lieu of taxes	337,814	168,195	169,619	100.85%
Interest and other expense	1,171,856	2,479,370	(1,307,514)	-52.74%
Total expenses	22,797,589	13,579,906	9,217,683	67.88%
Change in net position	9,395,610	4,062,517	5,333,093	131.28%
Beginning net position	109,396,910	105,334,393	4,062,517	3.86%
Ending net position	$ 118,792,520	$ 109,396,910	$ 9,395,610	8.59%

Operating revenues showed an increase of 86.27% for the electric department and an increase of 86.87% for the water and sewer department and cost of sales and service in the electric department showed an increase of 88.21% from October 2023 to June of 2024 due primarily to eight months being reported as opposed to four months. Total ending net position showed an increase of 6.22% over the eight months due to a profit in the current period.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During the eight months ended June 30, 2024, the Utility had $271,469,349 (net of accumulated depreciation) invested in a broad range of utility capital assets. This investment includes land, land rights, distribution, transmission, and treatment systems and their related equipment, and various types of equipment. Based on the uses of the aforementioned assets, they are classified for financial purposes as general plant, treatment plant, transmission plant, distribution plant, plant held for future use, other electric plant, and construction in progress. This investment represents an overall increase of $18.44 million or 7.29% over last year.

The following tables summarize the Utility's capital assets, net of accumulated depreciation, and changes therein, for the eight months ended June 30, 2024. These changes are presented in detail in Note 3D to the financial statements.

Table 3A
CAPITAL ASSETS - ELECTRIC DEPARTMENT

	June 30, 2024	October 31, 2023	Increase (Decrease) $	Increase (Decrease) %
General plant	$ 28,284,989	$ 26,580,140	$ 1,704,849	6.41%
Transmission plant	5,759,963	5,841,389	(81,426)	-1.39%
Distribution plant	142,170,307	138,425,225	3,745,082	2.71%
Plant held for future use	1,139,691	1,193,596	(53,905)	-4.52%
Other electric plant	1,398,145	1,553,843	(155,698)	-10.02%
Construction in progress	11,117,238	4,979,064	6,138,174	123.28%
Accumulated depreciation	(91,230,504)	(87,783,375)	(3,447,129)	3.93%
Total capital assets, net of accumulated depreciation	$ 98,639,829	$ 90,789,882	$ 7,849,947	8.65%

Table 3B
CAPITAL ASSETS - WATER AND SEWER DEPARTMENT

	June 30, 2024	October 31, 2023	Increase (Decrease) $	Increase (Decrease) %
General plant	$ 14,691,385	$ 13,323,020	$ 1,368,365	10.27%
Treatment plant	67,754,438	66,442,908	1,311,530	1.97%
Distribution plant	208,996,586	197,401,668	11,594,918	5.87%
Construction in progress	31,481,706	29,867,591	1,614,115	5.40%
Accumulated depreciation	(150,094,595)	(144,794,040)	(5,300,555)	3.66%
Total capital assets, net of accumulated depreciation	$ 172,829,520	$ 162,241,147	$ 10,588,373	6.53%

The increases in construction in progress during the eight months ended June 30, 2024 were mainly due to ongoing projects in the electric funds.

The Utility plans on using existing financial resources to keep upgrading existing systems and adding new systems.

Debt Administration
The Utility has outstanding notes and bonds payable in the amount of $122,215,297 as of June 30, 2024. Details relating to debt can be found in Note 3E.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The fiscal year 2025 budget was approved at the April 2024 Board meeting. The city is actively recruiting new industries to the area to make up for past plant closures. Any new industry that comes to the area will increase the Utility's power sales and should help the overall financial condition of the Utility.

CONTACTING THE UTILITIES FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Utility's finances for all those with an interest in the Utility's finances and to demonstrate the Utility's accountability for the money it receives. Questions concerning any information provided in this report or requests for any additional information should be directed to the Accounting Manager of the Utilities, 2450 Guthrie Ave NW, Cleveland, TN 37311.

CLEVELAND UTILITIES AUTHORITY
STATEMENT OF NET POSITION
June 30, 2024

	Electric Department	Water and Sewer Department	Totals
Assets			
Current assets			
Cash on hand	$ 3,050	$ -	$ 3,050
Unrestricted cash and cash equivalents	32,410,162	8,067,737	40,477,899
Investments	483,254	-	483,254
Accounts receivable (net of allowance for uncollectibles of $197,024)	- 13,271,067	5,477,147	18,748,214
Other receivable	1,312,455	723,178	2,035,633
Due from other funds	2,212,688	(2,212,688)	-
Due from the City	13,499	-	13,499
Inventories	3,884,321	2,517,480	6,401,801
Prepayments and other current assets	147,255	67,167	214,422
Total current assets	53,737,751	14,640,021	68,377,772
Noncurrent assets			
Restricted cash, cash equivalents, and investments			
Cash and cash equivalents	46,324,038	2,953,884	49,277,922
Other assets:			
Advances to customers - home insulation	1,795,268	-	1,795,268
Capital assets:			
General plant	28,284,989	14,691,385	42,976,374
Treatment plant	-	67,754,438	67,754,438
Transmission plant	5,759,963	-	5,759,963
Distribution plant	142,170,307	208,996,586	351,166,893
Other electric plant	1,398,145	-	1,398,145
Plant held for future use	1,139,691	-	1,139,691
Construction in progress	11,117,238	31,481,706	42,598,944
Less: Accumulated depreciation	(91,230,504)	(150,094,595)	(241,325,099)
Total capital assets (net of accumulated depreciation)	98,639,829	172,829,520	271,469,349
Total noncurrent assets	146,759,135	175,783,404	322,542,539
Total assets	200,496,886	190,423,425	390,920,311
Deferred outflows of resources			
Deferred outflows - pension	6,672,238	6,788,144	13,460,382
Deferred outflows - OPEB	512,945	769,417	1,282,362
Total deferred outflows of resources	$ 7,185,183	$ 7,557,561	$ 14,742,744

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

CLEVELAND UTILITIES AUTHORITY
STATEMENT OF NET POSITION
June 30, 2024

	Electric Department	Water and Sewer Department	Totals
Liabilities			
Current liabilities			
Accounts payable	$ 10,649,872	$ 643,762	$ 11,293,634
Customer deposits	5,015,943	-	5,015,943
Due to the City	660,896	-	660,896
Accrued expenses (including compensating absences)	2,403,749	1,142,508	3,546,257
Current maturities of long-term debt	2,291,785	6,399,426	8,691,211
Total current liabilities	21,022,245	8,185,696	29,207,941
Noncurrent liabilities			
Advances - home insulation program	1,856,337	-	1,856,337
Notes payable	-	32,385,439	32,385,439
Bonds payable	62,882,268	22,931,873	85,814,141
Net pension liability	6,869,902	6,669,765	13,539,667
Net OPEB liability	3,873,911	5,810,867	9,684,778
Total noncurrent liabilities	75,482,418	67,797,944	143,280,362
Total liabilities	96,504,663	75,983,640	172,488,303
Deferred inflows of resources			
Deferred inflows - pension	144,609	147,389	291,998
Deferred inflows - OPEB	1,716,356	2,574,534	4,290,890
Deferred inflows - other	2,000,958	482,903	2,483,861
Total deferred inflows of resources	3,861,923	3,204,826	7,066,749
Net Position			
Net investment in capital assets	79,789,814	114,066,666	193,856,480
Unrestricted	27,525,669	4,725,854	32,251,523
Total net position	**$ 107,315,483**	**$ 118,792,520**	**$ 226,108,003**

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

CLEVELAND UTILITIES AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Eight Months Ended June 30, 2024

	Electric Department	Water and Sewer Department	Totals
Operating revenues			
Charges for sales and services (net of uncollectable accounts of $109,290 and $29,864)	$ 70,257,769	$ 25,159,910	$ 95,417,679
Other revenues	2,171,163	1,328,544	3,499,707
Total operating revenues	72,428,932	26,488,454	98,917,386
Operating expenses			
Cost of sales and services	53,363,144	-	53,363,144
Operations expense	7,666,585	13,346,929	21,013,514
Maintenance expense	3,598,714	2,798,359	6,397,073
Depreciation and Amortization	3,558,973	5,142,631	8,701,604
Total operating expenses	68,187,416	21,287,919	89,475,335
Operating income (loss)	**4,241,516**	**5,200,535**	**9,442,051**
Nonoperating revenues (expenses)			
Interest and other revenues	3,341,205	335,082	3,676,287
Tap fees and other nonoperating revenues	-	640,370	640,370
Interest and other expenses	(2,272,332)	(1,171,856)	(3,444,188)
Total nonoperating revenues (expenses)	1,068,873	(196,404)	872,469
Change in net position before transfers and capital contributions	5,310,389	5,004,131	10,314,520
Transfers and Capital Contributions			
Transfers out - in lieu of taxes	(1,461,981)	(337,814)	(1,799,795)
Capital contributions	-	4,729,293	4,729,293
Total transfers and capital contributions	(1,461,981)	4,391,479	2,929,498
Change in net position	**3,848,408**	**9,395,610**	**13,244,018**
Total net position - beginning	103,467,075	109,396,910	212,863,985
Total net position - ending	**$ 107,315,483**	**$ 118,792,520**	**$ 226,108,003**

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

CLEVELAND UTILITIES AUTHORITY
STATEMENT OF CASH FLOWS
For the Eight Months Ended June 30, 2024

	Electric Department	Water and Sewer Department	Totals
Cash Flows from Operating Activities:			
Cash received from consumers	$ 69,396,708	$ 26,324,712	$ 95,721,420
Cash paid to suppliers of goods and services	(55,880,459)	(11,111,069)	(66,991,528)
Cash paid to employees for services	(7,154,055)	(4,971,597)	(12,125,652)
Customer deposits received	728,344	-	728,344
Customer deposits refundec	(480,585)	-	(480,585)
Net cash provided by (used in) operating activities	6,609,953	10,242,046	16,851,999
Cash Flows from Capital and Related Financing Activities:			
Capital contributed by customers and grants	-	4,729,293	4,729,293
Proceeds from notes and bonds payable issuance	-	8,053,931	8,053,931
Principal paid on debt	(3,294,287)	(4,066,291)	(7,360,578)
Interest paid on bonds, notes, and leases	(2,272,332)	(1,171,856)	(3,444,188)
Construction and acquisition of plant	(11,640,054)	(15,731,004)	(27,371,058)
Plant removal cost	(219,529)	-	(219,529)
Materials salvaged from retirements	450,663	-	450,663
Transfers to the City - payment in lieu of taxes	(1,461,981)	(337,814)	(1,799,795)
Net cash provided by (used in) capital and related financing activities	(18,437,520)	(8,523,741)	(26,961,261)
Cash Flows from Investing Activities:			
Purchase of investments	12,586	-	12,586
Other non-operating income	3,341,205	975,452	4,316,657
Conservation loans (made) collected	27,638	-	27,638
Net cash provided (used) by investing activities	3,381,429	975,452	4,356,881
Net increase (decrease) in cash and cash equivalents	**(8,446,138)**	**2,693,757**	**(5,752,381)**
Cash and cash equivalents - beginning of year	87,183,388	8,327,864	95,511,252
Cash and cash equivalents - end of year	**$ 78,737,250**	**$ 11,021,621**	**$ 89,758,871**

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

CLEVELAND UTILITIES AUTHORITY
STATEMENT OF CASH FLOWS
For the Eight Months Ended June 30, 2024

	Electric Department	Water and Sewer Department	Totals
Cash and Cash Equivalents			
Unrestricted cash on hand	$ 3,050	$ -	$ 3,050
Restricted cash equivalents	46,324,038	2,953,884	49,277,922
Unrestricted cash and cash equivalent	32,410,162	8,067,737	40,477,899
Total cash and cash equivalents	**$ 78,737,250**	**$ 11,021,621**	**$ 89,758,871**
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ 4,241,516	$ 5,200,535	$ 9,442,051
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	3,558,973	5,142,631	8,701,604
Change in pension and OPEB related deferred outflows and inflows of resources	2,245,964	1,533,933	3,779,897
Changes in assets and liabilities:			
Accounts receivable	(2,900,315)	(200,511)	(3,100,826)
Other receivable	(131,909)	36,769	(95,140)
Materials and supplies	(533,628)	(59,640)	(593,268)
Prepayments and other current assets	433,393	681,171	1,114,564
Due from other governments	144,597	-	144,597
Due/to from other funds	(798,946)	798,946	-
Accounts payable and accrued expenses	2,988,989	(96,997)	2,891,992
Customer deposits	247,759	-	247,759
Net pension liability	(1,717,993)	(1,050,596)	(2,768,589)
Net OPEB liability	(1,168,447)	(1,744,195)	(2,912,642)
Net cash provided (used) by operating activities	**$ 6,609,953**	**$ 10,242,046**	**$ 16,851,999**

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

CLEVELAND UTILITIES AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION - OPEB TRUST
June 30, 2024

Assets		
Cash and cash equivalents	$	263,358
Accrued income		3,033
Investments		
Equity investments		4,177,210
Fixed income investments		1,507,603
Total investments		5,684,813
Net position available for benefits		**5,951,204**
Liabilities		-
Net position restricted for pensions	**$**	**5,951,204**

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

CLEVELAND UTILITIES AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - OPEB TRUST
For the Eight Months Ended June 30, 2024

Additions	
Investment income	
Interest and dividend income	$ 97,878
Net appreciation (depreciation) in fair value of investments	867,280
Total investment income (loss)	965,158
Total additions (losses)	965,158
Net increase (decrease) in fiduciary net position	**965,158**
Net position restricted for pensions	
Beginning of year	4,986,046
End of year	$ 5,951,204

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Cleveland Utilities Authority (the Utility) was formed to own and operate an electric, water, and wastewater utility within or outside the corporate limits of the City of Cleveland and to exercise all powers granted to energy authorities by the Municipal Energy Authority Act enacted by Public Chapter No. 995 of the 2016 Public Acts of the State of Tennessee, as amended, with respect to electric, water, and wastewater services. This act authorizes the authority, effective immediately upon the effective date of its formation, and upon proper action by the associated municipality, to commence operating the systems and to exercise exclusive control and direction of the systems and to accept title to the assets and assume the liabilities of the systems, and upon such action to hold all the rights as existed with the municipal utility system without diminution.

As a public utility, Cleveland Utilities Authority is under the regulatory authority of the Tennessee Valley Authority (TVA). TVA requires that a eight-month financial report be issued that includes the operations of Cleveland Utilities Authority from November 1, 2023, through June 30, 2024.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Utility's financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The accounting policies of the Utility conform to applicable accounting principles generally accepted in the United States of America as defined by the *Governmental Accounting Standards Board* (GASB).

Business-type funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the business-type fund's principal ongoing operations. The principal operating revenues of the Utility are charges for sales to customers for sales and service. Operating expenses for the business-type funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Assets, Liabilities, Deferred Outflow/Inflows, and Net Positions

Deposits and investments
The Utility's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition.

State statutes authorize the Utility to invest in certificates of deposit, obligations of the U. S. Treasury, agencies, instrumentalities and obligations guaranteed as to principal and interest by the United States or any of its agencies, repurchase agreements, and the Tennessee local government investment pool. Investments are stated at fair value.

Receivables and payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the statement of net position.

Trade receivables result from unpaid billings for service to customers and from unpaid billings related to work performed for or materials sold to certain entities. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible customer accounts recorded by the Utility is based on past history of uncollectible accounts and management's analysis of current accounts.

Inventories and prepaid items

All inventories are valued at the lower of average cost or market, using the first-in/first-out (FIFO) method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Capital assets

Capital assets, which include property, plant, equipment, and construction in progress, are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets are defined by the Utility as assets with an estimated useful life of at least 5 years and a cost of more than $0. Assets acquired through contributions from developers or other customers are capitalized at their estimated fair market value at the date of donation.

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. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is expensed in the year incurred.

Property, plant, and equipment of the Utility are depreciated using the straight-line method over the following useful lives:

General plant	5 - 33.33 years
Treatment plant	2.5 - 33.33 years
Transmission plant	10 - 33.33 years
Distribution plant	.66 - 33.33 years

Long-term obligations

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The Utility continues to report bond issuance costs as an asset and amortize those over the life of the bonds instead of expensing those costs in the current year in accordance with certain provisions included in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements.* This regulatory option as part of GASB Statement No. 65 is available due to the above-mentioned cost being used for rate setting by the Utility.

Pensions and OPEB

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Utility's participation in their multiple employer defined benefit pension plan and single employer OPEB plan, and additions to/deductions from the Utility's fiduciary net position have been determined on the same basis as they are reported by the retirement and OPEB plans. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Utility has pension and OPEB related deferred outflows that qualify for reporting in this category.

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 acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Utility has OPEB related deferred inflows that qualify for reporting in this category.

Net Position Flow Assumption

Sometimes the Utility 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Utility policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Net Positions

Equity is classified as net positions and displayed in the following three components:

- Net Investment in Capital Assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.
- Restricted for Debt Service - Consists of net positions for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities.
- Unrestricted - All other net positions that do not meet the description of the above categories.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred inflows/outflows of resources, and liabilities, the disclosure of contingent amounts and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The Utility adopts flexible annual operating and capital budgets. Budgets are adopted on a basis consistent with generally accepted accounting principles. The current operating budget details the Utility's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year. The capital budget details the plan to receive and expend cash basis capital contribution fees, special assessments, grants, borrowings, and certain revenues for capital projects.

All unexpended appropriations in the operating budget remaining at the end of the fiscal year lapse. Management submits a proposed budget to the Utility's Board. A budget is then adopted for the next fiscal year. During the year, management is authorized to transfer budgeted amounts between line items.

NOTE 3 - DETAILED NOTES ON ACCOUNTS

A. Deposits and Investments

The asset allocations as well as their market values for the pension plan are summarized in the following table:

	June 30, 2024	
	Market Value	Percentage of Total
Cash equivalents	$ 266,391	4.48%
Equities	4,177,210	70.19%
Fixed Income	1,507,603	25.33%
Total	$ 5,951,204	100.00%

The following investments represent more than 5% of the fiduciary net position as of June 30, 2024 and are not issued or explicitly guaranteed by the U.S. government:

	2024
Avantis US Small Cap Value Fund	$ 333,136
Wasatch Core Growth Fund	330,465
Vanguard Growth Index	999,288
Vanguard High Dividen Yield Index Fund	840,725
Victory Sycamore Established Value Fund	383,741
Clearbridge International Growth Fund	531,763
Hartford International Value Fund	339,422
Federated Hermes Total Return Bond Fund	322,068
Fidelity US Bond Index	643,233
Pimco Income Fund	321,955

For the eight months ended June 30, 2024, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 14.91 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2024, respectively:

June 30, 2024		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Mutual funds - fixed	$ 1,507,603	$ 1,507,603	$ -	$ -
Total debt securities	1,507,603	1,507,603	-	-
Equity securities				
Mutual funds	4,177,210	4,177,210	-	-
Total investment measured at fair value	$ 5,684,813	$ 5,684,813	$ -	$ -

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Custodial credit risk
The Utility's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance, the Tennessee Bank Collateral Pool, by collateral held by the Utility's agent in the Utility's name, or by the Federal Reserve Banks acting as third-party agents. State statutes also authorize the Utility to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least

equal to the amount of funds invested in the repurchase transaction. As of June 30, 2024, all bank deposits were fully collateralized or insured.

B. Receivables

Receivables as of the fiscal year end were made up of the following:

	June 30, 2024
Billed services for utility customers	18,945,238
Other receivables for utility services	2,035,633
Allowance for uncollectibles	(197,024)
Total	$ 20,783,847

C. Interfund Receivables and Payables and Transfers

The interfund balances presented in the statement of net positions represent the amount of these interfund balances as shown below. The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between the funds are made.

All interfund balances are expected to be repaid within the next fiscal year and are considered ordinary in nature. The interfund balances as of June 30, 2024 are as follows:

June 30, 2024	Due from Water
Due to Electric	$ 2,212,688

The Electric division holds an interdivisional receivable of $2,212,688 as of June 30, 2024. This amount consists of $228,620 for Water Division Payroll, $172,986 for Sewer Division Payroll, $617,393 for Water Division Accounts Payable, $669,752 for Sewer Division Accounts Payable, and $351,907 for Water Division for expenses paid in June, and 172,030 for Sewer Division for expenses paid in June.

There is a due to the City of Cleveland in the amount of $660,896 for the eight months ended June 30, 2024. The due to the City results from the June Sanitation and Stormwater revenues that were billed by the Utility but were not remitted until after June 30.

There is a due from the City of Cleveland in the amount of $13,499 for the eight months ended June 30, 2024. The due from the City results from work done for the City that is billed to the City was not received until after June 30.

D. Capital Assets

Capital asset activity during the year was as follows:

Electric Fund Description	Balance at October 31, 2023	Additions	Disposals	Balance at June 30, 2024
Capital assets, not being depreciated				
Land and land rights	$ 559,065	$ -	$ -	$ 559,065
Plant for future use	1,193,596	-	53,905	1,139,691
Construction in progress	4,979,064	6,138,174	-	11,117,238
Total capital assets not being depreciated	6,731,725	6,138,174	53,905	12,815,994
Capital assets, being depreciated				
General plant	26,360,513	1,704,850	-	28,065,363
Transmission plant	5,748,786	58,189	139,615	5,667,360
Distribution plant	138,178,390	3,983,715	238,634	141,923,471
Other electric plant	1,553,843	-	155,698	1,398,145
Total capital assets being depreciated	171,841,532	5,746,754	533,947	177,054,339
Less accumulated depreciation for:				
General plant	12,728,844	506,662	-	13,235,506
Transmission plant	4,036,407	88,435	47,301	4,077,541
Distribution plant	71,018,124	3,013,531	114,198	73,917,457
Total accumulated depreciation	87,783,375	3,608,628	161,499	91,230,504
Total capital assets, being depreciated, net	84,058,157	2,138,126	372,448	85,823,835
Total capital assets, net	$ 90,789,882	$ 8,276,300	$ 426,353	$ 98,639,829

Water and wastewater Description	Balance at October 31, 2023	Additions	Disposals	Balance at June 30, 2024
Capital assets, not being depreciated				
Land and land rights	$ 1,964,112	$ 610,261	$ -	$ 2,574,373
Construction in progress	29,867,591	1,614,115	-	31,481,706
Total capital assets not being depreciated	31,831,703	2,224,376	-	34,056,079
Capital assets, being depreciated				
General plant	13,323,020	1,368,365	-	14,691,385
Treatment plant	64,478,796	701,269	-	65,180,065
Distribution plant	197,401,668	11,612,253	17,335	208,996,586
Total capital assets being depreciated	275,203,484	13,681,887	17,335	288,868,036
Less accumulated depreciation for:				
General plant	8,486,690	345,513	-	8,832,203
Treatment plant	36,703,784	1,098,370	-	37,802,154
Distribution plant	99,603,566	3,874,007	17,335	103,460,238
Total accumulated depreciation	144,794,040	5,317,890	17,335	150,094,595
Total capital assets, being depreciated, net	130,409,444	8,363,997	-	138,773,441
Total capital assets, net	$ 162,241,147	$ 10,588,373	$ -	$ 172,829,520

Depreciation expense was charged to departments as follows:

	June 30, 2024
Electric	$ 3,403,274
Water and Sewer	5,142,631
Total charged to operations	8,545,905
Charged to transportation - electric	205,354
Charged to transportation - water & sewer	175,259
Total depreciation	$ 8,926,518

E. Long-term Debt

Electric Department

Bonds payable at June 30, are as follows:		2024
Electric System Revenue Refunding Bonds, Series 2023, 4.24%, due annualy through 2043, secured	$	61,745,000
Current portion bonds payables		2,115,000
Total long-term portion bonds payables	$	59,630,000

Water and Wastewater Department

Bonds payable at June 30, are as follows:		2024
Water and Wastewater Revenue Refunding Bonds, Series 2023, 4.13%, due annualy through 2042, secured		24,240,000
Current portion bonds payables		2,485,000
Total long-term portion bonds payables	$	21,755,000

Notes payable at June 30, are as follows:	
State Revolving Fund Loan,1.50%, due serially through 2036, unsecured	1,214,442
State Revolving Fund Loan, 1.38%, due serially through 2036, unsecured	1,471,188
State Revolving Fund Loan, 1.10%, due serially through 2038, unsecured	1,990,027
State Revolving Fund Loan, 0.88%, due serially through 2037, unsecured	68,545
State Revolving Fund Loan, 1.60%, due serially through 2039, unsecured	612,942
State Revolving Fund Loan, 1.31%, due serially through 2039, unsecured	148,940
State Revolving Fund Loan, 1.15%, due serially through 2039, unsecured	326,084
State Revolving Fund Loan, 1.15%, due serially through 2037, unsecured	907,120
State Revolving Fund Loan, 1.58%, due serially through 2039, unsecured	6,106,618

State Revolving Fund Loan, 1.58%, due serially through 2042, unsecured		9,099,452
State Revolving Fund Loan, 0.73%, due serially through 2034, unsecured		5,081,057
State Revolving Fund Loan, 1.56%, due serially through 2040, unsecured		721,126
State Revolving Fund Loan, 1.56%, due serially through 2042, unsecured		432,563
State Revolving Fund Loan, 2.40%, due serially through 2044, unsecured		299,383
State Revolving Fund Loan, 2.40%, due serially through 2044, unsecured		1,597,858
State Revolving Fund Loan, 1.33%, due serially through 2044, unsecured		4,582,196
State Revolving Fund Loan, 1.37%, due serially through 2042, unsecured		1,570,756
Total notes payables		36,230,297
Current portion notes payables		3,844,858
Total long-term portion notes payables	$	32,385,439

The above notes payable contain provisions that in the event of default, the lender can exercise one or more of the following options: (1) Make all or any of the outstanding notes payable balance immediately due and accrued interest at highest post maturity interest rate, (2) Take possession of the collateralized properties, (3) Gain access to other assets of the Utility to protect the lender's interest, and (4) Use any remedy allowed by state or federal law. The notes payable also contain a subjective clause that causes the Utility to be in default if an event occurs that causes the lender to reasonably believe that the lender will have difficulty in collecting the notes payable, or significantly impairs the value of the collateralized properties. The utility was in compliance with all debt covenants at June 30, 2024.

The following is a summary of long-term debt transactions for the year ended June 30, 2024

	Balance at October 31, 2023	Additions	Retirements	Balance at June 30, 2024	Due in one year
Long-term debt from direct borrowings:					
Notes Payable	$ 29,177,074	$ 8,053,931	$1,000,708	$ 36,230,297	$3,844,858
Bonds Payable	92,185,000	-	6,200,000	85,985,000	4,600,000
Premium	4,835,364	-	159,870	4,675,494	246,353
Total long-term debt	$ 126,197,438	$ 8,053,931	$7,360,578	$ 126,890,791	$8,691,211

A summary of future debt service amounts are as follows:

Year ending	Bonds		Notes		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 4,600,000	$ 4,208,963	$ 3,844,858	$ 536,772	$ 8,444,858	$ 4,745,735
2026	5,085,000	3,978,963	2,276,052	507,720	7,361,052	4,486,683
2027	5,190,000	3,724,713	2,229,163	478,260	7,419,163	4,202,973
2028	5,225,000	3,465,213	2,204,040	384,420	7,429,040	3,849,633
2029	4,580,000	3,203,963	2,231,196	357,264	6,811,196	3,561,227
2030-2034	22,355,000	12,646,065	11,575,500	1,360,516	33,930,500	14,006,581
2035-2039	21,905,000	7,111,878	8,491,519	545,375	30,396,519	7,657,253
2040-2044	17,045,000	1,925,988	3,377,969	93,145	20,422,969	2,019,133
	$ 85,985,000	$ 40,265,746	$ 36,230,297	$ 4,263,472	$ 122,215,297	$ 44,529,218

F. Net Position

Net Position represents the difference between assets and liabilities. The net position was as follows:

	June 30, 2024
Investment in capital assets	
Net property, plant, and equipment in service	$ 271,469,349
Less: Debt as disclosed in Note 3E	(126,890,791)
Plus: Restricted cash	49,277,922
	193,856,480
Unrestricted	32,251,523
Total net position	$ 226,108,003

NOTE 4 - OTHER INFORMATION

A. Pension Plan – Central Service Association Mass Mutual Defined Benefit Retirement Plan

Plan Description: The employees of the Electric fund hired prior to October 15, 1993 are provided an agent multi-employer defined benefit plan through the Governmental Plan of Central Services Association (CSA). The employers contribute amounts sufficient to meet the actuarially determined funding requirements of the Plan in order to provide for anticipated benefits. The Plan is administered by CSA. The Board of Directors of CSA appoints an Insurance and Retirement Committee which oversees the Plan and makes recommendations for changes to the Plan.

CSA issues a publicly available report that can be obtained by contacting Central Services Association, P.O. Box 3480, Tupelo, Mississippi 38803-3480.

Benefits Provided: The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Each employee is eligible to participate in the Plan, and employees are fully vested in the Plan after five years of service.

Employees Covered by Benefit Terms:

At October 1, 2023, the following employees were covered by the Plan:

Active employees	4
Inactive not receiving benefits	2
Inactive receiving benefits	81
Total employees covered by the Plan	87

Contributions: Required contributions are determined by MassMutual Financial Group based on actuarial calculations performed by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Each Participant participating in the Plan shall contribute to the Plan 1.5 percent of his Earnings. Payment of such contributions shall be by regular payroll deduction, and shall begin as of the first day of the month the Participant enters the Plan. Except as otherwise provided by the Plan, payment of such contributions shall cease upon the Participant's retirement or other termination of employment.

Net Pension Liability:

The Utility's net pension liability was measured as of October 1, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The total pension liability in the October 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Summary of Principal Actuarial Assumptions	
Discount rate	7.00%
Funding method	Entry Age Normal
Mortality	Pub-2010 general amount-weighted table fully generational with projection scale MP-2021 for all participants except beneficiaries.
Incidence of disability	1985 CIDA Table - Class 2.
Turnover	For all employees: Sarason T-3 Table
Salary scale	3.50% per year
Overtime	It is assumed that overtime will continue to be earned at 100% of the level of the most recent 3-year average.
Assumed retirement age	25% at ages 57-61, 50% at ages 62-64, 100% at age 65
Marriage	It is assumed that 50% of participants are married and that 1 male is 3 years older than his female spouse.
Cost of living adjustment	N/A
Asset valuation	Market value
Funding Value	Actuarial Value (5-year smoothing)

The actuarial assumptions used in the October 1, 2023 valuation were based on employee census data for the period October 1, 2022 to October 1, 2023. In addition, mortality rates were based on the Pub-2010 general amount-weighted table fully generational with projection scale MP-2021 for all participants except beneficiaries.

The long-term expected rate of return on 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 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

October 1, 2023		Long-Term
Asset Class	Target Allocation	Expected Real Rate of Return
Fixed Income	50.00%	4.50% - 5.50%
Large Cap	20.00%	9.00% - 11.00%
Mid Cap	10.00%	8.50% - 10.50%
Small Cap	8.00%	8.00% - 10.00%
Real Estate	2.00%	3.50% - 5.50%
International Equity	10.00%	3.50% - 5.50%
	100.00%	

The contributions to this plan for the eight months ended June 30, 2024, by the employer were $995,433. The Utility's payroll for employees covered by the Plan was $365,418.

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employees contribute to the plan and that contributions from the employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Utility's Net Pension Liability

Changes in the Utility's net pension liability for the plan year ended October 1, 2023 were as follows:

	Increase (Decrease) Total pension liability (TPL) (a)	Plan fiduciary net position (b)	Net pension liability (NPL) (a)-(b)
Balances as 10/1/2022	36,043,515	27,483,844	8,559,671
Changes for the year:			
Service cost	52,458	-	52,458
Interest	1,777,785	-	1,777,785
Difference between actual and expected	102,507	-	102,507
Assumption changes	-	-	-
Contributions - employer	-	2,106,108	(2,106,108)
Contributions - employee	-	-	-
Net investment income	-	2,429,652	(2,429,652)
Benefit payments	(2,981,036)	(2,981,036)	-
Administrative expenses	-	(71,680)	71,680
Net changes	(1,048,286)	1,483,044	(2,531,330)
Balances as 10/1/2023	$ 34,995,229	$ 28,966,888	$ 6,028,341

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

	1% Decrease	Current Rate	1% Increase
Interest rate	6.00%	7.00%	8.00%
Net pension liability	9,140,944	6,028,341	3,347,434

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

Due to the implementation of GASB Statement No. 68, net pension liability is required to be recognized on the Utility's financial statements. Pension expense, deferred outflows of resources, and deferred inflows of resources related to pensions result from changes in the components of the net pension liability. Most changes in the net pension liability are required to be included in pension expense in the period of the change. However, changes not recognized as pension expense are recognized as deferred inflows/outflows. The deferred inflows/outflows will be recognized as pension expense in future years. Changes in the total pension liability due to changes of economic and demographic assumptions or other inputs and differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan, beginning with the current period. Changes in the total pension liability due to differences between the projected earnings and the actual experience with regard to those earnings are required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period.

For the Plan year ended October 1, 2023, the Utility recognized pension expense of $1,877,635 determined as follows:

Annual Pension Expenses:	
Service cost	52,457
Interest cost	2,380,212
Recognized liability (gains)/losses	112,355
Differences between expected and actual experience	234,140
Change of assumptions	-
Employee contributions	(1,890,738)
Expected return on pension investments	917,529
Recognized asset (gains)/losses	71,680
Administrative expense	-
Other charges in fiduciary net pension	-
Total pension expense	1,877,635

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	395,758	115,297
Change of assumptions	235,196	-
Net difference between projected and actual earnings on Plan investments	2,961,682	-
Contributions subsequent to the measurement date of October 1, 2023	1,747,686	-
Total	$ 5,340,322	$ 115,297

The amounts shown above for "Contributions subsequent to the measurement date of October 1, 2023" will be recognized as a reduction to net pension liability in the following measurement period.

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

Year ending June 30,	Amortized
2025	1,081,063
2026	889,476
2027	1,594,080
2028	(87,280)
2029	-
Thereafter	-

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

B. Pension Plan – Tennessee Consolidated Retirement System

Plan description: Employees of Cleveland Utilities Authority are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The Utility participates in TCRS through the City of Cleveland. Consequently, the Utility's participation is accounted for as a multi-employer cost-sharing plan for purposes of the Utility's financial reporting. The Utility's employees comprise 35.48% percent of the plan based on census data. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies .

Benefits provided: Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employee Membership data related to the plan, as of June 30, 2023 was as follows:

Plan membership

	2023
Inactive plan members or beneficiaries currently receiving benefits	198
Inactive plan members entitled to but not yet receiving benefits	159
Active plan members	268
	625

Contributions: Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. The Utility makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the eight months ended June 30, 2024, the employer contribution for the Utility was $1,963,691 based on a rate of 16.42% percent of covered payroll. By law, employer contributions are required to be paid. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The Utility's net pension liability (asset) was measured as of June 30, 2023, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date. The Utility's proportion of the net pension liability was based on census data of the Utility's employees relative to all employees covered under the Utility's plan. At the June 30, 2023 measurement dates, the Utility's proportion was 36.32 percent.

Actuarial assumptions: The total pension liability as of June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions

Inflation	2.25%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment Rate of Return	6.75%, Net of pension plan investment expenses, including inflation
Cost of Living Adjustment	2.125%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2018 through June 30, 2022. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return	Percentage Target Allocations
US Equity	4.88%	31%
Developed Market International Equity	5.37%	14%
Emerging Market International Equity	6.09%	4%
Private Equity and Strategic Lending	6.57%	20%
US Fixed Income	1.20%	20%
Real Estate	4.38%	10%
Short-term Securities	-	1%
Total		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three factors described above.

Discount rate: The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Utility will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2023 Changes in net pension liability (asset)

	Increase/Decrease		
	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at October 31, 2022	$ 75,439,374	$ 67,489,623	$ 7,949,751
Change in allocation	(907,626)	-	(907,626)
Beginning balance after change in allocation	74,531,748	67,489,623	7,042,125
Changes for the year:			
Service cost	1,431,383	-	1,431,383
Interest	5,029,864	-	5,029,864
Difference between expected and actual experience	1,409,966	-	1,409,966
Changes in Assumptions	-	-	-
Employer contributions	-	2,894,284	(2,894,284)
Employee contributions	-	-	-
Net investment income	-	4,535,662	(4,535,662)
Benefit payments	(2,893,191)	(2,893,191)	-
Administrative expense	-	(27,934)	27,934
Other charges	-	-	-
Net changes:	4,978,022	4,508,821	469,201
Balance at June 30, 2023	$ 79,509,770	$ 71,998,444	$ 7,511,326

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following presents the net pension liability (asset) of the Utility calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Sensitivity of Net Pension Liability

	2023
Net Pension Liability with a 1% Decrease in Discount Rate: 5.75%	18,521,857
Net Pension Liability at Current Discount Rate: 6.75%	7,511,326
Net Pension Liability with a 1% Increase in Discount Rate: 7.75%	(1,628,343)

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

Pension expense: For the eight months ended June 30, 2024 the Utility recognized pension expense of $2,883,438.

GASB 68 Annual Pension Expenses

	2023
Service cost	$ 1,431,348
Interest	5,029,864
Contributions-employees	-
Projected investment income	(4,554,644)
Recognition of experience (gains)/losses	574,721
Recognition of investment (gains)/losses	(358,270)
Recognition of of assumption changes	732,485
Administrative expenses	27,934
Total pension expense	$ 2,883,438

Deferred outflows of resources and deferred inflows of resources: For the eight months ended June 30, 2024, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2024 Deferred outflows/inflows of resources

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ 2,337,265	$ 176,701
Change of assumptions	570,176	-
Net difference between projected and actual earnings in pension investments	2,197,456	-
Contributions subsequent to the measurement date of June 30, 2023	3,015,163	-
	$ 8,120,060	$ 176,701

The amounts shown above for "Contributions subsequent to the measurement date of June 30, 2023" will be recognized as a reduction to net pension liability in the following measurement period.

Amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
FY 2025	$ 921,886
FY 2026	611,858
FY 2027	2,658,664
FY 2028	500,791
FY 2029	234,997
Thereafter	-

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan: At June 30, 2024, the Utility reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the eight months ended June 30, 2024.

C. Other Post-Employment Benefits (OPEB)

Plan description

The Board provides other postemployement benefits (OPEB) for certain employees as described below. The plan is a single employer defined benefit OPEB plan administered by the Board. The plan is reported as a fiduciary fund in the financial statements. The board provides post-retirement medical, hospitalization, vision, and dental benefits to employees who retire from the board with 30 years of service, or age 55 with 15 years of service. As of August 1, 2006 employees with a hire date prior to July 1, 2005, are non-contributory. For those participants with a date of hire on or after June 1, 2005, benefits participants pay according to the following schedule:

Years of service at retirement	Percentage of premium paid by participant
<15	100.00%
15	50.00%
16	46.67%
17	43.33%
18	40.00%
19	36.67%
20	33.33%
21	30.00%
22	26.67%
23	23.33%
24	20.00%
25	16.67%
26	13.33%
27	10.00%
28	6.67%
29	3.33%
30 and more	0.00%

Funding policy

The Utility's OPEB plan is a single-employer defined benefit plan funded through contributions to an irrevocable trust. The Plan is not required to issue a separate financial report.

Annual OPEB Cost and Net OPEB Obligation

Changes in Utility's Net OPEB Liability. Changes in the Utility's net OPEB liability measured at June 30, 2024 and rolled forward to June 30, 2024 is detailed in the following table. The table below shows the net OPEB liability as of October 31, 2023 rolled forward to June 30, 2024, which is what is reported in the financial statements in accordance with GASB Statement No. 75.

Changes in Net OPEB Liability	Increase/(Decrease)			
	Total OPEB Liability	Plan Fiduciary Net Position	Non-Trust Activity	Net OPEB Liability
Balance at October 31, 2023	16,151,300	3,553,880	-	12,597,420
Charges for the year				
Service Cost	237,335	-	-	237,335
Interest	704,529	-	-	704,529
experience	(2,220,602)	592,523	-	(2,813,125)
Change of benefit terms	352,849	-	-	352,849
Assumption changes	1,030,793	-	-	1,030,793
Contribution - employer	-	1,488,516	620,221	(2,108,737)
Contribution - employee	-	-	-	-
Net investment income	-	316,286	-	(316,286)
Benefit payments	(620,221)	-	(620,221)	-
Net changes	(515,317)	2,397,325	-	(2,912,642)
Balance at June 30, 2024	$ 15,635,983	$ 5,951,205	$ -	$ 9,684,778

Actuarial Methods and Assumptions
The valuation was based on information provided by the Utility as of June 30, 2024.

Plan Membership

Plan membership	
Active	201
Inactive plan members	100
Total	301

Actuarial assumptions
The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions

Actuarial cost method	Entry Age Normal
Mortality	PUB-2010 headcount-weighted fully generational mortality table with projection scale MP-2021
Salary scale	3.50%
Core inflation assumption	2.50%
Utilization	100.00%
Discount rate	7.00%
Valuation of asset	Market Value
Per capital claims	Conventional insured equivalent premiums were age-graded for the participants in the medical plans. Individual insured premiums were age-graded for the participants in the Medicare supplemental plans.
Trend	Per-capita claims costs are projected to increase at an initial rate of 6.0% with annual declines of 0.50% until an ultimate rate of 4.0% is achieved. The rates were taken from analysis of historical trends of various medical plans and a composite of the expected future increases reported in a number of national trend surveys.
Marriage	It was assumed that 40% of the male and 40% of the female employees who elect retiree health care coverage for themselves would also elect coverage for their spouse upon retirement. It was assumed that male spouses are three years older than their wives and female spouses are three years younger than the retiree. For current retirees, actual census information was used.

Retirement Rates:

Males:

	Years of Service		
Age:	<15	15-29	30+
50-56	0.0%	0.0%	16.5%
57-58	0.0%	0.0%	17.0%
59	0.0%	0.0%	17.5%
60	10.5%	12.5%	12.5%
61	15.0%	17.0%	17.0%
62	20.0%	22.0%	22.0%
63	17.5%	19.5%	19.5%
64	17.5%	19.5%	19.5%
65	24.0%	26.0%	26.0%
70	18.0%	20.0%	20.0%
75 and over	100.0%	100.0%	100.0%

Females:

Females:

	Years of Service		
Age:	<15	15-29	30+
50-55	0.0%	0.0%	15.5%
56	0.0%	0.0%	16.5%
57	0.0%	0.0%	17.0%
58	0.0%	0.0%	17.5%
59	0.0%	0.0%	18.5%
60	11.0%	13.0%	13.0%
61	13.0%	15.0%	15.0%
62	18.0%	20.0%	20.0%
63	16.0%	18.0%	18.0%
64	16.0%	18.0%	18.0%
65	22.0%	24.0%	24.0%
70	19.0%	21.0%	21.0%
75 and over	100.0%	100.0%	100.0%

Discount rate

The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that the Utility contributions will be made at rates equal to the actuarially determined contribution rates.

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following represents the Net OPEB Liability calculated using the stated health care cost trend assumption, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1-percentage point higher than the assumed trend rate:

A. Net OPEB liability at current trend rate (7.50% to 4.5%)	$9,684,778
B. Net OPEB liability with 1% decrease (6.50% to 3.5%)	$7,640,761
C. Net OPEB liability with 1% increase (8.50% to 5.5%)	$12,235,840

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following represents the Net OPEB Liability calculated using the stated discount rate, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1-percentage point higher than the current rate:

A. Net OPEB liability at current discount rate (7.00%)	$9,684,778
B. Net OPEB liability at with 1% decrease (6.00%)	$11,944,747
C. Net OPEB liability at with 1% increase (8.00%)	$7,836,613

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the eight months ended June 30, 2024, the Utility recognized OPEB expense of $705,593. At June 30, 2024, the Utility reported the following deferred outflows and inflows of resources related to OPEB liability:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	(3,653,964)
Change of assumptions	1,282,362	(148,020)
Net difference between projected and actual earnings on OPEB plan investments	-	(488,906)
Total	$ 1,282,362	$ (4,290,890)

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

Year ending June 30,	Amortized
2025	(636,129)
2026	(638,652)
2027	(669,235)
2028	(514,264)
2029	(274,694)
Thereafter	(275,554)

In the table above, positive amounts will increase OPEB expense, while negative amounts will decrease OPEB expense. Contributions made in the eight month period were $1,361,064.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to discount, trend rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Payment of Benefits. Benefits are recorded when the participant has met all of the Plan requirements to receive a benefit. At June 30, 2024 no benefits were payable and not paid.

Administrative Expenses. Qualified Plan administrative expenses are paid by the Plan. During the year ended June 30, 2024 administrative expenses paid were $0.

C. Power Contract

The Utility has a power contract with the Tennessee Valley Authority (TVA) whereby the Utility purchases all its electric power from TVA and is subject to certain restrictions and conditions as provided for in the power contract. Such restrictions include, but are not limited to, prohibitions against furnishing, advancing, lending, pledging or otherwise diverting Utility funds, revenues or property to other operations of the municipality and the purchase or payment of, or providing security for indebtedness on other obligations applicable to such other operations.

D. Risk Management

The Utility is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the eight months ended June 30, 2024, the Utility purchased commercial insurance for all of the above risks. Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in the amount of coverage.

REQUIRED SUPPLEMENTARY INFORMATION

CLEVELAND UTILITIES AUTHORITY
SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS BASED ON PARTICIPATION IN THE MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN - CSA
For the Plan Year Ending September 30,

Measurement period ended October 1,	8 months ended June 30, 2024	4 months ended October 31, 2023	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability											
Service cost	$ 52,458	$ 22,334	$ 66,999	$ 66,376	$ 56,028	$ 63,605	$ 68,316	$ 88,263	$ 98,869	$ 95,366	$ 92,532
Interest	1,777,785	793,759	2,381,278	2,416,904	2,348,086	2,351,768	2,304,139	2,270,713	2,210,999	2,159,798	2,165,875
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-	-
Differences between actual & expected experience	102,507	149,416	448,248	(288,243)	224,024	75,248	645,393	460,253	797,655	567,883	(355,441)
Change of assumptions	-		-	57,079	1,061,833	51,789	64,119	48,168	27,058	-	-
Benefit payments, including refunds of employee contributions	(2,981,036)	(363,082)	(2,813,403)	(2,709,933)	(2,724,486)	(2,450,385)	(2,343,308)	(2,396,553)	(2,145,295)	(2,044,920)	(1,940,294)
Other charges	-	-	-	-	-	-	-	-	-	-	-
Net change in total pension liability	(1,048,286)	602,427	83,122	(457,817)	965,485	92,025	738,659	470,844	989,286	778,127	(37,328)
Total pension liability - beginning	36,043,515	35,441,088	35,357,966	35,815,783	34,850,298	34,758,273	34,019,614	33,548,770	32,559,484	31,781,357	31,818,685
Total pension liability - ending (a)	34,995,229	36,043,515	35,441,088	35,357,966	35,815,783	34,850,298	34,758,273	34,019,614	33,548,770	32,559,484	31,781,357
Plan fiduciary net position											
Contributions - employer	2,106,108	-	2,069,633	2,002,365	1,930,107	1,840,214	1,875,916	1,764,776	1,703,144	1,698,192	1,507,800
Contributions - employee	-	-	-	-	-	-	26,816	-	-	-	-
Net investment income	2,429,652	-	(5,614,837)	5,315,190	2,246,887	1,103,368	1,681,631	2,454,931	1,908,220	192,571	1,565,864
Benefit payments, including refunds of employee contributions	(2,981,036)	-	(2,813,403)	(2,709,933)	(2,724,486)	(2,450,385)	(2,343,308)	(2,396,553)	(2,145,295)	(2,044,920)	(1,940,294)
Administrative expense	(71,680)	-	(22,428)	(2,702)	(7,143)	-	-	-	-	(99)	(1,829)
Net change in plan fiduciary net position	1,483,044	-	(6,381,035)	4,604,920	1,445,365	493,197	1,241,055	1,823,154	1,466,069	(154,256)	1,131,541
Plan fiduciary net position - beginning	27,483,844	27,483,844	33,864,879	29,259,959	27,814,594	27,321,397	26,080,342	24,257,188	22,791,119	22,945,375	21,813,834
Plan fiduciary net position - ending (b)	28,966,888	27,483,844	27,483,844	33,864,879	29,259,959	27,814,594	27,321,397	26,080,342	24,257,188	22,791,119	22,945,375
Net Pension Liability (Asset) - ending (a) - (b)	6,028,341	8,559,671	7,957,244	1,493,087	6,555,824	7,035,704	7,436,876	7,939,272	9,291,582	9,768,365	8,835,982
Plan fiduciary net position as a percentage of total pension liability	82.77%	76.25%	77.55%	95.78%	81.70%	79.81%	78.60%	76.66%	72.30%	70.00%	72.20%
Covered-employee payroll	$ 545,418	$ 774,442	$ 794,211	$ 1,013,451	$ 1,069,072	$ 1,328,225	$ 1,548,112	$ 1,699,467	$ 1,940,346	$ 2,104,682	$ 2,061,188
Net pension liability (asset) as a percentage of covered-employee payroll	1105.27%	1105.27%	1001.91%	147.33%	613.23%	529.71%	480.38%	467.16%	478.86%	464.13%	428.68%

Note to schedule: In 2017, amounts reported as changes of assumptions resulted from a change in the assumption of overtime that will continue to be earned from 40% to 60%. In 2018, this assumption increased from 60% to 80%. In 2019, this assumption increased from 80% to 100%.

CLEVELAND UTILITIES AUTHORITY
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN - CSA
For the Year Ended

	8 months ended June 30, 2024	4 months ended October 31, 2023	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	$ 995,433	$ 780,932	$ 2,229,869	$ 1,955,441	$ 1,946,847	$ 1,824,417	$ 1,773,627	$ 1,712,348	$ 1,663,122	$ 1,567,533	$ 1,558,833
Contributions in relation to the actuarially determined contribution	995,433	780,932	2,017,351	2,100,333	1,961,589	1,901,746	1,854,331	1,870,153	1,725,980	1,699,430	1,698,192
Contribution deficiency (excess)	$ -	$ -	$ 212,518	$ (144,892)	$ (14,742)	$ (77,329)	$ (80,704)	$ (157,805)	$ (62,858)	$ (131,897)	$ (139,359)
Covered-employee payroll	$ 365,418	$ 193,422	$ 738,616	$ 942,509	$ 994,237	$ 1,151,339	$ 1,435,507	$ 1,585,955	$ 1,759,687	$ 1,980,042	$ 2,093,809
Contributions as a percentage of covered-employee payroll	272.41%	403.75%	273.13%	222.84%	197.30%	165.18%	129.18%	117.92%	98.08%	85.83%	81.11%

CLEVELAND UTILITIES AUTHORITY
SCHEDULE OF NOTES TO PENSION REQUIRED SUPPLEMENTARY INFORMATION - CSA
For the Plan Year Ending September 30,

Notes to Pension Required Supplementary Information
Valuation Date: Actuarially determined contribution rates for 2024 were calculated based on the October 1, 2023 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry-Age Normal
Discount rate:	7.00%. The interest rate for funding equals the long-term rate of return on investments. For GASB determinations, because current assets and policy contributions are projected to be sufficient to pay all porjected benefits, the discount rate is the long-term rate of return.
Mortality:	Pub-2010 general amount-weighted table fully generational with projection scale MP-2021 for all participants except beneficiaries. Beneficiaries are valued using the Pub-2010 amount-weighted contingent survivor fully-generational with projection scale MP-2021.
Incidence of disability:	1985 CIDA Table - Class 2.
Turnover:	For all employees: Sarason T-3 Table
Salary Scale:	3.50% per year.
Inflation:	2.00% inflation; 2.50% wage growth
Overtime:	It is assumed that overtime will continue to be earned at 100% of the level of the most recent 3-year average.
Assumed age at retirement:	25% at ages 57-61; 50% at ages 62-64; 100% at age 65
Marriage:	It is assumed that 50% of participants are married and that a male is 3 years older than his female spouse.
Cost of living adjustment:	N/A
Date of participation freese:	October 14, 1993
Asset valuation	Market value
Funding:	Actuarial Value (5 year smoothing)

CLEVELAND UTILITIES AUTHORITY
SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYER DEFINED BENEFIT PENSION PLAN - TCRS
For the Plan Year Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	$ 3,941,153	$ 3,709,573	$ 3,067,349	$ 3,109,494	$ 2,842,378	$ 2,829,546	$ 2,442,734	$ 2,363,997	$ 2,274,025	$ 2,222,760
Interest	13,849,507	12,939,030	12,455,312	11,863,884	11,237,054	10,660,549	10,043,766	9,467,115	8,925,860	8,465,079
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between actual & expected experience	3,882,278	4,328,440	(973,078)	399,575	1,089,026	768,592	2,524,249	1,198,307	717,782	(254,944)
Change of assumptions	-	-	12,101,192	-	-	-	3,636,385	-	-	-
Benefit payments, including refunds of employee contributions	(7,966,272)	(7,473,900)	(7,328,245)	(7,018,107)	(6,561,174)	(6,078,280)	(5,739,270)	(5,099,666)	(4,482,162)	(4,198,654)
Other charges	-	-	-	-	-	-	-	-	-	-
Net change in total pension liability	13,706,666	13,503,143	19,322,530	8,354,846	8,607,284	8,180,407	12,907,864	7,929,753	7,435,505	6,234,241
Total pension liability - beginning	205,219,859	191,716,716	172,394,186	164,039,340	155,432,056	147,251,649	134,343,785	126,414,032	118,978,527	112,744,286
Total pension liability - ending (a)	218,926,525	205,219,859	191,716,716	172,394,186	164,039,340	155,432,056	147,251,649	134,343,785	126,414,032	118,978,527
Plan fiduciary net position										
Contributions - employer	7,969,283	7,542,578	7,074,310	6,777,880	6,489,131	6,173,411	5,744,012	5,426,173	5,321,904	5,089,188
Contributions - employee	-	-	-	-	-	524	-	1,998	186	165
Net investment income	12,488,743	(7,392,006)	39,657,269	7,279,540	10,185,877	10,488,825	12,875,142	2,936,077	3,287,610	15,038,653
Benefit payments, including refunds of employee contributions	(7,966,272)	(7,473,900)	(7,328,245)	(7,018,107)	(6,561,174)	(6,078,280)	(5,739,270)	(5,099,666)	(4,482,162)	(4,198,654)
Administrative expense	(76,914)	(72,831)	(66,700)	(65,005)	(64,454)	(67,134)	(57,272)	(51,102)	(34,427)	(29,562)
Net change in plan fiduciary net position	12,414,840	(7,396,159)	39,336,634	6,974,308	10,049,380	10,517,346	12,822,612	3,213,480	4,093,111	15,899,790
Plan fiduciary net position - beginning	185,829,673	193,225,832	153,889,198	146,914,890	136,865,510	126,348,164	113,525,552	110,312,072	106,218,961	90,319,171
Plan fiduciary net position - ending (b)	198,244,513	185,829,673	193,225,832	153,889,198	146,914,890	136,865,510	126,348,164	113,525,552	110,312,072	106,218,961
Net Pension Liability (Asset) - ending (a) - (b)	20,682,012	19,390,186	(1,509,116)	18,504,988	17,124,450	18,566,546	20,903,485	20,818,233	16,101,960	12,759,566
Plan fiduciary net position as a percentage of total pension liability	90.55%	90.55%	100.79%	89.27%	89.56%	88.05%	85.80%	84.50%	87.26%	89.28%
Covered-employee payroll	$ 43,882,642	$ 41,454,642	$ 38,827,492	$ 37,192,410	$ 35,887,908	$ 34,163,265	$ 32,410,047	$ 30,709,795	$ 30,014,667	$ 28,771,684
Net pension liability (asset) as a percentage of covered-employee payroll	47.13%	46.77%	-3.89%	49.75%	47.72%	54.35%	64.50%	67.79%	53.65%	44.35%

This schedule represents the activity for the entire City of Cleveland of which Cleveland Utility Authority percentage is currently 36.318%.

CLEVELAND UTILITIES AUTHORITY
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYER DEFINED BENEFIT PENSION PLAN - TCRS
For the Year Ended

	8 months ended June 30, 2024	4 months ended October 31, 2023	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	$ 1,963,691	$ 1,037,685	$ 8,175,511	$ 7,542,578	$ 7,074,310	$ 6,777,880	$ 6,489,166	$ 6,173,128	$ 5,744,012	$ 5,424,330	$ 5,321,904
Contributions in relation to the actuarially determined contribution	1,963,691	1,037,685	8,175,511	7,542,578	7,074,310	6,777,880	6,489,166	6,173,128	5,744,012	5,424,330	5,321,904
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 11,959,141	$ 6,321,484	$ 44,840,716	$ 41,454,642	$ 38,827,492	$ 37,192,410	$ 34,740,451	$ 34,163,265	$ 32,410,047	$ 30,620,707	$ 30,014,667
Contributions as a percentage of covered-employee payroll	16.42%	16.42%	18.23%	18.19%	18.22%	18.22%	18.68%	18.07%	17.72%	17.71%	17.73%

See independent auditor's report.

CLEVELAND UTILITIES AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
For the Plan Year Ending June 30, 2024

Notes to Pension Required Supplementary Information
Valuation Date: Actuarially determined contribution rates for 2024 were calculated based on the June 30, 2023 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.125 percent

Changes in assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 to 2.25 percent; decreased the investement rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

CLEVELAND UTILITIES AUTHORITY
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
For the Years Ended June 30,

Total OPEB Liability	**8 months ended June 30, 2024**	**4 months ended October 31, 2023**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Service cost	$ 237,335	$ 83,086	$ 249,259	$ 243,180	$ 255,499	$ 228,621	$ 234,893	$ 229,163
Interest	704,529	353,289	1,059,866	1,023,028	1,081,058	1,038,874	1,153,072	1,144,551
Recognized liability losses/(gains)	-		-	-	-	-	-	-
Changes of benefit terms	352,849		-	-	-	-	-	-
Differences between expected and actual experience	(2,220,602)		-	(1,711,731)	-	(1,355,935)	468,861	(2,102,456)
Changes of assumptions	1,030,793		-	275,621	-	(375,515)	(629,622)	1,470,517
Contribution - employer	-		-	-	-	-	-	-
Benefits Payments and Refunds	(620,221)	(97,358)	(764,112)	(728,585)	(706,042)	(676,531)	-	(637,980)
Net Change in Total OPEB Liability	(515,317)	339,017	545,013	(898,487)	630,515	(1,140,486)	1,227,204	103,796
Total OPEB Liability - beginning	**16,151,300**	**15,812,283**	**15,267,270**	**16,165,757**	**15,535,242**	**16,675,728**	**15,448,524**	**15,344,728**
Total OPEB Liability - ending (a)	**$ 15,635,983**	**$ 16,151,300**	**$ 15,812,283**	**$ 15,267,270**	**$ 16,165,757**	**$ 15,535,242**	**$ 16,675,728**	**$ 15,448,524**
Plan Fiduciary Net Position								
Contributions - employer	$ 1,488,516	$ 747,673	$ 764,112	$ 1,440,742	$ 1,160,326	$ 1,361,034	$ 1,287,545	$ 637,980
Net investment income	316,286	-	232,497	168,310	127,580	79,512	29,149	26,910
Benefit payments	-	(764,112)	(764,112)	(728,585)	(706,042)	(676,531)	(629,622)	(637,980)
Differences between expected and actual experience	592,523	16,439	-	36,484	-	(30,669)	13,503	2,926
Administrative expense	-	-	-	-	-	-	-	-
Net change in fiduciary net position	2,397,325	-	232,497	916,951	581,864	733,346	700,575	29,836
Plan fiduciary net position - beginning	**$ 3,553,880**	**$ 3,553,880**	**$ 3,321,383**	**$ 2,404,432**	**$ 1,822,568**	**$ 1,089,222**	**$ 388,647**	**$ 358,811**
Plan fiduciary net position - ending (b)	**$ 5,951,205**	**$ 3,553,880**	**$ 3,553,880**	**$ 3,321,383**	**$ 2,404,432**	**$ 1,822,568**	**$ 1,089,222**	**$ 388,647**
Net OPEB Liability - ending (a) - (b)	**$ 9,684,778**	**$ 12,597,420**	**$ 12,258,403**	**$ 11,945,887**	**$ 13,761,325**	**$ 13,712,674**	**$ 15,586,506**	**$ 15,059,877**
Plan fiduciary net position as a percentage of total OPEB liability	38.06%	22.00%	22.48%	21.75%	14.87%	11.73%	6.53%	2.52%
Covered Employee Payroll	$ 9,603,632	$ 4,801,096	$ 14,764,846	$ 14,404,728	$ 15,724,519	$ 13,195,712	$ 12,808,874	$ 12,496,462
Net OPEB Liability as a % of covered-employee payroll	100.84%	262.39%	83.02%	82.93%	87.52%	103.92%	121.69%	120.51%

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years which information is available.

See independent auditor's report.

CLEVELAND UTILITIES AUTHORITY
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE OPEB PLAN
For the Year Ended

	8 months ended June 30, 2024	4 months ended October 31, 2023	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Actuarially determined contribution	$ 305,083	$ 747,673	$ 1,093,057	$ 1,078,379	$ 1,160,326	$ 1,157,071	$ 1,185,998	$ 1,160,104	$ 959,681
Contributions in relation to the actuarially determined contribution	1,361,064	747,673	764,112	1,440,742	1,404,235	1,361,034	1,287,545	637,980	959,681
Contribution deficiency (excess)	$ (1,055,981)	$ -	$ 328,945	$ (362,363)	$ (243,909)	$ (203,963)	$ (101,547)	$ 522,124	$ -
Covered-employee payroll	$ 8,083,244	$ 6,321,484	$ 14,764,846	$ 14,404,728	$ 15,724,519	$ 13,195,712	$ 12,808,874	$ 12,496,462	$ 11,561,465
Contributions as a percentage of covered-employee payroll	16.84%	11.83%	5.18%	10.00%	8.93%	10.31%	10.05%	5.11%	8.30%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.
For comparative purposes the 2024 fiscal year will be split on the current report. In future years these will be combined.

CLEVELAND UTILITIES AUTHORITY
SCHEDULE OF NOTES TO OPEB REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

Notes to OPEB Required Supplementary Information

Valuation Date: Actuarially determined contribution rates for 2024 were calculated based on the June 30, 2024 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Remaining amortization period	24 years
Asset valuation	Market value
Inflation	2.5 percent
Salary increases	4.00%
Payroll Growth	2.50%
Investment rate of return	7.00%
Healthcare trend rates	8.00% decreasing to 4.50% in 2030
Mortality	PUB-2010 Headcount - weighted fully generational table with scale MP2021
Annual money-weighted rate of return, net of investment expense	14.91%

SUPPLEMENTARY INFORMATION SECTION

CLEVELAND UTILITIES AUTHORITY
COMBINING STATEMENT OF NET POSITION - ELECTRIC DEPARTMENT
June 30, 2024

	Electric Division	Broadband Division	Eliminations	Combined
Assets				
Current assets				
Cash on hand	$ 3,050	$ -	$ -	$ 3,050
Unrestricted cash and cash equivalents	28,731,099	3,679,063	-	32,410,162
Investments	4,483,254	-	(4,000,000)	483,254
Accounts receivable (net of allowance for uncollectibles of $197,024)	13,271,067	-	-	13,271,067
Other receivable	1,384,088	-	(71,633)	1,312,455
Due from other funds	2,389,177	(176,489)	-	2,212,688
Due from the City	13,499	-	-	13,499
Inventories	3,607,370	276,951	-	3,884,321
Prepayments and other current assets	147,255	-	-	147,255
Total current assets	54,029,859	3,779,525	(4,071,633)	53,737,751
Noncurrent assets				
Restricted cash, cash equivalents, and investments				
Cash and cash equivalents	46,324,038	-	-	46,324,038
Other assets:				
Advances to customers - home insulation	1,795,268	-	-	1,795,268
Capital assets:				
General plant	28,030,175	254,814	-	28,284,989
Transmission plant	5,759,963	-	-	5,759,963
Distribution plant	142,170,307	-	-	142,170,307
Other electric plant	1,398,145	-	-	1,398,145
Plant held for future use	1,139,691	-	-	1,139,691
Construction in progress	11,117,238	-	-	11,117,238
Less: Accumulated depreciation	(91,230,504)	-	-	(91,230,504)
Total capital assets (net of accumulated depreciation)	98,385,015	254,814	-	98,639,829
Total noncurrent assets	146,504,321	254,814	-	146,759,135
Total assets	200,534,180	4,034,339	(4,071,633)	200,496,886
Deferred outflows of resources				
Deferred outflows - pension	6,672,238	-	-	6,672,238
Deferred outflows - OPEB	512,945	-	-	512,945
Total deferred outflows of resources	$ 7,185,183	$ -	$ -	$ 7,185,183

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

CLEVELAND UTILITIES AUTHORITY
COMBINING STATEMENT OF NET POSITION - ELECTRIC DEPARTMENT
June 30, 2024

	Electric Division	Broadband Division	Eliminations	Combined
Liabilities				
Current liabilities				
Accounts payable	$ 10,649,872	$ -	$ -	$ 10,649,872
Customer deposits	5,015,943	-	-	5,015,943
Due to the City	660,896	-	-	660,896
Accrued expenses (including compensating absences)	2,403,749	71,633	(71,633)	2,403,749
Current maturities of long-term debt	2,291,785	-	-	2,291,785
Total current liabilities	21,022,245	71,633	(71,633)	21,022,245
Noncurrent liabilities				
Advances - home insulation program	1,856,337	-	-	1,856,337
Notes payable	-	4,000,000	(4,000,000)	-
Bonds payable	62,882,268	-	-	62,882,268
Net pension liability	6,869,902	-	-	6,869,902
Net OPEB liability	3,873,911	-	-	3,873,911
Total noncurrent liabilities	75,482,418	4,000,000	(4,000,000)	75,482,418
Total liabilities	96,504,663	4,071,633	(4,071,633)	96,504,663
Deferred inflows of resources				
Deferred inflows - pension	144,609	-	-	144,609
Deferred inflows - OPEB	1,716,356	-	-	1,716,356
Deferred inflows - other	2,000,958	-	-	2,000,958
Total deferred inflows of resources	3,861,923	-	-	3,861,923
Net Position				
Net investment in capital assets	79,535,000	254,814	-	79,789,814
Unrestricted	27,817,777	(292,108)	-	27,525,669
Total net position	**$ 107,352,777**	**$ (37,294)**	**$ -**	**$ 107,315,483**

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

CLEVELAND UTILITIES AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - ELECTRIC DEPARTMENT
For the Eight Months Ended June 30, 2024

	Electric Division	Broadband Division	Eliminations	Combined
Operating Revenues				
Charges for sales and services:				
Electric sales (net of uncollectable accounts of $109,290)	$ 70,257,769	$ -	$ -	$ 70,257,769
Forfeited discounts	161,056	-	-	161,056
Miscellaneous service revenue	122,591	-	-	122,591
Rent from electric property	830,394	-	-	830,394
Other operating revenues	1,057,122	-	-	1,057,122
Total operating revenues	**$ 72,428,932**	**$ -**	**$ -**	**$ 72,428,932**
Operating Expenses				
Cost of sales and services:				
Purchased power	53,363,144	-	-	53,363,144
Total cost of sales and services	53,363,144	-	-	53,363,144
Distribution expenses:				
Supervision and engineering	220,991	-	-	220,991
Overhead lines	25,442	-	-	25,442
Underground lines	(47,898)	-	-	(47,898)
Line transformers	56,639	-	-	56,639
Street lights and signal system	22,113	-	-	22,113
Meters	406,088	-	-	406,088
Fiber optics	5,485	-	-	5,485
Outdoor lighting	54,288	-	-	54,288
Miscellaneous	633,058	-	-	633,058
Total distribution expenses	1,376,206	-	-	1,376,206
Customer accounts expenses:				
Supervision	30,937	-	-	30,937
Meter reading	69,968	-	-	69,968
Records and collection	993,746	-	-	993,746
Miscellaneous	373	-	-	373
Total customer accounts expenses	1,095,024	-	-	1,095,024
Customer service and information expenses:				
Supervision	49,524	-	-	49,524
Customer assistance and advertising	26,289	40,628	-	66,917
Total customer service and information expenses	75,813	40,628	-	116,441

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

CLEVELAND UTILITIES AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - ELECTRIC DEPARTMENT
For the Eight Months Ended June 30, 2024

	Electric Division	Broadband Division	Eliminations	Combined
Sales expenses:				
Promotional and selling expense	113,033	-	-	113,033
Miscellaneous	70,898	-	-	70,898
Total sales expenses	183,931	-	-	183,931
Administrative expenses				
Salaries	905,821	-	-	905,821
Office supplies and expenses	667,497	125	-	667,622
Outside services employed	85,073	9,578	-	94,651
Insurance	470,832	-	-	470,832
Employee pension and benefits	1,691,338	638	-	1,691,976
Advertising	7,868	1,011	-	8,879
Miscellaneous	1,055,197	5	-	1,055,202
Total administrative expenses	4,883,626	11,357	-	4,894,983
Total operations expenses	7,614,600	51,985	-	7,666,585
Maintenance expenses:				
Transmission expenses:				
Substation expense	99,302	-	-	99,302
Services expense	34,092	-	-	34,092
Total transmission expenses	133,394	-	-	133,394
Distribution expenses:				
Supervision and engineering	56,343	-	-	56,343
Overhead lines	2,235,096	-	-	2,235,096
Underground lines	257,800	-	-	257,800
Line transformers	22,630	-	-	22,630
Street lights and signal system	216,290	-	-	216,290
Meters	2,749	-	-	2,749
Fiber optics	26,398	-	-	26,398
Outdoor lighting	43,293	-	-	43,293
Miscellaneous	361,415	-	-	361,415
Total distribution expenses	3,222,014	-	-	3,222,014
Administrative expenses:				
General plant and equipment	243,306	-	-	243,306
Total maintenance expenses	3,598,714	-	-	3,598,714
Depreciation and Amortization	3,558,973	-	-	3,558,973
Total operating expenses	**$ 68,135,431**	**$ 51,985**	**$ -**	**$ 68,187,416**

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

CLEVELAND UTILITIES AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - ELECTRIC DEPARTMENT
For the Eight Months Ended June 30, 2024

	Electric Division	Broadband Division	Eliminations	Combined
Operating income (loss)	**4,293,501**	**(51,985)**	**-**	**4,241,516**
Nonoperating revenues (expenses)				
Interest and other revenues	3,326,514	86,024	(71,333)	3,341,205
Interest and other expenses	(2,272,332)	(71,333)	71,333	(2,272,332)
Total nonoperating revenues (expenses)	1,054,182	14,691	-	1,068,873
Change in net position before transfers	5,347,683	(37,294)	-	5,310,389
Transfers				
Transfers out - in lieu of taxes	(1,461,981)	-	-	(1,461,981)
Total transfers	(1,461,981)	-	-	(1,461,981)
Change in net position	**3,885,702**	**(37,294)**	**-**	**3,848,408**
Total net position - beginning	103,467,075	-	-	103,467,075
Total net position - ending	**$ 107,352,777**	**$ (37,294)**	**$ -**	**$107,315,483**

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

CLEVELAND UTILITIES AUTHORITY
COMBINING STATEMENT OF CASH FLOWS
For the Eight Months Ended June 30, 2024

	Electric Division	Broadband Division	Eliminations	Combined
Cash Flows from Operating Activities:				
Cash received from consumers	$ 69,396,708	$ -	$ -	$ 69,396,708
Cash paid to suppliers of goods and services	(55,799,645)	(80,814)	-	(55,880,459)
Cash paid to employees for services	(7,154,055)	-	-	(7,154,055)
Customer deposits received	728,344	-	-	728,344
Customer deposits refundec	(480,585)	-	-	(480,585)
Net cash provided by operating activities	6,690,767	(80,814)	-	6,609,953
Cash Flows from Capital and Related Financing Activities:				
Principal paid on debt	(3,294,287)	4,000,000	(4,000,000)	(3,294,287)
Interest paid on bonds, notes, and leases	(2,272,332)	(71,333)	71,333	(2,272,332)
Construction and acquisition of plant	(11,385,240)	(254,814)	-	(11,640,054)
Plant removal cost	(219,529)	-	-	(219,529)
Materials salvaged from retirements	450,663	-	-	450,663
Transfers to the City - payment in lieu of taxes	(1,461,981)	-	-	(1,461,981)
Net cash provided by (used in) capital and related financing activities	(18,182,706)	3,673,853	(3,928,667)	(18,437,520)
Cash Flows from Investing Activities:				
Purchase of investments	(3,987,414)	-	4,000,000	12,586
Other non-operating income	3,326,514	86,024	(71,333)	3,341,205
Conservation loans (made) collected	27,638	-	-	27,638
Net cash provided (used) by investing activities	(633,262)	86,024	3,928,667	3,381,429
Net increase (decrease) in cash and cash equivalents	**(12,125,201)**	**3,679,063**	**-**	**(8,446,138)**
Cash and cash equivalents - beginning of year	87,183,388	-	-	87,183,388
Cash and cash equivalents - end of year	**$ 75,058,187**	**$ 3,679,063**	**$ -**	**$ 78,737,250**

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

CLEVELAND UTILITIES AUTHORITY
COMBINING STATEMENT OF CASH FLOWS
For the Eight Months Ended June 30, 2024

	Electric Division	Broadband Division	Eliminations	Combined
Cash and Cash Equivalents				
Unrestricted cash on hand	$ 3,050	$ -	$ -	$ 3,050
Restricted cash equivalents	46,324,038	-	-	46,324,038
Unrestricted cash and cash equivalents	28,731,099	3,679,063	-	32,410,162
Total cash and cash equivalents	**$ 75,058,187**	**$ 3,679,063**	**$ -**	**$ 78,737,250**
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 4,293,501	$ (51,985)	$ -	$ 4,241,516
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	3,558,973	-	-	3,558,973
Change in pension, OPEB, and other related deferred outflows and inflows of resources	2,245,964	-	-	2,245,964
Changes in assets and liabilities:				
Accounts receivable	(2,900,315)	-	-	(2,900,315)
Other receivable	(131,909)	-	-	(131,909)
Materials and supplies	(256,677)	(276,951)	-	(533,628)
Prepayments and other current assets	433,393	-	-	433,393
Due from other governments	144,597	-	-	144,597
Due/to from other funds	(975,435)	176,489	-	(798,946)
Accounts payable and accrued expenses	2,917,356	71,633	-	2,988,989
Customer deposits	247,759	-	-	247,759
Net pension liability	(1,717,993)	-	-	(1,717,993)
Net OPEB liability	(1,168,447)	-	-	(1,168,447)
Net cash provided (used) by operating activities	**$ 6,690,767**	**$ (80,814)**	**$ -**	**$ 6,609,953**

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

CLEVELAND UTILITIES AUTHORITY
SCHEDULE OF OPERATING REVENUES AND EXPENSES - WATER AND SEWER DEPARTMENT
For the Eight Months Ended June 30, 2024

	Actual	Percent
Operating Revenues		
Charges for sales and services:		
Water Department:		
Metered sales	$ 14,622,771	55.20
Uncollectible accounts	(17,419)	(0.07)
Sewer Department:		
Metered sales	10,567,003	39.89
Uncollectible accounts	(12,445)	(0.05)
Total charges for sales and services	25,159,910	94.97
Other revenues		
Water Department:		
Forfeited discounts	136,278	0.51
Miscellaneous water revenue	1,076,636	4.06
Sewer Department:		
Forfeited discounts	115,630	0.46
Total other revenue	1,328,544	5.03
Total operating revenues	**$ 26,488,454**	**100.00**
Operating Expenses		
Operations expenses:		
Purchased water	$ 1,759,072	6.64
System operations:		
Water department:		
Power for pumping	$ 444,100	1.68
Purification supplies	240,638	0.91
Operation and maintenance of wells and reservoirs	34,185	0.13
Mapping and engineering charges	352,860	1.33
Operating supplies and expenses	29,250	0.11
Pumping - supervision and labor	460,744	1.74
Cross connections inspection	277,226	1.05
Distribution systems operation	1,076,387	4.06
Operation of meters	(69,385)	(0.26)

See independent auditor's report.

CLEVELAND UTILITIES AUTHORITY
SCHEDULE OF OPERATING REVENUES AND EXPENSES - WATER AND SEWER DEPARTMENT
For the Eight Months Ended June 30, 2024

	Actual	Percent
Sewer department:		
Operation labor	704,550	2.66
Mapping and engineering charges	150,478	0.57
Operating supplies	5,372	0.02
Distribution systems operation	533,101	2.01
Purification supplies	529,862	2.00
Total system operations	4,769,368	18.01
Consumers' accounting and collecting:		
Water Department:		
Meter reading, resetting and collecting	51,652	0.19
Sewer Department:		
Meter reading, resetting and collecting	26,024	0.10
Total consumers' accounting and collecting	77,676	0.29
Administrative expense:		
Water Department:		
Salaries	1,351,511	5.10
Office supplies and expense	310,291	1.17
Professional fees	64,802	0.24
Insurance	346,461	1.31
Employee benefits	1,325,504	5.00
Building expense	102,040	0.39
Other general expense	173,923	0.66
Sewer Department:		
Salaries	1,008,333	3.81
Office supplies and expense	184,315	0.70
Professional fees	67,817	0.26
Insurance	343,418	1.30
Employee benefits	1,129,483	4.26
Building expense	68,392	0.26
Other general expense	264,523	1.00
Total administrative expense	6,740,813	25.46
Total operating expenses	**13,346,929**	**43.76**

CLEVELAND UTILITIES AUTHORITY
SCHEDULE OF OPERATING REVENUES AND EXPENSES - WATER AND SEWER DEPARTMENT
For the Eight Months Ended June 30, 2024

	Actual	Percent
Maintenance Expenses		
Operations expenses:		
Water department:		
Maintenance of structures and improvements	118,130	0.45
Maintenance of power and pumping equipment	88,234	0.33
Maintenance of meters	164,403	0.62
Maintenance of distribution plant	1,325,870	5.01
Sewer department:		
Maintenance of structures and improvements	82,701	0.31
Maintenance of power pumping equipment	143,506	0.54
Maintenance of mains	371,176	1.40
Total operations expenses	2,294,020	8.66
Administrative expense:		
Water department:		
Maintenance of communication and miscellaneous property	91,153	0.34
Sewer department:		
Maintenance of communication and miscellaneous property	413,186	1.56
Total administrative expense	504,339	1.90
Total maintenance expenses	2,798,359	10.56
Depreciation		
Water department	2,186,850	8.26
Sewer department	2,955,781	11.16
Total depreciation and amortization	5,142,631	19.42
Total operating expenses	**$ 21,287,919**	**73.74**

CLEVELAND UTILITIES AUTHORITY
ELECTRIC RATES IN FORCE
For the Eight Months Ended June 30, 2024

Number of customers		33,986
Residential rate schedule		
Customer charge - per delivery point per month	$	20.89
Energy charge - cents per kWh		
per kWh		0.10537
General power schedule		
GSA1 (Under 50 kW demand & less than 15,000 kWh)		
Customer charge - per delivery point per month	$	22.41
Energy charge - cents per kWh		
per kWh		0.11839
GSA2 (51-1000 kW demand or more than 15,000 kWh)		
Customer charge - per delivery point per month		60.82
Demand charges - per kW per month		
First 50 Kw		No Charge
Excess over 50 kW		15.46
Energy charge - cents per kWh		
First 15,000 kWh per month		0.1078
Additional kWh per month		0.06314
GSA3 (1,000 - 5,000 kW demand)		
Customer charge - per delivery point per month		195.66
Demand charges - per kW per month		
First 1,000 kW		13.42
Excess over 1,000 kW not to exceed 5,000		13.29
Energy charge - cents per kWh		0.06321
Outdoor Lighting		
Customer charge - per delivery point per month		3.00
All kW - per kW per month		0.07396

See independent auditor's report.

CLEVELAND UTILITIES AUTHORITY
WATER RATES IN FORCE
For the Eight Months Ended June 30, 2024

Number of customers 34,567

(Based on monthly consumption)

	Inside City	Outside City
Residential		
Customer Charge	$ 11.33	$ 20.44
First 1,400 cu. ft.	$3.36/100 cu. ft.	$5.27/100 cu. ft.
Additional	$3.50/100 cu. ft.	$5.54/100 cu. ft.
Non-Residential Small Commercial		
Customer Charge	$ 18.55	$ 27.63
First 15,000 cu. ft.	$3.36/100 cu. ft.	$5.27/100 cu. ft.
Next 85,000 cu. ft.	$2.78/100 cu. ft.	$4.37/100 cu. ft.
Additional	$2.02/100 cu. ft.	$3.27/100 cu. ft.
Non-Residential Large Commercial		
Customer Charge	$ 45.61	$ 54.67
First 15,000 cu. ft.	$3.36/100 cu. ft.	$5.27/100 cu. ft.
Next 85,000 cu. ft.	$2.78/100 cu. ft.	$4.37/100 cu. ft.
Additional	$2.02/100 cu. ft.	$3.27/100 cu. ft.
Irrigation Only		
Customer Charge	$ 11.33	$ 20.44
All Usage	$3.50/100 cu. ft.	$5.54/100 cu. ft.
Resale		
Customer Charge	$ 45.61	$ 45.61
All Usage	$2.02/100 cu. ft.	$2.02/100 cu. ft.
Fire Sprinkler System		
Customer Charge	$ 45.61	$ 45.61
All Usage	$2.02/100 cu. ft.	$2.02/100 cu. ft.

See independent auditor's report.

CLEVELAND UTILITES AUTHORITY
SEWER RATES IN FORCE
For the Eight Months Ended June 30, 2024

Number of customers 34,567

(Based on monthly consumption)

	Inside City	Outside City
Residential		
Customer Charge	$ 9.83	$ 13.98
First 1,400 cu. ft.	$4.85/100 cu. ft.	$7.32/100 cu. ft.
Non-Residential Small Commercial		
Customer Charge	$ 15.98	$ 20.11
First 100,000 cu. ft.	$4.85/100 cu. ft.	$7.32/100 cu. ft.
Additional	$4.07/100 cu. ft.	$6.10/100 cu. ft.
Non-Residential Small Commercial		
Customer Charge	$ 38.97	$ 43.13
First 100,000 cu. ft.	$4.85/100 cu. ft.	$7.32/100 cu. ft.
Additional	$4.07/100 cu. ft.	$6.10/100 cu. ft.
Wastewater Surcharge		
CBOD	0.1437/pound/day	0.1437/pound/day
TSS	0.1702/pound/day	0.1702/pound/day
TKN	0.2889/pound/day	0.2889/pound/day

CLEVELAND UTILITIES AUTHORITY
SCHEDULE OF LONG-TERM DEBT
For the Eight Months Ended June 30, 2024

	Electric Department		Water Department											
	2023 Revenue Bonds - Electric		2018 SRF DWF 18-205		2016 SRF DWF 16-172		2015 SRF CG4 15-349		2014 SRF DG2 14-151		2017 SRF CG2-17-379		2017 SRF DW6 17-192	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 2,115,000	$ 3,018,963	$ 20,304	$ 4,152	$ 138,336	$ 21,384	$ 113,508	$ 19,584	$ 98,268	$ 17,544	$ 5,136	$ 588	$ 37,140	$ 9,540
2026	2,580,000	2,913,213	20,568	3,888	139,872	19,848	115,080	18,012	99,756	16,056	5,184	540	37,740	8,940
2027	2,675,000	2,784,213	20,844	3,612	141,432	18,288	116,676	16,416	101,256	14,556	5,232	492	38,352	8,328
2028	2,800,000	2,650,463	21,120	3,336	143,016	16,704	118,296	14,796	102,792	13,020	5,280	444	38,964	7,716
2029	2,885,000	2,510,463	21,396	3,060	144,612	15,108	119,940	13,152	104,340	11,472	5,328	396	39,600	7,080
2030	3,010,000	2,366,213	21,684	2,772	146,220	13,500	121,608	11,484	105,912	9,900	5,376	348	40,236	6,444
2031	3,145,000	2,215,713	21,960	2,496	147,852	11,868	123,300	9,792	107,520	8,292	5,424	300	40,884	3,796
2032	3,010,000	2,058,463	22,260	2,196	149,508	10,212	125,016	8,076	109,140	6,672	5,472	252	41,544	5,136
2033	3,160,000	1,907,963	22,548	1,908	151,176	8,544	126,744	6,348	110,784	5,028	5,520	204	42,216	4,464
2034	3,305,000	1,749,963	22,848	1,608	152,856	6,864	128,508	4,584	112,464	3,348	5,568	156	42,888	3,792
2035	3,300,000	1,584,713	23,148	1,308	154,560	5,160	130,296	2,796	114,156	1,656	5,616	108	43,584	3,096
2036	3,300,000	1,419,713	23,448	1,008	156,288	3,432	132,216	957	48,054	180	5,664	60	44,292	2,388
2037	3,415,000	1,254,713	23,760	696	158,028	1,692	-	-	-	-	3,745	14	45,000	1,680
2038	3,585,000	1,083,963	24,072	384	66,271	184	-	-	-	-	-	-	45,732	948
2039	3,760,000	904,713	16,124	79	-	-	-	-	-	-	-	-	34,770	229
2040	3,765,000	716,713	-	-	-	-	-	-	-	-	-	-	-	-
2041	3,925,000	556,700	-	-	-	-	-	-	-	-	-	-	-	-
2042	3,915,000	360,450	-	-	-	-	-	-	-	-	-	-	-	-
2043	4,095,000	184,275	-	-	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	$ 61,745,000	**$ 32,241,583**	**$ 326,084**	**$ 32,503**	**$ 1,990,027**	**$ 152,788**	**$ 1,471,188**	**$ 125,997**	**$ 1,214,442**	**$ 107,724**	**$ 68,545**	**$ 3,902**	**$ 612,942**	**$ 73,577**

	Water Department		Water and Wastewater Department		Wastewater Department									
	2017 SRF DWF 17-193		2023 Revenue Bonds		2022 SRF 22-473-01		2018 SRF 18-416		2018 SRF CW6 18-415		2018 SRF 18-417-01		2018 SRF 18-417	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 9,084	$ 2,316	$ 2,485,000	$ 1,190,000	$ 122,256	$ 73,056	$ 22,032	$ 6,588	$ 40,476	$ 10,956	$ 466,092	$ 71,448	$ 442,896	$ 140,580
2026	9,228	2,172	2,505,000	1,065,750	125,220	70,092	22,380	6,240	41,112	10,320	469,512	68,028	449,952	133,524
2027	9,372	2,028	2,515,000	940,500	51,907	67,056	22,728	5,892	41,748	9,684	472,944	64,596	457,116	126,360
2028	9,528	1,872	2,425,000	814,750	-	-	23,076	5,544	42,408	9,024	476,412	61,128	464,388	119,088
2029	9,684	1,716	1,695,000	693,500	-	-	23,448	5,172	43,080	8,352	479,904	57,636	471,780	111,696
2030	9,840	1,560	1,405,000	608,750	-	-	23,820	4,800	43,752	7,680	483,420	54,120	479,280	104,196
2031	9,996	1,404	1,455,000	538,500	-	-	24,192	4,428	44,436	6,996	486,960	50,580	486,912	96,564
2032	10,164	1,236	1,355,000	465,750	-	-	24,564	4,056	45,132	6,300	490,524	47,016	494,664	88,812
2033	10,320	1,080	1,225,000	398,000	-	-	24,960	3,660	45,840	5,592	494,112	43,428	502,536	80,940
2034	10,488	912	1,285,000	336,750	-	-	25,344	3,276	46,560	4,872	497,736	39,804	510,528	72,948
2035	10,656	744	1,205,000	272,500	-	-	25,740	2,880	47,304	4,128	263,441	36,156	518,664	64,812
2036	10,836	564	1,100,000	212,250	-	-	26,148	2,472	48,036	3,396	-	-	526,908	56,568
2037	11,004	396	715,000	157,250	-	-	26,556	2,064	48,792	2,640	-	-	535,296	48,180
2038	11,184	216	745,000	126,863	-	-	26,976	1,644	49,560	1,872	-	-	543,816	39,660
2039	7,556	43	780,000	95,200	-	-	27,396	1,224	50,340	1,092	-	-	552,468	31,008
2040	-	-	550,000	61,075	-	-	27,828	792	42,550	303	-	-	561,264	22,212
2041	-	-	575,000	36,325	-	-	28,272	348	-		-	-	570,192	13,284
2042	-	-	220,000	10,450	-	-	7,103	19	-		-	-	530,792	4,204
2043	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	$ 148,940	**$ 18,259**	**$ 24,240,000**	**$ 8,024,163**	**$ 299,383**	**$ 210,204**	**$ 432,563**	**$ 61,099**	**$ 721,126**	**$ 93,207**	**$ 5,081,057**	**$ 593,940**	**$ 9,099,452**	**$ 1,354,636**

	Wastewater Department										Total Requirements	
	2013 SRF 13-320		2013 SRF 13-319		2023 SRF CW7 2023-473		2022 SRF CW7 22-473		2019 SRF CW7 19-431			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2025	$ 389,268	$ 68,172	$ 66,912	$ 10,080	$ 1,597,858	$ -	$ 205,224	$ 59,700	$ 70,068	$ 21,084	$ 8,444,858	$ 4,745,735
2026	393,756	63,684	67,680	9,312	-	-	207,972	56,952	71,040	20,112	7,361,052	4,486,683
2027	398,316	59,124	68,472	8,520	-	-	210,756	54,168	72,012	19,140	7,419,163	4,202,973
2028	402,912	54,528	69,264	7,728	-	-	213,576	51,348	73,008	18,144	7,429,040	3,849,633
2029	407,580	49,860	70,056	6,936	-	-	216,432	48,492	74,016	17,136	6,811,196	3,561,227
2030	412,296	45,144	70,872	6,120	-	-	219,336	45,588	75,036	16,116	6,673,688	3,304,735
2031	417,060	40,380	71,688	5,304	-	-	222,264	42,660	76,068	14,028	6,886,516	3,053,101
2032	421,872	35,568	72,516	4,476	-	-	225,240	39,684	77,124	12,972	6,679,740	2,796,877
2033	426,756	30,684	73,356	3,636	-	-	228,252	36,672	78,180	11,892	6,728,300	2,550,043
2034	431,688	25,752	74,208	2,784	-	-	231,312	33,612	79,260	10,800	6,962,256	2,301,825
2035	436,680	20,760	75,060	1,932	-	-	234,408	30,516	80,352	9,696	6,668,665	2,042,961
2036	441,720	15,720	75,936	1,056	-	-	237,540	27,384	81,456	8,568	6,258,542	1,755,716
2037	446,832	10,608	51,100	223	-	-	240,720	24,204	82,584	7,428	5,803,417	1,511,788
2038	451,992	5,448	-	-	-	-	243,948	20,976	83,724	6,276	5,877,275	1,288,434
2039	227,890	766	-	-	-	-	247,200	17,724	84,876	6,276	5,788,620	1,058,354
2040	-	-	-	-	-	-	250,512	14,412	86,052	5,100	5,283,206	820,607
2041	-	-	-	-	-	-	253,872	11,052	87,228	3,924	5,439,564	621,633
2042	-	-	-	-	-	-	257,268	7,656	88,440	2,712	5,018,603	385,491
2043	-	-	-	-	-	-	260,700	4,224	89,652	1,500	4,445,352	189,999
2044	-	-	-	-	-	-	175,664	878	60,580	525	236,244	1,403
	$ 6,106,618	**$ 526,198**	**$ 907,120**	**$ 68,107**	**$ 1,597,858**	**$ -**	**$ 4,582,196**	**$ 627,902**	**$ 1,570,756**	**$ 213,429**	**$ 122,215,297**	**$ 44,529,218**

CLEVELAND UTILITIES AUTHORITY
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
For the Eight Months Ended June 30, 2024

Description of Indebtness	Original amount of issue	Interest rate	Date of issue	Last maturity date	Outstanding 11/1/23	Issued during period	Paid and/or matured during period	Refunded during period	Outstanding 6/30/2024
Notes Payable Water/Wastewater									
2014 SRF DG2 14-151	2,000,000	1.50%	October 21, 2014	June 1, 2036	$ 1,278,978	$ -	$ 64,536	$ -	$ 1,214,442
2015 SRF CG4 15-349	2,325,000	1.38%	February 26, 2015	June 1, 2036	1,545,820	-	74,632	-	1,471,188
2016 SRF DWF 16-172	2,889,229	1.10%	June 9, 2016	June 20, 2038	2,081,235	-	91,208	-	1,990,027
2017 SRF CG3 17-379	104,897	0.88%	January 9, 2017	June 20, 2037	71,945	-	3,400	-	68,545
2017 SRF DW6 17-192	800,000	1.60%	June 22, 2017	June 20, 2039	637,310	-	24,368	-	612,942
2017 SRF DWF 17-193	195,000	1.60%	June 22, 2017	June 20, 2039	154,900	-	5,960	-	148,940
2018 SRF DWF 18-205	430,000	1.31%	January 25, 2018	June 20, 2039	339,444	-	13,360	-	326,084
2014 SRF 13-319	1,374,972	1.15%	December 5, 2013	February 20, 2037	951,216	-	44,096	-	907,120
2014 SRF 13-320	8,169,388	1.15%	December 5, 2013	June 20, 2039	6,363,162	-	256,544	-	6,106,618
2018 SRF 18-417	10,000,000	1.58%	March 13, 2018	June 1, 2042	9,390,092	-	290,640	-	9,099,452
2018 SRF18-417-01	10,000,000	0.73%	May 6, 2022	June 1, 2042	5,081,057	-	-	-	5,081,057
2018 SRF CW6 18-415	884,207	1.56%	June 19, 2018	June 1, 2040	747,686	-	26,560	-	721,126
2018 SRF 18-416	491,390	1.56%	February 8, 2019	June 1, 2042	447,019	-	14,456	-	432,563
2019 SRF CW7 19-431	1,593,900	1.37%	July 10, 2019	June 1, 2042	87,210	1,506,690	23,144	-	1,570,756
2023 SRF CW7 23-484	2,700,000	2.40%	May 22, 2023	June 1, 2044	-	1,597,858	-	-	1,597,858
2022 SRF CW7 22-473-01	3,100,000	2.40%	September 20, 2023	June 1, 2044	-	299,383	-	-	299,383
2023 SRF CW7 2023-473	4,650,000	1.33%	March 1, 2024	February 28, 2044	-	4,650,000	67,804	-	4,582,196
Total Notes Payable	$ 51,707,983				$ 29,177,074	$ 8,053,931	$ 1,000,708	$ -	$ 36,230,297
Bonds									
Series 2023 Bond - Electric	64,920,000	4.24%	October 31, 2023	June 1, 2043	64,920,000	-	3,175,000	-	61,745,000
Series 2023 Bond - Water and Wastewater	27,265,000	4.13%	October 31, 2023	June 1, 2042	27,265,000	-	3,025,000	-	24,240,000
Total Bonds Payable	$ 92,185,000				$ 92,185,000	$ -	$ 6,200,000	$ -	$ 85,985,000

See independent auditor's report.

CLEVELAND UTILITES AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Eight Months Ended June 30, 2024

	ALN Number	Agency or Pass-through Number	Expenditures/ Amount Earned/ Amount Issued
FEDERAL AWARDS			
United States Environtmental Protection Agenc			
Passed through Tennessee Departent o			
Environment and Conservation			
Clean Water State Revolving Fund Cluster			
Grants for Clean Water State Revolving Fund	66.458*	SRF 2022-473	4,650,000
Grants for Clean Water State Revolving Fund	66.458*	SRF 2022-473-01	299,382
Grants for Clean Water State Revolving Fund	66.458*	SRF 2019-431	1,674,100
Grants for Clean Water State Revolving Func	66.458*	SRF 2023-473	$ 1,597,858
			8,221,340
Total Federal Awards			$ 8,221,340

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Utility under programs of the federal government for the eight months ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Utility, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Utility.

Expenditures reported on the schedule are reported on the modified accrual basis of accounting whereby expenditures are recorded when the liability is incurred. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Utility has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

INTERNAL CONTROL AND COMPLIANCE SECTION

ATA, PLLC
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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Cleveland Utilities Authority
Cleveland, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Cleveland Utilities Authority (the Utility), enterprise funds of the City of Cleveland, Tennessee, as of and for the eight months ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements, and have issued our report thereon dated October 30, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Utility's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and results of that testing, and not to provide an opinion on the effectiveness of the Utility's internal control on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Utility's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ATA, PLLC

Jackson, Tennessee
October 30, 2024

ATA, PLLC
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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board Members and CEO
Cleveland Utilities Authority
Cleveland, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cleveland Utilities Authority's (the Utility) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Utility's major federal programs for the eight months ended June 30, 2024. Cleveland Utilities Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cleveland Utilities Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the eight months ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Identify and assess the risks of material noncompliance, 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 Cleveland Utilities Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Cleveland Utilities Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Cleveland Utilities Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

ATA, PLLC

Jackson, Tennessee
October 30, 2024

CLEVELAND UTILITES AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Eight Months Ended June 30, 2024

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ yes	x no
Significant deficiency(ies) identified?	____ yes	x none reported

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ yes	x no
Significant deficiency(ies) identified?	____ yes	x none reported
Type of auditor's report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR 200.516(a)	____ yes	x no

Identification of major programs:

ALN Number	Name of Federal Program or Cluster
66.458	Clean Water State Revolving Fund

Dollar Threshold used to distinguish between Type A and Type B programs	$ 750,000	
Auditee qualified as a low-risk auditee	____ yes	x no

CLEVELAND UTILITIES AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Eight Months Ended June 30, 2024

Section II – Financial Statement Findings

There are no financial statement findings to report in the current year.

Section III – Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report in the current year.

CLEVELAND UTILITIES AUTHORITY
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Eight Months Ended June 30, 2024

Section II – Financial Statement Findings

There were no financial statement findings reported for the prior year.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings and questioned costs reported for the prior year.

CLEVELAND UTILITIES

CLEVELAND, TENNESSEE

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

OCTOBER 31, 2023

CLEVELEND UTILITIES
DIRECTORY
October 31, 2023

BOARD MEMBERS

Aubrey Ector
Joe Cate
Debbie Melton
David May Jr.
Eddie Cartwright

MANAGEMENT TEAM

Tim Henderson, President/CEO
Walt Vineyard, Executive Vice President IT & Customer Connection
Marshall Stinnet, Vice President of Finance/CFO
John Corum, Vice President Administration Services
Jimmy Isom, Vice President Electric Vision
Craig Mullinax, Vice President Water & Wastewater Division

COUNSEL

John Kimball, Attorney

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

ATA, PLLC
Jackson, Tennessee

CLEVELAND UTILITIES
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FINANCIAL SECTION

ATA, PLLC
227 Oil Well Road Jackson, TN 38305
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Independent Auditor's Report

Cleveland Utilities
Cleveland, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Cleveland Utilities (the Utility) (enterprise funds of the City of Cleveland, Tennessee) as of and for the four months ended October 31, 2023, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Cleveland Utilities as of October 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the four months then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Utility, 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.

Emphasis of Matter – Reporting Entity

As discussed in Note 1, the financial statements present only the Cleveland Utilities enterprise funds and do not purport to, and do not, present fairly the financial position of the City of Cleveland, Tennessee, as of October 31, 2023, the changes in its financial position or, where applicable, its cash flows for the four months then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utility'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 Utility's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other post-employment benefits schedules and notes as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United

States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Utility's basic financial statements. The supplementary information section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information section, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, which have been marked unaudited, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2024, on our consideration of the Utility's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Utility's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Utility's internal control over financial reporting and compliance.

ATA, PLLC

Jackson, Tennessee
June 25, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Cleveland Utilities, we offer readers of the Utility's financial statements this narrative overview and analysis of the financial activities of the Utility for the period ended October 31, 2023. All amounts, unless otherwise indicated, are expressed in actual dollars.

FINANCIAL HIGHLIGHTS

Management believes the Utility's financial condition is strong. The Utility is well within the stringent financial policies and guidelines set by the Board and management. The following are key financial highlights.

- Total assets and deferred outflows of resources at year-end were $392.49 million and exceeded liabilities and deferred inflows of resources in the amount of $212.86 million (i.e. net position). Total assets and deferred outflows increased by $63.65 million.

- Net Position increased $7.46 million during the current year. Unrestricted net position decreased by $3.36 million due primarily to new purchases of capital assets.

- During the four months ended October 31, 2023, the Utility delivered 178,448,531 kWh and 898,848 gallons of water compared to 361,220,773 kWh and 250,051,100 gallons of water during the fiscal year ended June 30, 2023.

- Operating revenues for the four months ended October 31, 2023 were $53.06 million, a decrease when compared to fiscal year ending June 30, 2023 in the amount of $100.02 million or 65.34%.

- Operating expenses for the four months ended October 31, 2023 were $46.23 million, a decrease when compared to the fiscal year ending June 30, 2023 in the amount of $86.51 million or 65.17%.

- The operating profit for the four months ended October 31, 2023 was $6.83 million as compared to a $20.34 million profit for the year ended June 30, 2023.

- Ratios of operating income to total operating revenue were 12.87% and 13.28% for the four-month period ended October 31, 2023 and the fiscal year ended June 30, 2023, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the financial statements and supplementary information. The MD&A represents management's examination and analysis of the Utility's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Utility's strategic plan, budget, bond resolutions and other management tools were used for this analysis. The Financial Statements and Supplementary Information are made up of four sections: 1) the introductory section, 2) the financial section, 3) the supplementary information section, and 4) the internal control and compliance section. The introductory section includes the Utility's directory. The financial section includes the MD&A, the independent auditor's report, the financial statements with accompanying notes, and the required supplementary information. The supplementary information section includes selected financial and operational information. The internal control and compliance section includes the report on internal control and compliance. These sections make up the financial report presented here.

REQUIRED FINANCIAL STATEMENTS

Enterprise Funds are used to account for the operations of the Utility, which is financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements report information about the Utility, using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

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A fiduciary fund is used to account for resources held for the benefit of parties outside of the Utility. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the Utility's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Utility maintains one fiduciary fund used to report resources held related to the Utility's single employer OPEB plan.

The *Statement of Net Position* presents the financial position of the Utility on a full accrual historical cost basis. The statement includes all of the Utility's assets, liabilities, and deferred outflows and inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Utility's creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Utility, and assessing the liquidity and financial flexibility of the Utility.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents the results of the business activities over the course of the fiscal year and information as to how the net positions changed during the year. All changes in net positions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement measures the success of the Utility's operations and can be used to determine whether the Utility has successfully recovered all of its costs. This statement also measures the Utility's profitability and credit worthiness.

The *Statement of Cash Flows* presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipt and cash disbursement information, without consideration of the earnings event, when an obligation arises.

The *Statement of Fiduciary Net Position* includes all accounting assets and liabilities of the plan and provides a picture of the fiduciary net position of the plan as of the end of the current fiscal year compared to the previous fiscal year. Assets less liabilities results in net position restricted for pensions held in trust at year-end.

The *Statement of Changes in Fiduciary Net Position* reports all additions and deductions of the plan for the current fiscal year compared to the previous fiscal year. Additions consist of employer contributions and investment earnings. Deductions include benefits paid to plan participants and administrative expenses. Total additions minus total deductions provide the net increase in net position for the current fiscal year compared to the previous fiscal year. The increase in net position plus the beginning net position restricted for pensions results in the ending net position restricted for pensions for the current year compared to the previous year.

The *Notes to the Financial Statements* provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Utility's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

FINANCIAL ANALYSIS

One of the most important questions asked about the Utility's finances is "Is the Utility, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Utility's activities in a way that will help answer this question. These two statements report the net position of the Utility and the changes in the net position. A net position is one way to measure the financial health or financial position of the Utility. Over time, increases or decreases in the Utility's net position are an indicator of whether its financial health is improving or deteriorating. However, you will need to also consider other non-financial factors such as changes in economic conditions, customer growth, and legislative mandates.

The Utility's total net position increased by $7.46 million for the four months ended October 31, 2023. The analysis below focuses on the Utility's net position (Table 1A & 1B) and changes in net position (Table 2A and 2B) during the four months ended October 31, 2023. On April 10, 2023, the City Council of the City of Cleveland, Tennessee authorized the formation of the Cleveland Utilities Authority pursuant to the provisions of the Tennessee Municipal Energy Authority Act, Tennessee Code Annotated Section 7-36-101. On November 1, 2023, Cleveland Utilities Authority assumed the entirety of Cleveland Utilities' assets, liabilities, and equity position, thus resolving the business of Cleveland Utilities. Also on November 1, 2023, Cleveland Utilities Authority began operation per the approved initial resolution passed by the Cleveland Utilities Authority Board on August 25, 2023.

The increase in capital assets were due mainly to an increase in ongoing projects in both departments. The changes in deferred inflows/outflows of resources are primarily due to transactions related to the Utility's pension plan and OPEB plan. The increase in long-term liabilities was caused mainly by the issuance of new bonds. The other liabilities remain comparable with prior year.

Table 1A

CONDENSED STATEMENTS OF NET POSITION - ELECTRIC FUND

			Increase (Decrease)	
	October 31, 2023	June 30, 2023	$	%
Current and other assets	$ 106,543,286	$ 49,038,028	$ 57,505,258	117.27%
Capital assets	90,789,882	89,237,285	1,552,597	1.74%
Total assets	197,333,168	138,275,313	59,057,855	42.71%
Deferred outflows of resources	8,539,847	8,982,888	(443,041)	-4.93%
Long-term liabilities	80,530,674	25,619,516	54,911,158	214.33%
Other liabilities	18,904,643	16,699,208	2,205,435	13.21%
Total liabilities	99,435,317	42,318,724	57,116,593	134.97%
Deferred inflows of resources	2,970,623	4,866,979	(1,896,356)	-38.96%
Net investment in capital assets	78,352,615	74,026,844	4,325,771	5.84%
Unrestricted	25,114,460	26,045,654	(931,194)	-3.58%
Total net position	$ 103,467,075	$ 100,072,498	$ 3,394,577	3.39%

Table 1B

CONDENSED STATEMENTS OF NET POSITION - WATER & SEWER DEPARTMENT

	October 31, 2023	June 30, 2023	Increase (Decrease) $	%
Current and other assets	$ 16,156,883	$ 18,170,503	$ (2,013,620)	-11.08%
Capital assets	162,241,147	155,346,373	6,894,774	4.44%
Total assets	4,881,154	173,516,876	4,881,154	2.81%
Deferred outflows of resources	8,216,335	8,060,957	155,378	1.93%
Long-term liabilities	68,469,562	67,161,338	1,308,224	1.95%
Other liabilities	6,418,226	5,607,129	811,097	14.47%
Total liabilities	2,119,321	72,768,467	2,119,321	2.91%
Deferred inflows of resources	2,329,667	3,474,973	(1,145,306)	-32.96%
Net investment in capital assets	104,512,049	98,020,089	6,491,960	6.62%
Unrestricted	4,884,861	7,314,304	(2,429,443)	-33.21%
Total net position	$ 109,396,910	$ 105,334,393	$ 4,062,517	3.86%

The Electric fund's total net position increased by $3,394,577 mainly due to increased revenues due to increased rates for the four months ended October 31, 2023. The Water and Sewer fund's total net position increased by $4,062,517 which was mainly due to current year usage and capital contributions.

Changes in the Utility's net position can be determined by reviewing the following condensed Statements of Revenues, Expenses and Changes in Net Position for the four months ended October 31, 2023 and for the fiscal year ended June 30, 2023:

Table 2A

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ELECTRIC DEPARTMENT

	October 31, 2023	June 30, 2023	Increase (Decrease) $	%
Operating revenues	$ 38,883,850	$ 114,742,506	$ (75,858,656)	-66.11%
Non-operating revenues	1,691,505	1,382,839	308,666	22.32%
Total revenues	40,575,355	116,125,345	(75,549,990)	-65.06%
Cost of sales and service	28,353,274	85,120,286	(56,767,012)	-66.69%
Operations expense	3,564,393	8,392,933	(4,828,540)	-57.53%
Maintenance expense	1,620,815	4,696,114	(3,075,299)	-65.49%
Depreciation and Amortization expense	1,757,318	5,145,039	(3,387,721)	-65.84%
Transfers out - in lieu of taxes	747,322	2,539,354	(1,792,032)	-70.57%
Interest and other expense	1,137,656	401,461	736,195	183.38%
Total expenses	37,180,778	106,295,187	(69,114,409)	-65.02%
Change in net position	3,394,577	9,830,158	(6,435,581)	-65.47%
Beginning net position	100,072,498	90,242,340	9,830,158	10.89%
Ending net position	$ 103,467,075	$ 100,072,498	$ 3,394,577	3.39%

Table 2B

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - WATER AND SEWER DEPARTMENT

	October 31, 2023	June 30, 2023	Increase (Decrease) $	Increase (Decrease) %
Operating revenues	$ 14,175,164	$ 38,333,963	$ (24,158,799)	-63.02%
Non-operating revenues	3,467,259	2,705,583	761,676	28.15%
Total revenues	17,642,423	41,039,546	(23,397,123)	-57.01%
Operations expense	7,037,219	17,449,004	(10,411,785)	-59.67%
Maintenance expense	1,396,433	4,541,240	(3,144,807)	-69.25%
Depreciation and Amortization expense	2,498,689	7,395,724	(4,897,035)	-66.21%
Transfers out - in lieu of taxes	168,195	496,087	(327,892)	-66.10%
Interest and other expense	2,479,370	1,242,258	1,237,112	99.59%
Total expenses	13,579,906	31,124,313	(17,544,407)	-56.37%
Change in net position	4,062,517	9,915,233	(5,852,716)	-59.03%
Beginning net position	105,334,393	95,419,160	9,915,233	10.39%
Ending net position	$ 109,396,910	$ 105,334,393	$ 4,062,517	3.86%

Operating revenues showed a decrease of 66.11% for the electric department and a decrease of 63.02% for the water and sewer department and cost of sales and service in the electric department showed a decrease of 66.69% and a decrease of 59.67% for the water and sewer department from June 2023 to October of 2023 due primarily to only four months being reported. Total ending net position showed an increase of 3.63% over the four months due to a profit in the current period.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During the four months ended October 31, 2023, the Utility had $253,031,029 (net of accumulated depreciation) invested in a broad range of utility capital assets. This investment includes land, land rights, distribution, transmission, and treatment systems and their related equipment, and various types of equipment. Based on the uses of the aforementioned assets, they are classified for financial purposes as general plant, treatment plant, transmission plant, distribution plant, plant held for future use, other electric plant, and construction in progress. This investment represents an overall increase of $8.45 million or 3.45% over last year.

The following tables summarize the Utility's capital assets, net of accumulated depreciation, and changes therein, for the four months ended October 31, 2023. These changes are presented in detail in Note 3D to the financial statements.

Table 3A
CAPITAL ASSETS - ELECTRIC DEPARTMENT

	October 31, 2023	June 30, 2023	Increase (Decrease) $	Increase (Decrease) %
General plant	$ 26,580,140	$ 26,149,411	$ 430,729	1.65%
Transmission plant	5,841,389	5,842,157	(768)	-0.01%
Distribution plant	138,425,225	137,713,358	711,867	0.52%
Plant held for future use	1,193,596	1,220,549	(26,953)	-2.21%
Other electric plant	1,553,843	1,634,202	(80,359)	-4.92%
Construction in progress	4,979,064	3,015,315	1,963,749	65.13%
Accumulated depreciation	(87,783,375)	(86,337,707)	(1,445,668)	1.67%
Total capital assets, net of accumulated depreciation	$ 90,789,882	$ 89,237,285	$ 1,552,597	1.74%

Table 3B
CAPITAL ASSETS - WATER AND SEWER DEPARTMENT

	October 31, 2023	June 30, 2023	Increase (Decrease) $	Increase (Decrease) %
General plant	$ 13,323,020	$ 12,927,323	$ 395,697	3.06%
Treatment plant	66,442,908	66,370,656	72,252	0.11%
Distribution plant	197,401,668	197,045,138	356,530	0.18%
Construction in progress	29,867,591	21,352,754	8,514,837	39.88%
Accumulated depreciation	(144,794,040)	(142,349,498)	(2,444,542)	1.72%
Total capital assets, net of accumulated depreciation	$ 162,241,147	$ 155,346,373	$ 6,894,774	4.44%

The increases in construction in progress during the four months ended October 31, 2023 were mainly due to ongoing projects in the water and sewer funds.

The Utility plans on using existing financial resources to keep upgrading existing systems and adding new systems.

Debt Administration
The Utility has outstanding notes and bonds payable in the amount of $121,362,074 as of October 31, 2023. Details relating to debt can be found in Note 3E.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The fiscal year 2024 budget was approved at the April 2023 Board meeting. The City is actively recruiting new industries to the area to make up for past plant closures. Any new industry that comes to the area will increase the Utility's power sales and should help the overall financial condition of the Utility.

CONTACTING THE UTILITIES FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Utility's finances for all those with an interest in the Utility's finances and to demonstrate the Utility's accountability for the money it receives. Questions concerning any information provided in this report or requests for any additional information should be directed to the Accounting Manager of the Utilities, 2450 Guthrie Ave NW, Cleveland, TN 37311.

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
STATEMENT OF NET POSITION
October 31, 2023

	Electric Department	Water and Sewer Department	Totals
Assets			
Current assets			
Cash on hand	$ 3,050	$ -	$ 3,050
Unrestricted cash and cash equivalents	31,149,265	8,327,864	39,477,129
Investments	495,840	-	495,840
Accounts receivable (net of allowance for uncollectibles of $171,759)	10,370,752	5,276,636	15,647,388
Other receivable	1,252,179	759,947	2,012,126
Due from other funds	1,563,770	(1,413,742)	150,028
Inventories	3,350,693	2,457,840	5,808,533
Prepayments and other current assets	580,648	748,338	1,328,986
Total current assets	48,766,197	16,156,883	64,923,080
Noncurrent assets			
Restricted cash, cash equivalents, and investments			
Cash and cash equivalents	56,031,073	-	56,031,073
Other assets:			
Advances to customers - home insulation	1,746,016	-	1,746,016
Capital assets:			
General plant	26,580,140	13,323,020	39,903,160
Treatment plant	-	66,442,908	66,442,908
Transmission plant	5,841,389	-	5,841,389
Distribution plant	138,425,225	197,401,668	335,826,893
Other electric plant	1,553,843	-	1,553,843
Plant held for future use	1,193,596	-	1,193,596
Construction in progress	4,979,064	29,867,591	34,846,655
Less: Accumulated depreciation	(87,783,375)	(144,794,040)	(232,577,415)
Total capital assets (net of accumulated depreciation)	90,789,882	162,241,147	253,031,029
Total noncurrent assets	148,566,971	162,241,147	310,808,118
Total assets	197,333,168	178,398,030	375,731,198
Deferred outflows of resources			
Deferred outflows - pension	8,301,068	7,858,166	16,159,234
Deferred outflows - OPEB	238,779	358,169	596,948
Total deferred outflows of resources	$ 8,539,847	$ 8,216,335	$ 16,756,182

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

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
STATEMENT OF NET POSITION
October 31, 2023

	Electric Department	Water and Sewer Department	Totals
Liabilities			
Current liabilities			
Accounts payable	$ 8,825,941	$ 1,155,420	$ 9,981,361
Customer deposits	4,768,184	-	4,768,184
Due to the City	652,828	-	652,828
Accrued expenses (including compensating absences)	1,310,324	727,847	2,038,171
Current maturities of long-term debt	3,347,366	4,534,959	7,882,325
Total current liabilities	18,904,643	6,418,226	25,322,869
Noncurrent liabilities			
Advances - home insulation program	1,779,447	-	1,779,447
Notes payable	-	27,731,466	27,731,466
Bonds payable	65,120,974	25,462,673	90,583,647
Net pension liability	8,587,895	7,720,361	16,308,256
Net OPEB liability	5,042,358	7,555,062	12,597,420
Total noncurrent liabilities	80,530,674	68,469,562	149,000,236
Total liabilities	99,435,317	74,887,788	174,323,105
Deferred inflows of resources			
Deferred inflows - pension	202,948	200,136	403,084
Deferred inflows - OPEB	643,384	1,043,938	1,687,322
Deferred inflows - other	2,124,291	1,085,593	3,209,884
Total deferred inflows of resources	2,970,623	2,329,667	5,300,290
Net Position			
Net investment in capital assets	78,352,615	104,512,049	182,864,664
Unrestricted	25,114,460	4,884,861	29,999,321
Total net position	**$ 103,467,075**	**$ 109,396,910**	**$ 212,863,985**

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

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Four Months Ended October 31, 2023

	Electric Department	Water and Sewer Department	Totals
Operating revenues			
Charges for sales and services (net of uncollectable accounts of $175,823 and $16,351)	$ 38,011,046	$ 13,498,331	$ 51,509,377
Other revenues	872,804	676,833	1,549,637
Total operating revenues	38,883,850	14,175,164	53,059,014
Operating expenses			
Cost of sales and services	28,353,274	-	28,353,274
Operations expense	3,564,393	7,037,219	10,601,612
Maintenance expense	1,620,815	1,396,433	3,017,248
Depreciation and Amortization	1,757,318	2,498,689	4,256,007
Total operating expenses	35,295,800	10,932,341	46,228,141
Operating income (loss)	**3,588,050**	**3,242,823**	**6,830,873**
Nonoperating revenues (expenses)			
Interest and other revenues	1,691,505	188,634	1,880,139
Tap fees and other nonoperating revenues	-	2,842,178	2,842,178
Interest and other expenses	(1,137,656)	(2,479,370)	(3,617,026)
Total nonoperating revenues (expenses)	553,849	551,442	1,105,291
Change in net position before transfers and capital contributions	4,141,899	3,794,265	7,936,164
Transfers and Capital Contributions			
Transfers out - in lieu of taxes	(747,322)	(168,195)	(915,517)
Capital contributions	-	436,447	436,447
Total transfers and capital contributions	(747,322)	268,252	(479,070)
Change in net position	**3,394,577**	**4,062,517**	**7,457,094**
Total net position - beginning	100,072,498	105,334,393	205,406,891
Total net position - ending	**$ 103,467,075**	**$ 109,396,910**	**$ 212,863,985**

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

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
For the Four Months Ended October 31, 2023

	Electric Department	Water and Sewer Department	Totals
Cash Flows from Operating Activities:			
Cash received from consumers	$ 39,607,824	$ 13,860,378	$ 53,468,202
Cash paid to suppliers of goods and services	(30,036,762)	(5,791,282)	(35,828,044)
Cash paid to employees for services	(3,358,663)	(2,962,821)	(6,321,484)
Customer deposits received	303,842	-	303,842
Customer deposits refundec	(204,245)	-	(204,245)
Net cash provided by operating activities	6,311,996	5,106,275	11,418,271
Cash Flows from Capital and Related Financing Activities:			
Capital contributed by customers and grants	-	436,447	436,447
Proceeds from notes and bonds payable issuanc	64,920,000	27,265,000	92,185,000
Principal paid on debt	(8,832,240)	(26,864,451)	(35,696,691)
Interest paid on bonds, notes, and leases	(1,137,656)	(2,479,370)	(3,617,026)
Construction and acquisition of plant	(3,315,773)	(9,393,463)	(12,709,236)
Materials salvaged from retirements	5,858	-	5,858
Transfers to the City - payment in lieu of taxes	(747,322)	(168,195)	(915,517)
Net cash provided by (used in) capital and related financing activities	50,892,867	(11,204,032)	39,688,835
Cash Flows from Investing Activities:			
Purchase of investments	27,736	-	27,736
Other non-operating income	1,691,505	3,030,812	4,722,317
Conservation loans (made) collected	(38,927)	-	(38,927)
Net cash provided (used) by investing activities	1,680,314	3,030,812	4,711,126
Net increase (decrease) in cash and cash equivalents	**58,885,177**	**(3,066,945)**	**55,818,232**
Cash and cash equivalents - beginning of year	28,298,211	11,394,809	39,693,020
Cash and cash equivalents - end of year	**$ 87,183,388**	**$ 8,327,864**	**$ 95,511,252**

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

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
For the Four Months Ended October 31, 2023

	Electric Department	Water and Sewer Department	Totals
Cash and Cash Equivalents			
Unrestricted cash on hand	$ 3,050	$ -	$ 3,050
Restricted cash equivalents	56,031,073	-	56,031,073
Unrestricted cash and cash equivalents	31,149,265	8,327,864	39,477,129
Total cash and cash equivalents	**$ 87,183,388**	**$ 8,327,864**	**$ 95,511,252**
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ 3,588,050	$ 3,242,823	$ 6,830,873
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,757,318	2,498,689	4,256,007
Change in pension and OPEB related deferred outflows and inflows of resources	(1,453,315)	(1,300,684)	(2,753,999)
Changes in assets and liabilities:			
Accounts receivable	723,974	(314,786)	409,188
Other receivable	(302,625)	79,878	(222,747)
Materials and supplies	(83,245)	(20,436)	(103,681)
Prepayments and other current assets	122,746	227,197	349,943
Due from other governments	129,214	-	129,214
Due/to from other funds	900,090	(1,025,178)	(125,088)
Accounts payable and accrued expenses	(42,971)	780,766	737,795
Customer deposits	99,597	-	99,597
Net pension liability	734,166	737,986	1,472,152
Net OPEB liability	138,997	200,020	339,017
Net cash provided (used) by operating activities	**$ 6,311,996**	**$ 5,106,275**	**$ 11,418,271**

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

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION - OPEB TRUST
October 31, 2023

Assets		
Cash and cash equivalents	$	121,376
Accrued income		5,418
Investments		
Equity investments		3,403,237
Fixed income investments		1,456,015
Total investments		4,859,252
Net position available for benefits		**4,986,046**
Liabilities		-
Net position restricted for pensions	**$**	**4,986,046**

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

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - OPEB TRUST
For the Four Months Ended October 31, 2023

Additions	
Employer contributions	$ 747,673
Investment income	
Interest and dividend income	30,839
Net appreciation (depreciation) in fair value of investments	(310,834)
Total investment income (loss)	(279,995)
Total additions (losses)	467,678
Net increase (decrease) in fiduciary net position	**467,678**
Net position restricted for pensions	
Beginning of year	4,518,368
End of year	$ 4,986,046

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

These are enterprise fund financial statements and include only the financial activities of the Departments of Cleveland Utilities, Cleveland, Tennessee (the Utility). The oversight unit consists of the funds maintained by the Office of the City Recorder of the City of Cleveland, Tennessee (the City).

The Utility provides electric, water, and sewer services to residential, commercial, and industrial customers located within Cleveland, Tennessee, and the surrounding areas.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Utility's financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The accounting policies of the Utility conform to applicable accounting principles generally accepted in the United States of America as defined by the *Governmental Accounting Standards Board* (GASB).

Business-type funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the business-type fund's principal ongoing operations. The principal operating revenues of the Utility are charges for sales to customers for sales and service. Operating expenses for the business-type funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Assets, Liabilities, Deferred Outflow/Inflows, and Net Positions

Deposits and investments
The Utility's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition.

State statutes authorize the Utility to invest in certificates of deposit, obligations of the U. S. Treasury, agencies, instrumentalities and obligations guaranteed as to principal and interest by the United States or any of its agencies, repurchase agreements, and the Tennessee local government investment pool. Investments are stated at fair value.

Receivables and payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the statement of net position.

Trade receivables result from unpaid billings for service to customers and from unpaid billings related to work performed for or materials sold to certain entities. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible customer accounts recorded by the Utility is based on past history of uncollectible accounts and management's analysis of current accounts.

Inventories and prepaid items

All inventories are valued at the lower of average cost or market, using the first-in/first-out (FIFO) method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Capital assets

Capital assets, which include property, plant, equipment, and construction in progress, are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets are defined by the Utility as assets with an estimated useful life of at least 5 years and a cost of more than $0. Assets acquired through contributions from developers or other customers are capitalized at their estimated fair market value at the date of donation.

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. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is expensed in the year incurred.

Property, plant, and equipment of the Utility are depreciated using the straight-line method over the following useful lives:

General plant	5 - 33.33 years
Treatment plant	2.5 - 33.33 years
Transmission plant	10 - 33.33 years
Distribution plant	6.66 - 33.33 years

Long-term obligations

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The Utility continues to report bond issuance costs as an asset and amortize those over the life of the bonds instead of expensing those costs in the current year in accordance with certain provisions included in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements.* This regulatory option as part of GASB Statement No. 65 is available due to the above-mentioned cost being used for rate setting by the Utility.

Pensions and OPEB

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Utility's participation in their multiple employer defined benefit pension plan and single employer OPEB plan, and additions to/deductions from the Utility's fiduciary net position have been determined on the same basis as they are reported by the retirement and OPEB plans. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Utility has pension and OPEB related deferred outflows that qualify for reporting in this category.

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 acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Utility has OPEB related deferred inflows that qualify for reporting in this category.

Net Position Flow Assumption
Sometimes the Utility 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Utility policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Net Positions
Equity is classified as net positions and displayed in the following three components:

- Net Investment in Capital Assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.
- Restricted for Debt Service - Consists of net positions for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities.
- Unrestricted - All other net positions that do not meet the description of the above categories.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred inflows/outflows of resources, and liabilities, the disclosure of contingent amounts and liabilities at the date of the financial statements, and the

reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The Utility adopts flexible annual operating and capital budgets. Budgets are adopted on a basis consistent with generally accepted accounting principles. The current operating budget details the Utility's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year. The capital budget details the plan to receive and expend cash basis capital contribution fees, special assessments, grants, borrowings, and certain revenues for capital projects.

All unexpended appropriations in the operating budget remaining at the end of the fiscal year lapse. Management submits a proposed budget to the Utility's Board. A budget is then adopted for the next fiscal year. During the year, management is authorized to transfer budgeted amounts between line items.

NOTE 3 - DETAILED NOTES ON ACCOUNTS

A. Deposits and Investments

The asset allocations as well as their market values for the pension plan are summarized in the following table:

	October 31, 2023	
	Market Value	Percentage of Total
Cash equivalents	$ 126,794	2.54%
Equities	3,403,237	68.26%
Fixed Income	1,456,015	29.20%
Total	$ 4,986,046	100.00%

The following investments represent more than 5% of the fiduciary net position as of October 31, 2023 and are not issued or explicitly guaranteed by the U.S. government:

	2023
American Beacon Small Cap Value Fund	$ 281,940
Hartford Small Cap Growth Fund	278,623
Vanguard Growth Index	715,328
Vanguard High Dividen Yield Index Fund	712,160
Victory Sycamore Established Value Fund	339,377
Clearbridge International Growth Fund	440,833
Hartford International Value Fund	301,830
Federated Hermes Total Return Bond Fund	253,982
Lord Abbett Short Duration Income Fund	473,794
Thornburg Limited Term Income Fund	520,198

For the four months ended October 31, 2023, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 6.69 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of October 31, 2023, respectively:

October 31, 2023		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Mutual funds - fixed	$ 1,456,015	$ 1,456,015	$ -	$ -
Total debt securities	1,456,015	1,456,015	-	-
Equity securities				
Mutual funds	3,403,237	3,403,237	-	-
Total investment measured a	$ 4,859,252	$ 4,859,252	$ -	$ -

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Custodial credit risk
The Utility's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance, the Tennessee Bank Collateral Pool, by collateral held by the Utility's agent in the Utility's name, or by the Federal Reserve Banks acting as third-party agents. State statutes also authorize the Utility to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at

Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of October 31, 2023, all bank deposits were fully collateralized or insured.

B. Receivables

Receivables as of the fiscal year end were made up of the following:

	October 31, 2023
Billed services for utility customers	15,818,967
Other receivables for utility services	2,012,126
Allowance for uncollectibles	(171,579)
Total	$ 17,659,514

C. Interfund Receivables and Payables and Transfers

The interfund balances presented in the statement of net positions represent the amount of these interfund balances as shown below. The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between the funds are made.

All interfund balances are expected to be repaid within the next fiscal year and are considered ordinary in nature. The interfund balances as of October 31, 2023 are as follows:

October 31, 2023	Due from Water
Due to Electric	$ 1,413,742

The Electric division holds an interdivisional receivable of $1,413,742 as of October 31, 2023. This amount consists of 146,563 for Water Division Payroll, $112,041 for Sewer Division Payroll, $482,504 for Water Division Accounts Payable, $800,175 for Sewer Division Accounts Payable, minus $127,541 payable to Sewer Division for expenses paid in October.

There is a due from the City of Cleveland in the amount of $150,028 for the four months ended October 31, 2023. The due from the City results from overpaid tax equivalents for the months October 31, 2023.

There is a due to the City of Cleveland in the amount of $652,828 for the four months ended October 31, 2023. The due to the City results from the October Sanitation and Stormwater revenues that were billed by the Utility but were not remitted until after October 31.

The only transfer between funds is between the Electric Fund and the City for payments in lieu of taxes which amounted to $915,517 for the four months ended October 31, 2023.

D. Capital Assets

Capital asset activity during the year was as follows:

Electric Fund Description	Balance at June 30, 2023	Additions	Disposals	Reclass	Balance at October 31, 2023
Capital assets, not being depreciated					
Land and land rights	$ 559,065	$ -	$ -	$ -	$ 559,065
Plant for future use	1,220,549	-	26,953	-	1,193,596
Construction in progress	3,015,315	4,249,802	2,286,053	-	4,979,064
Total capital assets not being depreciated	4,794,929	4,249,802	2,313,006	-	6,731,725
Capital assets, being depreciated					
General plant	25,929,784	843,593	412,864	-	26,360,513
Transmission plant	5,749,553	1,557	2,324	-	5,748,786
Distribution plant	137,466,524	1,002,562	290,696	-	138,178,390
Other electric plant	1,634,202	(80,359)	-	-	1,553,843
Total capital assets being depreciated	170,780,063	1,767,353	705,884	-	171,841,532
Less accumulated depreciation for:					
General plant	12,550,391	241,258	62,805	-	12,728,844
Transmission plant	3,996,539	44,280	4,412	-	4,036,407
Distribution plant	69,790,776	1,492,471	265,123	-	71,018,124
Total accumulated depreciation	86,337,706	1,778,009	332,340	-	87,783,375
Total capital assets, being depreciated, net	84,442,357	(10,656)	373,544	-	84,058,157
Total capital assets, net	$ 89,237,286	$ 4,239,146	$ 2,686,550	$ -	$ 90,789,882

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
October 31, 2023

Water and wastewater Description	Balance at June 30, 2023	Additions	Disposals	Reclass	Balance at October 31, 2023
Capital assets, not being depreciated					
Land and land rights	$ 1,964,112	$ -	$ -	$ -	$ 1,964,112
Construction in progress	21,352,754	8,514,837	-	-	29,867,591
Total capital assets not being depreciated	23,316,866	8,514,837	-	-	31,831,703
Capital assets, being depreciated					
General plant	12,927,323	395,697	-	-	13,323,020
Treatment plant	64,406,542	72,254	-	-	64,478,796
Distribution plant	197,045,139	504,079	140,239	(7,311)	197,401,668
Total capital assets being depreciated	274,379,004	972,030	140,239	(7,311)	275,203,484
Less accumulated depreciation for:					
General plant	8,325,061	161,629	-	-	8,486,690
Treatment plant	36,158,069	545,715	-	-	36,703,784
Distribution plant	97,866,369	1,877,437	140,240	-	99,603,566
Total accumulated depreciation	142,349,499	2,584,781	140,240	-	144,794,040
Total capital assets, being depreciated, net	132,029,505	(1,612,751)	(1)	(7,311)	130,409,444
Total capital assets, net	$ 155,346,371	$ 6,902,086	$ (1)	$ (7,311)	$ 162,241,147

Depreciation expense was charged to departments as follows:

	October 31, 2023
Electric	$ 1,757,318
Water and Sewer	2,498,689
Total charged to operations	4,256,007
Charged to transportation - electric	101,050
Charged to transportation - water & sewer	86,092
Total depreciation	$ 4,443,149

E. Long-term Debt

Electric Department

Bonds payable at October 31, are as follows:	2023
Electric System Revenue Refunding Bonds, Series 2023, 4.24%, due annualy through 2043, secured	$ 64,920,000
Current portion bonds payables	3,175,000
Total long-term portion bonds payables	$ 61,745,000

Water and Wastewater Department

Bonds payable at October 31, are as follows:	2023
Water and Wastewater Revenue Refunding Bonds, Series 2023, 4.13%, due annualy through 2042, secured	27,265,000
Current portion bonds payables	3,025,000
Total long-term portion bonds payables	$ 24,240,000

Notes payable at October 31, are as follows:	
State Revolving Fund Loan,1.50%, due serially through 2036, unsecured	1,278,978
State Revolving Fund Loan, 1.38%, due serially through 2036, unsecured	1,545,820
State Revolving Fund Loan, 1.10%, due serially through 2038, unsecured	2,081,235
State Revolving Fund Loan, 0.88%, due serially through 2037, unsecured	71,945
State Revolving Fund Loan, 1.60%, due serially through 2039, unsecured	637,310
State Revolving Fund Loan, 1.31%, due serially through 2039, unsecured	154,900
State Revolving Fund Loan, 1.15%, due serially through 2039, unsecured	339,444
State Revolving Fund Loan, 1.15%, due serially through 2037, unsecured	951,216
State Revolving Fund Loan, 1.58%, due serially through 2039, unsecured	6,363,162

State Revolving Fund Loan, 1.58%, due serially through 2042, unsecured		9,390,092
State Revolving Fund Loan, 0.73%, due serially through 2034, unsecured		5,081,057
State Revolving Fund Loan, 1.56%, due serially through 2040, unsecured		747,686
State Revolving Fund Loan, 1.56%, due serially through 2042, unsecured		447,019
State Revolving Fund Loan, 1.37%, due serially through 2025, unsecured		87,210
Total notes payables		29,177,074
Current portion notes payables		1,445,608
Total long-term portion notes payables	$	27,731,466

The above notes payable contain provisions that in the event of default, the lender can exercise one or more of the following options: (1) Make all or any of the outstanding notes payable balance immediately due and accrued interest at highest post maturity interest rate, (2) Take possession of the collateralized properties, (3) Gain access to other assets of the Utility to protect the lender's interest, and (4) Use any remedy allowed by state or federal law. The notes payable also contain a subjective clause that causes the Utility to be in default if an event occurs that causes the lender to reasonably believe that the lender will have difficulty in collecting the notes payable, or significantly impairs the value of the collateralized properties.

The following is a summary of long-term debt transactions for the year ended October 31, 2023

	Balance at June 30, 2023	Additions	Retirements	Balance at October 31, 2023	Due in one year
Long-term debt from direct borrowings:					
Notes Payable	$ 29,631,954	$ -	$ 454,880	$ 29,177,074	$1,445,608
Bonds Payable	-	92,185,000	-	92,185,000	6,200,000
Premium	109,098	4,734,347	8,081	4,835,364	236,717
Total long-term debt	$ 29,741,052	$96,919,347	$ 462,961	$ 126,197,438	$7,882,325

A summary of future debt service amounts are as follows:

Year ending	Bonds		Notes		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 6,200,000	$ 2,648,615	$ 1,445,608	$ 313,188	$ 7,645,608	$ 2,961,803
2025	4,600,000	4,208,963	1,870,326	399,948	6,470,326	4,608,911
2026	5,085,000	3,978,963	1,875,252	357,132	6,960,252	4,336,095
2027	5,190,000	3,724,713	1,897,956	334,428	7,087,956	4,059,141
2028	5,225,000	3,465,213	1,920,948	311,436	7,145,948	3,776,649
2029-2033	22,345,000	13,763,315	9,960,324	1,199,596	32,305,324	14,962,911
2034-2038	21,955,000	8,198,678	7,522,115	482,782	29,477,115	8,681,460
2039-2043	21,585,000	2,925,901	2,684,545	75,603	24,269,545	3,001,504
	$ 92,185,000	$ 42,914,361	$ 29,177,074	$ 3,474,113	$ 121,362,074	$ 46,388,474

F. Net Position

Net Position represents the difference between assets and liabilities. The net position was as follows:

	October 31, 2023
Investment in capital assets	
Net property, plant, and equipment in service	$ 253,031,029
Less: Debt as disclosed in Note 3E	(126,197,438)
Plus: Restricted cash	56,031,073
	182,864,664
Unrestricted	29,999,321
Total net position	$ 212,863,985

NOTE 4 - OTHER INFORMATION

A. Pension Plan – Central Service Association Mass Mutual Defined Benefit Retirement Plan

Plan Description: The employees of the Electric fund hired prior to October 15, 1993 are provided an agent multi-employer defined benefit plan through the Governmental Plan of Central Services Association (CSA). The employers contribute amounts sufficient to meet the actuarially determined funding requirements of the Plan in order to provide for anticipated benefits. The Plan is administered by CSA. The Board of Directors of CSA appoints an Insurance and Retirement Committee which oversees the Plan and makes recommendations for changes to the Plan.

CSA issues a publicly available report that can be obtained by contacting Central Services Association, P.O. Box 3480, Tupelo, Mississippi 38803-3480.

Benefits Provided: The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Each employee is eligible to participate in the Plan, and employees are fully vested in the Plan after five years of service.

Employees Covered by Benefit Terms:
At October 1, 2022, the following employees were covered by the Plan:

Active employees	6
Inactive not receiving benefits	2
Inactive receiving benefits	81
Total employees covered by the Plan	89

Contributions: Required contributions are determined by MassMutual Financial Group based on actuarial calculations performed by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Each Participant participating in the Plan shall contribute to the Plan 1.5 percent of his Earnings. Payment of such contributions shall be by regular payroll deduction, and shall begin as of the first day of the month the Participant enters the Plan. Except as otherwise provided by the Plan, payment of such contributions shall cease upon the Participant's retirement or other termination of employment.

Net Pension Liability:

The Utility's net pension liability was measured as of October 1, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The total pension liability in the October 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Summary of Principal Actuarial Assumptions	
Discount rate	7.00%
Funding method	Entry Age Normal
Mortality	Pub-2010 general amount-weighted table fully generational with projection scale MP-2021 for all participants except beneficiaries.
Incidence of disability	1985 CIDA Table - Class 2.
Turnover	For all employees: Sarason T-3 Table
Salary scale	3.50% per year
Overtime	It is assumed that overtime will continue to be earned at 100% of the level of the most recent 3-year average.
Assumed retirement age	25% at ages 57-61, 50% at ages 62-64, 100% at age 65
Marriage	It is assumed that 50% of participants are married and that 1 male is 3 years older than his female spouse.
Cost of living adjustment	N/A
Asset valuation	Market value
Funding Value	Actuarial Value (5-year smoothing)

The actuarial assumptions used in the October 1, 2022 valuation were based on employee census data for the period October 1, 2021 to October 1, 2022. In addition, mortality rates were based on the Pub-2010 general amount-weighted table fully generational with projection scale MP-2021 for all participants except beneficiaries.

The long-term expected rate of return on 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 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

October 1, 2022 Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	50.00%	4.50% - 5.50%
Large Cap	20.00%	9.00% - 11.00%
Mid Cap	10.00%	8.50% - 10.50%
Small Cap	8.00%	8.00% - 10.00%
Real Estate	2.00%	3.50% - 5.50%
International Equity	10.00%	3.50% - 5.50%
	100.00%	

The contributions to this plan for the four months ended October 31, 2023, by the employer were $780,932. The Utility's payroll for employees covered by the Plan was $6,321,484.

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employees contribute to the plan and that contributions from the employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Utility's Net Pension Liability

Changes in the Utility's net pension liability for the year ended October 1, 2022 were as follows:

	Increase (Decrease) Total pension liability (TPL) (a)	Plan fiduciary net position (b)	Net pension liability (NPL) (a)-(b)
Balances as 10/1/2022	35,441,088	27,483,844	7,957,244
Changes for the year:			
Service cost	22,334	-	22,334
Interest	793,759	-	793,759
Difference between actual and expected	149,416	-	149,416
Assumption changes	-	-	-
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments	(363,082)	-	(363,082)
Administrative expenses	-	-	-
Net changes	602,427	-	602,427
Balances as 10/1/2023	$ 36,043,515	$ 27,483,844	$ 8,559,671

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

	1% Decrease	Current Rate	1% Increase
Interest rate	6.00%	7.00%	8.00%
Net pension liability	7,957,244	8,559,670	5,203,444

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

Due to the implementation of GASB Statement No. 68, net pension liability is required to be recognized on the Utility's financial statements. Pension expense, deferred outflows of resources, and deferred inflows of resources related to pensions result from changes in the components of the net pension liability. Most changes in the net pension liability are required to be included in pension expense in the period of the change. However, changes not recognized as pension expense are recognized as deferred inflows/outflows. The deferred inflows/outflows will be recognized as pension expense in future years. Changes in the total pension liability due to changes of economic and demographic assumptions or other inputs and differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan, beginning with the current period. Changes in the total pension liability due to differences between the projected earnings and the actual experience with regard to those earnings are required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period.

For the Plan year ended October 1, 2022, the Utility recognized pension expense of $1,645,903 determined as follows:

Annual Pension Expenses:	
Service cost	66,999
Interest cost	2,381,278
Recognized liability (gains)/losses	220,933
Differences between expected and actual experience	246,964
Change of assumptions	-
Employee contributions	(2,343,725)
Expected return on pension investments	1,051,026
Recognized asset (gains)/losses	22,428
Administrative expense	-
Other charges in fiduciary net pension	-
Total pension expense	1,645,903

At October 31, 2023, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	463,255	172,945
Change of assumptions	469,336	-
Net difference between projected and actual earnings on Plan investments	4,418,125	-
Contributions subsequent to the measurement date of October 1, 2022	2,301,339	-
Total	$ 7,652,055	$ 172,945

The amounts shown above for "Contributions subsequent to the measurement date of October 1, 2022" will be recognized as a reduction to net pension liability in the following measurement period.

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

Year ending June 30,	Amortized
2024	1,351,310
2025	1,168,347
2026	976,759
2027	1,681,355
2028	-
Thereafter	-

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

B. Pension Plan – Tennessee Consolidated Retirement System

Plan description: Employees of Cleveland Utilities are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The Utility participates in TCRS through the City of Cleveland. Consequently, the Utility's participation is accounted for as a multi-employer cost-sharing plan for purposes of the Utility's financial reporting. The Utility's employees comprise 35.48% percent of the plan based on census data. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies .

Benefits provided: Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employee Membership data related to the plan, as of June 30, 2022 was as follows:

Plan membership

	2022
Inactive plan members or beneficiaries currently receiving benefits	184
Inactive plan members entitled to but not yet receiving benefits	148
Active plan members	264
	596

Contributions: Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. The Utility makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the four months ended October 31, 2023, the employer contribution for the Utility was $1,037,685 based on a rate of 16.42% percent of covered payroll. By law, employer contributions are required to be paid. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The Utility's net pension liability (asset) was measured as of June 30, 2022, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date. The Utility's proportion of the net pension liability was based on census data of the Utility's employees relative to all employees covered under the Utility's plan. At the June 30, 2022 measurement dates, the Utility's proportion was 35.48 percent.

Actuarial assumptions: The total pension liability as of June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions

Inflation	2.25%
Salary Increases	Graded salary ranges from 8.72% to 3.44%
	based on age, including inflation, averaging 4.00%
Investment Rate of Return	6.75%, Net of pension plan investment expenses,
	including inflation
Cost of Living Adjustment	2.125%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return	Percentage Target Allocations
US Equity	4.88%	31%
Developed Market International Equity	5.37%	14%
Emerging Market International Equity	6.09%	4%
Private Equity and Strategic Lending	6.57%	20%
US Fixed Income	1.20%	20%
Real Estate	4.38%	10%
Short-term Securities	-	1%
Total		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three factors described above.

Discount rate: The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Utility will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2022 Changes in net pension liability (asset)

	Increase/Decrease		
	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2022	$ 72,803,797	$ 65,924,937	$ 6,878,860
Change in allocation	-	-	-
Beginning balance after change in allocation	72,803,797	65,924,937	6,878,860
Changes for the year:			
Service cost	438,669	-	438,669
Interest	803,016	-	803,016
Difference between expected and actual experience	511,854	-	511,854
Changes in Assumptions	-	-	-
Employer contributions	-	-	-
Employee contributions	-	-	-
Net investment income	-	-	-
Benefit payments	(883,814)	-	(883,814)
Administrative expense	-	-	-
Other charges	-	-	-
Net changes:	869,725	-	869,725
Balance at October 31, 2022	$ 73,673,522	$ 65,924,937	$ 7,748,585

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following presents the net pension liability (asset) of the Utility calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Sensitivity of Net Pension Liability

	2022
Net Pension Liability with a 1% Decrease in Discount Rate: 5.75%	17,059,182
Net Pension Liability at Current Discount Rate: 6.75%	7,748,585
Net Pension Liability with a 1% Increase in Discount Rate: 7.75%	(1,565,974)

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

Pension expense: For the four months ended October 31, 2023 the Utility recognized pension expense of $869,723.

GASB 68 Annual Pension Expenses

	2022
Service cost	$ 438,669
Interest	1,530,083
Contributions-employees	-
Projected investment income	(1,542,331)
Recognition of experience (gains)/losses	160,367
Recognition of investment (gains)/losses	(149,288)
Recognition of of assumption changes	310,170
Administrative expenses	122,053
Total pension expense	$ 869,723

Deferred outflows of resources and deferred inflows of resources: For the four months ended October 31, 2023, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2023 Deferred outflows/inflows of resources

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ 1,524,733	$ 230,139
Change of assumptions	2,862,013	-
Net difference between projected and actual earnings in pension investments	188,451	-
Contributions subsequent to the measurement date of June 30, 2022	3,931,982	-
	$ 8,507,179	$ 230,139

The amounts shown above for "Contributions subsequent to the measurement date of June 30, 2022" will be recognized as a reduction to net pension liability in the following measurement period.

Amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
FY 2024	$ 693,683
FY 2025	667,259
FY 2026	364,418
FY 2027	2,363,771
FY 2028	255,927
Thereafter	-

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan: At October 31, 2023, the Utility reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the four months ended October 31, 2023.

C. Other Post-Employment Benefits (OPEB)

Plan description

The Board provides other postemployement benefits (OPEB) for certain employees as described below. The plan is a single employer defined benefit OPEB plan administered by the Board. The plan is reported as a fiduciary fund in the financial statements. The board provides post-retirement medical, hospitalization, vision, and dental benefits to employees who retire from the board with 30 years of service, or age 55 with 15 years of service. As of August 1, 2006 employees with a hire date prior to July 1, 2005, are non-contributory. For those participants with a date of hire on or after June 1, 2005, benefits participants pay according to the following schedule:

Years of service at retirement	Percentage of premium paid by participant
<15	100.00%
15	50.00%
16	46.67%
17	40.33%
18	40.00%
19	36.67%
20	33.33%
21	30.00%
22	26.67%
23	23.33%
24	20.00%
25	16.67%
26	13.33%
27	10.00%
28	6.67%
29	3.33%
30 and more	0.00%

Funding policy

The Utility's OPEB plan is a single-employer defined benefit plan funded through contributions to an irrevocable trust. The Plan is not required to issue a separate financial report.

Annual OPEB Cost and Net OPEB Obligation

Changes in Utility's Net OPEB Liability. Changes in the Utility's net OPEB liability measured at June 30, 2023 and rolled forward to October 31, 2023 is detailed in the following table. The table below shows the net OPEB liability as of June 30, 2023 rolled forward to October 31, 2023, which is what is reported in the financial statements in accordance with GASB Statement No. 75.

Changes in Net OPEB Liability	Increase/(Decrease)			
	Total OPEB Liability	Plan Fiduciary Net Position	Non-Trust Activity	Net OPEB Liability
Balance at July 1, 2023	15,812,283	3,553,880	-	12,258,403
Charges for the year				
Service Cost	83,086	-	-	83,086
Interest	353,289	-	-	353,289
Difference between expected & actual experience	-	-	-	-
Assumption changes	-	-	-	-
Contribution - employer	-	747,673	-	(747,673)
Contribution - employee	-	-	-	-
Net investment income	-	-	-	-
Benefit payments	(97,358)	(764,112)	-	666,754
Administrative expense	-	16,439	-	(16,439)
Other changes	-	-	-	-
Net changes	339,017	-	-	339,017
Balance at October 31, 2023	$ 16,151,300	$ 3,553,880	$ -	$ 12,597,420

Actuarial Methods and Assumptions

The valuation was based on information provided by the Utility as of June 30, 2023.

Plan Membership

Active	205
Inactive plan members	114
Total	319

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions

Actuarial cost method	Entry Age Normal
Mortality	SOA RPH-2014 total dataset headcount-weighted fully generational mortality table with projection scale MP-2021.
Salary scale	4.00%
Core inflation assumption	2.50%
Utilization	75.00%
Discount rate	7.00%
Valuation of asset	Market Value
Per capital claims	Conventional insured equivalent premiums were age-graded for the participants in the medical plans. Individual insured premiums were age-graded for the participants in the Medicare supplemental plans.
Trend	with annual declines of 0.50% until an ultimate rate of 4.0% is achieved.
Marriage	It was assumed that 40% of the male and 40% of the female employees who elect retiree health care coverage for themselves would also elect coverage for their spouse upon retirement. It was assumed that male spouses are three years older than their wives and female spouses are three years younger than the retiree. For current retirees, actual census information was used.

Retirement Rates:

Males:

	Years of Service		
Age:	<15	15-29	30+
55-59	0.0%	0.0%	7.5%
60	10.5%	12.5%	12.5%
61	15.0%	17.0%	17.0%
62	20.0%	22.0%	22.0%
63	17.5%	19.5%	19.5%
64	17.5%	19.5%	19.5%
65	24.0%	26.0%	26.0%
70	18.0%	20.0%	20.0%
75 and over	100.0%	100.0%	100.0%

Females:

	Years of Service		
Age:	<15	15-29	30+
55-59	0.0%	0.0%	7.5%
60	11.0%	13.0%	13.0%
61	13.0%	15.0%	15.0%
62	18.0%	20.0%	20.0%
63	16.0%	18.0%	18.0%
64	16.0%	18.0%	18.0%
65	22.0%	24.0%	24.0%
70	19.0%	21.0%	21.0%
75 and over	100.0%	100.0%	100.0%

Discount rate
The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that the Utility contributions will be made at rates equal to the actuarially determined contribution rates.

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate
The following represents the Net OPEB Liability calculated using the stated health care cost trend assumption, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1-percentage point higher than the assumed trend rate:

A. Net OPEB liability at current trend rate (6.00% to 4.5%)	$12,597,420
B. Net OPEB liability with 1% decrease (5.00% to 3.5%)	$10,134,880
C. Net OPEB liability with 1% increase (7.00% to 5.5%)	$14,910,753

Sensitivity of Net OPEB Liability to Changes in the Discount Rate
The following represents the Net OPEB Liability calculated using the stated discount rate, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1-percentage point higher than the current rate:

A. Net OPEB liability at current discount rate (7.00%)	$12,597,420
B. Net OPEB liability at with 1% decrease (6.00%)	$14,447,790
C. Net OPEB liability at with 1% increase (8.00%)	$10,455,525

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources
For the four months ended October 31, 2023, the Utility recognized OPEB expense of $408,656. At October 31, 2023, the Utility reported the following deferred outflows and inflows of resources related to OPEB liability:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	(1,480,939)
Change of assumptions	596,948	(193,519)
Net difference between projected and actual earnings on OPEB plan investments	-	(12,864)
Total	$ 596,948	$ (1,687,322)

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

Year ending June 30,	Amortized
2024	(385,348)
2025	(335,031)
2026	(359,309)
2027	(361,832)
2028	(392,415)
Thereafter	743,561

In the table above, positive amounts will increase OPEB expense, while negative amounts will decrease OPEB expense. Contributions made in the four month period were $747,673..

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to discount, trend rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Payment of Benefits. Benefits are recorded when the participant has met all of the Plan requirements to receive a benefit. At October 31, 2023 no benefits were payable and not paid.

Administrative Expenses. Qualified Plan administrative expenses are paid by the Plan. During the year ended June 30, 2022 administrative expenses paid were $0.

C. Power Contract

The Utility has a power contract with the Tennessee Valley Authority (TVA) whereby the Utility purchases all its electric power from TVA and is subject to certain restrictions and conditions as provided for in the power contract. Such restrictions include, but are not limited to, prohibitions against furnishing, advancing, lending, pledging or otherwise diverting Utility funds, revenues or property to other operations of the municipality and the purchase or payment of, or providing security for indebtedness on other obligations applicable to such other operations.

D. Risk Management

The Utility is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the four months ended October 31, 2023, the Utility purchased commercial insurance for all of the above risks. Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in the amount of coverage.

E. Subsequent Events

On April 10, 2023, the City Council of the City of Cleveland, Tennessee authorized the formation of the Cleveland Utilities Authority pursuant to the provisions of the Tennessee Municipal Energy Authority Act, Tennessee Code Annotated Section 7-36-101. On November 1, 2023, Cleveland Utilities Authority assumed the entirety of Cleveland Utilities' assets, liabilities, and equity position, thus resolving the business of Cleveland Utilities. Also on November 1, 2023, Cleveland Utilities Authority began operation per the approved initial resolution passed by the Cleveland Utilities Authority Board on August 25, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS BASED ON PARTICIPATION IN THE MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN - CSA
For the Year Ended September 30,

Measurement period ended October 1,	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Total pension liability									
Service cost	$ 66,999	$ 66,376	$ 56,028	$ 63,605	$ 68,316	$ 88,263	$ 98,869	$ 95,366	$ 92,532
Interest	2,381,278	2,416,904	2,348,086	2,351,768	2,304,139	2,270,713	2,210,999	2,159,798	2,165,875
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between actual & expected experience	448,248	(288,243)	224,024	75,248	645,393	460,253	797,655	567,883	(355,441)
Change of assumptions	-	57,079	1,061,833	51,789	64,119	48,168	27,058	-	-
Benefit payments, including refunds of employee contributions	(2,813,403)	(2,709,933)	(2,724,486)	(2,450,385)	(2,343,308)	(2,396,553)	(2,145,295)	(2,044,920)	(1,940,294)
Other charges	-	-	-	-	-	-	-	-	-
Net change in total pension liability	83,122	(457,817)	965,485	92,025	738,659	470,844	989,286	778,127	(37,328)
Total pension liability - beginning	35,357,966	35,815,783	34,850,298	34,758,273	34,019,614	33,548,770	32,559,484	31,781,357	31,818,685
Total pension liability - ending (a)	35,441,088	35,357,966	35,815,783	34,850,298	34,758,273	34,019,614	33,548,770	32,559,484	31,781,357
Plan fiduciary net position									
Contributions - employer	2,069,633	2,002,365	1,930,107	1,840,214	1,875,916	1,764,776	1,703,144	1,698,192	1,507,800
Contributions - employee	-	-	-	-	26,816	-	-	-	-
Net investment income	(5,614,837)	5,315,190	2,246,887	1,103,368	1,681,631	2,454,931	1,908,220	192,571	1,565,864
Benefit payments, including refunds of employee contributions	(2,813,403)	(2,709,933)	(2,724,486)	(2,450,385)	(2,343,308)	(2,396,553)	(2,145,295)	(2,044,920)	(1,940,294)
Administrative expense	(22,428)	(2,702)	(7,143)	-	-	-	-	(99)	(1,829)
Net change in plan fiduciary net position	(6,381,035)	4,604,920	1,445,365	493,197	1,241,055	1,823,154	1,466,069	(154,256)	1,131,541
Plan fiduciary net position - beginning	33,864,879	29,259,959	27,814,594	27,321,397	26,080,342	24,257,188	22,791,119	22,945,375	21,813,834
Plan fiduciary net position - ending (b)	27,483,844	33,864,879	29,259,959	27,814,594	27,321,397	26,080,342	24,257,188	22,791,119	22,945,375
Net Pension Liability (Asset) - ending (a) - (b)	7,957,244	1,493,087	6,555,824	7,035,704	7,436,876	7,939,272	9,291,582	9,768,365	8,835,982
Plan fiduciary net position as a percentage of total pension liability	77.55%	95.78%	81.70%	79.81%	78.60%	76.66%	72.30%	70.00%	72.20%
Covered-employee payroll	$ 794,211	$ 1,013,451	$ 1,069,072	$ 1,328,225	$ 1,548,112	$ 1,699,467	$ 1,940,346	$ 2,104,682	$ 2,061,188
Net pension liability (asset) as a percentage of covered-employee payroll	1001.91%	147.33%	613.23%	529.71%	480.38%	467.16%	478.86%	464.13%	428.68%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Note to schedule: In 2017, amounts reported as changes of assumptions resulted from a change in the assumption of overtime that will continue to be earned from 40% to 60%. In 2018, this assumption increased from 60% to 80%. In 2019, this assumption increased from 80% to 100%.

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN - CSA
For the Year Ended

	October 31, 2023	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	$ 780,932	$ 2,229,869	$ 1,955,441	$ 1,946,847	$ 1,824,417	$ 1,773,627	$ 1,712,348	$ 1,663,122	$ 1,567,533	$ 1,558,833
Contributions in relation to the actuarially determined contribution	780,932	2,017,351	2,100,333	1,961,589	1,901,746	1,854,331	1,870,153	1,725,980	1,699,430	1,698,192
Contribution deficiency (excess)	$ -	$ 212,518	$ (144,892)	$ (14,742)	$ (77,329)	$ (80,704)	$ (157,805)	$ (62,858)	$ (131,897)	$ (139,359)
Covered-employee payroll	$ 285,920	$ 738,616	$ 942,509	$ 994,237	$ 1,151,339	$ 1,435,507	$ 1,585,955	$ 1,759,687	$ 1,980,042	$ 2,093,809
Contributions as a percentage of covered-employee payroll	273.13%	273.13%	222.84%	197.30%	165.18%	129.18%	117.92%	98.08%	85.83%	81.11%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SCHEDULE OF NOTES TO PENSION REQUIRED SUPPLEMENTARY INFORMATION - CSA
For the Four Months Ended October 31, 2023

Notes to Pension Required Supplementary Information
Valuation Date: Actuarially determined contribution rates for 2023 were calculated based on the October 1, 2022 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry-Age Normal
Discount rate:	7.00%. The interest rate for funding equals the long-term rate of return on investments. For GASB determinations, because current assets and policy contributions are projected to be sufficient to pay all porjected benefits, the discount rate is the long-term rate of return.
Mortality:	Pub-2010 general amount-weighted table fully generational with projection scale MP-2021 for all participants except beneficiaries. Beneficiaries are valued using the Pub-2010 amount-weighted contingent survivor fully-generational with projection scale MP-2021.
Incidence of disability:	1985 CIDA Table - Class 2.
Turnover:	For all employees: Sarason T-3 Table
Salary Scale:	3.50% per year.
Inflation:	2.00% inflation; 2.50% wage growth
Overtime:	It is assumed that overtime will continue to be earned at 100% of the level of the most recent 3-year average.
Assumed age at retirement:	25% at ages 57-61; 50% at ages 62-64; 100% at age 65
Marriage:	It is assumed that 50% of participants are married and that a male is 3 years older than his female spouse.
Cost of living adjustment:	N/A
Date of participation freese:	October 14, 1993
Asset valuation	Market value
Funding:	Actuarial Value (5 year smoothing)

See independent auditor's report.

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYER DEFINED BENEFIT PENSION PLAN - TCRS
For the Year Ended June 30,

Measurement period ended October 1,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability									
Service cost	$ 3,709,573	$ 3,067,349	$ 3,109,494	$ 2,842,378	$ 2,829,546	$ 2,442,734	$ 2,363,997	$ 2,274,025	$ 2,222,760
Interest	12,939,030	12,455,312	11,863,884	11,237,054	10,660,549	10,043,766	9,467,115	8,925,860	8,465,079
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between actual & expected experience	4,328,440	(973,078)	399,575	1,089,026	768,592	2,524,249	1,198,307	717,782	(254,944)
Change of assumptions	-	12,101,192	-	-	-	3,636,385	-	-	-
Benefit payments, including refunds of employee contributions	(7,473,900)	(7,328,245)	(7,018,107)	(6,561,174)	(6,078,280)	(5,739,270)	(5,099,666)	(4,482,162)	(4,198,654)
Other charges	-	-	-	-	-	-	-	-	-
Net change in total pension liability	13,503,143	19,322,530	8,354,846	8,607,284	8,180,407	12,907,864	7,929,753	7,435,505	6,234,241
Total pension liability - beginning	191,716,716	172,394,186	164,039,340	155,432,056	147,251,649	134,343,785	126,414,032	118,978,527	112,744,286
Total pension liability - ending (a)	205,219,859	191,716,716	172,394,186	164,039,340	155,432,056	147,251,649	134,343,785	126,414,032	118,978,527
Plan fiduciary net position									
Contributions - employer	7,542,578	7,074,310	6,777,880	6,489,131	6,173,411	5,744,012	5,426,173	5,321,904	5,089,188
Contributions - employee	-	-	-	-	524	-	1,998	186	165
Net investment income	(7,392,006)	39,657,269	7,279,540	10,185,877	10,488,825	12,875,142	2,936,077	3,287,610	15,038,653
Benefit payments, including refunds of employee contributions	(7,473,900)	(7,328,245)	(7,018,107)	(6,561,174)	(6,078,280)	(5,739,270)	(5,099,666)	(4,482,162)	(4,198,654)
Administrative expense	(72,831)	(66,700)	(65,005)	(64,454)	(67,134)	(57,272)	(51,102)	(34,427)	(29,562)
Net change in plan fiduciary net position	(7,396,159)	39,336,634	6,974,308	10,049,380	10,517,346	12,822,612	3,213,480	4,093,111	15,899,790
Plan fiduciary net position - beginning	193,225,832	153,889,198	146,914,890	136,865,510	126,348,164	113,525,552	110,312,072	106,218,961	90,319,171
Plan fiduciary net position - ending (b)	185,829,673	193,225,832	153,889,198	146,914,890	136,865,510	126,348,164	113,525,552	110,312,072	106,218,961
Net Pension Liability (Asset) - ending (a) - (b)	19,390,186	(1,509,116)	18,504,988	17,124,450	18,566,546	20,903,485	20,818,233	16,101,960	12,759,566
Plan fiduciary net position as a percentage of total pension liability	90.55%	100.79%	89.27%	89.56%	88.05%	85.80%	84.50%	87.26%	89.28%
Covered-employee payroll	$ 41,454,642	$ 38,827,492	$ 37,192,410	$ 35,887,908	$ 34,163,265	$ 32,410,047	$ 30,709,795	$ 30,014,667	$ 28,771,684
Net pension liability (asset) as a percentage of covered-employee payroll	46.77%	-3.89%	49.75%	47.72%	54.35%	64.50%	67.79%	53.65%	44.35%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.
This schedule represents the activity for the entire City of Cleveland of which Cleveland Utilities percentage is currently 35.476%.

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYER DEFINED BENEFIT PENSION PLAN - TCRS
For the Year Ended

	October 31, 2023	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution	$ 1,037,685	$ 8,175,511	$ 7,542,578	$ 7,074,310	$ 6,777,880	$ 6,489,166	$ 6,173,128	$ 5,744,012	$ 5,424,330	$ 5,321,904	$ 5,089,188
Contributions in relation to the actuarially determined contribution	1,037,685	8,175,511	7,542,578	7,074,310	6,777,880	6,489,166	6,173,128	5,744,012	5,424,330	5,321,904	5,089,188
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 6,321,484	$ 44,840,716	$ 41,454,642	$ 38,827,492	$37,192,410	$34,740,451	$ 34,163,265	$ 32,410,047	$ 30,620,707	$ 30,014,667	$ 28,771,684
Contributions as a percentage of covered-employee payroll	16.42%	18.23%	18.19%	18.22%	18.22%	18.68%	18.07%	17.72%	17.71%	17.73%	17.69%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See independent auditor's report.

Notes to Pension Required Supplementary Information
Valuation Date: Actuarially determined contribution rates for 2023 were calculated based on the October 1, 2022 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation	Fair Market Value
Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.125 percent

Changes in assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 to 2.25 percent; decreased the investement rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
For the Years Ended June 30,

Total OPEB Liability	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Service cost	$ 249,259	$ 243,180	$ 255,499	$ 228,621	$ 234,893	$ 229,163
Interest	1,059,866	1,023,028	1,081,058	1,038,874	1,153,072	1,144,551
Differences between expected and actual experience	-	(1,711,731)	-	(1,355,935)	468,861	(2,102,456)
Changes of assumptions	-	275,621	-	(375,515)	(629,622)	1,470,517
Benefits Payments and Refunds	(764,112)	(728,585)	(706,042)	(676,531)	-	(637,980)
Net Change in Total OPEB Liability	545,013	(898,487)	630,515	(1,140,486)	1,227,204	103,796
Total OPEB Liability - beginning	**15,267,270**	**16,165,757**	**15,535,242**	**16,675,728**	**15,448,524**	**15,344,728**
Total OPEB Liability - ending (a	**$ 15,812,283**	**$ 15,267,270**	**$ 16,165,757**	**$ 15,535,242**	**$ 16,675,728**	**$ 15,448,524**
Plan Fiduciary Net Positior						
Contributions - employer	$ 764,112	$ 1,440,742	$ 1,160,326	$ 1,361,034	$ 1,287,545	$ 637,980
Net investment income	232,497	168,310	127,580	79,512	29,149	26,910
Benefit payments	(764,112)	(728,585)	(706,042)	(676,531)	(629,622)	(637,980)
Differences between expected and actual experience	-	36,484	-	(30,669)	13,503	2,926
Administrative expense	-	-	-	-	-	-
Net change in fiduciary net position	232,497	916,951	581,864	733,346	700,575	29,836
Plan fiduciary net position - beginnin	**$ 3,321,383**	**$ 2,404,432**	**$ 1,822,568**	**$ 1,089,222**	**$ 388,647**	**$ 358,811**
Plan fiduciary net position - ending (b	**$ 3,553,880**	**$ 3,321,383**	**$ 2,404,432**	**$ 1,822,568**	**$ 1,089,222**	**$ 388,647**
Net OPEB Liability - ending (a) - (b)	**$ 12,258,403**	**$ 11,945,887**	**$ 13,761,325**	**$ 13,712,674**	**$ 15,586,506**	**$ 15,059,877**
Plan fiduciary net position as a percentage of total OPEB liability	22.48%	21.75%	14.87%	11.73%	6.53%	2.52%
Covered Employee Payroll	$ 14,764,846	$ 14,404,728	$ 15,724,519	$ 13,195,712	$ 12,808,874	$ 12,496,462
Net OPEB Liability as a % of covered-employee payroll	83.02%	82.93%	87.52%	103.92%	121.69%	120.51%

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years which information is available.

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE OPEB PLAN
For the Year Ended

	October 31, 2023	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Actuarially determined contribution	$ 747,673	$ 1,093,057	$ 1,078,379	$ 1,160,326	$ 1,157,071	$ 1,185,998	$ 1,160,104	$ 959,681
Contributions in relation to the actuarially determined contribution	747,673	764,112	1,440,742	1,404,235	1,361,034	1,287,545	637,980	959,681
Contribution deficiency (excess)	$ -	$ 328,945	$ (362,363)	$ (243,909)	$ (203,963)	$ (101,547)	$ 522,124	$ -
Covered-employee payroll	$ 6,321,484	$ 14,764,846	$ 14,404,728	$ 15,724,519	$ 13,195,712	$ 12,808,874	$ 12,496,462	$ 11,561,465
Contributions as a percentage of covered-employee payroll	11.83%	5.18%	10.00%	8.93%	10.31%	10.05%	5.11%	8.30%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SCHEDULE OF NOTES TO OPEB REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

Notes to OPEB Required Supplementary Information

Valuation Date: Actuarially determined contribution rates for 2023 were calculated based on the June 30, 2023 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Remaining amortization period	27 years
Asset valuation	Market value
Inflation	2.5 percent
Salary increases	4.00%
Payroll Growth	2.50%
Investment rate of return	7.30%
Healthcare trend rates	7.00% decreasing to 4.50% in 2026
Mortality	61 RPH2014 with scale MP 2021
Annual money-weighted rate of return, net of investment expense	10.70%

SUPPLEMENTARY INFORMATION SECTION

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SCHEDULE OF OPERATING REVENUES AND EXPENSES
ELECTRIC DEPARTMENT

For the Four Months Ended October 31, 2023

	Actual	Percent
Operating Revenues		
Charges for sales and services:		
Residential sales	$ 15,493,097	39.84
Commercial	3,897,974	10.02
Industrial	18,006,649	46.31
Street and outdoor lighting	789,149	2.03
Uncollectible accounts	(175,823)	(0.45)
Total charges for sales and services	38,011,046	97.75
Other revenues:		
Forfeited discounts	91,880	0.24
Miscellaneous service revenue	60,336	0.16
Rent from electric property	407,758	1.05
Other electric revenue	312,830	0.80
Total other revenues	872,804	2.25
Total operating revenues	$ 38,883,850	100.00
Operating expenses		
Cost of sales and services:		
Purchased power	$ 28,353,274	72.92
Operations expenses:		
Distribution expenses:		
Supervision and engineering	87,387	0.22
Station expense	7,993	0.02
Underground lines	47,898	0.12
Overhead lines	18,124	0.05
Street lighting and signal system	13,006	0.03
Meter expense	181,239	0.47
Customer installations	(966)	-
Rents	25,484	0.07
Miscellaneous	277,718	0.71
Total distribution expenses	657,883	1.69
Customer accounts expenses:		
Supervision	13,329	0.03
Meter reading	27,909	0.07
Records and collection	473,747	1.22
Miscellaneous	210	-
Total customer accounts expenses	515,195	1.32

See independent auditor's report.

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SCHEDULE OF REVENUES AND EXPENSES
ELECTRIC DEPARTMENT
For the Four Months Ended October 31, 2023

	Actual	Percent
Customer service and information expenses		
Supervision	21,243	2,172.09
Customer assistance and advertising	8,597	879.04
Total customer service and information expenses	$ 29,840	3,051.13
Sales expenses:		
Promotional and selling expense	31,649	0.08
Miscellaneous	35,449	0.09
Total sales expenses	67,098	0.17
Administrative expenses		
Salaries	390,857	1.01
Office supplies and expenses	368,864	0.95
Outside services employed	58,348	0.15
Insurance	212,558	0.55
Employee pension and benefits	983,445	2.53
Advertising	978	-
Miscellaneous	279,327	0.72
Total administrative expenses	2,294,377	5.90
Total operations expenses	3,564,393	9.17
Maintenance expenses:		
Transmission expenses:		
Substation expense	53,178	0.14
Services expense	15,285	0.04
Total transmission expenses	68,463	0.18
Distribution expenses:		
Supervision and engineering	21,074	0.05
Overhead lines	1,001,155	2.57
Underground lines	152,895	0.39
Line transformers	9,817	0.03
Street lights and signal system	73,334	0.19
Meters	20	-
Fiber optics	3,623	0.01
Outdoor lighting	17,982	0.05
Miscellaneous	115,687	0.30
Total distribution expenses	1,395,587	3.59
Administrative expenses:		
General plant and equipment	156,765	0.40
Total maintenance expenses	1,620,815	4.17
Depreciation & Amortization	1,757,318	4.52

See independent auditor's report.

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SCHEDULE OF OPERATING REVENUES AND EXPENSES - WATER AND SEWER DEPARTMENT
For the Four Months Ended October 31, 2023

	Actual	Percent
Operating Revenues		
Charges for sales and services:		
Water Department:		
Metered sales	$ 8,132,528	57.37
Uncollectible accounts	(9,898)	(0.07)
Sewer Department:		
Metered sales	5,382,154	37.97
Uncollectible accounts	(6,453)	(0.05)
Total charges for sales and services	13,498,331	95.22
Other revenues		
Water Department:		
Forfeited discounts	77,745	0.55
Miscellaneous water revenue	533,123	3.76
Sewer Department:		
Forfeited discounts	65,965	0.47
Total other revenue	676,833	4.78
Total operating revenues	**$ 14,175,164**	**100.00**
Operating Expenses		
Operations expenses:		
Purchased water	$ 894,777	6.31
System operations:		
Water department:		
Power for pumping	$ 223,777	1.58
Purification supplies	145,644	1.03
Operation and maintenance of wells and reservoirs	32,377	0.23
Mapping and engineering charges	137,434	0.97
Operating supplies and expenses	13,763	0.10
Pumping - supervision and labor	199,610	1.41
Cross connections inspection	32,856	0.23
Distribution systems operation	503,971	3.56
Operation of meters	81,991	0.58

See independent auditor's report.

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SCHEDULE OF OPERATING REVENUES AND EXPENSES -
WATER AND SEWER DEPARTMENT
For the Four Months Ended October 31, 2023

	Actual	Percent
Sewer department:		
Operation labor	319,537	2.25
Mapping and engineering charges	105,999	0.75
Operating supplies	2,188	0.02
Distribution systems operation	479,306	3.38
Purification supplies	222,271	1.57
Total system operations	2,500,724	17.66
Consumers' accounting and collecting:		
Water Department:		
Meter reading, resetting and collecting	21,039	0.15
Sewer Department:		
Meter reading, resetting and collecting	12,376	0.09
Total consumers' accounting and collecting	33,415	0.24
Administrative expense:		
Water Department:		
Salaries	621,444	4.38
Office supplies and expense	195,909	1.38
Professional fees	45,358	0.32
Insurance	160,056	1.13
Employee benefits	879,619	6.21
Building expense	51,020	0.36
Other general expense	105,299	0.74
Sewer Department:		
Salaries	500,585	3.53
Office supplies and expense	136,387	0.96
Professional fees	25,005	0.18
Insurance	148,073	1.04
Employee benefits	581,269	4.10
Building expense	34,196	0.24
Other general expense	124,083	0.88
Total administrative expense	3,608,303	25.45
Total operating expenses	**7,037,219**	**43.35**

See independent auditor's report.

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SCHEDULE OF OPERATING REVENUES AND EXPENSES -
WATER AND SEWER DEPARTMENT
For the Four Months Ended October 31, 2023

	Actual	Percent
Maintenance Expenses		
Operations expenses:		
Water department:		
Maintenance of structures and improvements	49,763	0.35
Maintenance of power and pumping equipment	29,075	0.21
Maintenance of meters	113,496	0.80
Maintenance of distribution plant	577,964	4.08
Sewer department:		
Maintenance of structures and improvements	56,271	0.40
Maintenance of power pumping equipment	86,184	0.61
Maintenance of mains	195,545	1.38
Total operations expenses	1,108,298	7.83
Administrative expense:		
Water department:		
Maintenance of communication and miscellaneous property	53,661	0.38
Sewer department:		
Maintenance of communication and miscellaneous property	234,474	1.65
Total administrative expense	288,135	2.03
Total maintenance expenses	1,396,433	9.86
Depreciation		
Water department	1,073,141	7.57
Sewer department	1,425,548	10.06
Total depreciation and amortization	2,498,689	17.63
Total operating expenses	**$ 10,932,341**	**70.84**

See independent auditor's report.

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
ELECTRIC RATES IN FORCE
For the Four Months Ended October 31, 2023

Number of customers		33,767
Residential rate schedule		
Customer charge - per delivery point per month	$	20.89
Energy charge - cents per kWh		
per kWh		0.10034
General power schedule		
GSA1 (Under 50 kW demand & less than 15,000 kWh)		
Customer charge - per delivery point per month	$	22.41
Energy charge - cents per kWh		
per kWh		0.11325
GSA2 (51-1000 kW demand or more than 15,000 kWh)		
Customer charge - per delivery point per month		60.82
Demand charges - per kW per month		
First 50 Kw		No Charge
Excess over 50 kW		14.45
Energy charge - cents per kWh		
First 15,000 kWh per month		0.10517
Additional kWh per month		0.06146
GSA3 (1,000 - 5,000 kW demand)		
Customer charge - per delivery point per month		195.66
Demand charges - per kW per month		
First 1,000 kW		12.41
Excess over 1,000 kW not to exceed 5,000		12.28
Energy charge - cents per kWh		0.06151
Outdoor Lighting		
Customer charge - per delivery point per month		3
All kW - per kW per month		0.07136

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
WATER RATES IN FORCE
For the Four Months Ended October 31, 2023

Number of customers 34,242

(Based on monthly consumption)

	Inside City	Outside City
Residential		
Customer Charge	$ 11.33	$ 20.44
First 1,400 cu. ft.	$3.36/100 cu. ft.	$5.27/100 cu. ft.
Additional	$3.50/100 cu. ft.	$5.54/100 cu. ft.
Non-Residential Small Commercial		
Customer Charge	$ 18.55	$ 27.63
First 15,000 cu. ft.	$3.36/100 cu. ft.	$5.27/100 cu. ft.
Next 85,000 cu. ft.	$2.78/100 cu. ft.	$4.37/100 cu. ft.
Additional	$2.02/100 cu. ft.	$3.27/100 cu. ft.
Non-Residential Large Commercial		
Customer Charge	$ 45.61	$ 54.67
First 15,000 cu. ft.	$3.36/100 cu. ft.	$5.27/100 cu. ft.
Next 85,000 cu. ft.	$2.78/100 cu. ft.	$4.37/100 cu. ft.
Additional	$2.02/100 cu. ft.	$3.27/100 cu. ft.
Irrigation Only		
Customer Charge	$ 11.33	$ 20.44
All Usage	$3.50/100 cu. ft.	$5.54/100 cu. ft.
Resale		
Customer Charge	$ 45.61	$ 45.61
All Usage	$2.02/100 cu. ft.	$2.02/100 cu. ft.
Fire Sprinkler System		
Customer Charge	$ 45.61	$ 45.61
All Usage	$2.02/100 cu. ft.	$2.02/100 cu. ft.

See independent auditor's report.

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SEWER RATES IN FORCE
For the Four Months Ended October 31, 2023

Number of customers 34,242

(Based on monthly consumption)

	Inside City	Outside City
Residential		
Customer Charge	$ 9.83	$ 13.98
First 1,400 cu. ft.	$4.85/100 cu. ft.	$7.32/100 cu. ft.
Non-Residential Small Commercial		
Customer Charge	$ 15.98	$ 20.11
First 100,000 cu. ft.	$4.85/100 cu. ft.	$7.32/100 cu. ft.
Additional	$4.07/100 cu. ft.	$6.10/100 cu. ft.
Non-Residential Small Commercial		
Customer Charge	$ 38.97	$ 43.13
First 100,000 cu. ft.	$4.85/100 cu. ft.	$7.32/100 cu. ft.
Additional	$4.07/100 cu. ft.	$6.10/100 cu. ft.
Wastewater Surcharge		
CBOD	0.1437/pound/day	0.1437/pound/day
TSS	0.1702/pound/day	0.1702/pound/day
TKN	0.2889/pound/day	0.2889/pound/day

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SCHEDULE OF LONG-TERM DEBT
For the Four Months Ended October 31, 2023

	Electric Department		**Water Department**											
	2023 Revenue Bonds - Electric		2018 SRF DWF 18-205		2016 SRF DWF 16-172		2015 SRF CG4 15-349		2014 SRF DG2 14-151		2017 SRF CG2-17-379		2017 SRF DW6 17-192	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	3,175,000	1,862,493	13,360	2,944	91,208	15,272	74,632	14,096	64,536	12,672	3,400	624	24,368	6,752
2025	2,115,000	3,018,963	20,304	4,152	138,336	21,384	113,508	19,584	98,268	17,544	5,136	588	37,140	9,540
2026	2,580,000	2,913,213	20,568	3,888	139,872	19,848	115,080	18,012	99,756	16,056	5,184	540	37,740	8,940
2027	2,675,000	2,784,213	20,844	3,612	141,432	18,288	116,676	16,416	101,256	14,556	5,232	492	38,352	8,328
2028	2,800,000	2,650,463	21,120	3,336	143,016	16,704	118,296	14,796	102,792	13,020	5,280	444	38,964	7,716
2029	2,885,000	2,510,463	21,396	3,060	144,612	15,108	119,940	13,152	104,340	11,472	5,328	396	39,600	7,080
2030	3,010,000	2,366,213	21,684	2,772	146,220	13,500	121,608	11,484	105,912	9,900	5,376	348	40,236	6,444
2031	3,145,000	2,215,713	21,960	2,496	147,852	11,868	123,300	9,792	107,520	8,292	5,424	300	40,884	3,796
2032	3,010,000	2,058,463	22,260	2,196	149,508	10,212	125,016	8,076	109,140	6,672	5,472	252	41,544	5,136
2033	3,160,000	1,907,963	22,548	1,908	151,176	8,544	126,744	6,348	110,784	5,028	5,520	204	42,216	4,464
2034	3,305,000	1,749,963	22,848	1,608	152,856	6,864	128,508	4,584	112,464	3,348	5,568	156	42,888	3,792
2035	3,300,000	1,584,713	23,148	1,308	154,560	5,160	130,296	2,796	114,156	1,656	5,616	108	43,584	3,096
2036	3,300,000	1,419,713	23,448	1,008	156,288	3,432	132,216	957	48,054	180	5,664	60	44,292	2,388
2037	3,415,000	1,254,713	23,760	696	158,028	1,692	-	-	-	-	3,745	14	45,000	1,680
2038	3,585,000	1,083,963	24,072	384	66,271	184	-	-	-	-	-	-	45,732	948
2039	3,760,000	904,713	16,124	79	-	-	-	-	-	-	-	-	34,770	229
2040	3,765,000	716,713	-	-	-	-	-	-	-	-	-	-	-	-
2041	3,925,000	556,700	-	-	-	-	-	-	-	-	-	-	-	-
2042	3,915,000	360,450	-	-	-	-	-	-	-	-	-	-	-	-
2043	4,095,000	184,275	-	-	-	-	-	-	-	-	-	-	-	-
	$ 64,920,000	**$ 34,104,076**	**$ 339,444**	**$ 35,447**	**$ 2,081,235**	**$ 168,060**	**$ 1,545,820**	**$ 140,093**	**$ 1,278,978**	**$ 120,396**	**$ 71,945**	**$ 4,526**	**$ 637,310**	**$ 80,329**

	Water Department		**Water and Wastewater Department**		**Wastewater Department**									
	2017 SRF DWF 17-193		2023 Revenue Bonds		2019 SRF CW7 19-431		2018 SRF 18-416		2018 SRF CW6 18-415		2018 SRF 18-417-01		2018 SRF 18-417	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	5,960	1,640	3,025,000	786,122	69,756	21,396	14,456	4,624	26,560	7,728	466,092	71,448	290,640	98,344
2025	9,084	2,316	2,485,000	1,190,000	17,454	20,436	22,032	6,588	40,476	10,956	469,512	68,028	442,896	140,580
2026	9,228	2,172	2,505,000	1,065,750	-	-	22,380	6,240	41,112	10,320	472,944	64,596	449,952	133,524
2027	9,372	2,028	2,515,000	940,500	-	-	22,728	5,892	41,748	9,684	476,412	61,128	457,116	126,360
2028	9,528	1,872	2,425,000	814,750	-	-	23,076	5,544	42,408	9,024	479,904	57,636	464,388	119,088
2029	9,684	1,716	1,695,000	693,500	-	-	23,448	5,172	43,080	8,352	483,420	54,120	471,780	111,696
2030	9,840	1,560	1,405,000	608,750	-	-	23,820	4,800	43,752	7,680	486,960	50,580	479,280	104,196
2031	9,996	1,404	1,455,000	538,500	-	-	24,192	4,428	44,436	6,996	490,524	47,016	486,912	96,564
2032	10,164	1,236	1,355,000	465,750	-	-	24,564	4,056	45,132	6,300	494,112	43,428	494,664	88,812
2033	10,320	1,080	1,225,000	398,000	-	-	24,960	3,660	45,840	5,592	497,736	39,804	502,536	80,940
2034	10,488	912	1,285,000	336,750	-	-	25,344	3,276	46,560	4,872	263,441	36,156	510,528	72,948
2035	10,656	744	1,205,000	272,500	-	-	25,740	2,880	47,304	4,128	-	-	518,664	64,812
2036	10,836	564	1,100,000	212,250	-	-	26,148	2,472	48,036	3,396	-	-	526,908	56,568
2037	11,004	396	715,000	157,250	-	-	26,556	2,064	48,792	2,640	-	-	535,296	48,180
2038	11,184	216	745,000	126,863	-	-	26,976	1,644	49,560	1,872	-	-	543,816	39,660
2039	7,556	43	780,000	95,200	-	-	27,396	1,224	50,340	1,092	-	-	552,468	31,008
2040	-	-	550,000	61,075	-	-	27,828	792	42,550	303	-	-	561,264	22,212
2041	-	-	575,000	36,325	-	-	28,272	348	-		-	-	570,192	13,284
2042	-	-	220,000	10,450	-	-	7,103	19	-		-	-	530,792	4,204
2043	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	$ 154,900	**$ 19,899**	**$ 27,265,000**	**$ 8,810,285**	**$ 87,210**	**$ 41,832**	**$ 447,019**	**$ 65,723**	**$ 747,686**	**$ 100,935**	**$ 5,081,057**	**$ 593,940**	**$ 9,390,092**	**$ 1,452,980**

	Wastewater Department				**Total Requirements**	
	2013 SRF 13-320		2013 SRF 13-319			
	Principal	Interest	Principal	Interest		
2024	256,544	48,416	44,096	7,232	7,645,608	2,961,803
2025	389,268	68,172	66,912	10,080	6,470,326	4,608,911
2026	393,756	63,684	67,680	9,312	6,960,252	4,336,095
2027	398,316	59,124	68,472	8,520	7,087,956	4,059,141
2028	402,912	54,528	69,264	7,728	7,145,948	3,776,649
2029	407,580	49,860	70,056	6,936	6,524,264	3,492,083
2030	412,296	45,144	70,872	6,120	6,382,856	3,239,491
2031	417,060	40,380	71,688	5,304	6,591,748	2,992,849
2032	421,872	35,568	72,516	4,476	6,380,964	2,740,633
2033	426,756	30,684	73,356	3,636	6,425,492	2,497,855
2034	431,688	25,752	74,208	2,784	6,417,389	2,253,765
2035	436,680	20,760	75,060	1,932	6,090,464	1,966,593
2036	441,720	15,720	75,936	1,056	5,939,546	1,719,764
2037	446,832	10,608	51,100	223	5,480,113	1,480,156
2038	451,992	5,448	-	-	5,549,603	1,261,182
2039	227,890	766	-	-	5,456,544	1,034,354
2040	-	-	-	-	4,946,642	801,095
2041	-	-	-	-	5,098,464	606,657
2042	-	-	-	-	4,672,895	375,123
2043	-	-	-	-	4,095,000	184,275
	$ 6,363,162	**$ 574,614**	**$ 951,216**	**$ 75,339**	**$ 121,362,074**	**$ 46,388,474**

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
For the Four Months Ended October 31, 2023

Description of Indebtness	Original amount of issue	Interest rate	Date of issue	Last maturity date	Outstanding 7/1/23	Issued during period	Paid and/or matured during period	Refunded during period	Outstanding 10/31/2023
Notes Payable									
2014 SRF DG2 14-151	2,000,000	1.50%	October 21, 2014	June 1, 2036	$ 1,311,246	$ -	$ 32,268	$ -	$ 1,278,978
2015 SRF CG4 15-349	2,325,000	1.38%	February 26, 2015	June 1, 2036	1,583,136	-	37,316	-	1,545,820
2016 SRF DWF 16-172	2,889,229	1.10%	June 9, 2016	June 20, 2038	2,126,839	-	45,604	-	2,081,235
2017 SRF CG3 17-379	104,897	0.88%	January 9, 2017	June 20, 2037	73,645	-	1,700	-	71,945
2017 SRF DW6 17-192	800,000	1.60%	June 22, 2017	June 20, 2039	649,494	-	12,184	-	637,310
2017 SRF DWF 17-193	195,000	1.60%	June 22, 2017	June 20, 2039	157,880	-	2,980	-	154,900
2018 SRF DWF 18-205	430,000	1.31%	January 25, 2018	June 20, 2039	346,124	-	6,680	-	339,444
2014 SRF 13-319	1,374,972	1.15%	December 5, 2013	February 20, 2037	973,264	-	22,048	-	951,216
2014 SRF 13-320	8,169,388	1.15%	December 5, 2013	June 20, 2039	6,491,434	-	128,272	-	6,363,162
2018 SRF 18-417	10,000,000	1.58%	March 13, 2018	June 1, 2042	9,535,412	-	145,320	-	9,390,092
2018 SRF18-417-01	10,000,000	0.73%	May 6, 2022	June 1, 2042	5,081,057	-	-	-	5,081,057
2018 SRF CW6 18-415	884,207	1.56%	June 19, 2018	June 1, 2040	760,966	-	13,280	-	747,686
2018 SRF 18-416	491,390	1.56%	February 8, 2019	June 1, 2042	454,247	-	7,228	-	447,019
2019 SRF CW7 19-431	1,593,900	1.37%	July 10, 2019	June 1, 2042	87,210	-	-	-	87,210
Total Notes Payable	$ 41,257,983				$ 29,631,954	$ -	$ 454,880	$ -	$ 29,177,074
Bonds									
Series 2023 Bond - Electric	64,920,000	4.24%	October 31, 2023	June 1, 2043	-	64,920,000	-	-	64,920,000
Series 2023 Bond - Water and Wastewater	27,265,000	4.13%	October 31, 2023	June 1, 2042	-	27,265,000	-	-	27,265,000
Total Bonds Payable	$ 92,185,000				$ -	$ 92,185,000	$ -	$ -	$ 92,185,000

See independent auditor's report.

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SCHEDULE OF TRANSFERS
For the Four Months Ended October 31, 2023

From Fund	To Fund	Purpose	Amount
Electric	City of Cleveland	Tax Equivalent	$ 747,322
Water & Sewer	City of Cleveland	Tax Equivalent	$ 168,195

See independent auditor's report.

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Four Months Ended October 31, 2023

	CFDA Number	Agency or Pass-through Number	Expenditures/ Amount Earned/ Amount Issued
FEDERAL AWARDS			
United States Environtmental Protection Agenc			
Passed through Tennessee Departent o			
Environment and Conservation			
Clean Water State Revolving Fund Cluster			
Grants for Clean Water State Revolving Fun	66.458	SRF 18-417-01	$ 924,266
Total Federal Awards			$ 924,266

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Utility under programs of the federal government for the year ended October 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Utility, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Utility.

Expenditures reported on the schedule are reported on the modified accrual basis of accounting whereby expenditures are recorded when the liability is incurred. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Utility has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

INTERNAL CONTROL AND COMPLIANCE SECTION

ATA, PLLC
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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Cleveland Utilities
Cleveland, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Cleveland Utilities (the Utility), enterprise funds of the City of Cleveland, Tennessee, as of and for the four months ended October 31, 2023, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements, and have issued our report thereon dated June 25, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Utility's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and results of that testing, and not to provide an opinion on the effectiveness of the Utility's internal control on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Utility's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ATA, PLLC

Jackson, Tennessee
June 25, 2024

ATA, PLLC
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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board Members and CEO
Cleveland Utility
Cleveland, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cleveland Utilities compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Utility's major federal programs for the four months ended October 31, 2023. Cleveland Utilities major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cleveland Utilities complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the four months ended October 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Identify and assess the risks of material noncompliance, 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 Cleveland Utilities compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Cleveland Utilities internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Cleveland Utilities internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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

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

ATA, PLLC

Jackson, Tennessee
June 25, 2024

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
October 31, 2023

Financial Statements

Type of auditor's report issued		Unmodified	
Internal control over financial reporting:			
Material weakness(es) identified?	yes	x	no
Significant deficiency(ies) identified?	yes	x	none reported

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	yes	x	no
Significant deficiency(ies) identified?	yes	x	none reported
Type of auditor's report issued on compliance for major programs		Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR 200.516(a)	yes	x	no

Identification of major programs:

ALN Number	Name of Federal Program or Cluster
66.458	Clean Water State Revolving Fund

Dollar Threshold used to distinguish between Type A and Type B programs	$ 750,000		
Auditee qualified as a low-risk auditee	yes	x	no

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Four Months Ended October 31, 2023

Section II – Financial Statement Findings

There are no financial statement findings to report in the current year.

Section III – Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report in the current year.

CLEVELAND UTILITIES
CLEVELAND, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Four Months Ended October 31, 2023

Section II – Financial Statement Findings

There were no financial statement findings reported for the prior year.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings and questioned costs reported for the prior year.