

**City of Bessemer City
Bessemer City, North Carolina
For the year ended
June 30, 2022**

**Independent Auditor's Reports
Basic Financial Statements
And
Information Accompanying the
Basic Financial Statements**

CITY OF BESSEMER CITY
NORTH CAROLINA

City Council Members

Becky S. Smith, Mayor
Dan Boling
Kay McCathen
Joe Will
Brenda Boyd
Brent Guffey
Donnie Griffin

Administrative and Financial Staff

James Inman, City Manager
Diane Jenkins, Finance Director
Hydeia Hayes, City Clerk

Audited

Financial Statements

At

June 30, 2022

And

For The Year Then Ended

CITY OF BESSEMER CITY
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EDDIE CARRICK, CPA, PC

Certified Public Accountant

Independent Auditor's Report

To the Honorable Mayor
And Members of the City Council
City of Bessemer City, North Carolina

Report on the Audit of Financial Statements

Opinions

I have audited the financial statements of the governmental activities, business-type activities, the aggregately discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Bessemer City, North Carolina as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Bessemer City's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Bessemer City, North Carolina as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City of Bessemer City, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Emphasis of Matter

As discussed in Note V to the financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. My opinion is not modified with respect to this matter.

Responsibility of Management's for the Audit of 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; 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 raises substantial doubt about the City of Bessemer City's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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 *Governmental Auditing Standards* will always detect material statement 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 *Governmental Auditing Standards*, I

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

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 10, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 57-58, the Schedule of Changes in the Total OPEB Liability and Related Ratios on page 59, , the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 60-61, respectively, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements.

I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bessemer City's basic financial statements. The individual fund financial statements, budgetary schedules,

and other schedules as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are 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. This 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 my opinion, the individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated February 16, 2023 on my consideration of the City of Bessemer City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 City of Bessemer City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Bessemer City's internal control over financial reporting and compliance.

Eddie Carrick CPA, PC

A handwritten signature in black ink, appearing to read "Eddie Carrick CPA".

Lexington, North Carolina
February 16, 2023

Management's Discussion and Analysis

As management of the City of Bessemer City, we offer readers of the City of Bessemer City's financial statements this narrative overview and analysis of the financial activities of the City of Bessemer City for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$28,162,002 (net position).

The government's total net position increased by \$395,607 due to an increase in the governmental activities net position of \$318,793 and an increase in the business-type activities net position of \$76,814.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,524,705 with a net decrease of \$2,756,009 in fund balance. Approximately 76.7% of this total amount, or \$5,705,304, is nonspendable, assigned, or restricted.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,819,401, or 23.2% of total General Fund expenditures for the fiscal year.

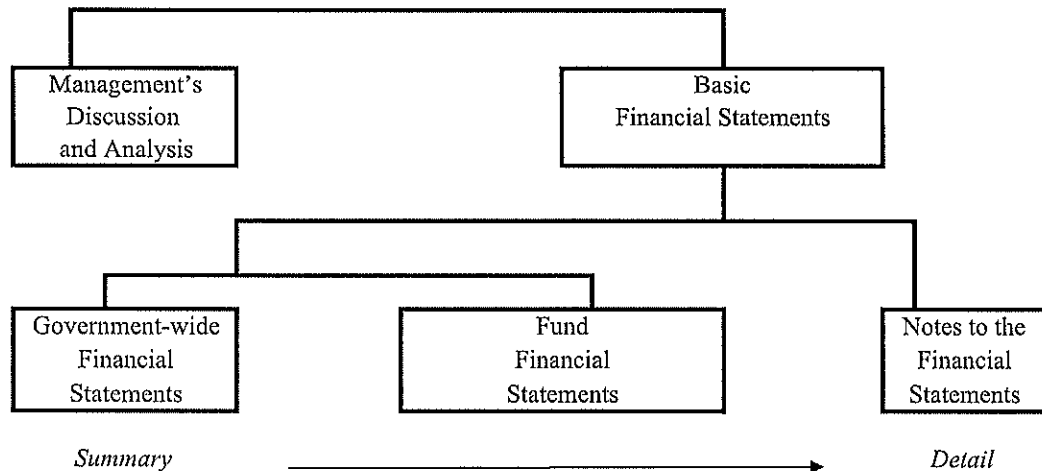
The City of Bessemer City's total debt increased by \$5,595,427 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Bessemer City.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (Exhibits C through I) are Fund Financial Statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

Government-wide Financial Analysis

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how it has changed. Net position is the difference between the City's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and wastewater, natural gas, and storm water services offered by the City. The final category is the component unit. Although legally separate from the City, the City of Bessemer City ABC Board (the "Board") is important to the City. The City exercises control over the Board by appointing its members and the Board is required to distribute its profits to the City.

The government-wide financial statements are Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Bessemer City, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City of Bessemer City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Bessemer City adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – The City of Bessemer City has one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Bessemer City uses enterprise funds to account for its water and wastewater activity, natural gas operations, and for its storm water operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Bessemer City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information can be found beginning on page 57 of this report.

The combining and individual fund statements and schedules are presented immediately following the required supplementary information on pensions and other postemployment benefits. Combining and individual fund statements and schedules can be found beginning on page 62 of this report.

Interdependence with Other Entities – The City depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

The City of Bessemer City's Net Position

Figure 2

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 8,250,808	\$ 10,703,569	\$ 4,264,025	\$ 2,365,788	\$ 12,514,833	\$ 13,069,357
Capital assets	15,841,913	10,630,901	26,392,788	22,013,005	42,234,701	32,643,906
Deferred outflows of resources	<u>890,876</u>	<u>791,151</u>	<u>340,977</u>	<u>281,454</u>	<u>1,231,853</u>	<u>1,072,605</u>
Total assets and deferred outflows of resources	<u>24,983,597</u>	<u>22,125,621</u>	<u>30,997,790</u>	<u>24,660,247</u>	<u>55,981,387</u>	<u>46,785,868</u>
Current liabilities	9,276,763	675,938	7,362,016	1,191,122	16,638,779	1,867,060
Long-term liabilities	4,528,182	11,130,985	5,762,546	5,938,613	10,290,728	17,069,598
Deferred inflows of resources	<u>614,999</u>	<u>73,838</u>	<u>274,879</u>	<u>8,977</u>	<u>889,878</u>	<u>82,815</u>
Total liabilities and deferred inflows of resources	<u>14,419,944</u>	<u>11,880,761</u>	<u>13,399,441</u>	<u>7,138,712</u>	<u>27,819,385</u>	<u>19,019,473</u>
Net position						
Net investment in capital assets	8,532,605	886,261	17,205,805	16,224,540	25,738,410	17,110,801
Restricted	5,740,766	604,003	-	-	5,740,766	604,003
Unrestricted	<u>(3,709,718)</u>	<u>8,754,596</u>	<u>392,544</u>	<u>1,296,995</u>	<u>(3,317,174)</u>	<u>10,051,591</u>
Total net position	\$ <u>10,563,653</u>	\$ <u>10,244,860</u>	\$ <u>17,598,349</u>	\$ <u>17,521,535</u>	\$ <u>28,162,002</u>	\$ <u>27,766,395</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the City exceeded liabilities and deferred inflows of resources by \$28,162,002 as of June 30, 2022. The City's net position increased by \$395,607 for the fiscal year ended June 30, 2022. However, this increase reflects the City's investment in capital assets (e.g. land, buildings, machinery and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City's net position, \$5,740,766, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(3,317,174) is unrestricted.

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

The City of Bessemer City's Changes Net Position
Figure 3

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
Revenues:	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Program revenues:						
Charges for services	\$ 617,575	\$ 526,643	\$ 6,490,651	\$ 6,792,498	\$ 7,108,226	\$ 7,319,141
Operating grants and contributions	316,484	352,692	-	-	316,484	352,692
Capital grants and contributions	886,281	-	-	-	886,281	-
General revenues:						
Property taxes	2,310,176	2,290,254	-	-	2,310,176	2,290,254
Other taxes	694	774	-	-	694	774
Grants and contributions not restricted to specific programs	1,429,837	1,199,602	1,241,751	920,195	2,671,588	2,119,797
Other	<u>377,138</u>	<u>194,935</u>	<u>(21,234)</u>	<u>72,203</u>	<u>355,904</u>	<u>267,138</u>
Total revenues	<u>5,938,185</u>	<u>4,564,900</u>	<u>7,711,168</u>	<u>7,784,896</u>	<u>13,649,353</u>	<u>12,349,796</u>
Expenses:						
General government	563,750	559,044	-	-	563,750	559,044
Public safety	2,291,317	2,097,710	-	-	2,291,317	2,097,710
Transportation	1,173,927	1,245,799	-	-	1,173,927	1,245,799
Cultural and recreation	1,111,566	872,784	-	-	1,111,566	872,784
Economic and physical development	322,156	232,200	-	-	322,156	232,200
Interest on long-term debt	156,676	147,212	-	-	156,676	147,212
Water and sewer	-	-	6,070,215	4,831,668	6,070,215	4,831,668
Natural gas	-	-	1,439,424	1,346,974	1,439,424	1,346,974
Storm water	-	-	<u>124,715</u>	<u>61,749</u>	<u>124,715</u>	<u>61,749</u>
Total expenses	<u>5,619,392</u>	<u>5,154,749</u>	<u>7,634,354</u>	<u>6,240,391</u>	<u>13,253,746</u>	<u>11,395,140</u>
Change in net position	318,793	(589,849)	76,814	1,544,505	395,607	954,656
Net position, beginning	<u>10,244,860</u>	<u>10,834,709</u>	<u>17,521,535</u>	<u>15,977,030</u>	<u>27,766,395</u>	<u>26,811,739</u>
Net position, end of year	\$ <u>10,563,653</u>	\$ <u>10,244,860</u>	\$ <u>17,598,349</u>	\$ <u>17,521,535</u>	\$ <u>28,162,002</u>	\$ <u>27,766,395</u>

Financial Analysis of Bessemer City's Funds

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

Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City's financing requirements.

The general fund is the chief operating fund of the City of Bessemer City. At the end of the current fiscal year, the City's fund balance available in the General Fund was \$1,819,401, while total fund balance was \$2,622,780. The City currently has an available fund balance of 23.2% of General Fund expenditures, and total fund balance represents 33.4% of that same amount.

At June 30, 2022, the governmental funds of the City reported a combined fund balance of \$7,524,705 with a net decrease in fund balance of \$(2,756,009).

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to \$392,544. The total increase in net position for the proprietary funds was \$76,814.

Component Unit - Bessemer City ABC Board. See separately issued financial statements for the Bessemer City ABC Board.

Capital Asset and Debt Administration

Capital assets: The City of Bessemer City's net investment in capital assets for its governmental and business-type activities as of June 30, 2022, totals \$25,738,410 (net of accumulated depreciation and related debt). These include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

**City of Bessemer City's Capital Assets
Net of Accumulated Depreciation
Figure 4**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 689,083	\$ 577,795	\$ 467,936	\$ 534,152	\$ 1,157,019	\$ 1,111,947
Buildings and improvements	4,486,138	4,715,499	-	-	4,486,138	4,715,499
Other improvements	-	-	18,667,260	15,287,922	18,667,260	15,287,922
Infrastructure	4,752,023	3,541,975	-	-	4,752,023	3,541,975
Equipment and furniture	755,584	498,380	211,737	431,613	967,321	929,993
Vehicles and motorized equipment	363,218	580,699	254,181	431,175	617,399	1,011,874
Construction in progress	<u>4,028,581</u>	<u>637,192</u>	<u>5,186,437</u>	<u>5,306,243</u>	<u>9,215,018</u>	<u>5,943,435</u>
Total	\$ <u>15,074,627</u>	\$ <u>10,551,540</u>	\$ <u>24,787,551</u>	\$ <u>21,991,105</u>	\$ <u>39,862,178</u>	\$ <u>32,542,645</u>

Additional information on the City's capital assets can be found in Note 3.5 of the Basic Financial Statements.

City of Bessemer City's Outstanding Debt
Figure 5

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Installment financing	\$ 11,019,591	\$ 9,665,279	\$ 10,632,208	\$ 5,732,253	\$ 21,651,799	\$ 15,397,532
Leases	687,925	-	224,166	34,312	-	34,312
Compensated absences	151,456	155,954	73,181	72,171	224,637	228,125
OPEB	227,346	173,823	113,264	94,178	340,610	268,001
Pension related debt	<u>1,061,252</u>	<u>1,493,624</u>	<u>184,763</u>	<u>446,040</u>	<u>1,246,015</u>	<u>1,939,664</u>
Total	\$ <u>13,147,570</u>	\$ <u>11,488,680</u>	\$ <u>11,227,582</u>	\$ <u>6,378,954</u>	\$ <u>23,463,061</u>	\$ <u>17,867,634</u>

Long-term Debt: As of June 30, 2022, the City's outstanding balance on external long-term debt was \$21,651,799.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The remaining legal debt margin for City of Bessemer City is \$18,313,401.

Additional information regarding the City of Bessemer City's long-term debt can be found in Note 3.6 of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

Project GT: Construction of 180,000 Sf distribution center at a tax value in excess of 30 million dollars. Construction starting in 2023.

Osage Mill Redevelopment: \$38,000,000 investment downtown historic project redeveloping mill property into 139 apartments and 30,000 square feet of commercial, retail, and community space. Construction start date is the first quarter of 2023 and completion by 1st quarter of 2025.

Over 1.2 million SF of Industrial and distribution space in planning stages with plans to be in production by 1st quarter of 2023. Total impact to tax base of 100 million dollars plus.

Public Works

Revitalization of Water Treatment plant in the amount of 8 million dollars. 4.9 million Supplied by a 40 year USDA loan. The update will ensure safe drinking water for the next 50 years for customers of the system. This will also have a positive economic development impact.

Continued dedication to replacing aging water and sewer lines throughout the City.

Stinger Park

Completion and opening of 40 acre park with an economic impact that will encourage residential and industrial growth in the city.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, City of Bessemer City, 125 East Virginia Avenue, Bessemer City, North Carolina 28016. You may also call 704-629-5542 or visit our website at www.bessemercity.com. Questions concerning any of the City's component unit information contained in this report should be directed to the Finance Officer of the City of Bessemer City ABC Board, 208 West Alabama Avenue, Bessemer City, North Carolina, 28016.

Basic Financial Statements

CITY OF BESSEMER CITY, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2022

Exhibit A
Page 1 of 2

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Bessemer City ABC Board
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,788,770	\$ (1,164,644)	\$ 624,126	\$ 33,249
Restricted cash	5,824,203	3,245,719	9,069,922	-
Receivables:				
Taxes receivable - net	52,170	-	52,170	-
Accounts receivable - net	186,229	1,078,551	1,264,780	-
Due from other governments	399,436	888,688	1,288,124	-
Inventories	-	215,711	215,711	186,985
Prepaid items	-	-	-	1,148
Total current assets	<u>8,250,808</u>	<u>4,264,025</u>	<u>12,514,833</u>	<u>221,382</u>
Non-current assets				
Capital assets				
Land, non-depreciable improvements, and construction in progress	4,717,664	5,720,589	10,438,253	6,082
Other capital assets, net of depreciation	10,356,963	20,438,652	30,795,615	69,950
Total capital assets	15,074,627	26,159,241	41,233,868	76,032
Deferred charges	-	9,385	9,385	-
Notes receivable	79,361	-	79,361	-
Right to use leased assets, net of amortization	687,925	224,162	912,087	-
Total non-current assets	<u>15,841,913</u>	<u>26,392,788</u>	<u>42,234,701</u>	<u>76,032</u>
Total assets	<u>24,092,721</u>	<u>30,656,813</u>	<u>54,749,534</u>	<u>297,414</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals - LGERS	628,228	312,986	941,214	-
Pension deferrals - LEO	206,464	-	206,464	-
OPEB deferrals	56,184	27,991	84,175	-
Total deferred outflows of resources	<u>890,876</u>	<u>340,977</u>	<u>1,231,853</u>	<u>-</u>

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

CITY OF BESSEMER CITY, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2022

Exhibit A
Page 2 of 2

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Bessemer City ABC Board
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 334,193	\$ 330,033	\$ 664,226	\$ 68,975
Current portion of long-term obligations	8,619,388	5,465,036	14,084,424	-
Liabilities payable from restricted assets	323,182	1,566,947	1,890,129	-
Total current liabilities	<u>9,276,763</u>	<u>7,362,016</u>	<u>16,638,779</u>	<u>68,975</u>
Long-term liabilities				
Net pension liability - LGERS	370,859	184,763	555,622	-
Net pension liability - LEO	690,393	-	690,393	-
Net OPEB liability	227,346	113,264	340,610	-
Compensated absences	151,456	73,181	224,637	-
Long-term obligations	3,088,128	5,391,338	8,479,466	-
Total long-term liabilities	<u>4,528,182</u>	<u>5,762,546</u>	<u>10,290,728</u>	<u>-</u>
Total liabilities	<u>13,804,945</u>	<u>13,124,562</u>	<u>26,929,507</u>	<u>68,975</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals - LGERS	529,846	263,971	793,817	-
Pension deferrals - LEO	63,259	-	63,259	-
OPEB deferrals	21,894	10,908	32,802	-
Total deferred inflows of resources	<u>614,999</u>	<u>274,879</u>	<u>889,878</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	8,532,605	17,205,805	25,738,410	76,032
Restricted for:				
Streets	204,741	-	204,741	-
Cemetery perpetual care	65,960	-	65,960	-
Stabilization by State statute	489,746	-	489,746	-
Other purposes	4,980,319	-	4,980,319	45,000
Unrestricted	(3,709,718)	392,544	(3,317,174)	107,407
Total net position	<u>\$ 10,563,653</u>	<u>\$ 17,598,349</u>	<u>\$ 28,162,002</u>	<u>\$ 228,439</u>

CITY OF BESSEMER CITY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Bessemer City ABC Board
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 563,750	\$ -	\$ -	\$ -	\$ (563,750)	\$ -	\$ (563,750)	\$ -
Public safety	2,291,317	19,719	135,753	-	(2,135,845)	-	(2,135,845)	(1,700)
Public works and transportation	1,173,927	395,764	180,731	-	(597,432)	-	(597,432)	-
Cultural and recreational	1,111,566	202,092	-	886,281	(23,193)	-	(23,193)	-
Economic development	322,156	-	-	-	(322,156)	-	(322,156)	-
Interest on long-term debt	156,676	-	-	-	(156,676)	-	(156,676)	-
Total governmental activities	<u>5,619,392</u>	<u>617,575</u>	<u>316,484</u>	<u>886,281</u>	<u>(3,799,052)</u>	<u>-</u>	<u>(3,799,052)</u>	<u>(1,700)</u>
Business-type activities								
Water and wastewater	6,070,215	4,971,918	-	-	-	(1,098,297)	(1,098,297)	-
Natural gas	1,439,424	1,418,586	-	-	-	(20,838)	(20,838)	-
Storm water	124,715	100,147	-	-	-	(24,568)	(24,568)	-
Total business-type activities	<u>7,634,354</u>	<u>6,490,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,143,703)</u>	<u>(1,143,703)</u>	<u>-</u>
Total primary government	<u>\$ 13,253,746</u>	<u>\$ 7,108,226</u>	<u>\$ 316,484</u>	<u>\$ 886,281</u>	<u>(3,799,052)</u>	<u>(1,143,703)</u>	<u>(4,942,755)</u>	<u>(1,700)</u>
Component units								
Bessemer City ABC Board	\$ 734,070	\$ 772,662	\$ -	\$ -	-	-	-	39,417
Total component units	<u>\$ 734,070</u>	<u>\$ 772,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,417</u>
General revenues								
Taxes								
Property taxes, levied for general purposes					2,310,176	-	2,310,176	-
Other taxes and licenses					694	-	694	-
Grants and contributions not restricted to specific programs					1,429,837	1,241,751	2,671,588	-
Unrestricted investment earnings					12,975	991	13,966	146
Gain (loss) on disposal of capital assets					3,028	(31,716)	(28,688)	-
Miscellaneous					361,135	9,491	370,626	-
Transfers					-	-	-	(10,000)
Total general revenues and transfers					<u>4,117,845</u>	<u>1,220,517</u>	<u>5,338,362</u>	<u>(9,854)</u>
Change in net position					318,793	76,814	395,607	27,863
Net position, beginning					10,244,860	17,521,535	27,766,395	200,576
Net position, end of year					<u>\$ 10,563,653</u>	<u>\$ 17,598,349</u>	<u>\$ 28,162,002</u>	<u>\$ 228,439</u>

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

CITY OF BESSEMER CITY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

Exhibit C

	Major Fund		Total Non-Major	Total
	General	North Park Capital Project	Funds	Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,937,815	\$ -	\$ (149,045)	\$ 1,788,770
Restricted cash	523,452	4,800,751	500,000	5,824,203
Receivables, net				
Taxes	52,170	-	-	52,170
Accounts receivable - net	186,229	-	-	186,229
Due from other governments	399,436	-	-	399,436
Notes receivable	-	-	79,361	79,361
Total assets	<u>\$ 3,099,102</u>	<u>\$ 4,800,751</u>	<u>\$ 430,316</u>	<u>\$ 8,330,169</u>
LIABILITIES AND FUND BALANCES				
Accounts payable and accrued liabilities	\$ 325,483	\$ -	\$ 8,710	\$ 334,193
Liabilities payable from restricted assets	2,750	320,432	-	323,182
Total liabilities	<u>328,233</u>	<u>320,432</u>	<u>8,710</u>	<u>657,375</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	52,170	-	-	52,170
Other receivables	95,919	-	-	95,919
Total deferred inflows of resources	<u>148,089</u>	<u>-</u>	<u>-</u>	<u>148,089</u>
Fund balances				
Nonspendable				
Perpetual maintenance	65,960	-	-	65,960
Restricted				
Stabilization by State Statute	423,786	-	-	423,786
Streets - Powell Bill	204,741	-	-	204,741
Economic development	-	-	500,000	500,000
Cultural and recreational - North Park	-	4,480,319	-	4,480,319
Assigned				
Subsequent year's expenditures	108,892	-	-	108,892
Transportation/sidewalks	-	-	(101,843)	(101,843)
Economic development	-	-	23,449	23,449
Unassigned	<u>1,819,401</u>	<u>-</u>	<u>-</u>	<u>1,819,401</u>
Total fund balances	<u>2,622,780</u>	<u>4,480,319</u>	<u>421,606</u>	<u>7,524,705</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,099,102</u>	<u>\$ 4,800,751</u>	<u>\$ 430,316</u>	<u>\$ 8,330,169</u>

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total Fund balance - governmental funds		\$ 7,524,705
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Gross capital assets at historical cost	22,983,309	
Accumulated depreciation	(7,908,682)	15,074,627
Right to use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	820,951	
Less accumulated amortization	(133,026)	687,925
Deferred outflows of resources related to pensions are not reported in the funds		628,228
Deferred outflows of resources related to OPEB are not reported in the funds		56,184
Deferred outflows of resources related to LEO pensions are not reported in the funds		206,464
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds		148,089
Long-term liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Leases and installment financing	\$ (11,707,516)	
Compensated absences	(151,456)	
Net pension liability	(370,859)	
LEO pension liability	(690,393)	
OPEB liability	(227,346)	(13,147,570)
Deferred inflows of resources related to pensions are not reported in the funds		(529,846)
Deferred inflows of resources related to LEO pensions are not reported in the funds		(63,259)
Deferred inflows of resources related to OPEB are not reported in the funds		(21,894)
Net position of governmental activities		<u>\$ 10,563,653</u>

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

CITY OF BESSEMER CITY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

Exhibit D

	Major Fund		Total Non-Major	Total
	General	North Park Capital Project	Funds	Governmental Funds
REVENUES				
Ad valorem taxes	\$ 2,346,061	\$ -	\$ -	\$ 2,346,061
Other taxes and licenses	694	-	-	694
Unrestricted intergovernmental	1,429,837	-	-	1,429,837
Restricted intergovernmental	316,484	291,864	594,417	1,202,765
Permits and fees	19,719	-	-	19,719
Sales and services	597,856	-	-	597,856
Investment earnings	5,001	7,974	-	12,975
Miscellaneous	546,135	-	-	546,135
Total revenues	5,261,787	299,838	594,417	6,156,042
EXPENDITURES				
Current:				
General government	953,424	-	-	953,424
Economic development	208,045	-	115,887	323,932
Public safety	2,701,841	-	-	2,701,841
Public works / transportation	910,924	-	-	910,924
Cultural and recreation	2,516,102	3,391,389	-	5,907,491
Debt service:				
Principal	490,727	-	-	490,727
Interest and other charges	70,593	86,083	-	156,676
Total expenditures	7,851,656	3,477,472	115,887	11,445,015
Excess of revenues over (under) expenditures	(2,589,869)	(3,177,634)	478,530	(5,288,973)
OTHER FINANCING SOURCES				
Loan proceeds	1,712,013	-	-	1,712,013
Lease liabilities issued	820,951	-	-	820,951
Total other financing sources	2,532,964	-	-	2,532,964
Net change in fund balances	(56,905)	(3,177,634)	478,530	(2,756,009)
Fund balances, beginning	2,679,685	7,657,953	(56,924)	10,280,714
Fund balances, ending	\$ 2,622,780	\$ 4,480,319	\$ 421,606	\$ 7,524,705

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

CITY OF BESSEMER CITY, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Exhibit E

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

Net changes in fund balances - total governmental funds	\$ (2,756,009)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures capitalized	\$ 6,279,811		
Depreciation expense for governmental assets	(753,800)		
Amortization of right to use leased assets	<u>(133,026)</u>		5,392,985

Cost of capital assets disposed of during the year, not recognized on modified accrual basis	(181,973)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues	(35,885)
--	----------

The issuance of long-term debt and lease obligations provide current financial resources to governmental funds, while the repayment of the principal of long-term debt and lease obligations consume the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

New long-term debt issued	(1,712,013)		
Lease obligations issued	(820,951)		
Principal payments on long-term debt	357,701		
Principal payments on lease obligations	<u>133,026</u>		(2,042,237)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	4,498		
Pension expense	52,223		
Pension expense LEO	(91,215)		
Other postemployment benefits	<u>(23,595)</u>		(58,089)

Total changes in net position of governmental activities	<u>\$ 318,792</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF BESSEMER CITY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2022

Exhibit F

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues				
Ad valorem taxes	\$ 2,442,000	\$ 2,442,000	\$ 2,346,061	\$ (95,939)
Other taxes and licenses	600	600	694	94
Unrestricted intergovernmental	1,172,000	1,172,000	1,429,837	257,837
Restricted intergovernmental	256,000	301,000	316,484	15,484
Permits and fees	13,500	13,500	19,719	6,219
Sales and services	531,000	531,000	597,856	66,856
Investment earnings	35,000	35,000	5,001	(29,999)
Miscellaneous	88,100	643,100	546,135	(96,965)
Total revenues	<u>4,538,200</u>	<u>5,138,200</u>	<u>5,261,787</u>	<u>123,587</u>
Expenditures				
Current				
General government	438,574	856,946	953,424	(96,478)
Economic development	213,888	330,888	208,045	122,843
Public safety	1,868,469	2,253,817	2,701,841	(448,024)
Public works / transportation	889,930	994,930	910,924	84,006
Cultural and recreation	764,177	2,617,837	2,516,102	101,735
Debt service				
Principal retirement	579,027	579,027	490,727	88,300
Interest and other charges	44,780	44,780	70,593	(25,813)
Total expenditures	<u>4,798,845</u>	<u>7,678,225</u>	<u>7,851,656</u>	<u>(173,431)</u>
Revenues over (under) expenditures	<u>(260,645)</u>	<u>(2,540,025)</u>	<u>(2,589,869)</u>	<u>(49,844)</u>
Other financing sources				
Loan proceeds	155,022	1,705,022	1,712,013	6,991
Lease liabilities issued	-	-	820,951	820,951
Transfers to other funds	-	(173,992)	-	173,992
Total other financing sources	<u>155,022</u>	<u>1,531,030</u>	<u>2,532,964</u>	<u>1,001,934</u>
Appropriated fund balance	<u>105,623</u>	<u>1,008,995</u>	<u>-</u>	<u>(1,008,995)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(56,905)</u>	<u>\$ (56,905)</u>
Fund balance - beginning			<u>2,679,685</u>	
Fund balance - ending			<u>\$ 2,622,780</u>	

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

CITY OF BESSEMER CITY, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

Exhibit G

	Major Funds			
	Water and Wastewater Fund	Natural Gas Fund	Storm Water Fund	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ (605,573)	\$ (455,491)	\$ (103,580)	\$ (1,164,644)
Restricted cash and cash equivalents	3,189,029	56,690	-	3,245,719
Accounts receivable - net, billed	425,997	129,727	10,138	565,862
Accounts receivable - net, unbilled	399,021	70,909	8,334	478,264
Accounts receivable - other	-	34,425	-	34,425
Due from other governments	888,688	-	-	888,688
Inventories	96,680	119,031	-	215,711
Total current assets	4,393,842	(44,709)	(85,108)	4,264,025
Noncurrent assets				
Capital assets				
Land and construction in progress	5,654,373	61,682	4,534	5,720,589
Other capital assets, net of depreciation	19,133,178	983,965	321,509	20,438,652
Total capital assets, net	24,787,551	1,045,647	326,043	26,159,241
Deferred charges, net	9,385	-	-	9,385
Right to use leased assets, net of amortization	224,162	-	-	224,162
Total noncurrent assets	25,021,098	1,045,647	326,043	26,392,788
Total assets	29,414,940	1,000,938	240,935	30,656,813
DEFERRED OUTFLOWS OF RESOURCES				
OPEB deferrals	21,849	6,142	-	27,991
Pension deferrals	244,303	68,683	-	312,986
Total deferred outflows of resources	266,152	74,825	-	340,977
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	286,263	43,245	525	330,033
Lease obligation payable - current	72,245	-	-	72,245
Current portion of long-term obligations	5,259,672	99,494	33,625	5,392,791
Liabilities payable from restricted assets	1,510,257	56,690	-	1,566,947
Total current liabilities	7,128,437	199,429	34,150	7,362,016
Noncurrent liabilities				
Compensated absences	60,520	12,661	-	73,181
Net pension liability	144,218	40,545	-	184,763
Net OPEB liability	88,409	24,855	-	113,264
Lease obligation payable - noncurrent	151,921	-	-	151,921
Long-term obligations - noncurrent	3,764,825	1,370,268	104,324	5,239,417
Total noncurrent liabilities	4,209,893	1,448,329	104,324	5,762,546
Total liabilities	11,338,330	1,647,758	138,474	13,124,562
DEFERRED INFLOWS OF RESOURCES				
OPEB deferrals	8,514	2,394	-	10,908
Pension deferrals	206,044	57,927	-	263,971
Total deferred inflows of resources	214,558	60,321	-	274,879
NET POSITION				
Net investment in capital assets	17,441,826	(424,115)	188,094	17,205,805
Unrestricted	686,378	(208,201)	(85,633)	392,544
Total net position	\$ 18,128,204	\$ (632,316)	\$ 102,461	\$ 17,598,349

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

CITY OF BESSEMER CITY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

Exhibit II

	Major Funds			
	Water and Wastewater Fund	Natural Gas Fund	Storm Water Fund	Total
Operating Revenues				
Charges for services	\$ 4,592,486	1,416,946	\$ 100,147	\$ 6,109,579
Taps and extensions	108,815	1,640	-	110,455
System development fees	188,465	-	-	188,465
Other operating revenues	82,152	-	-	82,152
Total operating revenues	<u>4,971,918</u>	<u>1,418,586</u>	<u>100,147</u>	<u>6,490,651</u>
Operating Expenses				
Administration and finance	698,000	300,000	-	998,000
Water and wastewater treatment	2,123,605	-	-	2,123,605
Public works operations	2,345,272	-	-	2,345,272
Gas operations	-	611,147	-	611,147
Gas purchases	-	440,388	-	440,388
Storm water operations	-	-	102,730	102,730
Depreciation and amortization	846,259	65,475	21,710	933,444
Total operating expense	<u>6,013,136</u>	<u>1,417,010</u>	<u>124,440</u>	<u>7,554,586</u>
Operating income (loss)	<u>(1,041,218)</u>	<u>1,576</u>	<u>(24,293)</u>	<u>(1,063,935)</u>
Nonoperating revenues (expenses)				
Gain (loss) on disposal of assets	(31,716)	-	-	(31,716)
Insurance proceeds	7,417	2,074	-	9,491
Investment earnings	739	252	-	991
Interest and other charges	(57,079)	(22,414)	(275)	(79,768)
Total nonoperating revenues (expenses)	<u>(80,639)</u>	<u>(20,088)</u>	<u>(275)</u>	<u>(101,002)</u>
Income (loss) before contributions	<u>(1,121,857)</u>	<u>(18,512)</u>	<u>(24,568)</u>	<u>(1,164,937)</u>
Grant proceeds	<u>1,241,751</u>	<u>-</u>	<u>-</u>	<u>1,241,751</u>
Change in net position	119,894	(18,512)	(24,568)	76,814
Net position, beginning	<u>18,008,310</u>	<u>(613,804)</u>	<u>127,029</u>	<u>17,521,535</u>
Net position, ending	<u>\$ 18,128,204</u>	<u>\$ (632,316)</u>	<u>\$ 102,461</u>	<u>\$ 17,598,349</u>

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

CITY OF BESSEMER CITY, NORTH CAROLINA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2022

Exhibit I
Page 1 of 2

	Enterprise Funds			
	Water and Wastewater Fund	Natural Gas Electric Fund	Storm Water Fund	Total
Cash flows from operating activities:				
Cash received from customers	\$ 5,462,850	\$ 1,392,694	\$ 100,152	\$ 6,955,696
Cash paid for goods and services	(3,696,151)	(994,154)	(106,368)	(4,796,673)
Cash paid to or on behalf of employees for services	(1,312,151)	(364,421)	-	(1,676,572)
Other operating revenues	82,152	-	-	82,152
Net cash provided (used) by operating activities	536,700	34,119	(6,216)	564,603
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(3,949,050)	(220,732)	-	(4,169,782)
Proceeds from sale of capital assets	18,701	-	-	18,701
Proceeds from issuance of debt	5,145,489	160,499	-	5,305,988
Principal paid on long-term obligations	(326,168)	(103,247)	(67,379)	(496,794)
Interest paid on long-term obligations	(57,079)	(22,414)	(275)	(79,768)
Grant proceeds	353,063	-	-	353,063
Insurance proceeds	7,417	2,074	-	9,491
Net cash provided (used) by capital and related financing activities	1,192,373	(183,820)	(67,654)	940,899
Cash flows from investing activities:				
Interest earned on investments	739	252	-	991
Net increase (decrease) in cash and cash equivalents	1,729,812	(149,449)	(73,870)	1,506,493
Cash and cash equivalents at beginning of year	853,644	(249,352)	(29,710)	574,582
Cash and cash equivalents at end of year	\$ 2,583,456	\$ (398,801)	\$ (103,580)	\$ 2,081,075

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

CITY OF BESSEMER CITY, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2022

Exhibit I
Page 2 of 2

	Enterprise Funds			
	Water and Wastewater Fund	Natural Gas Electric Fund	Storm Water Fund	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (1,041,218)	\$ 1,576	\$ (24,293)	\$(1,063,935)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	846,259	65,475	21,710	933,444
Changes in current assets and liabilities:				
(Increase) decrease in accounts receivable	572,229	(25,917)	5	546,317
(Increase) decrease in inventory	(47,289)	(2,084)	-	(49,373)
(Increase) decrease in deferred outflows of resources - OPEB	(13,145)	(3,641)	-	(16,786)
(Increase) decrease in deferred outflows of resources - pensions	(34,381)	(8,356)	-	(42,737)
Increase (decrease) in net pension liability	(202,254)	(59,023)	-	(261,277)
Increase (decrease) in accrued OPEB liability	15,254	3,832	-	19,086
Increase (decrease) in deferred inflows of resources - pensions	205,939	57,897	-	263,836
Increase (decrease) in deferred inflows of resources - OPEB	1,646	420	-	2,066
Increase (decrease) in accounts payable and accrued liabilities	228,430	7,280	(3,638)	232,072
Increase (decrease) in customer deposits	855	25	-	880
Increase (decrease) in accrued vacation pay	4,375	(3,365)	-	1,010
Total adjustments	1,577,918	32,543	18,077	1,628,538
Net cash provided (used) by operating activities	\$ 536,700	\$ 34,119	\$ (6,216)	\$ 564,603

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

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Bessemer City, North Carolina and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City of Bessemer City, North Carolina, (the "City") is a municipal corporation that is governed by an elected mayor and a six-member council. As required by generally accepted accounting principles, these financial statements present the City and its component unit, a legally separate entity for which the City is financially accountable. The discretely presented component unit presented below is reported in a separate column in the City's financial statements in order to emphasize that it is legally separate from the City.

City of Bessemer City ABC Board

The members of the ABC Board's governing board are appointed by the City. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the City. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices located at City of Bessemer City ABC Board, 208 W. Alabama Ave., Bessemer City, North Carolina 28016.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a specific function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a specific program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

The City reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, sanitation services, and general governmental services.

North Park Capital Project Fund. This fund is used to account for the construction of North Park.

The City reports the following non-major governmental funds:

Community Development Block Grant Fund. This fund is used to account for the revenues and expenditures of the City's Community Development Block Grant ("CDBG") program.

Sidewalk Capital Project Fund. This fund is used to account for various sidewalk construction projects.

Community Development Block Grant Neighborhood Revitalization Fund. This fund is used to account for the revenues and expenditures of the City's Community Development Block Grant ("CDBG") Neighborhood Revitalization program.

Business Accelerator Program. This fund is used to account for revenues and expenditures of an economic development grant from the North Carolina Department of Commerce.

The City reports the following major enterprise funds:

Water and Wastewater Fund. This fund is used to account for the City's water and wastewater operations. The Water and Wastewater Capital Projects Fund, Water and Wastewater Stinger Park Capital Projects Fund, Water and Wastewater Two Rivers Capital Project Fund, Water American Rescue Plan Act (ARP) Fund, Water and Wastewater Utility Capital Project Fund and the Water and Wastewater Line Paving Capital Project Fund are consolidated into the Water and Wastewater Fund for financial reporting purposes. The budgetary comparison for these funds have been included in the supplemental schedules.

Natural Gas Fund. This fund is used to account for the City's natural gas operations.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City reports the following non-major enterprise fund:

Storm Water Fund. This fund is used to account for storm water fees, which are restricted for storm water expenditures.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and wastewater system and the natural gas system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and acquisitions under leases are reported as other financing sources.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the City, are recognized as revenue. Sales taxes are considered a shared revenue for the City of Bessemer City because the tax is levied by Gaston County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes, are reported as general revenues rather than program revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Cemetery Trust Fund, and the Enterprise Funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Governmental Funds' Capital Project Funds, and the Enterprise Funds' Capital Project Funds. The enterprise fund projects are consolidated with their respective operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Budget ordinances allow for the transfer of funds within the department, as long as expenditures do not exceed the appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Transfers up to \$7,500 may be transferred between departments by ordinance of the same fund with a report of such transfers made at the next regular council meeting. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted. The Cemetery Trust Permanent Fund is not required to be budgeted.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the City and the ABC Board are made in board-designated official depositories and are secured as required by state law [G.S. 159-31]. The City and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the City and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The City's and the ABC Board's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Cash

The unexpended loan proceeds of the general fund represent interim financing from a bank which is scheduled to be refinanced with a USDA loan which are classified as restricted cash because their use is completely restricted for city park development. Funds related to the debt service reserve account are required by loan agreements and are classified as restricted cash. The unexpended loan proceeds of the water and wastewater fund represent proceeds from a bond anticipation note which are classified as restricted because their use is completely restricted to the Stinger Park project. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are classified as restricted because they can be expended only for purposes outlined in G.S. 136-41.1 through 136-41.4.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

City of Bessemer City Restricted Cash

Governmental Activities	
General Fund	
Streets	\$ 207,491
Reserve for future USDA debt service	250,001
Unexpended loan proceeds	4,800,751
Cemetery Trust Fund – Perpetual care	65,960
Economic development	500,000
Total Governmental Activities	<u>5,824,203</u>
Business-type Activities	
Water and Wastewater Fund	
Customer deposits	140,150
Unexpended loan proceeds	3,048,879
Natural Gas Fund	
Customer deposits	56,690
Total Business-type Activities	<u>3,245,719</u>
Total Restricted Cash	\$ <u>9,069,922</u>

4. Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. For property taxes, the allowance is estimated by analyzing the percentage of receivables that were written off in prior years. For other receivables, the allowance is based on an aging of accounts and those deemed to be uncollectible because of days past due.

6. Inventory and Prepaid Items

The inventories of the City are valued at cost (first-in, first-out), which approximates market. The inventory of the ABC Board is valued at the lower of cost (FIFO) or market. The inventories of the City's enterprise funds and those of the ABC Board consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements and expensed as the items are used.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$5,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$20,000; furniture and equipment, \$5,000; vehicles, \$5,000; and computer software, \$5,000. Donated capital assets received prior to June 30, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The Town has elected not to report major general infrastructure assets retroactively in the Statement of Net Assets as permitted for Phase Three governments under Governmental Auditing Standards Board Statement 34. Thus, any amounts expended for infrastructure prior to July 1, 2003 are not reported as capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	20 – 50
Buildings	50
Improvements	10 – 50
Vehicles	5
Furniture and equipment	5 – 10
Computer software	5

Property, plant and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	20 - 50
Furniture and equipment	10

9. Right to Use Leased Assets

The City has recorded right to use leased assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion; pension deferrals and OPEB deferrals for the 2022 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has two items that meet the criterion for this category; OPEB deferrals and pension deferrals.

10. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received or not, are reported as debt service expenditures.

11. Compensated Absences

The vacation policy of the City provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. All excess vacation hours over thirty days will be converted to the employee's sick leave account at the end of the calendar year. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. The vacation policy of the ABC Board provides for the accumulation of up to three weeks earned vacation leave with such leave being fully vested when earned.

The City's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. The ABC Board's sick leave policy provides for up to ten days of earned sick leave. Since neither the City nor the ABC Board has any obligation for accumulated sick leave until it is taken, no accrual for sick leave has been made.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

12. Reimbursements for Pandemic Related Expenditures

In fiscal year 2020-21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial and tribal governments. The City was allocated \$1,777,376 of fiscal recovery funds to be paid in two equal installments. The first installment of \$888,688 was received in July 2021 and the second installment was received in July 2022. City staff and the City Council have elected to use all of the ARPA funds for water and sewer improvements. All of the current ARPA funds were used in the Water ARPA Capital Project Fund.

13. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are externally imposed either by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balance

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Non-spendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Perpetual maintenance – Cemetery resources that are required to be retained in perpetuity for maintenance of the City of Bessemer City Cemetery.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute (RSS) – North Carolina G.S.159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding encumbrances are included in RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Restricted for Economic Development – fund balance that is restricted by revenue source for economic development.

Restricted for Cultural and recreational – fund balance that is restricted by revenue source for economic development the North Park capital project.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the City of Bessemer City's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance – portion of fund balance that City of Bessemer City intends to use for specific purposes.

Assigned for Economic Development – portion of fund balance that has been budgeted by the Board for the Community Development Block Grant project.

Assigned for Transportation and Sidewalks – portion of fund balance that has been budgeted by the Board for the sidewalk project.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Unassigned fund balance – portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The City of Bessemer City does not have a revenue spending policy that provides guidance for programs with multiple revenue sources. However, the Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, city funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the City.

14. Defined Benefit Cost Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Bessemer City's employer contributions are recognized when due and the City of Bessemer City has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit in Fund Balance or Net Position of Individual Funds

None reported.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2022, expenditures made in the City's general fund exceeded the authorized appropriations made by the governing board for the following departments:

Administration and finance	\$	105,228
Public safety – Police		476,597
Cemetery		247

These over-expenditures occurred primarily due to the implementation of GASB Statement No. 87 – *Leases*. Management will more closely monitor leases to determine the impact of the new lease accounting standard on budgetary amounts.

C. Noncompliance with North Carolina General Statutes

N.C. General Statute 159-34 requires the City to have an audit as soon as possible after the close of each fiscal year. The 2022 audit was significantly delayed due to the City's component unit's audit delay. Please refer to finding 2022-2 for further information.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits

All deposits of the City and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the ABC Board, these deposits are considered to be held by the City's and the ABC Board's agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for noninterest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City and the ABC Board under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S.159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

At June 30, 2022, the City's deposits had a carrying amount of \$8,330,597 and a bank balance of \$15,217,993. Of the bank balance, \$750,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the pooling method. At June 30, 2022, the City's petty cash fund totaled \$900. At June 30, 2022, the carrying amount of deposits for the ABC Board was \$31,849 and the bank balance was \$60,717. All of the bank balance was covered by federal depository insurance. At June 30, 2022, the ABC Board's petty cash fund totaled \$1,400.

2. Investments

At June 30, 2022, the City had total investments of \$1,362,551 in the North Carolina Capital Management Trust's Government Portfolio, which carried a rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2022, are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	\$ 62,797
Accounts receivable	4,450
Total General Fund	<u>67,247</u>
Enterprise Funds:	
Water and wastewater fund-accounts receivable	53,428
Natural gas fund-accounts receivable	6,800
Storm water fund-accounts receivable	800
Total Enterprise Funds	<u>61,028</u>
Total	\$ <u>128,275</u>

4. Notes Receivable

The City has notes receivable of \$79,361 for improvements to real property and for the sale of real property under the CDBG program. The notes are not currently being paid by the property owners, but they will have to be paid when certain events occur such as the death of the property owner or sale of the property.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

5. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 577,795	\$ 293,261	\$ (181,973)	\$ 689,083
Construction in progress	637,192	3,391,389	-	4,028,581
Total capital assets not being depreciated	<u>1,214,987</u>	<u>3,684,650</u>	<u>(181,973)</u>	<u>4,717,664</u>
Capital assets being depreciated:				
Buildings and improvements	7,655,655	46,100	-	7,701,755
Infrastructure	4,330,854	1,308,104	-	5,638,958
Furniture and equipment	1,397,861	391,683	-	1,789,544
Vehicles and motorized equipment	3,186,023	28,323	(78,958)	3,135,388
Total capital assets being depreciated	<u>16,570,393</u>	<u>1,774,210</u>	<u>(78,958)</u>	<u>18,265,645</u>
Less accumulated depreciation:				
Buildings and improvements	2,940,156	275,461	-	3,215,617
Infrastructure	788,879	98,056	-	886,935
Furniture and equipment	912,191	121,769	-	1,033,960
Vehicles and motorized equipment	2,592,614	258,514	(78,958)	2,772,170
Total accumulated depreciation	<u>7,233,840</u>	<u>\$ 753,800</u>	<u>\$ (78,958)</u>	<u>7,908,682</u>
Total capital assets being depreciated -- net	<u>9,336,553</u>			<u>10,356,963</u>
Governmental Activities				
Capital assets - net	\$ <u>10,551,540</u>			\$ <u>15,074,627</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 76,134
Public safety	269,107
Public works	272,875
Cultural and recreation	<u>135,684</u>
Total depreciation expense	\$ <u>753,800</u>

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

Capital asset activity for Business-type activities for the year ended June 30, 2022, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities				
Water and Wastewater Fund				
Capital assets not being depreciated				
Land	\$ 467,936	\$ -	\$ -	\$ 467,936
Construction in progress	<u>5,306,243</u>	<u>4,265,266</u>	<u>(4,392,572)</u>	<u>5,186,437</u>
Total capital assets not being depreciated	<u>5,774,179</u>	<u>4,265,266</u>	<u>(4,392,572)</u>	<u>5,654,373</u>
Capital assets being depreciated				
Plant and distribution systems	24,671,265	4,853,883	-	29,525,148
Furniture and maintenance equipment	814,605	15,782	-	830,387
Vehicles and motorized equipment	<u>838,262</u>	<u>112,436</u>	<u>(90,300)</u>	<u>860,398</u>
Total capital assets being depreciated	<u>26,324,132</u>	<u>4,982,101</u>	<u>(90,300)</u>	<u>31,215,933</u>
Less accumulated depreciation				
Plant and distribution systems	10,240,291	617,597	-	10,857,888
Furniture and maintenance equipment	503,138	115,512	-	618,650
Vehicles and motorized equipment	<u>601,920</u>	<u>44,180</u>	<u>(39,883)</u>	<u>606,217</u>
Total accumulated depreciation	<u>11,345,349</u>	<u>777,289</u>	<u>(39,883)</u>	<u>12,082,755</u>
Total capital assets being depreciated – net	<u>14,978,783</u>			<u>19,133,178</u>
Water and Wastewater Fund Capital Assets - Net	<u>20,752,962</u>			<u>24,787,551</u>
Storm Water Fund				
Capital assets not being depreciated				
Land	<u>4,534</u>	<u>-</u>	<u>-</u>	<u>4,534</u>
Total capital assets not being depreciated	<u>4,534</u>	<u>-</u>	<u>-</u>	<u>4,534</u>
Capital assets being depreciated				
Distribution system	313,308	-	-	313,308
Vehicles and motorized equipment	<u>393,449</u>	<u>-</u>	<u>-</u>	<u>393,449</u>
Total capital assets being depreciated	<u>706,757</u>	<u>-</u>	<u>-</u>	<u>706,757</u>
Less accumulated depreciation				
Distribution system	130,135	4,408	-	134,543
Vehicles and motorized equipment	<u>233,403</u>	<u>17,302</u>	<u>-</u>	<u>250,705</u>
Total accumulated depreciation	<u>363,538</u>	<u>21,710</u>	<u>-</u>	<u>385,248</u>
Total capital assets being depreciated – net	<u>343,219</u>			<u>321,509</u>
Storm Water Fund Capital Assets - Net	<u>347,753</u>			<u>326,043</u>

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

Natural Gas Fund

Capital assets not being depreciated				
Land	\$ 61,682	\$ -	\$ -	\$ 61,682
Total capital assets not being depreciated	<u>61,682</u>	<u>-</u>	<u>-</u>	<u>61,682</u>
Capital assets being depreciated				
Plant and distribution systems	2,256,631	204,950	-	2,461,581
Furniture and maintenance equipment	539,741	15,782	-	555,523
Vehicles and motorized equipment	212,692	-	-	212,692
Software	1,531	-	-	1,531
Total capital assets being depreciated	<u>3,010,595</u>	<u>220,732</u>	<u>-</u>	<u>3,231,327</u>
Less accumulated depreciation				
Plant and distribution systems	1,582,856	20,552	-	1,603,408
Furniture and maintenance equipment	419,595	33,090	-	452,685
Vehicles and motorized equipment	179,436	11,833	-	191,269
Total accumulated depreciation	<u>2,181,887</u>	<u>\$ 65,475</u>	<u>\$ -</u>	<u>2,247,362</u>
Total capital assets being depreciated – net	<u>828,708</u>			<u>983,965</u>
Natural Gas Fund Capital Assets - Net	<u>890,390</u>			<u>1,045,647</u>
Business-Type Activities Capital Assets, Net	\$ <u>21,991,105</u>			\$ <u>26,159,241</u>

Discretely Presented Component Unit

Capital asset activity for the ABC Board for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
ABC Board				
Capital assets not being depreciated				
Land	\$ 6,082	\$ -	\$ -	\$ 6,082
Capital assets being depreciated				
Land improvements	9,265	22,500	-	31,765
Buildings	162,958	-	-	162,958
Equipment	102,044	3,600	-	105,644
Total capital assets being depreciated	<u>274,267</u>	<u>26,100</u>	<u>-</u>	<u>300,367</u>
Less accumulated depreciation				
Land improvements	4,200	1,045	-	5,245
Buildings	147,971	2,289	-	150,260
Equipment	67,583	7,329	-	74,912
Total accumulated depreciation	<u>219,754</u>	<u>\$ 10,663</u>	<u>\$ -</u>	<u>230,417</u>
Total capital assets being depreciated – net	<u>54,513</u>			<u>69,950</u>
ABC Board Capital Assets - Net	\$ <u>60,595</u>			\$ <u>76,032</u>

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

6. Right to Use Leased Assets

The City has right to use leased assets for leased equipment and leased vehicles. The related leases are discussed in the Leases subsection of the Liabilities section of this note. The right to use leased assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for governmental activities for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Right to use assets				
Leased vehicles	\$ -	\$ 740,571	\$ -	\$ 740,571
Leased equipment	-	80,380	-	80,380
Total right to use assets	-	820,951	-	820,951
Less: accumulated amortization for:				
Leased vehicles	-	129,246	-	129,246
Leased equipment	-	3,780	-	3,780
Total accumulated amortization	-	133,026	-	133,026
Right to use assets, net	\$ -	\$ 687,925	\$ -	\$ 687,925

Right to use asset activity for business-type activities for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Water & Wastewater Fund				
Right to use assets				
Leased vehicles	\$ -	\$ 280,618	\$ -	\$ 280,618
Total right to use assets	-	280,618	-	280,618
Less: accumulated amortization for:				
Leased vehicles	-	56,456	-	56,456
Total accumulated amortization	-	56,456	-	56,456
Business-type activities right to use assets, net	\$ -	224,162	\$ -	\$ 224,162

7. Deferred Charges

On June 12, 2000, the City reached an agreement with the City of Gastonia to provide wastewater treatment. The City had surrendered a wastewater line located along Oates Road and a line then under construction and signed a twenty-year commitment to purchase wastewater treatment from the City of Gastonia. In exchange, the City of Gastonia reduced the rate at which it sells wastewater treatment to the City from 1.3 times the inside Gastonia rate to 1.0 times the inside rate. The remaining net book value of \$9,385 of the surrendered line which was installed in the year 1999-2000 is being amortized over twenty years and charged to wastewater treatment cost.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The City and the ABC Board are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City's contractually required contribution rate for the year ended June 30, 2022, was 12.10% of covered payroll for law enforcement officers and 11.35% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year. Contributions to the pension plan from the City of Bessemer City were \$361,008 for the year ended June 30, 2022.

Refunds of Contributions – City employees who have terminated service as a contributing member of LGERS may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to any other retirement or survivor benefit provided by LGERS.

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

At June 30, 2022, the City reported a liability of \$555,622 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021, utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021 (measurement date), the City's proportion was 0.03623%, which was an increase of 0.00071% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$263,673. At June 30, 2022, the City 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	\$ 176,763	\$ -
Changes in assumptions	349,072	-
Net difference between projected and actual earnings on pension plan investments	-	793,817
Changes in proportion and differences between City contributions and proportionate share of contributions	54,371	-
City contributions subsequent to the measurement date	361,008	-
Total	\$ 941,214	\$ 793,817

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

\$361,008 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 76,166
2024	6,149
2025	(53,011)
2026	(242,915)
2027	-
Thereafter	-
	<u>\$ (213,611)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25 to 8.25%, including inflation and productivity factor
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an actuarial experience study for the period January 1, 2015, through December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections 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 as of June 30, 2022 are summarized in the following table:

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
City's proportionate share of the net pension liability (asset)	\$ <u>2,156,878</u>	\$ <u>555,622</u>	\$ <u>(762,119)</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

b. Law Enforcement Officers Special Separation Allowance

(1) Plan Description

The City of Bessemer City administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or who have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Inactive members currently receiving benefits	-
Active plan members	15
Total	<u>15</u>

(2) Summary of Significant Accounting Policies

Basis of Accounting. The City has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

(3) Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2020 valuation. The total pension liability in the December 31, 2020, actuarial evaluation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.25% to 7.75%, including inflation and productivity factor
Discount rate	2.25%

The discount rate used to measure the total pension liability is the S&P Municipal Bond 20-year High Grade Rate Index as of December 31, 2020.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

(4) Contributions

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by the employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid no benefits and no benefits came due for the reporting period.

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

At June 30, 2022, the City reported a total pension liability of \$690,393. The total pension liability was measured as of December 31, 2021, based on a December 31, 2020, actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the City recognized pension expense of \$102,039.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the separation allowance from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 84,455	\$ 38,011
Changes in assumptions and other inputs	122,009	25,248
Benefit payments and administrative expenses subsequent to the measurement date	-	-
Total	\$ 206,464	\$ 63,259

No amounts were reported as deferred outflows of resources related to pensions resulting from payments made or administrative expenses incurred subsequent to the measurements date. No benefits came due and no administrative expenses subsequent to the measurement date were incurred to be recognized as an adjustment of the total pension liability for the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

Year ended June 30:	
2023	\$ 45,930
2024	47,464
2025	36,319
2026	17,056
2027	(3,564)
Thereafter	-

Sensitivity of the City's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 2.25%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.25%) or one percentage point higher (3.25%) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	\$ 758,911	\$ 690,393	\$ 629,043

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance

	2022
Beginning balance	\$ 670,383
Service cost	42,617
Interest on total pension liability	12,841
Change in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(4,259)
Changes of assumptions or other inputs	(21,115)
Benefit payments	(10,074)
Other changes	-
Ending balance of the total pension liability	\$ 690,393

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on the published tables and based on studies that cover a significant portion of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements using Scale MP-2019.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an experience study completed for the period January 1, 2010 through December 31, 2014.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension expense	\$ 263,673	\$ 102,039	\$ 365,712
Pension liability	555,622	690,393	1,246,015
Proportionate share of net pension liability	0.03623%	n/a	
Deferred Outflows of Resources			
Difference between expected and actual experience	176,763	84,455	261,218
Change of assumptions	349,072	122,009	471,081
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	54,371	-	54,371
Benefit payments and administrative costs paid subsequent to the measurement date	361,008	-	361,008
Deferred Inflows of Resources			
Differences between expected and actual experience	-	38,011	38,011
Changes in assumptions	-	25,248	25,248
Net difference between projected and actual earnings on plan investments	793,817	-	793,817

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers of the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for law enforcement officers is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, law enforcement officers may make voluntary contributions to the plan.

The City made contributions of \$41,516 for the reporting year. No amounts were forfeited.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

- d. Supplemental Retirement Income Plan for City Employees (non-law enforcement employees)

Plan description: The City contributes to the Supplemental Retirement Income Plan (“Plan”), a defined contribution plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to all active full-time employees of the City that are non-law enforcement officers. Article G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding policy: The City voluntarily contributes each month an amount equal to five percent of each employee’s salary, and all amounts contributed are vested immediately. Also, employees can make voluntary contributions to the plan.

The City made contributions of \$109,593 for the reporting year. No amounts were forfeited.

- e. Other Postemployment Benefit

Healthcare Benefits

Plan Description. Under the terms of a City resolution, the City administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The City Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. The plan provides postemployment healthcare benefits to retirees of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System.) Eligible employees are those who a) reach age 60 and complete 25 years of creditable service, with the last 20 years of continuous service being with the City of Bessemer City and were hired before July 1, 2013; or b) complete 30 years of creditable service at any age under the NC Local Government System, with the last 20 years of continuous service being with the City of Bessemer City and were hired before July 1, 2013. Coverage under this plan terminates when the retiree becomes eligible for any other health coverage plan including, but not limited to, Medicare and/or Medicaid as a result of disability or age. Coverage under this plan shall also cease when a retired participant accepts employment with an employer that provides paid medical benefits to its employees. The City pays the full cost of coverage for these benefits through private insurers. The City Council may, in its sole discretion, terminate, suspend, or amend this plan at any time and from time to time, in whole or in part, and this plan shall not constitute or vest in any employee any right or entitlement benefits. The participating retiree may not assign or in any way transfer this benefit. A separate report was not issued for the plan.

Funding Policy. The City pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a City resolution that can be amended by City Council. The City has chosen to fund the healthcare benefits on a pay as you go basis. The City made no contributions during the year ended June 30, 2022.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

Membership in the HCB Plan consisted of the following at June 30, 2021, the date of the last actuarial valuation:

	Active Employees
Retirees and dependents receiving benefits	-
Terminating plan members entitled to but not yet receiving benefits	-
Active plan members	15
Total	15

Total OPEB Liability

The City's total OPEB liability of \$340,610 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Salary increases, including wage inflation	
General Employees	3.25% - 8.41%
Firefighters	3.25% - 8.15%
Law Enforcement Employees	3.25% - 7.90%
Discount Rate	2.16%
Healthcare Cost Trends	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031

The discount rate is based on the Bond Buyer 20-year General Obligation Municipal Bond Index published on the last Thursday of June by the Bond Buyer, and the discount rate used to measure total OPEB liability is the Municipal Bond Index Rate as of the measurement date.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2021	\$ 268,001
Changes for the year	
Service cost	14,208
Interest	6,237
Changes in benefit terms	-
Differences between expected and actual experience	(16,102)
Changes in assumptions or other inputs	68,266
Benefit payments	-
Net changes	72,609
Balance at June 30, 2022	\$ 340,610

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

Changes in assumptions and other input reflect a change in the discount rate from 2.21% to 2.16%.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using the Scale MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2019, adopted by the LGERS Board. The remaining actuarial assumptions used in the June 30, 2021 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2021 valuation.

Sensitivity of the City's total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 372,302	\$ 340,610	\$ 311,369

Sensitivity of the City's total OPEB liability to changes in the healthcare costs trend rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current healthcare trend cost rates:

	(Medical – 3.5%, Prescription – 6.0%)	(Medical – 4.5%, Prescription – 7.0%)	(Medical – 5.5%, Prescription – 8.0%)
Total OPEB liability	\$ 305,040	\$ 340,610	\$ 381,005

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$27,960. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 27,264
Changes in assumptions	84,175	5,538
Total	\$ 84,175	\$ 32,802

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

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

Year ended June 30:	
2023	\$ 7,515
2024	8,262
2025	9,964
2026	10,753
2027	10,777
Thereafter	4,102

The ABC Board has not elected to provide other postemployment benefits to employees.

f. Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

Deferred outflows of resources at June 30, 2022 are comprised of the following:

Source	Amounts
Contributions to pension plan in current fiscal year	\$ 361,008
Differences between expected and actual experience	261,218
Changes of assumptions	555,256
Net difference between projected and actual	-
Changes in proportion and differences between City contributions and proportionate share of contributions	54,371
	<u>\$ 1,231,853</u>

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

Deferred inflows of resources at June 30, 2022 are comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, net (General fund)	\$ -	\$ 52,172
Miscellaneous receivables (General fund)	-	95,916
Changes in assumptions	30,786	-
Differences between expected and actual experience	65,275	-
Net difference between projected and actual earnings on plan investments	793,817	-
Total	\$ <u>889,878</u>	\$ <u>148,088</u>

4. Commitments

The City entered into an agreement on June 12, 2000 with the City of Gastonia to purchase wastewater treatment from the City of Gastonia for a period of twenty years from the date that wastewater is first treated by the City of Gastonia. As part of this agreement, the City agreed to give to the City of Gastonia sewer lines with a value of \$500,000. In exchange for the \$500,000 investment made by the City, the City receives a per gallon rate for treatment equal to that paid by users inside the City of Gastonia. Currently, the City is treating half and purchasing the other half.

The City entered into an agreement on April 21, 2011, with the City of Kings Mountain to purchase potable water for a period of ten years. The rate per gallon will vary based upon average daily usage per month with the highest rate to be \$2.83 per 1,000 gallons if the average daily usage per month is below 500,000 gallons per day and \$1.89 if the gallons consumed equals or exceeds 500,000 gallons per day.

After one year the rate may be adjusted and will be the same rate the City of Kings Mountain charges to its other municipal wholesale customers. The City plans to only purchase water in emergency situations.

5. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of \$3 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance and excess stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the City upon request.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

The City does not carry flood insurance because the City and its major properties are not in a flood plain as mapped by the State of North Carolina.

The City of Bessemer City ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has insurance coverage for property, general liability, auto liability, and employee health coverage. The ABC Board also has liquor legal liability coverage.

There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$100,000. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000 for employee dishonesty or forgery and \$5,000 for theft.

In accordance with G.S. 18B-700(i), each ABC Board member and the employees designated as the general manager and finance officer are bonded in the amount of \$50,000, secured by a corporate surety.

6. Long-Term Obligations

a. Leases

The City has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The City entered into a master lease agreement in January 2018 to lease vehicles. Under this master lease, the City has entered into 32 vehicle leases with inception dates from June 2018 through June 2022. There are no variable payment components of the leases. The lease liability is measured at a discount rate of 2.55% which is the City's incremental borrowing rate. As a result of the leases, the City has recorded a right to use asset with a net book value of \$835,487 at June 30, 2022.

The City entered into an agreement in November 2021 to lease seven copy machines which requires 15 quarterly payments of \$4,285. There are no variable components of the lease. The lease liability is measured at a discount rate of 2.55% which is the City's incremental borrowing rate. As a result of the leases, the City has recorded a right to use asset with a net book value of \$76,600 at June 30, 2022.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

b. Installment Financing - Direct Borrowings

	Serviced by	
	Governmental Activities	Business-Type Activities
Installment financing agreement to finance a portion of a water project; payable in annual installments of \$2,171 beginning May 1, 2012, at 0% interest.	\$ -	\$ 17,370
Installment financing contract entered into in 2015 with a bank to finance various streets and sidewalks projects; payable in semi-annual installments of \$50,407 through 2030, including interest at 3.21%.	667,248	-
Installment financing contract with a bank entered into in 2016 to finance a fire truck; payable in semi-annual installments of \$44,371 through 2022, including interest at 1.97%, secured by the fire truck.	380,079	-
Clean Water State Revolving Fund loan and grant through the N.C. Department of Environment and Natural Resources. The loan is non-interest bearing, payable in annual installments of \$76,351 through 2037.	-	1,145,272
Drinking Water State Revolving Fund loan within the Federal Water Infrastructure Fund, processed through the N.C. Department of Environmental Quality; payable in variable semi-annual installments at 1.84% interest through May 2038.	-	1,407,108
Installment financing contract with a bank entered into in 2018 to finance a building; payable in semi-annual installments of \$45,000 through June 2024, in addition to interest at 3.14%.	-	90,000
Financing contract with a bank entered into in 2019 to finance a fire engine; payable in annual installments of \$127,069 through July 2024, including interest at 2.52%.	362,771	-
Financing contract with a bank entered into in 2018 to finance a Public Works building; original terms specified a single payment due September 2020 with interest at 2.71%. In July 2019, the loan was transferred to and refinanced by the U.S. Department of Agriculture Office of Rural Development under a Rural Utility Service loan. \$732,000 of the loan bears interest at 3.125%, with annual installments of \$32,318 beginning 2021 through 2060; the remaining \$1,844,000 of the loan bears interest at 2.75%, with annual installments of \$76,600 beginning 2021 through 2060.	-	2,528,524

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

	Serviced by	
	Governmental Activities	Business-Type Activities
Interim financing contract with a bank entered into in February 2021 to finance city park development; original terms specified a single payment due September 2022 with semi-annual interest payments of \$43,041 at 1.09%. The loan is scheduled to be refinanced with the USDA in fiscal year 2023.	\$ 7,897,487	\$ -
Installment financing contract with a financial institution entered into in September 2020 to finance a leaf collector truck; payable in annual installments of \$35,957 through September 2025, including interest at 1.69%.	-	137,949
Installment financing agreement with a bank entered into June 2022 to finance police equipment; payable in variable annual installments at 2.62% interest through June 2025.	250,000	-
Installment financing contract with a bank entered into in March 2022 to finance city park lighting project, payable in semi-annual payments of \$73,023 through March 2032, including interest at 2.27%	1,300,000	-
Installment financing contract with a bank entered into July 2021 to finance equipment; payable in annual installments of \$160,221 through July 2024, including interest at 1.13%	162,006	307,985
Interim financing through a revenue bond anticipation note with a financial institution entered into January 2022 to finance improvements to the City's water and sanitary sewer systems maturing April 20, 2023 with interest at 1.06%. The note is to be repaid with Water and Sewer Revenue bonds issued by the City.		4,998,000
Total Installment financing	\$ 11,019,591	\$ 10,632,208

Annual debt service payments of the installment financing contracts as of June 30, 2022, are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 8,428,782	\$ 47,857	\$ 5,392,791	\$ 125,513
2024	543,886	87,649	397,229	66,948
2025	556,819	48,788	354,601	60,769
2026	300,026	35,570	252,213	56,606
2027	263,105	28,121	217,611	53,624
2028-2032	926,973	55,273	1,095,355	159,035
2033-2037	-	-	1,109,437	133,834
2038-2042	-	-	398,256	110,889
Thereafter	-	-	1,414,715	108,407
Totals	\$ 11,019,591	\$ 303,258	\$ 10,632,208	\$ 875,625

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

At June 30, 2022, the City of Bessemer City had a remaining legal debt margin of \$18,313,401. There were no authorized but unissued bonds at that date.

c. Changes in Long-Term Liabilities

The following is a summary of changes in the City's long-term obligations for the year ended June 30, 2022:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion of Balance
Governmental Activities:					
Installment financing	\$ 9,665,279	\$ 1,712,013	\$ 357,701	\$ 11,019,591	\$ 8,428,782
Leases	-	820,951	133,026	687,925	190,606
Compensated absences	155,954	-	4,498	151,456	-
Net pension liability (LGRS)	823,241	-	452,382	370,859	-
Net pension obligation (LEO)	670,383	20,010	-	690,393	-
Other postemployment benefits	173,823	53,523	-	227,346	-
Governmental Activities Long-Term Liabilities	<u>\$ 11,488,680</u>	<u>\$ 2,606,497</u>	<u>\$ 947,607</u>	<u>\$ 13,147,570</u>	<u>\$ 8,619,388</u>
Business-Type Activities:					
Water and Wastewater Fund					
Installment financing	\$ 4,148,727	\$ 5,145,482	\$ 269,712	\$ 9,024,497	\$ 5,259,791
Leases	-	280,622	56,456	224,166	72,245
Compensated absences	56,145	4,375	-	60,520	-
Net pension liability (LGRS)	346,472	-	202,254	144,218	-
Other postemployment benefits	73,155	15,254	-	88,409	-
Total Water and Wastewater Fund	<u>4,624,499</u>	<u>5,445,733</u>	<u>528,422</u>	<u>9,541,810</u>	<u>5,332,036</u>
Natural Gas Fund					
Installment financing	1,412,510	160,499	103,247	1,469,762	99,494
Compensated absences	16,026	-	3,365	12,661	-
Net pension liability (LGRS)	99,568	-	59,023	40,545	-
Other postemployment benefits	21,023	3,832	-	24,855	-
Total Natural Gas Fund	<u>1,549,127</u>	<u>164,331</u>	<u>165,635</u>	<u>1,547,823</u>	<u>99,494</u>
Storm Water Fund					
Installment financing	171,016	-	33,067	137,949	33,625
Capital lease	34,312	-	34,312	-	-
Total Storm Water Fund	<u>205,328</u>	<u>-</u>	<u>67,379</u>	<u>137,949</u>	<u>33,625</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 6,378,954</u>	<u>\$ 5,610,062</u>	<u>\$ 761,434</u>	<u>\$ 11,227,582</u>	<u>\$ 14,084,543</u>

Compensated absences for governmental activities have typically been liquidated in the general fund.

C. Net Investment in Capital Assets

	Governmental	Business-Type
Capital assets, net of accumulated depreciation	\$ 15,074,627	\$ 26,159,241
Plus: Cash restricted for capital assets	4,800,751	3,048,879
Less: Liabilities payable from restricted assets	(323,182)	(1,370,107)
Less: Long-term debt	(11,019,591)	(10,632,208)
Net investment in capital assets	<u>\$ 8,532,605</u>	<u>\$ 17,205,798</u>

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

D. Fund Balance

The following schedule provides management and citizens with information on the portion of the General Fund's fund balance that is available for appropriation.

Total Fund Balance – General Fund	\$ 2,622,780
Less:	
Nonspendable for Perpetual Maintenance	65,960
Restricted for Stabilization by State Statute	423,786
Restricted for Streets – Powell Bill	204,741
Assigned for Subsequent Year's Expenditures	108,892
Remaining Unassigned Fund Balance	\$ <u>1,819,401</u>

NOTE 4 - JOINTLY GOVERNED ORGANIZATIONS

North Carolina Municipal Power Agency Number 1

The City, in conjunction with eight counties and fifty other municipalities, established the Centralina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$1,339 to the Council during the year ended June 30, 2022.

NOTE 5 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

The City has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

NOTE 6 - RECLASSIFICATION OF PRIOR YEAR PRESENTATION

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to include the Cemetery Trust Fund in the General Fund Schedules as presented. In the Prior year, the Cemetery Trust Fund was incorrectly presented as a separate fund. As a result, beginning fund balance in the General Fund was increased by \$65,933.

NOTE 7 - SUBSEQUENT EVENTS

Subsequent events occurring after the statement of financial position date have been evaluated through February 16, 2023, which is the date the financial statements were available to be issued.

Required Supplementary Financial Data

This section contains additional information required by generally accepted accounting principles.

- Schedule of Changes in Total Pension Liability – Law Enforcement Officers’ Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll
- Schedule of Changes in Total OPEB Liability and Related Ratios
- Schedule of Proportionate Share of Net Pension Liability (Asset)
- Schedule of Pension Contributions

CITY OF BESSEMER CITY, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
Last Six Fiscal Years *

Exhibit J

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 670,383	\$ 508,959	\$ 387,197	\$ 241,982	\$ 224,818	\$ 209,589
Service cost	42,617	26,245	23,671	19,851	13,048	14,508
Interest on total pension liability	12,841	16,592	14,094	7,647	8,678	7,482
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience						
in the measurement of the total pension liability	(4,259)	(45,497)	65,860	136,026	(22,366)	-
Changes of assumptions or other inputs	(21,115)	164,084	18,137	(18,309)	17,804	(6,761)
Benefit payments	(10,074)	-	-	-	-	-
Other changes	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 690,393</u>	<u>\$ 670,383</u>	<u>\$ 508,959</u>	<u>\$ 387,197</u>	<u>\$ 241,982</u>	<u>\$ 224,818</u>

* The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30.

CITY OF BESSEMER CITY, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
June 30, 2022

Exhibit K

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 690,393	\$ 670,383	\$ 508,959	\$ 387,197	\$ 241,982	\$ 224,818
Covered payroll	868,067	774,849	771,915	625,066	540,589	577,519
Total pension liability as a percentage of covered payroll	79.53%	86.52%	65.93%	61.94%	44.76%	38.93%

Notes to the schedules:

The City of Bessemer City has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 73 to pay related benefits.

Changes of assumptions and other inputs:

December 31, 2021 Measurement Date: The Municipal Bond Index Rate increased from 1.93% to 2.25%.

December 31, 2020 Measurement Date: The Municipal Bond Index Rate decreased from 3.26% to 1.93%.

December 31, 2019 Measurement Date: The Municipal Bond Index Rate decreased from 3.64% to 3.26%.

December 31, 2018 Measurement Date: The Municipal Bond Index Rate increased from 3.16% to 3.64%.

December 31, 2017 Measurement Date: The Municipal Bond Index Rate decreased from 3.86% to 3.16%.
The assumed inflation rate has been reduced from 3.00% to 2.5% and assumed wage inflation has been increased from 0.5% to 1.0%.

December 31, 2016 Measurement Date: The Municipal Bond Index Rate increased from 3.57% to 3.86%.

CITY OF BESSEMER CITY, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
Last Five Fiscal Years

Exhibit L

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 14,208	\$ 10,036	\$ 8,621	\$ 8,960	\$ 9,769
Interest	6,237	7,965	8,418	7,420	6,185
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(16,102)	(1,335)	(18,990)	(1,280)	(1,467)
Changes in assumptions	68,266	33,788	3,102	(6,841)	(11,547)
Benefit payments	-	-	-	-	-
Net change in total OPEB liability	72,609	50,454	1,151	8,259	2,940
Total OPEB liability - beginning	268,001	217,547	216,396	208,437	205,497
Total OPEB liability - ending	<u>\$ 340,610</u>	<u>\$ 268,001</u>	<u>\$ 217,547</u>	<u>\$ 216,696</u>	<u>\$ 208,437</u>
Covered payroll	\$ 1,284,081	\$ 1,157,983	\$ 1,157,983	\$ 1,335,670	\$ 1,335,670
Total OPEB liability as a percentage of covered payroll	26.53%	23.14%	18.79%	16.22%	15.61%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period.
The following are the discount rates used in each period:

<u>Fiscal year</u>	<u>Rate</u>
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

*CITY OF BESSEMER CITY, NORTH CAROLINA
PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
Last Nine Fiscal Years**

Exhibit M

	Local Government Employees' Retirement System								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset) %	0.03623%	0.03552%	0.03484%	0.03395%	0.03553%	0.03690%	0.03571%	0.02860%	0.02200%
City's proportion of net pension liability (asset) \$	\$ 555,622	\$ 1,269,281	\$ 951,453	\$ 805,410	\$ 542,800	\$ 783,142	\$ 160,264	\$ (168,667)	\$ 265,184
City's covered payroll	\$ 2,759,697	\$ 2,769,517	\$ 2,629,613	\$ 2,607,827	\$ 2,338,340	\$ 1,920,500	\$ 2,139,190	\$ 1,538,026	\$ 1,566,189
City's proportionate share of net pension liability (asset) as a percentage of its covered payroll	20.13%	45.83%	36.18%	30.88%	23.21%	40.78%	7.49%	-10.97%	19.29%
Plan fiduciary net position as a percentage of the total pension liability	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30.

CITY OF BESSEMER CITY, NORTH CAROLINA
SCHEDULE OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
Last Nine Fiscal Years

Exhibit N

	Local Government Employees' Retirement System								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 361,008	\$ 285,767	\$ 257,344	\$ 203,795	\$ 195,578	\$ 177,429	\$ 145,564	\$ 140,405	\$ 121,782
Contributions in relation to the contractually required contribution	<u>361,008</u>	<u>285,767</u>	<u>257,344</u>	<u>203,795</u>	<u>195,578</u>	<u>177,429</u>	<u>145,564</u>	<u>140,405</u>	<u>121,782</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,199,830	\$ 2,759,697	\$ 2,769,517	\$ 2,629,613	\$ 2,607,827	\$ 2,338,340	\$ 1,920,500	\$ 2,139,190	\$ 1,538,026
Contributions as a percentage of covered payroll	11.28%	10.36%	9.29%	7.75%	7.50%	7.59%	7.58%	6.56%	7.92%

**Individual Fund Statements
and Schedules**

CITY OF BESSEMER CITY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

Schedule 1
Page 1 of 4

	2022		Variance
	Budget	Actual	Positive (Negative)
Revenues			
Ad valorem taxes			
Current year	\$ -	\$ 2,309,042	\$ -
Prior years		23,499	
Penalties and interest		13,520	
Total	<u>2,442,000</u>	<u>2,346,061</u>	<u>(95,939)</u>
Other taxes and licenses			
Gross receipts tax on short-term rental property		694	
Total	<u>600</u>	<u>694</u>	<u>94</u>
Unrestricted intergovernmental revenues			
Local option sales tax		973,358	
Utility franchise tax		434,873	
Beer and wine tax		21,606	
Total	<u>1,172,000</u>	<u>1,429,837</u>	<u>257,837</u>
Restricted intergovernmental revenue			
Solid waste disposal tax		4,191	
Powell Bill allocation		180,731	
Federal grants		95,300	
State grants		20,445	
Other grants		15,817	
Total	<u>301,000</u>	<u>316,484</u>	<u>15,484</u>
Permits and fees			
Police/Fire Department fees		575	
Code enforcement		5,200	
Zoning permits and fees		13,944	
Total	<u>13,500</u>	<u>19,719</u>	<u>6,219</u>
Sales and service			
Landfill disposal fees		365,382	
Recycling fees		7	
Grave opening and closing		30,375	
Recreation department fees and concessions		202,092	
Total	<u>531,000</u>	<u>597,856</u>	<u>66,856</u>

CITY OF BESSEMER CITY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

Schedule 1
Page 2 of 4

	2022		Variance
	Budget	Actual	Positive (Negative)
Revenues (continued)			
Investment earnings	\$ 35,000	\$ 5,001	\$ (29,999)
Miscellaneous			
Miscellaneous	-	49,743	
Sale of property		496,392	
Total	643,100	546,135	(96,965)
Total revenues	5,138,200	5,261,787	123,587
Expenditures			
General government			
Governing body and legal			
Salaries and employee benefits		55,564	
Other operating expenditures		76,755	
Total	133,042	132,319	723
Administration and finance			
Salaries and employee benefits		679,087	
Other operating expenditures		495,468	
Capital outlay		471,117	
Reimbursement by proprietary funds		(998,000)	
Total	542,444	647,672	(105,228)
Planning and zoning			
Salaries and employees benefits		98,700	
Other operating expenditures		74,733	
Total	181,460	173,433	8,027
Total general government	856,946	953,424	(96,478)
Economic development			
Salaries and employee benefits		109,322	
Other operating expenditures		98,723	
Total Economic Development	330,888	208,045	122,843

CITY OF BESSEMER CITY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

Schedule 1
Page 3 of 4

	2022		Variance
	Budget	Actual	Positive (Negative)
Expenditures (Continued)			
Public Safety			
Police			
Salaries and employee benefits	\$	\$ 1,377,990	\$
Other operating expenditures		308,427	
Capital outlay		726,712	
Total	1,936,532	2,413,129	(476,597)
Fire department			
Salaries and employee benefits		69,972	
Other operating expenditures		93,953	
Capital outlay		124,787	
Total	317,285	288,712	28,573
Total public safety	2,253,817	2,701,841	(448,024)
Public works / Transportation			
Administration			
Other operating expenditures		372,761	
Capital outlay		8,680	
Total	404,187	381,441	22,746
Shop and Warehouse			
Salaries and employee benefits		99,663	
Other operating expenditures		3,647	
Total	111,343	103,310	8,033
Cemetery			
Other operating expenditures	48,500	48,747	(247)
Total	48,500	48,747	(247)
Streets and Transportation			
Other operating expenditures		16,314	
Powell bill		32,966	
Total	96,500	49,280	47,220
Sanitation Department			
Other operating expenditures		328,146	
Total	334,400	328,146	6,254
Total public works / transportation	994,930	910,924	84,006

CITY OF BESSEMER CITY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

Schedule 1
Page 4 of 4

	2022		Variance
	Budget	Actual	Positive (Negative)
Expenditures (Continued)			
Cultural and recreation			
Parks and recreation			
Salaries and employee benefits	\$	\$ 561,846	\$
Other operating expenditures		397,130	
Capital outlay		1,557,126	
Total cultural and recreation	2,617,837	2,516,102	101,735
Debt service			
Principal retirement		413,203	
Principal retirement - Powell bill		77,524	
Interest and fees - Powell bill		23,290	
Interest and fees		47,303	
Total debt service	623,807	561,320	62,487
Total expenditures	7,678,225	7,851,656	(173,431)
Revenues over (under) expenditures	(2,540,025)	(2,589,869)	(49,844)
Other financing sources (uses)			
Operating transfers (to) from other funds			
Loan proceeds	1,705,022	1,712,013	6,991
Lease liabilities issued	-	820,951	820,951
Transfers to other funds	(173,992)	-	173,992
Total other financing sources (uses)	1,531,030	2,532,964	(1,001,934)
Revenues over (under) expenditures and other financing sources (uses)	(1,008,995)	(56,905)	952,090
Fund balance appropriated	1,008,995	-	(1,008,995)
Net change in fund balance	\$ -	(56,905)	\$ (56,905)
Fund balance - beginning		2,679,685	
Fund balance - ending		\$ 2,622,780	

CITY OF BESSEMER CITY, NORTH CAROLINA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2022

Schedule 2

	Special Revenue Funds				
	Community Development Block Grant Fund	Sidewalk Project Fund	Community Development Block Grant Neighborhood Revitalization	Business Accelerator Program	Total Nonmajor Special Revenue Funds
ASSETS					
Current Assets					
Cash and investments	\$ -	\$ (101,843)	\$ (47,202)	\$ -	\$ (149,045)
Restricted cash and investments	-	-	-	500,000	500,000
Note receivable	79,361	-	-	-	79,361
Total assets	\$ 79,361	\$ (101,843)	\$ (47,202)	\$ 500,000	\$ 430,316
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 8,710	\$ -	\$ 8,710
Total liabilities	-	-	8,710	-	8,710
Fund balances					
Nonspendable					
Perpetual maintenance	-	-	-	-	-
Restricted					
Restricted for economic development	-	-	-	500,000	500,000
Assigned					
Economic development	79,361	-	(55,912)	-	23,449
Capital projects	-	(101,843)	-	-	(101,843)
Total fund balances	79,361	(101,843)	(55,912)	500,000	421,606
Total liabilities and fund balances	\$ 79,361	\$ (101,843)	\$ (47,202)	\$ 500,000	\$ 430,316

CITY OF BESSEMER CITY, NORTH CAROLINA *Schedule 3*
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2022

	Special Revenue Funds				
	Community Development Block Grant Fund	Sidewalk Project Fund	Community Development Block Grant Neighborhood Revitalization	Business Accelerator Program	Total Nonmajor Special Revenue Funds
Revenues:					
Restricted intergovernmental	\$ -	\$ -	\$ 94,417	\$ 500,000	\$ 594,417
Investment earnings	-	-	-	-	-
Total revenues	-	-	94,417	500,000	594,417
Expenditures:					
Economic development	-	-	115,887	-	115,887
Total expenditures	-	-	115,887	-	115,887
Net change in fund balance	-	-	(21,470)	500,000	478,530
Fund balances, beginning	79,361	(101,843)	(34,442)	-	(56,924)
Fund balances, ending	<u>\$ 79,361</u>	<u>\$ (101,843)</u>	<u>\$ (55,912)</u>	<u>\$ 500,000</u>	<u>\$ 421,606</u>

CITY OF BESSEMER CITY, NORTH CAROLINA
SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT
BLOCK GRANT NUMBER 00-C-0638

Schedule 4

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

From Inception and for the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental revenues					
Community Development Block Grant	\$ 336,350	\$ 201,562	\$ -	\$ 201,562	\$ (134,788)
Sale of Grant property	-	361,501	-	361,501	361,501
Total revenues	336,350	563,063	-	563,063	226,713
Expenditures					
Economic development:					
Rehabilitation	288,850	279,289	-	279,289	9,561
Administration	30,000	45,134	-	45,134	(15,134)
Miscellaneous	17,500	9,312	-	9,312	8,188
Total expenditures	336,350	333,735	-	333,735	2,615
Revenues over (under) expenditures	-	229,328	-	229,328	229,328
Other financing sources					
Downtown Shell Building					
Infill Capital Project Fund	(149,967)	(149,967)	-	(149,967)	-
Total other financing sources (uses)	(149,967)	(149,967)	-	(149,967)	-
Appropriated fund balance	149,967	-	-	-	(149,967)
Net change in fund balance	\$ -	\$ 79,361	-	\$ 79,361	\$ 79,361
Fund balance - beginning			79,361		
Fund balance - ending			\$ 79,361		

CITY OF BESSEMER CITY, NORTH CAROLINA

Schedule 5

SIDEWALK PROJECT

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (Non-GAAP)

From Inception and for the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
CMAQ Grant	\$ 527,847	\$ -	\$ -	\$ -	\$ 527,847
Total revenues	527,847	-	-	-	527,847
Expenditures					
Construction	625,659	61,048	-	61,048	564,611
Engineering	-	6,645	-	6,645	(6,645)
Surveying	14,900	14,900	-	14,900	-
Environmental services	19,250	19,250	-	19,250	-
Total expenditures	659,809	101,843	-	101,843	557,966
Revenues over (under) expenditures	(131,962)	(101,843)	-	(101,843)	(30,119)
Other financing sources					
Transfers from other funds:					
General Fund	131,962	-	-	-	(131,962)
Total other financing sources	131,962	-	-	-	(131,962)
Revenues and other financing sources over (under) expenditures	\$ -	\$ (101,843)	-	\$ (101,843)	\$ (101,843)
Fund balance - beginning			(101,843)		
Fund balance - ending			\$ (101,843)		

CITY OF BESSEMER CITY, NORTH CAROLINA
SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT
BLOCK GRANT NEIGHBORHOOD REVITALIZATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2022

Schedule 6

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental revenues					
Community Development Block Grant	\$ 750,000	\$ -	\$ 94,417	\$ 94,417	\$ (655,583)
Total revenues	750,000	-	94,417	94,417	(655,583)
Expenditures					
Economic development:					
Rehabilitation	675,000	-	-	-	675,000
Administration	75,000	34,442	115,887	150,329	(75,329)
Total expenditures	750,000	34,442	115,887	150,329	599,671
Net change in fund balance	<u>\$ -</u>	<u>\$ (34,442)</u>	(21,470)	<u>\$ (55,912)</u>	<u>\$ (1,255,254)</u>
Fund balance - beginning			(34,442)		
Fund balance - ending			<u>\$ (55,912)</u>		

CITY OF BESSEMER CITY, NORTH CAROLINA
SPECIAL REVENUE FUND - ECONOMIC DEVELOPMENT
BUSINESS ACCELERATOR PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2022

Schedule 7

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental revenues					
NC Department of Commerce Grant	\$ 500,000	\$ -	\$ 500,000	\$ 500,000	\$ -
Expenditures					
Economic development:					
Property acquisition and rehabilitation	500,000	-	-	-	500,000
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	500,000	<u>\$ 500,000</u>	<u>\$ (500,000)</u>
Fund balance - beginning			<u>-</u>		
Fund balance - ending			<u>\$ 500,000</u>		

CITY OF BESSEMER CITY, NORTH CAROLINA
NORTH PARK CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2022

Schedule 8

	Project	Actual			Variance
	Authorization	Prior	Current	Total	Positive
		Years	Year	To Date	(Negative)
Revenue					
Restricted intergovernmental revenues					
Gaston County Grant	\$ 500,000	\$ 350,649	\$ -	\$ 350,649	\$ (149,351)
NC Parks and Recreation Grant	500,000	302,778	291,864	594,642	94,642
Other	513	-	-	-	(513)
Investment earnings	-	2,305	7,974	10,279	10,279
Total revenues	1,000,513	655,732	299,838	955,570	(44,943)
Expenditures					
Cultural and recreational					
Professional services	60,000	34,352	10,750	45,102	14,898
Property acquisition	433,247	207,900	86,083	293,983	139,264
Design services	481,000	224,903	143,199	368,102	112,898
Contingency	424,234	-	-	424,234	-
Construction	7,499,519	428,111	3,237,440	3,665,551	3,833,968
Total expenditures	8,898,000	895,266	3,477,472	4,796,972	4,101,028
Revenues over (under) expenditures	(7,897,487)	(239,534)	(3,177,634)	(3,841,402)	(4,145,971)
Other financing sources					
Loan proceeds	7,897,487	7,897,487	-	7,897,487	-
Total other financing sources	7,897,487	7,897,487	-	7,897,487	-
Net change in fund balance	\$ -	\$ 7,657,953	(3,177,634)	\$ 4,056,085	\$ (4,145,971)
Fund balance - beginning			7,657,953		
Fund balance - ending			<u>\$ 4,480,319</u>		

CITY OF BESSEMER CITY, NORTH CAROLINA
WATER AND WASTEWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (Non-GAAP)
For the Fiscal Year Ended June 30, 2022

Schedule 9
Page 1 of 3

	2022		Variance
	Budget	Actual	Positive (Negative)
Revenues			
Operating Revenues:			
Water and wastewater charges	\$	\$ 4,592,486	\$
Reconnection and taps		108,815	
System development fees		188,465	
Late penalties		82,152	
Miscellaneous revenue		-	
Total operating revenues	5,339,000	4,971,918	(367,082)
Nonoperating revenues			
Insurance proceeds		7,417	
Interest		739	
Total non-operating revenues	-	8,156	
Total revenues	5,339,000	4,980,074	(358,926)
Expenditures			
Administrative and finance:			
Other operating expenditures		698,000	
Total	698,000	698,000	-
Treatment:			
Salaries and employees benefits		319,393	
Purchased water		40,924	
Purchased wastewater treatment		1,130,447	
Pretreatment		22,169	
Utilities		158,279	
Maintenance and repairs		87,145	
Contracted services		233,562	
Supplies		122,423	
Other operating expenditures		9,263	
Total	2,391,578	2,123,605	267,973
Public works:			
Salaries and employees benefits		899,054	
Department supplies and materials		128,727	
Contracted services		103,441	
Other operating expenditures		2,439	
Total	1,125,667	1,133,661	(7,994)

CITY OF BESSEMER CITY, NORTH CAROLINA
WATER AND WASTEWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (Non-GAAP)
For the Fiscal Year Ended June 30, 2022

Schedule 9
Page 2 of 3

	2022		Variance
	Budget	Actual	Positive (Negative)
Expenditures (Continued)			
Debt service:			
Interest and fees	\$	\$ 57,079	\$
Principal retirement		326,168	
Total	388,641	383,247	5,394
Capital outlay:			
Contracted services - construction		112,559	
Equipment - Treatment		476,970	
Total	751,326	589,529	161,797
Total expenditures	5,355,212	4,928,042	427,170
Revenues over (under) expenditures	(16,212)	52,032	68,244
Other financing sources (uses)			
Loan proceeds	147,489	147,489	-
Proceeds from sale of capital assets	-	18,701	-
Total other financing sources (uses)	147,489	166,190	313,679
Fund balance appropriated	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 131,277	218,222	\$ 381,923

CITY OF BESSEMER CITY, NORTH CAROLINA
WATER AND WASTEWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (Non-GAAP)
For the Fiscal Year Ended June 30, 2022

Schedule 9
Page 3 of 3

	2022
	<u>Actual</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:	
Reconciling items:	
Principal retirement	\$ 326,168
Loan proceeds	(147,489)
Capital outlay	589,529
Book value of capital assets sold	(50,417)
Depreciation	(777,289)
Amortization of reduced treatment rates	(12,514)
Amortization of leases	(56,456)
Increase in compensated absences	(4,375)
Increase in deferred outflows of resources-pensions	34,380
Increase in deferred outflows of resources-OPEB	13,145
Decrease in net pension liability	202,254
Increase in deferred inflows of resources-pensions	(205,939)
Increase in deferred inflows of resources-OPEB	(1,646)
Increase in accrued OPEB liability	(15,254)
Grants received for Water and Wastewater Capital Project	7,575
ARP Grant Proceeds	1,234,176
Expenditures in project funds not capitalized	(1,234,176)
Total reconciling items	<u>(98,328)</u>
Change in net position	<u>\$ 119,894</u>

CITY OF BESSEMER CITY, NORTH CAROLINA
WATER AND WASTEWATER CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2022

Schedule 10

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
Grants	\$ 289,500	\$ 281,925	\$ 7,575	\$ 289,500	\$ -
Total revenues	289,500	281,925	7,575	289,500	-
Expenditures					
Water and Wastewater Project:					
AIA - Water/Wastewater asset study	316,335	316,335	-	316,335	-
Total expenditures	316,335	316,335	-	316,335	-
Revenues over (under) expenditures	(26,835)	(34,410)	7,575	(26,835)	-
Other financing sources					
Transfers from other funds:					
Water and Wastewater Fund	26,835	-	-	-	(26,835)
Total other financing sources	26,835	-	-	-	(26,835)
Revenues and other financing sources over (under) expenditures	\$ -	\$ (34,410)	7,575	\$ (26,835)	\$ (26,835)
Fund balance - beginning			(34,410)		
Fund balance - ending			\$ (26,835)		

CITY OF BESSEMER CITY, NORTH CAROLINA
WATER/WASTEWATER STINGER PARK CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2022

Schedule 11

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
Grants	\$ 3,165,000	\$ -	\$ -	\$ -	\$ (3,165,000)
Total revenues	<u>3,165,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,165,000)</u>
Expenditures					
Water and Wastewater Project:					
Construction	6,377,800	3,500	2,617,763	2,621,263	3,756,537
Engineering	916,436	588,711	82,976	671,687	244,749
Administration	3,875	3,875	1,154	5,029	(1,154)
Local & bond counsel	26,125	1,250	20,000	21,250	4,875
Contingencies	503,532	-	-	-	503,532
Interest - interim financing	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
Total expenditures	<u>8,077,768</u>	<u>597,336</u>	<u>2,721,893</u>	<u>3,319,229</u>	<u>4,758,539</u>
Revenues over (under) expenditures	<u>(4,912,768)</u>	<u>(597,336)</u>	<u>(2,721,893)</u>	<u>(3,319,229)</u>	<u>1,593,539</u>
Other financing sources					
Loan proceeds	4,865,000	-	4,998,000	4,998,000	133,000
Transfers from other funds:					
Water and Wastewater Fund	<u>47,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,768)</u>
Total other financing sources	<u>4,912,768</u>	<u>-</u>	<u>4,998,000</u>	<u>4,998,000</u>	<u>85,232</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (597,336)</u>	<u>2,276,107</u>	<u>\$ 1,678,771</u>	<u>\$ 1,678,771</u>
Fund balance - beginning			<u>(597,336)</u>		
Fund balance - ending			<u>\$ 1,678,771</u>		

CITY OF BESSEMER CITY, NORTH CAROLINA
WATER AND WASTEWATER TWO RIVERS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2022

Schedule 12

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
Water and Sewer					
Golden Leaf Grant	\$ 200,000	\$ -	\$ -	\$ -	\$ (200,000)
NC Commerce Grant	1,325,000	-	-	-	(1,325,000)
Gaston County Contributions	158,333	-	-	-	(158,333)
City of Gastonia Contribution	158,333	-	-	-	(158,333)
Total revenues	<u>1,841,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,841,666)</u>
Expenditures					
Water and Wastewater					
Preconstruction design and permitting	427,466	-	-	-	427,466
Construction and contingency	<u>1,572,534</u>	<u>-</u>	<u>158,334</u>	<u>158,334</u>	<u>1,414,200</u>
Total expenditures	<u>2,000,000</u>	<u>-</u>	<u>158,334</u>	<u>158,334</u>	<u>1,841,666</u>
Revenues over (under) expenditures	<u>(158,334)</u>	<u>-</u>	<u>(158,334)</u>	<u>(158,334)</u>	<u>-</u>
Other financing sources					
Transfers from other funds:					
Water and wastewater fund	<u>158,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(158,334)</u>
Total other financing sources (uses)	<u>158,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(158,334)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(158,334)</u>	<u>\$ (158,334)</u>	<u>\$ (158,334)</u>
Fund balance - beginning			<u>-</u>		
Fund balance - ending			<u>\$ (158,334)</u>		

CITY OF BESSEMER CITY, NORTH CAROLINA
WATER ARP CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2022

Schedule 13

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
ARP Grant proceeds	<u>\$ 1,777,376</u>	<u>\$ 543,200</u>	<u>\$ 1,234,176</u>	<u>\$ 1,777,376</u>	<u>\$ -</u>
Total revenues	<u>1,777,376</u>	<u>543,200</u>	<u>1,234,176</u>	<u>1,777,376</u>	<u>-</u>
Expenditures					
Water and Sewer					
Capital outlays	1,777,376	519,746	-	519,746	1,257,630
Miscellaneous projects	<u>-</u>	<u>23,454</u>	<u>1,234,176</u>	<u>1,257,630</u>	<u>(1,257,630)</u>
Total expenditures	<u>1,777,376</u>	<u>543,200</u>	<u>1,234,176</u>	<u>1,777,376</u>	<u>-</u>
Revenues over (under) expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Fund balance - beginning			<u>-</u>		
Fund balance - ending			<u><u>\$ -</u></u>		

CITY OF BESSEMER CITY, NORTH CAROLINA
WATER AND WASTEWATER UTILITY CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2022

Schedule 14

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Expenditures					
Water and wastewater					
Engineering	\$ 147,500	\$ -	\$ 35,727	\$ 35,727	\$ 111,773
Construction	2,061,190	-	1,306,122	1,306,122	755,068
Contingency	191,310	-	-	-	191,310
Total expenditures	<u>2,400,000</u>	<u>-</u>	<u>1,341,849</u>	<u>1,341,849</u>	<u>1,058,151</u>
Other financing sources					
Transfers from other funds:					
Water and Wastewater Fund	1,800,000	-	-	-	(1,800,000)
General Fund - Powell Bill	300,000	-	-	-	(300,000)
General Fund	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>
Total other financing sources	<u>2,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,400,000)</u>
Other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(1,341,849)</u>	<u>\$(1,341,849)</u>	<u>\$(1,341,849)</u>
Fund balance - beginning			<u>-</u>		
Fund balance - ending			<u>\$(1,341,849)</u>		

CITY OF BESSEMER CITY, NORTH CAROLINA
WATER AND WASTEWATER LINE PAVING CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2022

Schedule 15

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Expenditures					
Water and Wastewater					
Water line replacement	\$ 448,570	\$ -	\$ 40,085	\$ 40,085	\$ 408,485
Paving	257,350	-	10,605	10,605	246,745
Contingency	70,592	-	-	-	70,592
Total expenditures	776,512	-	50,690	50,690	725,822
Other financing sources					
Transfers from other funds:					
Water and wastewater fund	776,512	-	-	-	(776,512)
Total other financing sources	776,512	-	-	-	(776,512)
Other financing sources over (under) expenditures	\$ -	\$ -	(50,690)	\$ (50,690)	\$ (1,502,334)
Fund balance - beginning			-		
Fund balance - ending			\$ (50,690)		

CITY OF BESSEMER CITY, NORTH CAROLINA
NATURAL GAS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (Non-GAAP)
For the Fiscal Year Ended June 30, 2022

Schedule 16
Page 1 of 2

	2022		Variance
	Budget	Actual	Positive (Negative)
Revenues			
Operating Revenues:			
Natural gas sales:			
Residential	\$	\$ 785,590	\$
Small commercial		561,739	
Firm industrial		69,617	
Reconnection and tap fees		1,640	
Miscellaneous revenue		2,074	
Total operating revenues	1,572,489	1,420,660	(151,829)
Nonoperating revenues			
Interest earnings	-	252	252
Total revenues	1,572,489	1,420,912	(151,577)
Expenditures			
Administrative and finance:			
Other operating expenditures		300,000	
Total	300,000	300,000	-
Distribution:			
Salaries and employees benefits		338,077	
Purchased natural gas		440,388	
Utilities		1,944	
Maintenance and repairs		3,234	
Supplies		51,185	
Contracted services		213,998	
Other operating expenditures		14,945	
Total	1,081,211	1,063,771	17,440
Debt service:			
Interest and fees		22,414	
Principal retirement		103,244	
Total	184,180	125,658	58,522
Capital outlay:			
Equipment	167,489	220,732	(53,243)
Total	167,489	220,732	(53,243)
Total expenditures	1,732,880	1,710,161	22,719

CITY OF BESSEMER CITY, NORTH CAROLINA
NATURAL GAS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (Non-GAAP)
For the Fiscal Year Ended June 30, 2022

Schedule 16
Page 2 of 2

	2022		Variance
	Budget	Actual	Positive (Negative)
Revenues over (under) expenditures	\$ (160,391)	\$ (289,249)	\$ (128,858)
Other financing sources			
Loan proceeds	-	160,499	160,499
Total other financing sources	-	160,499	160,499
Fund balance appropriated	160,391	-	(160,391)
Revenues and other financing sources over (under) expenditures	\$ -	(128,750)	\$ (128,750)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		103,244	
Capital Outlay		220,732	
Depreciation		(65,475)	
Loan proceeds		(160,499)	
Increase in deferred outflows of resources-pensions		8,356	
Increase in deferred outflows of resources-OPEB		3,641	
Increase in deferred inflows of resources-pensions		(57,897)	
Increase in deferred inflows - OPEB		(420)	
Decrease in compensated absences		3,365	
Increase in OPEB liability		(3,832)	
Decrease in net pension liability		59,023	
Total reconciling items		110,238	
Change in net position		\$ (18,512)	

CITY OF BESSEMER CITY, NORTH CAROLINA
STORM WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (Non-GAAP)
For the Fiscal Year Ended June 30, 2022

Schedule 17

	2022		Variance
	Budget	Actual	Positive (Negative)
Revenues			
Operating Revenues:			
Storm water charges	\$	\$ 100,147	\$
Total revenues	214,130	100,147	(113,983)
Expenditures			
Capital outlay		-	
Other operating expenditures		102,730	
	142,700	102,730	39,970
Debt service:			
Interest and fees	-	275	
Principal retirement	-	67,378	
Total	71,430	67,653	3,777
Total expenditures	214,130	170,383	43,747
Revenues over (under) expenditures	-	(70,236)	(70,236)
Other financing sources	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(70,236)	\$ (70,236)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		67,378	
Depreciation		(21,710)	
Total reconciling items		45,668	
Change in net position		\$ (24,568)	

Other Schedules

This section contains additional information required on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

CITY OF BESSEMER CITY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2022

Schedule 18

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2021</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2022</u>
2021-2022	\$ -	\$ 2,248,043	\$ 2,225,121	\$ 22,922
2020-2021	22,134		14,460	7,674
2019-2020	11,924	-	6,081	5,843
2018-2019	13,497	-	1,567	11,930
2017-2018	9,154	-	248	8,906
2016-2017	25,638	-	162	25,476
2015-2016	3,836	-	340	3,496
2014-2015	22,812	-	623	22,189
2013-2014	3,541	-	263	3,278
2012-2013	3,335	-	82	3,253
2011-2012	2,430	-	2,430	-
	<u>\$ 118,301</u>	<u>\$ 2,248,043</u>	<u>\$ 2,251,377</u>	<u>114,967</u>
Less: Allowance for uncollectible accounts General Fund				<u>(62,797)</u>
Ad valorem taxes receivable - net				<u>\$ 52,170</u>
Reconcilement with revenues				
Ad valorem taxes collected - General Fund				\$ 2,337,003
Interest				(13,520)
Taxes written off				2,430
MV Tags (\$20 per tag)				(83,920)
Refunds				880
Collection fees				8,178
Other adjustments				<u>326</u>
Total collections and credits				<u>\$ 2,251,377</u>

CITY OF BESSEMER CITY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
CITY-WIDE LEVY
For the Fiscal Year Ended June 30, 2022

Schedule 19

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxes at current year's rate	\$ 494,234,222	0.45	\$ 2,224,054	\$2,033,920	\$ 190,134
Discoveries:					
Current year taxes	8,342,444	0.45	37,541	37,541	-
Abatements:	<u>(3,011,556)</u>	0.45	<u>(13,552)</u>	<u>(13,552)</u>	<u>-</u>
Total valuation	<u>\$ 499,565,110</u>				
Net levy			2,248,043	2,057,909	190,134
Uncollected taxes at June 30, 2022			<u>22,922</u>	<u>22,142</u>	<u>780</u>
Current year's taxes collected			<u>\$ 2,225,121</u>	<u>\$2,035,767</u>	<u>\$ 189,354</u>
Current levy collection percentage			<u>98.98%</u>	<u>98.92%</u>	<u>99.59%</u>

Compliance Section

EDDIE CARRICK, CPA, PC

Certified Public Accountant

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*

Independent Auditor's Report

To the Honorable Mayor and
City Council
City of Bessemer City, North Carolina

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bessemer City, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises the City of Bessemer City's basic financial statements, and have issued my report thereon dated February 16, 2023.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City of Bessemer City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bessemer City's internal control. Accordingly, I do not express an opinion on the effectiveness of the City'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.

My consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-01 and 2022-02 that I consider to be significant deficiencies.

Compliance and Other Matters

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

City of Bessemer City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on City of Bessemer City's response to the findings identified in my audit and described in the accompanying schedule of findings and questioned costs. City of Bessemer City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

Purpose of this Report

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

Eddie Carrick, CPA

A handwritten signature in black ink, appearing to read "E. Carrick", is positioned below the printed name.

Lexington, North Carolina
February 16, 2023

EDDIE CARRICK, CPA, PC

Certified Public Accountant

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of City of Bessemer City, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited the City of City of Bessemer City, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of City of Bessemer City's major federal programs for the year ended June 30, 2022. The City of City of Bessemer City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, the City of City of Bessemer City 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 year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

I conducted my 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) and the State Single Audit Implementation Act. My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report. I am required to be independent of The City of City of Bessemer City and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a reasonable basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of the City of City of Bessemer City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, I

- 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 The City of City of Bessemer City's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- obtain an understanding of The City of City of Bessemer City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The City of City of Bessemer City's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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.

My consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during my audit, I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

My 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 my 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.

Eddie Carrick, CPA, PC



Lexington, North Carolina
February 16, 2023

EDDIE CARRICK, CPA, PC

Certified Public Accountant

Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of City of Bessemer City, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

I have audited the City of City of Bessemer City, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of City of Bessemer City's major State programs for the year ended June 30, 2022. The City of City of Bessemer City's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, the City of City of Bessemer City 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 State programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

I conducted my 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) and the State Single Audit Implementation Act. My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report. I am required to be independent of The City of City of Bessemer City and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a reasonable basis for my opinion on compliance for each major State program. My audit does not provide a legal determination of the City of City of Bessemer City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, I

- 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 The City of City of Bessemer City's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- obtain an understanding of The City of City of Bessemer City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The City of City of Bessemer City's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I 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 State program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State 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.

My consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during my audit, I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

My 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 my 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.

Eddie Carrick, CPA, PC



Lexington, North Carolina
February 16, 2023

City of Bessemer City, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

I. Summary of Auditor's Results**Financial statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

* Material weakness(es) identified? _____ yes X no* Significant Deficiency(s) identified that
are not considered to be material weaknesses? X yes _____Noncompliance material to financial
statements noted _____ yes X no**Federal awards*** Material weakness(es) identified? _____ yes X no* Significant Deficiency(s) identified that
are not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be
accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major federal programs:

Program Name	
US Department of the Treasury	
Coronavirus State and Local Fiscal	
Recovery Funds	21.027
Dollar threshold to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low risk auditee?	_____ yes <u>X</u> no

State awards* Material weakness(es) identified? _____ yes X no* Significant Deficiency(s) identified that
are not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major State programs: Unqualified

Any audit findings disclosed that are required to be
accordance with the State Single Audit Implementation Act _____ yes X no

Identification of major State programs:

Program Name	<u>Grant Number</u>
NC Department of Natural and Cultural Resources	
NC Parks and Recreation Trust Fund Grant Recovery Funds	2017-822
Dollar threshold to distinguish between Type A and Type B programs:	\$ 500,000
Auditee qualified as low risk auditee?	_____ yes <u>X</u> no

City of Bessemer City, North Carolina
Schedule of Findings, Responses, and Questioned Costs
For the Year Ended June 30, 2022

II Financial Statement Findings

Material weakness**Finding 2022-01**

- Criteria:** Per G.S. 159-8, all money received and expended by a local government should be included in the budget ordinance. The statutes require that funds be appropriated before incurring the obligation of funds and that amounts be pre-audited prior to disbursements being made.
- Condition:** The City overspent its Administration and finance, Public Safety - Police, and Cemetery Fund budgets.
- Effect:** The City was in violation of North Carolina State Statutes.
- Cause:** These over-expenditures occurred primarily due to the implementation of GASB Statement No. 87 - *Leases*.

Recommendation: Management should monitor leases to determine the impact of the new lease accounting standard on budgetary amounts.

Views of responsible officials and planned corrective actions: The city agrees with this finding and will adhere to the correction action plan on page 95 in this audit report.

Material weakness**Finding 2022-02**

- Criteria:** N.C General Statute 159-34 requires the City to have an audit as soon as possible after the close of each fiscal year.
- Condition:** The annual audit was delayed due to the City's component unit's audit delay.
- Effect:** Delays of timely reporting and errors in financial reporting could occur.
- Cause:** The component unit experienced significant turnover in the finance department. The unit was determined to be unauditible by prior auditor.
- Recommendation:** Although the City is not responsible for the component unit's finances, the City should monitor the unit's progress towards the completion of a timely filed audit.

Views of responsible officials and planned corrective actions: The city agrees with this finding and will adhere to the correction action plan on page 95 in this audit report.

III Federal Award Findings and Questioned Costs

None reported

IV State Award Findings and Questioned Costs

None reported



Statement 1 (continued)

**Corrective Action Plan
For the Year Ended June 30, 2022**

II Financial Statement Findings

MATERIAL WEAKNESS

Finding 2022-01

Name of Contact Person: Diane Jenkins - Finance Director

Corrective Action: Management will monitor leases to determine the impact of any lease accounting standards on budgetary amounts.

Proposed Completion Date: The Board will implement the above procedure immediately.

Finding 2022-02

Name of Contact Person: Diane Jenkins - Finance Director

Corrective Action: Although the City is not responsible for the component unit's finances, the City will monitor the unit's progress towards the completion of a timely filed audit.

Subsequent to the year end, the component unit hired an experienced bookkeeper to reconcile the books and accounts. New auditor completed audit timely upon request. Problem seems to be corrected going forward.

Proposed Completion Date: The Board will implement the above procedure immediately.

III Federal Award Findings and Questioned Costs

None reported

IV State Award Findings and Questioned Costs

None reported

CITY OF BESSEMER CITY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Schedule 20

<u>Grantor/Pass-through Grantor/Program title</u>	<u>Federal Assistance Listing Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal Direct & - Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
FEDERAL AWARDS					
<u>U.S. Department of Housing and Urban Development</u>					
Passed-through the N.C. Department of Commerce:					
CDBG - Neighborhood Revitalization Program	14.228	16-D-3029	\$ 94,417	\$ -	\$ 21,470
<u>U.S. Department of the Treasury</u>					
Passed-through the Office of State Budget and Management:					
Coronavirus State and Local Fiscal Recovery Funds	21.027		1,234,176	-	-
Total assistance federal programs			1,328,593	-	-
STATE GRANTS					
<u>N.C. Department of Insurance</u>					
Covid-19 Relief Grant	N/A			10,000	
Volunteer Fire Department Fund	N/A			10,445	
<u>N.C. Department of Public Instruction:</u>					
School Safety Grant - School Resource Officers	N/A			65,300	-
<u>N.C. Office of State Budget and Management</u>					
Local Government Grant	N/A	FY22-DG-0011		30,000	
<u>N.C. Department of Natural and Cultural Resources</u>					
N.C. Parks and Recreation Trust Fund Grant	N/A	2017-822		291,864	3,185,608
<u>N. C. Department of Transportation</u>					
Powell Bill	N/A		-	150,094	-
Total assistance state programs			-	557,703	-
Total assistance			\$ 1,328,593	\$ 557,703	\$ 3,207,078

Note 1: Basis of Presentation

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

Note 2: Summary of Significant Accounting Policies

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