

**City of Bessemer City
Bessemer City, North Carolina
For the year ended
June 30, 2023**

**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

Josh Ross, City Manager
Diane Jenkins, Finance Director
Hydeia Hayes, City Clerk

Audited

Financial Statements

At

June 30, 2023

And

For The Year Then Ended

CITY OF BESSEMER CITY
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June 30, 2023

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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

We have audited the financial statements of the governmental activities, business-type activities, the 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, 2023, 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 our 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, 2023, 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

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

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

Our 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 our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *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*, we:

- 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 our 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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of 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 our 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*, we have also issued our report dated November 30, 2023 on our consideration of the City of Bessemer City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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, PC".

Lexington, North Carolina
November 30, 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, 2023. 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 \$30,618,576 (net position).

The government's total net position increased by \$2,456,574 due to a decrease in the governmental activities net position of \$464,244 and an increase in the business-type activities net position of \$2,920,818.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,137,482 with a net decrease of \$5,387,223 in fund balance. Approximately 43.6% of this total amount, or \$9932,349, is nonspendable, assigned, or restricted.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,205,133, or 20.4% of total General Fund expenditures for the fiscal year.

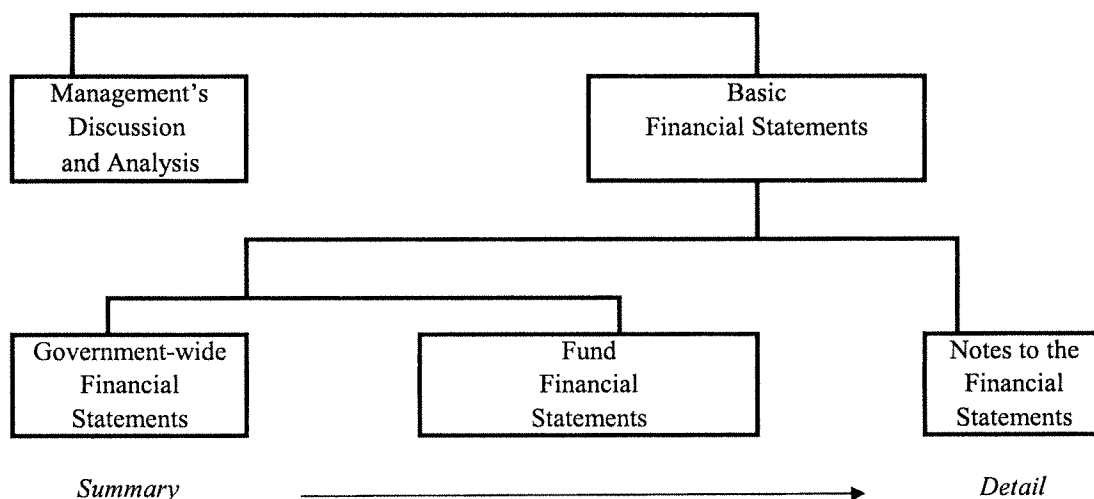
The City of Bessemer City's total debt increased by \$734,253 during the current fiscal year.

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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 3,418,160	\$ 8,250,808	\$ 96,531	\$ 4,264,025	\$ 3,514,691	\$ 12,514,833
Non-current assets	24,193,499	15,841,913	32,787,476	26,392,788	56,980,975	42,234,701
Deferred outflows of resources	<u>1,095,214</u>	<u>890,876</u>	<u>497,783</u>	<u>340,977</u>	<u>1,592,997</u>	<u>1,231,853</u>
Total assets and deferred outflows of resources	<u>28,706,873</u>	<u>24,983,597</u>	<u>33,381,790</u>	<u>30,997,790</u>	<u>62,088,663</u>	<u>55,981,387</u>
Current liabilities	2,212,931	92,769,763	2,022,269	7,362,016	4,235,200	100,131,779
Long-term liabilities	12,746,089	4,528,182	10,817,339	5,762,546	23,563,428	10,290,728
Deferred inflows of resources	<u>230,284</u>	<u>614,999</u>	<u>274,879</u>	<u>274,879</u>	<u>505,163</u>	<u>889,878</u>
Total liabilities and deferred inflows of resources	<u>15,189,304</u>	<u>97,912,944</u>	<u>13,114,487</u>	<u>13,399,441</u>	<u>28,303,791</u>	<u>111,312,385</u>
Net position						
Net investment in capital assets	9,188,388	8,532,605	21,980,900	17,205,805	31,169,288	25,738,410
Restricted	748,017	5,740,766	-	-	748,017	5,740,766
Unrestricted	<u>163,004</u>	<u>(3,709,718)</u>	<u>(1,461,733)</u>	<u>392,544</u>	<u>(1,298,729)</u>	<u>(3,317,174)</u>
Total net position	\$ <u>10,099,409</u>	\$ <u>10,563,653</u>	\$ <u>20,519,167</u>	\$ <u>17,598,349</u>	\$ <u>30,618,576</u>	\$ <u>28,162,002</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 \$30,618,576 as of June 30, 2023. The City's net position increased by \$2,456,574 for the fiscal year ended June 30, 2023. 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, \$748,017, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(1,298,729) 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>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program revenues:						
Charges for services	\$ 506,541	\$ 617,575	\$ 6,303,119	\$ 6,490,651	\$ 6,809,660	\$ 7,108,226
Operating grants and contributions	482,372	316,484	-	-	482,372	316,484
Capital grants and contributions	161,334	886,281	-	-	161,334	886,281
General revenues:						
Property taxes	2,575,222	2,310,176	-	-	2,575,222	2,310,176
Other taxes	933	694	-	-	933	694
Grants and contributions not restricted to specific programs	1,546,853	1,429,837	3,838,468	1,241,751	5,385,321	2,671,588
Other	<u>204,951</u>	<u>377,138</u>	<u>258,570</u>	<u>(21,234)</u>	<u>463,521</u>	<u>355,904</u>
Total revenues	<u>5,478,206</u>	<u>5,938,185</u>	<u>10,400,157</u>	<u>7,711,168</u>	<u>15,878,363</u>	<u>13,649,353</u>
Expenses:						
General government	393,499	563,750	-	-	393,499	563,750
Public safety	2,664,566	2,291,317	-	-	2,664,566	2,291,317
Transportation	1,162,533	1,173,927	-	-	1,162,533	1,173,927
Cultural and recreation	1,348,131	1,111,566	-	-	1,348,131	1,111,566
Economic and physical development	207,520	322,156	-	-	207,520	322,156
Interest on long-term debt	166,201	156,676	-	-	166,201	156,676
Water and sewer	-	-	5,894,767	6,070,215	5,894,767	6,070,215
Natural gas	-	-	1,497,617	1,439,424	1,497,617	1,439,424
Storm water	<u>-</u>	<u>-</u>	<u>86,955</u>	<u>124,715</u>	<u>86,955</u>	<u>124,715</u>
Total expenses	<u>5,942,450</u>	<u>5,619,392</u>	<u>7,479,339</u>	<u>7,634,354</u>	<u>13,421,789</u>	<u>13,253,746</u>
Change in net position	(464,244)	318,793	2,920,818	76,814	2,456,574	395,607
Net position, beginning	<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>
Net position, end of year	\$ <u>10,099,409</u>	\$ <u>10,563,653</u>	\$ <u>20,519,167</u>	\$ <u>17,598,349</u>	\$ <u>30,618,576</u>	\$ <u>28,162,002</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 \$1,205,133, while total fund balance was \$2,202,854. The City currently has an available fund balance of 20.4% of General Fund expenditures, and total fund balance represents 38.4% of that same amount.

At June 30, 2023, the governmental funds of the City reported a combined fund balance of \$2,137,482 with a net decrease in fund balance of \$(5,387,223).

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 \$(1,461,733). The total increase in net position for the proprietary funds was \$2,920,818.

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, 2023, totals \$52,441,132 (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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 689,083	\$ 689,083	\$ 534,152	\$ 534,152	\$ 1,223,235	\$ 1,223,235
Buildings and improvements	4,269,478	4,486,138	-	-	4,269,478	4,486,138
Other improvements	-	-	18,881,223	19,356,978	18,881,223	19,356,978
Infrastructure	4,593,181	4,752,023	-	-	4,593,181	4,752,023
Equipment and furniture	1,009,717	755,584	676,458	512,049	1,686,175	1,267,633
Vehicles and motorized equipment	219,740	363,218	476,504	569,625	696,244	932,843
Construction in progress	<u>9,023,825</u>	<u>4,028,581</u>	<u>12,067,771</u>	<u>5,186,437</u>	<u>21,091,596</u>	<u>9,215,018</u>
Total	\$ <u>19,805,024</u>	\$ <u>15,074,627</u>	\$ <u>32,636,108</u>	\$ <u>26,159,241</u>	\$ <u>52,441,132</u>	\$ <u>41,233,868</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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Installment financing	\$ 10,616,636	\$ 11,019,591	\$ 10,412,083	\$ 10,632,208	\$ 21,028,719	\$ 21,651,799
Leases	848,590	687,925	128,019	224,166	976,609	912,091
Compensated absences	222,851	151,456	77,643	73,181	300,494	224,637
OPEB	208,593	227,346	108,844	113,264	317,437	340,610
Pension related debt	<u>1,815,309</u>	<u>1,061,252</u>	<u>670,837</u>	<u>184,763</u>	<u>2,486,146</u>	<u>1,246,015</u>
Total	\$ <u>13,711,979</u>	\$ <u>13,147,570</u>	\$ <u>11,397,426</u>	\$ <u>11,227,582</u>	\$ <u>25,109,405</u>	\$ <u>24,375,152</u>

Long-term Debt: As of June 30, 2023, the City's outstanding balance on external long-term debt was \$21,028,719.

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 \$22,841,834.

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 (Amazon): Construction of 180,000 Sf distribution center at a tax value in excess of 30 million dollars. Construction starting in 2024.

Osage Mill Redevelopment: \$41,000,000 investment downtown historic project redeveloping mill property into 139 apartments and 30,000 square feet of commercial, retail, and community space. Construction started in January 2023. All units will be finished by December 2024.

Over 1 million SF of Industrial and distribution space will start construction in late 2024- early 2025. This will be the new Edgewood 85 Commerce Park. Total impact to tax base of 100 million dollars plus.

Creekside Cottages, a 162 single family home subdivision started in 2023. The first phase will be finished by late 2024 - early 2025.

Stewart Crossings, a 99 single family home subdivision will start late 2024 - early 2025.

97 townhomes are planned to start construction in 2024 along North 14th Street.

Public Works

Vantine Pump Station and Sewer Line replacement project will start in 2024. This \$2,000,000 + project will replace a sewer pump station in the Vantine Community as well as replace various sewer lines throughout the City. This is being funded with a 0% interest loan include a \$500,000 principle forgiveness once the project is completed.

Public Safety

Bessemer City received \$2,150,000 from the State of North Carolina as a direct allocation in the State Budget. These funds will be used to provide needed capital infrastructure improvements to the police and fire departments. Bessemer City is finalizing a capital improvements study, which will help guide the best way to use these funds in order to achieve long term public safety goals for current and future needs that develop as the City grows.

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, 2023

Exhibit A
Page 1 of 2

	<u>Primary Government</u>			
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Bessemer City ABC Board</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,250,964	\$ (1,548,054)	\$ 702,910	\$ 80,932
Restricted cash	544,088	243,125	787,213	-
Receivables:				
Taxes receivable - net	48,123	-	48,123	-
Accounts receivable - net	175,645	1,172,386	1,348,031	-
Due from other governments	399,340	-	399,340	-
Inventories	-	229,074	229,074	86,290
Prepaid items	-	-	-	1,148
Total current assets	<u>3,418,160</u>	<u>96,531</u>	<u>3,514,691</u>	<u>168,370</u>
Non-current assets				
Capital assets				
Land, non-depreciable improvements, and construction in progress	9,712,908	12,601,923	22,314,831	37,847
Other capital assets, net of depreciation	10,092,116	20,034,185	30,126,301	27,522
Total capital assets	<u>19,805,024</u>	<u>32,636,108</u>	<u>52,441,132</u>	<u>65,369</u>
Deferred charges	-	-	-	-
Notes receivable	79,361	-	79,361	-
Right to use leased assets, net of amortization	890,954	151,368	1,042,322	-
Total non-current assets	<u>20,775,339</u>	<u>32,787,476</u>	<u>53,562,815</u>	<u>65,369</u>
Total assets	<u>24,193,499</u>	<u>32,884,007</u>	<u>57,077,506</u>	<u>233,739</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals - LGERS	909,153	474,399	1,383,552	-
Pension deferrals - LEO	141,246	-	141,246	-
OPEB deferrals	44,815	23,384	68,199	-
Total deferred outflows of resources	<u>1,095,214</u>	<u>497,783</u>	<u>1,592,997</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, 2023

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	\$ 1,247,041	\$ 1,199,057	\$ 2,446,098	\$ 19,933
Current portion of long-term obligations	965,890	580,087	1,545,977	-
Liabilities payable from restricted assets	-	243,125	243,125	-
Total current liabilities	<u>2,212,931</u>	<u>2,022,269</u>	<u>4,235,200</u>	<u>19,933</u>
Long-term liabilities				
Net pension liability - LGERS	1,285,610	670,837	1,956,447	-
Net pension liability - LEO	529,699	-	529,699	-
Net OPEB liability	208,593	108,844	317,437	-
Compensated absences	222,851	77,643	300,494	-
Long-term obligations	<u>10,499,336</u>	<u>9,960,015</u>	<u>20,459,351</u>	<u>-</u>
Total long-term liabilities	<u>12,746,089</u>	<u>10,817,339</u>	<u>23,563,428</u>	<u>-</u>
Total liabilities	<u>14,959,020</u>	<u>12,839,608</u>	<u>27,798,628</u>	<u>19,933</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals - LGERS	5,431	2,834	8,265	-
Pension deferrals - LEO	186,176	-	186,176	-
OPEB deferrals	<u>38,677</u>	<u>20,181</u>	<u>58,858</u>	<u>-</u>
Total deferred inflows of resources	<u>230,284</u>	<u>23,015</u>	<u>253,299</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	9,188,388	21,980,900	31,169,288	65,644
Restricted for:				
Streets	236,224	-	236,224	-
Cemetery perpetual care	65,960	-	65,960	-
Stabilization by State statute	445,833	-	445,833	-
Other purposes	-	-	-	45,000
Unrestricted	<u>163,004</u>	<u>(1,461,733)</u>	<u>(1,298,729)</u>	<u>103,162</u>
Total net position	<u>\$ 10,099,409</u>	<u>\$ 20,519,167</u>	<u>\$ 30,618,576</u>	<u>\$ 213,806</u>

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

CITY OF BESSEMER CITY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Exhibit B

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	Bessemer City ABC Board
Primary government								
Governmental activities								
General government	\$ 393,499	\$ -	\$ -	\$ -	\$ (393,499)	\$ -	\$ (393,499)	\$ -
Public safety	2,664,566	25,566	141,152	-	(2,497,848)	-	(2,497,848)	(1,700)
Public works and transportation	1,162,533	414,057	261,361	-	(487,115)	-	(487,115)	-
Cultural and recreational	1,348,131	66,918	13,418	161,334	(1,106,461)	-	(1,106,461)	-
Economic development	207,520	-	66,441	-	(141,079)	-	(141,079)	-
Interest on long-term debt	166,201	-	-	-	(166,201)	-	(166,201)	-
Total governmental activities	5,942,450	506,541	482,372	161,334	(4,792,203)	-	(4,792,203)	(1,700)
Business-type activities								
Water and wastewater	5,894,767	4,789,245	-	-	-	(1,105,522)	(1,105,522)	-
Natural gas	1,497,617	1,413,160	-	-	-	(84,457)	(84,457)	-
Storm water	86,955	100,714	-	-	-	13,759	13,759	-
Total business-type activities	7,479,339	6,303,119	-	-	-	(1,176,220)	(1,176,220)	-
Total primary government	13,421,789	6,809,660	482,372	161,334	(4,792,203)	(1,176,220)	(5,968,423)	(1,700)
Component units								
Bessemer City ABC Board	804,707	789,844	-	-	-	-	-	(14,863)
Total component units	804,707	789,844	-	-	-	-	-	(14,863)
General revenues								
Taxes								
Property taxes, levied for general purposes					2,575,222	-	2,575,222	-
Other taxes and licenses					933	-	933	-
Grants and contributions not restricted to specific programs					1,546,853	3,838,468	5,385,321	-
Unrestricted investment earnings					51,525	-	51,525	-
Gain (loss) on disposal of capital assets					-	-	-	230
Miscellaneous					153,426	258,570	411,996	-
Transfers					-	-	-	-
Total general revenues and transfers					4,327,959	4,097,038	8,424,997	230
Change in net position					(464,244)	2,920,818	2,456,574	(14,633)
Net position, beginning					10,563,653	17,598,349	28,162,002	228,439
Net position, end of year					\$ 10,099,409	\$ 20,519,167	\$ 30,618,576	\$ 213,806

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, 2023

Exhibit C

	Major Fund		Total Non-Major	Total
	General	North Park Capital Project	Funds	Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,511,903	\$ 720,726	\$ 18,335	\$ 2,250,964
Restricted cash	304,088	-	240,000	544,088
Receivables, net				
Taxes	48,123	-	-	48,123
Accounts receivable - net	175,645	-	-	175,645
Due from other governments	399,340	-	-	399,340
Notes receivable	-	-	79,361	79,361
Total assets	<u>\$ 2,439,099</u>	<u>\$ 720,726</u>	<u>\$ 337,696</u>	<u>\$ 3,497,521</u>
LIABILITIES AND FUND BALANCES				
Accounts payable and accrued liabilities	\$ 124,932	\$ -	\$ 21,468	\$ 146,400
Liabilities payable from restricted assets	-	1,102,326	-	1,102,326
Total liabilities	<u>124,932</u>	<u>1,102,326</u>	<u>21,468</u>	<u>1,248,726</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	48,123	-	-	48,123
Other receivables	63,190	-	-	63,190
Total deferred inflows of resources	<u>111,313</u>	<u>-</u>	<u>-</u>	<u>111,313</u>
Fund balances				
Nonspendable				
Perpetual maintenance	65,962	-	-	65,962
Restricted				
Stabilization by State Statute	445,833	-	-	445,833
Streets - Powell Bill	236,224	-	-	236,224
Economic development	-	-	294,000	294,000
Cultural and recreational - North Park	-	(381,600)	-	(381,600)
Assigned				
Subsequent year's expenditures	249,702	-	-	249,702
Transportation/sidewalks	-	-	(20,368)	(20,368)
Economic development	-	-	42,596	42,596
Unassigned	1,205,133	-	-	1,205,133
Total fund balances	<u>2,202,854</u>	<u>(381,600)</u>	<u>316,228</u>	<u>2,137,482</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,439,099</u>	<u>\$ 720,726</u>	<u>\$ 337,696</u>	<u>\$ 3,497,521</u>

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

Total Fund balance - governmental funds		\$ 2,137,482
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Gross capital assets at historical cost	\$ 28,442,160	
Accumulated depreciation	(8,637,136)	19,805,024
Right to use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,077,183	
Less accumulated amortization	(186,229)	890,954
Deferred outflows of resources related to pensions are not reported in the funds		909,152
Deferred outflows of resources related to OPEB are not reported in the funds		44,815
Deferred outflows of resources related to LEO pensions are not reported in the funds		141,246
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds		112,997
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	\$ (11,465,226)	
Compensated absences	(222,851)	
Net pension liability	(1,285,610)	
LEO pension liability	(529,699)	
OPEB liability	(208,592)	(13,711,978)
Deferred inflows of resources related to pensions are not reported in the funds		(5,431)
Deferred inflows of resources related to LEO pensions are not reported in the funds		(186,176)
Deferred inflows of resources related to OPEB are not reported in the funds		(38,676)
Net position of governmental activities		<u>\$ 10,099,409</u>

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

CITY OF BESSEMER CITY, NORTH CAROLINA*Exhibit D*
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	Major Fund		Total Non-Major	Total
	General	North Park Capital Project	Funds	Governmental Funds
REVENUES				
Ad valorem taxes	\$ 2,610,313	\$ -	\$ -	\$ 2,610,313
Other taxes and licenses	933	-	-	933
Unrestricted intergovernmental	1,546,853	-	-	1,546,853
Restricted intergovernmental	321,038	13,418	147,916	482,372
Permits and fees	25,566	-	-	25,566
Sales and services	642,309	-	-	642,309
Investment earnings	51,525	-	-	51,525
Miscellaneous	153,426	-	-	153,426
Total revenues	5,351,963	13,418	147,916	5,513,297
EXPENDITURES				
Current:				
General government	471,042	-	-	471,042
Economic development	180,721	-	253,294	434,015
Public safety	2,255,447	-	-	2,255,447
Public works / transportation	893,713	-	-	893,713
Cultural and recreation	1,266,657	4,875,337	-	6,141,994
Debt service:				
Principal	758,415	-	-	758,415
Interest and other charges	74,260	-	-	74,260
Total expenditures	5,900,255	4,875,337	253,294	11,028,886
Excess of revenues over (under) expenditures	(548,292)	(4,861,919)	(105,378)	(5,515,589)
OTHER FINANCING SOURCES				
Loan proceeds	128,366	-	-	128,366
Lease liabilities issued	-	-	-	-
Total other financing sources	128,366	-	-	128,366
Net change in fund balances	(419,926)	(4,861,919)	(105,378)	(5,387,223)
Fund balances, beginning	2,622,780	4,480,319	421,606	7,524,705
Fund balances, ending	<u>\$ 2,202,854</u>	<u>\$ (381,600)</u>	<u>\$ 316,228</u>	<u>\$ 2,137,482</u>

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, 2023

Exhibit E

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

Net changes in fund balances - total governmental funds	\$ (5,387,223)
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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	\$ 5,715,083		
Depreciation expense for governmental assets	(728,454)		
Amortization of right to use leased assets	<u>(53,203)</u>		4,933,426

Cost of capital assets disposed of during the year, not recognized on modified accrual basis

-

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	4,335
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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	(8,025,820)		
Lease obligations issued	-		
Principal payments on long-term debt	8,428,775		
Principal payments on lease obligations	<u>224,812</u>		627,767

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	(71,395)		
Pension expense	(529,699)		
Pension expense LEO	(60,208)		
Other postemployment benefits	<u>18,753</u>		<u>(642,549)</u>

Total changes in net position of governmental activities	<u>\$ (464,244)</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, 2023

Exhibit F

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues				
Ad valorem taxes	\$ 2,565,000	\$ 2,565,000	\$ 2,610,313	\$ 45,313
Other taxes and licenses	600	600	933	333
Unrestricted intergovernmental	1,262,000	1,262,000	1,546,853	284,853
Restricted intergovernmental	263,000	298,000	321,038	23,038
Permits and fees	11,500	11,500	25,566	14,066
Sales and services	555,000	555,000	642,309	87,309
Investment earnings	1,500	1,500	51,525	50,025
Miscellaneous	71,100	144,624	153,426	8,802
Total revenues	<u>4,729,700</u>	<u>4,838,224</u>	<u>5,351,963</u>	<u>513,739</u>
Expenditures				
Current				
General government	62,328	587,428	471,042	116,386
Economic development	264,280	188,931	180,721	8,210
Public safety	2,046,196	2,355,617	2,255,447	100,170
Public works / transportation	791,700	940,243	893,713	46,530
Cultural and recreation	980,155	1,316,730	1,266,657	50,073
Debt service				
Principal retirement	674,941	765,489	758,415	7,074
Interest and other charges	41,307	84,034	74,260	9,774
Total expenditures	<u>4,860,907</u>	<u>6,238,472</u>	<u>5,900,255</u>	<u>338,217</u>
Revenues over (under) expenditures	<u>(131,207)</u>	<u>(1,400,248)</u>	<u>(548,292)</u>	<u>851,956</u>
Other financing sources				
Loan proceeds	-	466,566	128,366	(338,200)
Lease liabilities issued	-	-	-	-
Transfers to other funds	-	(100,000)	-	100,000
Total other financing sources	<u>-</u>	<u>366,566</u>	<u>128,366</u>	<u>(238,200)</u>
Appropriated fund balance	<u>131,207</u>	<u>1,033,682</u>	<u>-</u>	<u>(1,033,682)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(419,926)</u>	<u>\$ (419,926)</u>
Fund balance - beginning			<u>2,622,780</u>	
Fund balance - ending			<u>\$ 2,202,854</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, 2023

Exhibit G

	Major Funds		Storm Water	
	Water and Wastewater Fund	Natural Gas Fund	Fund	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ (1,099,845)	\$ (345,573)	\$ (102,636)	\$ (1,548,054)
Restricted cash and cash equivalents	177,635	65,490	-	243,125
Accounts receivable - net, billed	413,013	120,357	10,357	543,727
Accounts receivable - net, unbilled	536,458	49,654	8,490	594,602
Accounts receivable - other	-	34,057	-	34,057
Due from other Governments	-	-	-	-
Inventories	94,822	134,252	-	229,074
Total current assets	<u>122,083</u>	<u>58,237</u>	<u>(83,789)</u>	<u>96,531</u>
Noncurrent assets				
Capital assets				
Land and construction in progress	12,535,707	61,682	4,534	12,601,923
Other capital assets, net of depreciation	18,595,355	1,139,031	299,799	20,034,185
Total capital assets, net	<u>31,131,062</u>	<u>1,200,713</u>	<u>304,333</u>	<u>32,636,108</u>
Deferred charges, net	-	-	-	-
Right to use leased assets, net of amortization	151,368	-	-	151,368
Total noncurrent assets	<u>31,282,430</u>	<u>1,200,713</u>	<u>304,333</u>	<u>32,787,476</u>
Total assets	<u>31,404,513</u>	<u>1,258,950</u>	<u>220,544</u>	<u>32,884,007</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB deferrals	18,703	4,681	-	23,384
Pension deferrals	379,431	94,968	-	474,399
Total deferred outflows of resources	<u>398,134</u>	<u>99,649</u>	<u>-</u>	<u>497,783</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	1,097,897	101,160	-	1,199,057
Lease obligation payable - current	51,600	-	-	51,600
Current portion of long-term obligations	369,711	124,582	34,194	528,487
Liabilities payable from restricted assets	177,635	65,490	-	243,125
Total current liabilities	<u>1,696,843</u>	<u>291,232</u>	<u>34,194</u>	<u>2,022,269</u>
Noncurrent liabilities				
Compensated absences	59,810	17,833	-	77,643
Net pension liability	536,545	134,292	-	670,837
Net OPEB liability	87,055	21,789	-	108,844
Lease obligation payable - noncurrent	76,419	-	-	76,419
Long-term obligations - noncurrent	8,439,447	1,374,019	70,130	9,883,596
Total noncurrent liabilities	<u>9,199,276</u>	<u>1,547,933</u>	<u>70,130</u>	<u>10,817,339</u>
Total liabilities	<u>10,896,119</u>	<u>1,839,165</u>	<u>104,324</u>	<u>12,839,608</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB deferrals	16,141	4,040	-	20,181
Pension deferrals	2,267	567	-	2,834
Total deferred inflows of resources	<u>18,408</u>	<u>4,607</u>	<u>-</u>	<u>23,015</u>
NET POSITION				
Net investment in capital assets	22,144,269	(363,378)	200,009	21,980,900
Unrestricted	(1,256,149)	(121,795)	(83,789)	(1,461,733)
Total net position	<u>\$ 20,888,120</u>	<u>\$ (485,173)</u>	<u>\$ 116,220</u>	<u>\$ 20,519,167</u>

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, 2023

Exhibit H

	Major Funds			
	Water and Wastewater Fund	Natural Gas Fund	Storm Water Fund	Total
Operating Revenues				
Charges for services	\$ 4,560,792	1,410,816	\$ 100,714	\$ 6,072,322
Taps and extensions	22,290	2,344	-	24,634
System development fees	71,898	-	-	71,898
Other operating revenues	134,265	-	-	134,265
Total operating revenues	<u>4,789,245</u>	<u>1,413,160</u>	<u>100,714</u>	<u>6,303,119</u>
Operating Expenses				
Administration and finance	1,010,707	300,000	-	1,310,707
Water and wastewater treatment	2,696,069	-	-	2,696,069
Public works operations	1,251,817	-	-	1,251,817
Gas operations	-	716,592	-	716,592
Gas purchases	-	392,882	-	392,882
Storm water operations	-	-	62,914	62,914
Depreciation and amortization	806,251	62,975	21,710	890,936
Total operating expense	<u>5,764,844</u>	<u>1,472,449</u>	<u>84,624</u>	<u>7,321,917</u>
Operating income (loss)	<u>(975,599)</u>	<u>(59,289)</u>	<u>16,090</u>	<u>(1,018,798)</u>
Nonoperating revenues (expenses)				
Gain (loss) on disposal of assets	-	-	-	-
Insurance proceeds	26,970	2,377	-	29,347
Investment earnings	-	-	-	-
Interest and other charges	(129,923)	(25,168)	(2,331)	(157,422)
Miscellaneous revenue	-	229,223	-	229,223
Total nonoperating revenues (expenses)	<u>(102,953)</u>	<u>206,432</u>	<u>(2,331)</u>	<u>101,148</u>
Income (loss) before contributions	(1,078,552)	147,143	13,759	(917,650)
Grant proceeds	<u>3,838,468</u>	<u>-</u>	<u>-</u>	<u>3,838,468</u>
Change in net position	2,759,916	147,143	13,759	2,920,818
Net position, beginning	<u>18,128,204</u>	<u>(632,316)</u>	<u>102,461</u>	<u>17,598,349</u>
Net position, ending	<u>\$ 20,888,120</u>	<u>\$ (485,173)</u>	<u>\$ 116,220</u>	<u>\$ 20,519,167</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, 2023

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	\$ 4,530,528	\$ 1,439,817	\$ 99,814	\$ 6,070,159
Cash paid for goods and services	(3,022,062)	(1,021,251)	(62,914)	(4,106,227)
Cash paid to or on behalf of employees for services	(1,503,425)	(373,239)	-	(1,876,664)
Other operating revenues	134,265	-	-	134,265
Net cash provided (used) by operating activities	139,306	45,327	36,900	221,533
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(7,110,102)	(152,270)	-	(7,262,372)
Proceeds from sale of capital assets	-	-	-	-
Proceeds from issuance of debt	5,126,333	128,320	-	5,254,653
Principal paid on long-term obligations	(5,396,718)	(109,091)	(33,625)	(5,539,434)
Interest paid on long-term obligations	(129,923)	(25,168)	(2,331)	(157,422)
Grant proceeds	3,838,468	-	-	3,838,468
Miscellaneous proceeds	-	229,223	-	229,223
Insurance proceeds	26,970	2,377	-	29,347
Net cash provided (used) by capital and related financing activities	(3,644,972)	73,391	(35,956)	(3,607,537)
Cash flows from investing activities:				
Interest earned on investments	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(3,505,666)	118,718	944	(3,386,004)
Cash and cash equivalents at beginning of year	2,583,456	(398,801)	(103,580)	2,081,075
Cash and cash equivalents at end of year	\$ (922,210)	\$ (280,083)	\$ (102,636)	\$ (1,304,929)

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, 2023

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)	\$ (975,599)	\$ (59,289)	\$ 16,090	\$(1,018,798)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	806,251	62,975	21,710	890,936
Changes in current assets and liabilities:				
(Increase) decrease in accounts receivable	764,236	26,657	(375)	790,518
(Increase) decrease in inventory	1,859	(7,611)	-	(5,752)
(Increase) decrease in deferred outflows of resources - OPEB	3,146	1,461	-	4,607
(Increase) decrease in deferred outflows of resources - pensions	(135,128)	(26,285)	-	(161,413)
Increase (decrease) in net pension liability	392,327	93,747	-	486,074
Increase (decrease) in accrued OPEB liability	(1,354)	(3,066)	-	(4,420)
Increase (decrease) in deferred inflows of resources - pensions	(203,777)	(57,360)	-	(261,137)
Increase (decrease) in deferred inflows of resources - OPEB	7,627	1,646	-	9,273
Increase (decrease) in accounts payable and accrued liabilities	811,630	7,280	(525)	818,385
Increase (decrease) in liabilities payable from restricted assets	(1,332,622)	-	-	(1,332,622)
Increase (decrease) in accrued vacation pay	710	5,172	-	5,882
Total adjustments	1,114,905	104,616	20,810	1,240,331
Net cash provided (used) by operating activities	\$ 139,306	\$ 45,327	\$ 36,900	\$ 221,533

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, 2023

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, 2023

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 funds:

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 two multipurpose fields for football and soccer, two tennis courts and two pickle ball courts, two playground areas, walking paths and trails over the 40 acre site connecting park features.

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 and Wastewater Utility Capital Project Fund, Water and Wastewater Line Paving Capital Project Fund and the Vantine Pump Station Capital Project Fund are consolidated into the Water and Wastewater Fund for financial reporting purposes. The budgetary comparison for these funds has been included in the supplemental schedules.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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/amortization 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 and IT subscriptions are reported as other financing sources.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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, 2023

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 Assets

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. Money in the Economic Development Fund is classified as restricted assets because its use is restricted to the Economic Development Fund per NC G.S. Chapter 159, Article 3, Part 2. Money in the Cemetery Permanent Fund is classified as restricted assets because its use is restricted to perpetual care of the municipal cemetery.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

City of Bessemer City Restricted Cash

Governmental Activities		
General Fund		
Streets	\$	238,128
Cemetery Trust Fund – Perpetual care		65,960
Economic development		240,000
Total Governmental Activities		<u>544,088</u>
Business-type Activities		
Water and Wastewater Fund		
Customer deposits		177,635
Natural Gas Fund		
Customer deposits		65,490
Total Business-type Activities		<u>243,125</u>
Total Restricted Cash	\$	<u>787,213</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, 2023

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

8. 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, 2023

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 2023 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 four items that meet the criterion for this category; OPEB deferrals, pension deferrals, property tax receivable, and other receivables.

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 statements 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, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

12. 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, 2023

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 for 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.

13. 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, 2023

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*

None reported.

C. *Noncompliance with North Carolina General Statutes*

None reported.

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, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

At June 30, 2023, the City's deposits had a carrying amount of \$278,991 and a bank balance of \$1,660,416. Of the bank balance, \$250,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the pooling method. At June 30, 2023, the City's petty cash fund totaled \$900. At June 30, 2023, the carrying amount of deposits for the ABC Board was \$79,532 and the bank balance was \$95,223. All of the bank balance was covered by federal depository insurance. At June 30, 2023, the ABC Board's petty cash fund totaled \$1,400.

2. Investments

At June 30, 2023, the City had total investments of \$1,210,232 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, 2023, are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	\$ 62,939
Accounts receivable	4,450
Total General Fund	<u>67,389</u>
Enterprise Funds:	
Water and wastewater fund-accounts receivable	54,022
Natural gas fund-accounts receivable	6,800
Storm water fund-accounts receivable	800
Total Enterprise Funds	<u>61,622</u>
Total	<u>\$ 129,011</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, 2023

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, 2023, 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	\$ 689,083	\$ -	\$ -	\$ 689,083
Construction in progress	4,028,581	4,995,244	-	9,023,825
Total capital assets not being depreciated	<u>4,717,664</u>	<u>4,995,244</u>	<u>-</u>	<u>9,712,908</u>
Capital assets being depreciated:				
Buildings and improvements	7,701,755	56,723	-	7,758,478
Infrastructure	5,638,958	-	-	5,638,958
Furniture and equipment	1,789,544	381,271	-	2,170,815
Vehicles and motorized equipment	3,135,388	25,613	-	3,161,001
Total capital assets being depreciated	<u>18,265,645</u>	<u>463,607</u>	<u>-</u>	<u>18,729,252</u>
Less accumulated depreciation:				
Buildings and improvements	3,215,617	273,383	-	3,489,000
Infrastructure	886,935	158,842	-	1,045,777
Furniture and equipment	1,033,960	127,138	-	1,161,098
Vehicles and motorized equipment	2,772,170	169,091	-	2,941,261
Total accumulated depreciation	<u>7,908,682</u>	<u>\$ 728,454</u>	<u>\$ -</u>	<u>8,637,136</u>
Total capital assets being depreciated – net	<u>10,356,963</u>			<u>10,092,116</u>
Governmental Activities				
Capital assets - net	<u>\$ 15,074,627</u>			<u>\$ 19,805,024</u>

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

General government	\$ 73,575
Public safety	260,058
Public works	263,700
Cultural and recreation	<u>131,121</u>
Total depreciation expense	<u>\$ 728,454</u>

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

Capital asset activity for business-type activities for the year ended June 30, 2023, 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>5,186,437</u>	<u>6,881,334</u>	<u>-</u>	<u>12,067,771</u>
Total capital assets not being depreciated	<u>5,654,373</u>	<u>6,881,333</u>	<u>-</u>	<u>12,535,707</u>
Capital assets being depreciated				
Plant and distribution systems	29,176,397	109,230	-	29,285,627
Furniture and maintenance equipment	1,027,861	119,539	-	1,147,400
Vehicles and motorized equipment	<u>1,011,675</u>	<u>-</u>	<u>-</u>	<u>1,011,675</u>
Total capital assets being depreciated	<u>31,215,933</u>	<u>228,769</u>	<u>-</u>	<u>31,444,702</u>
Less accumulated depreciation				
Plant and distribution systems	10,857,888	649,371	-	11,507,259
Furniture and maintenance equipment	618,650	52,332	-	670,982
Vehicles and motorized equipment	<u>606,217</u>	<u>64,889</u>	<u>-</u>	<u>671,106</u>
Total accumulated depreciation	<u>12,082,755</u>	<u>766,592</u>	<u>-</u>	<u>12,849,347</u>
Total capital assets being depreciated – net	<u>19,133,178</u>			<u>18,595,355</u>
Water and Wastewater Fund Capital Assets - Net	<u>24,787,551</u>			<u>31,131,062</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	134,543	4,408	-	138,951
Vehicles and motorized equipment	<u>250,705</u>	<u>17,302</u>	<u>-</u>	<u>268,007</u>
Total accumulated depreciation	<u>385,248</u>	<u>21,710</u>	<u>-</u>	<u>406,958</u>
Total capital assets being depreciated – net	<u>321,509</u>			<u>299,799</u>
Storm Water Fund Capital Assets - Net	<u>326,043</u>			<u>304,333</u>

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Natural Gas Fund				
Capital assets not being depreciated				
Land	\$ 61,682	\$ -	\$ -	\$ 61,682
Total capital assets not being depreciated	61,682	-	-	61,682
Capital assets being depreciated				
Plant and distribution systems	2,461,581	98,502	-	2,560,083
Furniture and maintenance equipment	555,523	119,539	-	675,062
Vehicles and motorized equipment	212,692	-	-	212,692
Software	1,531	-	-	1,531
Total capital assets being depreciated	3,231,327	218,041	-	3,449,368
Less accumulated depreciation				
Plant and distribution systems	1,603,408	29,708	-	1,633,116
Furniture and maintenance equipment	452,685	22,337	-	475,022
Vehicles and motorized equipment	191,269	10,930	-	202,199
Total accumulated depreciation	2,247,362	\$ 62,975	\$ -	2,310,337
Total capital assets being depreciated – net	983,965			1,139,031
Natural Gas Fund Capital Assets - Net	1,045,647			1,200,713
Business-Type Activities Capital Assets, Net	\$ 26,159,241			\$ 32,636,108

Discretely Presented Component Unit

Capital asset activity for the ABC Board for the year ended June 30, 2023, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
ABC Board				
Capital assets not being depreciated				
Land	\$ 6,082	\$ -	\$ -	\$ 6,082
Capital assets being depreciated				
Land improvements	31,765	-	-	31,765
Buildings	162,958	-	-	162,958
Equipment	105,644	-	-	105,644
Total capital assets being depreciated	300,367	-	-	300,367
Less accumulated depreciation				
Land improvements	5,245	1,045	-	6,290
Buildings	150,260	2,289	-	152,549
Equipment	74,912	7,329	-	82,241
Total accumulated depreciation	230,417	\$ 10,663	\$ -	241,080
Total capital assets being depreciated – net	69,950			59,287
ABC Board Capital Assets - Net	\$ 76,032			\$ 65,369

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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. City commitments were evaluated during the audit process for GASB 96 compliance. The City does not have right to use subscription-based information technology arrangements.

Right to use asset activity for governmental activities for the year ended June 30, 2023, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Right to use assets				
Leased vehicles	\$ 740,571	\$ 256,232	\$ -	\$ 996,803
Leased equipment	80,380	-	-	80,380
Total right to use assets	<u>820,951</u>	<u>256,232</u>	<u>-</u>	<u>1,077,183</u>
Less: accumulated amortization for:				
Leased vehicles	129,246	36,888	-	166,134
Leased equipment	3,780	16,315	-	20,095
Total accumulated amortization	<u>133,026</u>	<u>53,203</u>	<u>-</u>	<u>186,229</u>
Right to use assets, net	<u>\$ 687,925</u>	<u>\$ 203,029</u>	<u>\$ -</u>	<u>\$ 890,954</u>

Right to use asset activity for business-type activities for the year ended June 30, 2023, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activities:				
Water & Wastewater Fund				
Right to use assets				
Leased vehicles	\$ 280,618	\$ -	\$ 98,976	\$ 181,642
Total right to use assets	<u>280,618</u>	<u>\$ -</u>	<u>\$ 98,976</u>	<u>\$ 181,642</u>
Less: accumulated amortization for:				
Leased vehicles	56,456	-	26,182	30,274
Total accumulated amortization	<u>56,456</u>	<u>-</u>	<u>26,182</u>	<u>30,274</u>
Business-type activities right to use assets, net	<u>\$ 224,162</u>	<u>-</u>	<u>72,794</u>	<u>\$ 151,368</u>

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

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

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.

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, 2023, was 13.04% of covered payroll for law enforcement officers and 12.21% 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 \$415,041 for the year ended June 30, 2023.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

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, 2023, the City reported a liability of \$1,956,447 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, 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, 2022 (measurement date), the City's proportion was 0.03468%, which was an increase of 0.0015% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of \$553,979. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 84,302	\$ 8,265
Changes in assumptions	195,210	-
Net difference between projected and actual earnings on pension plan investments	646,626	-
Changes in proportion and differences between City contributions and proportionate share of contributions	42,373	-
City contributions subsequent to the measurement date	415,041	-
Total	\$ 1,383,552	\$ 8,265

\$415,041 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:	
2024	\$ 632,573
2025	265,138
2026	153,810
2027	616,130
2028	-
Thereafter	-
	\$ 1,667,651

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

Actuarial Assumptions. The total pension liability in the December 31, 2021, 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, 2021, 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	33.0%	.09%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 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

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.5%. 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 6.5%, 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 (5.5%) or one percentage point higher (7.5%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the net pension liability (asset)	\$ 3,531,135	\$ 1,956,447	\$ 658,813

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.

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.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2021, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Inactive members currently receiving benefits	-
Active plan members	14
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, 2021 valuation. The total pension liability in the December 31, 2021, 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	4.31%

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

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 \$32,767 in benefit payments in this reporting period.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

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

At June 30, 2023, the City reported a total pension liability of \$529,699. The total pension liability was measured as of December 31, 2022, based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the City recognized pension expense of \$60,208.

At June 30, 2023, 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	\$ 52,407	\$ 90,753
Changes in assumptions and other inputs	88,839	95,423
Benefit payments and administrative expenses subsequent to the measurement date	-	-
Total	\$ 141,246	\$ 186,176

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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 16,347
2025	5,202
2026	(14,061)
2027	(34,681)
2028	(17,737)
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 4.31%, 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 (3.31%) or one percentage point higher (5.31%) than the current rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total pension liability	\$ 573,079	\$ 529,699	\$ 490,586

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

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

	2023
Beginning balance	\$ 690,393
Service cost	30,230
Interest on total pension liability	15,165
Change in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(78,842)
Changes of assumptions or other inputs	(94,480)
Benefit payments	(32,767)
Other changes	-
Ending balance of the total pension liability	<u>\$ 529,699</u>

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.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019.

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	\$ 553,979	\$ 60,208	\$ 614,187
Pension liability	1,956,447	529,699	2,486,146
Proportionate share of net pension liability	0.03468%	n/a	
Deferred Outflows of Resources			
Difference between expected and actual experience	84,302	52,407	136,709
Change of assumptions	195,210	88,839	284,049
Net difference between projected and actual earnings on plan investments	646,626	-	646,626
Changes in proportion and differences between contributions and proportionate share of contributions	42,373	-	42,373
Benefit payments and administrative costs paid subsequent to the measurement date	415,041	-	415,041
Deferred Inflows of Resources			
Differences between expected and actual experience	-	90,753	90,753
Changes in assumptions	-	95,423	95,423
Net difference between projected and actual earnings on plan investments	8,265	-	8,265

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

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 \$58,941 for the reporting year. No amounts were forfeited.

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 \$134,377 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

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

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 to 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, 2023.

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

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

Total OPEB Liability

The City's total OPEB liability of \$317,437 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	3.54%
Healthcare Cost Trends	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

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, 2022	\$ 340,610
Changes for the year	
Service cost	10,648
Interest	7,587
Changes in benefit terms	-
Differences between expected and actual experience	(2,014)
Changes in assumptions or other inputs	(39,394)
Benefit payments	-
Net changes	(23,173)
Balance at June 30, 2022	\$ 317,437

Changes in assumptions and other input reflect a change in the discount rate from 2.16% to 3.54%.

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 (2.54%) or one percentage point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 345,529	\$ 317,437	\$ 291,675

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:

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 285,159	\$ 317,437	\$ 354,008

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$18,860. At June 30, 2023, 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	\$ -	\$ 23,259
Changes in assumptions	68,199	35,599
Total	\$ 68,199	\$ 58,858

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

Year ended June 30:	
2024	\$ 1,372
2025	3,074
2026	3,863
2027	3,887
2028	(2,787)
Thereafter	(68)

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.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

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.

2. Deferred Outflows and Inflows of Resources

Deferred outflows of resources at June 30, 2023 are comprised of the following:

Source	Amounts
Contributions to pension plan in current fiscal year	\$ 415,041
Differences between expected and actual experience	136,709
Changes of assumptions	352,248
Net difference between projected and actual	646,626
Changes in proportion and differences between City contributions and proportionate share of contributions	42,373
	<u>\$ 1,592,997</u>

Deferred inflows of resources at June 30, 2023 are comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, net (General fund)	\$ -	\$ 48,123
Miscellaneous receivables (General fund)	-	63,190
Changes in assumptions	122,277	-
Differences between expected and actual experience	131,022	-
Net difference between projected and actual earnings on plan investments	-	-
Total	<u>\$ 253,299</u>	<u>\$ 111,313</u>

3. 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.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

4. 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.

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 \$1,000,000. 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.

5. 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.

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

The City entered into a master lease agreement in January 2018 to lease vehicles. Under this master lease, the City has entered into 39 vehicle leases with inception dates from June 2018 through June 2023. 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 \$982,037 at June 30, 2023.

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 \$60,285 at June 30, 2023.

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.	\$ -	\$ 15,199
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%.	587,216	-
Installment financing contract with a bank entered into in 2016 to finance a fire truck; payable in semi-annual installments of \$44,371 through 2027, including interest at 1.97% secured by the fire truck.	298,526	-
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.	-	1,068,920
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.	-	1,319,164
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%.	-	45,000

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

	Serviced by	
	Governmental Activities	Business-Type Activities
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%.	\$ 244,844	\$ -
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.	-	2,480,336
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.	-	-
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%.	-	104,324
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.	168,812	-
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%	1,182,803	-
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%	108,615	206,474

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

	Serviced by	
	Governmental Activities	Business-Type Activities
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.	\$ -	\$ -
Installment financing through USDA entered into January 2023 to finance a state-of-the-art recreation park designed to provide a diverse and inclusive space for visitors and residents payable in annual payments of \$321,824 through January 2054 with interest at 3.50%.	5,919,000	-
Installment financing through USDA entered into January 2023 to finance a state-of-the-art recreation park designed to provide a diverse and inclusive space for visitors and residents, payable in annual payments of \$75,533 through January 2063 with interest at 2.25%	1,978,487	-
Installment financing entered into September 2, 2022 to finance IT replacement hardware, payable in annual payments of \$82,282 through September 9, 2027 with interest at 3.09%	128,333	256,666
USDA financing entered into April 2023 to finance improvements to the City's water and sanitary sewer systems, payable in 40 annual payments with interest at 2.125% maturing in fiscal year 2062	-	4,786,000
USDA financing entered into April 2023 to finance improvements to the City's water and sanitary sewer systems, payable in 40 annual payments with interest at 1.25% maturing in fiscal year 2062	-	130,000
Total installment financing	\$ <u>10,616,636</u>	\$ <u>10,412,083</u>

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

Annual debt service payments of the installment financing contracts as of June 30, 2023, are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 713,691	\$ 296,334	\$ 528,486	\$ 133,444
2025	731,404	334,331	489,349	73,388
2026	480,902	292,321	390,499	65,672
2027	449,800	274,326	358,481	59,924
2028	417,752	260,866	362,882	55,308
2029-2033	1,612,110	1,131,884	1,577,112	159,035
2034-2038	1,069,090	917,697	1,567,489	133,834
2039-2043	1,255,638	731,149	1,023,966	110,889
Thereafter	3,886,249	849,363	4,113,819	108,407
Totals	\$ 10,616,636	\$ 5,088,271	\$ 10,412,083	\$ 899,901

At June 30, 2023, the City of Bessemer City had a remaining legal debt margin of \$22,841,834. The City anticipates closing on a USDA loan in the amount of \$133,000 to partially finance the North Park Project.

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, 2023:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023	Current Portion of Balance
Governmental Activities:					
Installment financing	\$ 11,019,591	\$ 8,025,820	\$ 8,428,775	\$ 10,616,636	\$ 713,691
Leases	687,925	385,477	224,812	848,590	252,199
Compensated absences	151,456	71,395	-	222,851	-
Net pension liability (LGERS)	370,859	914,751	-	1,285,610	-
Net pension obligation (LEO)	690,393	-	160,694	529,699	-
Other postemployment benefits	227,346	-	18,753	208,593	-
Governmental Activities Long-Term Liabilities	\$ 13,147,570	\$ 9,397,443	\$ 8,833,034	\$ 13,711,979	\$ 965,890
Business-Type Activities:					
Water and Wastewater Fund					
Installment financing	\$ 9,024,497	\$ 5,126,333	\$ 5,341,672	\$ 8,809,158	\$ 369,711
Leases	224,166	-	96,147	128,019	51,600
Compensated absences	60,520	-	710	59,810	-
Net pension liability (LGERS)	144,218	392,327	-	536,545	-
Other postemployment benefits	88,409	-	1,354	87,055	-
Total Water and Wastewater Fund	9,541,810	5,518,660	5,439,883	9,620,587	421,311
Natural Gas Fund					
Installment financing	1,469,762	128,333	99,494	1,498,601	124,582
Compensated absences	12,661	5,172	-	17,833	-
Net pension liability (LGERS)	40,545	93,747	-	134,292	-
Other postemployment benefits	24,855	-	3,066	21,789	-
Total Natural Gas Fund	1,547,823	227,252	102,560	1,672,515	124,582
Storm Water Fund					
Installment financing	137,949	-	33,625	104,324	34,194
Total Storm Water Fund	137,949	-	33,625	104,324	34,194
Business-Type Activities Long-Term Liabilities	\$ 11,227,582	\$ 5,745,912	\$ 5,576,068	\$ 11,397,426	\$ 580,087

CITY OF BESSEMER CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

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

C. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-Type</u>
Capital assets, net of accumulated depreciation	\$ 19,805,024	\$ 32,636,108
Less: Liabilities payable from restricted assets		(243,125)
Less: Long-term debt	(10,616,636)	(10,412,083)
Net investment in capital assets	\$ <u>9,188,388</u>	\$ <u>21,980,900</u>

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	\$ 2,202,854
Less:	
Nonspendable for Perpetual Maintenance	65,962
Restricted for Stabilization by State Statue	445,833
Restricted for Streets – Powell Bill	236,224
Assigned for Subsequent Year's Expenditures	249,702
Remaining fund balance	\$ <u>1,205,133</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 \$1,307 to the Council during the year ended June 30, 2023.

NOTE 5 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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 - SUBSEQUENT EVENTS

Subsequent events occurring after the statement of financial position date have been evaluated through November 30, 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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 690,393	\$ 670,383	\$ 508,959	\$ 387,197	\$ 241,982	\$ 224,818
Service cost	30,230	42,617	26,245	23,671	19,851	13,048
Interest on total pension liability	15,165	12,841	16,592	14,094	7,647	8,678
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(78,842)	(4,259)	(45,497)	65,860	136,026	(22,366)
Changes of assumptions or other inputs	(94,480)	(21,115)	164,084	18,137	(18,309)	17,804
Benefit payments	(32,767)	(10,074)	-	-	-	-
Other changes	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 529,699</u>	<u>\$ 690,393</u>	<u>\$ 670,383</u>	<u>\$ 508,959</u>	<u>\$ 387,197</u>	<u>\$ 241,982</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, 2023

Exhibit K

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability	\$ 529,699	\$ 690,393	\$ 670,383	\$ 670,383	\$ 387,197	\$ 241,982
Covered payroll	780,791	868,067	774,849	771,915	625,066	540,589
Total pension liability as a percentage of covered payroll	67.84%	79.53%	86.52%	86.85%	61.94%	44.76%

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, 2022 Measurement Date: The Municipal Bond Index Rate increased from 2.25% to 4.31%

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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability					
Service cost	\$ 10,648	\$ 14,208	\$ 10,036	\$ 8,621	\$ 8,960
Interest	7,587	6,237	7,965	8,418	7,420
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(2,014)	(16,102)	(1,335)	(18,990)	(1,580)
Changes in assumptions	(39,394)	68,266	33,788	3,102	(6,841)
Benefit payments	-	-	-	-	-
Net change in total OPEB liability	(23,173)	72,609	50,454	1,151	7,959
Total OPEB liability - beginning	340,610	268,001	217,547	216,396	208,437
Total OPEB liability - ending	<u>\$ 317,437</u>	<u>\$ 340,610</u>	<u>\$ 268,001</u>	<u>\$ 217,547</u>	<u>\$ 216,396</u>
Covered payroll	\$ 1,284,081	\$ 1,284,081	\$ 1,157,983	\$ 1,157,983	\$ 1,335,670
Total OPEB liability as a percentage of covered payroll	24.72%	26.53%	23.14%	18.79%	16.20%

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>
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%

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

Exhibit M

	Local Government Employees' Retirement System									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset) %	0.03468%	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) \$	\$ 1,956,447	\$ 555,622	\$ 1,269,281	\$ 951,453	\$ 805,410	\$ 542,800	\$ 783,142	\$ 160,264	\$ (168,667)	\$ 265,184
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	\$ 1,566,189
City's proportionate share of net pension liability (asset) as a percentage of its covered payroll	61.14%	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	84.41%	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 Ten Fiscal Years

Exhibit N

	Local Government Employees' Retirement System									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 415,041	\$ 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	415,041	361,008	285,767	257,344	203,795	195,578	177,429	145,564	140,405	121,782
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,399,189	\$ 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	12.21%	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, 2023

Schedule 1
Page 1 of 4

	2023		Variance
	Budget	Actual	Positive (Negative)
Revenues			
Ad valorem taxes			
Current year	\$ -	\$ 2,564,244	\$ -
Prior years		34,612	
Penalties and interest		11,457	
Total	<u>2,565,000</u>	<u>2,610,313</u>	<u>45,313</u>
Other taxes and licenses			
Gross receipts tax on short-term rental property		933	
Total	<u>600</u>	<u>933</u>	<u>333</u>
Unrestricted intergovernmental revenues			
Local option sales tax		1,072,360	
Utility franchise tax		449,588	
Beer and wine tax		24,905	
Total	<u>1,262,000</u>	<u>1,546,853</u>	<u>284,853</u>
Restricted intergovernmental revenue			
Solid waste disposal tax		4,278	
Powell Bill allocation		179,886	
Federal grants		88,295	
State grants		44,143	
Other grants		4,436	
Total	<u>298,000</u>	<u>321,038</u>	<u>23,038</u>
Permits and fees			
Police/Fire Department fees		1,616	
Zoning permits and fees		23,950	
Total	<u>11,500</u>	<u>25,566</u>	<u>14,066</u>
Sales and service			
Landfill disposal fees		414,057	
Grave opening and closing		28,340	
Recreation department fees and concessions		199,912	
Total	<u>555,000</u>	<u>642,309</u>	<u>87,309</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, 2023

Schedule 1
Page 2 of 4

	2023		Variance
	Budget	Actual	Positive (Negative)
Revenues (continued)			
Investment earnings	\$ 1,500	\$ 51,525	\$ 50,025
Miscellaneous			
Miscellaneous		153,426	
Total	144,624	153,426	8,802
Total revenues	4,838,224	5,351,963	513,739
Expenditures			
General government			
Governing body and legal			
Salaries and employee benefits		59,287	
Other operating expenditures		62,964	
Total	141,213	122,251	18,962
Administration and finance			
Salaries and employee benefits		748,723	
Other operating expenditures		519,038	
Capital outlay		199,904	
Reimbursement by proprietary funds		(1,300,000)	
Total	247,353	167,665	79,688
Planning and zoning			
Salaries and employee benefits		112,980	
Other operating expenditures		68,146	
Total	198,862	181,126	17,736
Total general government	587,428	471,042	116,386
Economic development			
Salaries and employee benefits		41,151	
Other operating expenditures		139,570	
Total Economic Development	188,931	180,721	8,210

CITY OF BESSEMER CITY, NORTH CAROLINA
GENERAL FUND

Schedule 1
Page 3 of 4

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

For the Fiscal Year Ended June 30, 2023

	2023		Variance
	Budget	Actual	Positive (Negative)
Expenditures (Continued)			
Public Safety			
Police			
Salaries and employee benefits	\$	\$ 1,571,601	\$
Other operating expenditures		303,319	
Capital outlay		103,554	
Total	2,044,792	1,978,474	66,318
Fire department			
Salaries and employee benefits		126,597	
Other operating expenditures		97,093	
Capital outlay		53,283	
Total	310,825	276,973	33,852
Total public safety	2,355,617	2,255,447	100,170
Public works / Transportation			
Administration			
Other operating expenditures		332,822	
Total	333,700	332,822	878
Shop and Warehouse			
Salaries and employee benefits		113,134	
Other operating expenditures		9,377	
Total	123,343	122,511	832
Cemetery			
Other operating expenditures		27,580	
Total	34,500	27,580	6,920
Streets and Transportation			
Other operating expenditures		19,084	
Powell bill		28,505	
Total	101,500	47,589	53,911
Sanitation Department			
Other operating expenditures		363,211	
Total	347,200	363,211	(16,011)
Total public works / transportation	940,243	893,713	46,530

**CITY OF BESSEMER CITY, NORTH CAROLINA
GENERAL FUND**

*Schedule 1
Page 4 of 4*

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023**

	2023		Variance
	Budget	Actual	Positive (Negative)
Expenditures (Continued)			
Cultural and recreation			
Parks and recreation			
Salaries and employee benefits	\$	\$ 713,313	\$
Other operating expenditures		446,479	
Capital outlay		106,865	
Total cultural and recreation	1,316,730	1,266,657	50,073
Debt service			
Principal retirement	685,456	678,383	
Principal retirement - Powell bill	80,033	80,032	
Interest and fees - Powell bill	20,782	53,478	
Interest and fees	63,252	20,782	
Total debt service	849,523	832,675	16,848
Total expenditures	6,238,472	5,900,255	338,217
Revenues over (under) expenditures	(1,400,248)	(548,292)	851,956
Other financing sources (uses)			
Operating transfers (to) from other funds			
Loan proceeds	466,566	128,366	(338,200)
Lease liabilities issued	-	-	-
Transfers to other funds	(100,000)	-	100,000
Total other financing sources (uses)	366,566	128,366	238,200
Revenues over (under) expenditures and other financing sources (uses)	(1,033,682)	(419,926)	613,756
Fund balance appropriated	1,033,682	-	(1,033,682)
Net change in fund balance	\$ -	(419,926)	\$ (419,926)
Fund balance - beginning		2,622,780	
Fund balance - ending		\$ 2,202,854	

CITY OF BESSEMER CITY, NORTH CAROLINA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

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	\$ -	\$ (20,368)	\$ (15,297)	\$ 294,000	\$ 258,335
Restricted cash and investments	-	-	-	-	-
Note receivable	79,361	-	-	-	79,361
Total assets	<u>\$ 79,361</u>	<u>\$ (20,368)</u>	<u>\$ (15,297)</u>	<u>\$ 294,000</u>	<u>\$ 337,696</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 21,468	\$ -	\$ 21,468
Total liabilities	<u>-</u>	<u>-</u>	<u>21,468</u>	<u>-</u>	<u>21,468</u>
Fund balances					
Nonspendable					
Perpetual maintenance	-	-	-	-	-
Restricted					
Restricted for economic development	-	-	-	294,000	294,000
Assigned					
Economic development	79,361	-	(36,765)	-	42,596
Capital projects	-	(20,368)	-	-	(20,368)
Total fund balances	<u>79,361</u>	<u>(20,368)</u>	<u>(36,765)</u>	<u>294,000</u>	<u>316,228</u>
Total liabilities and fund balances	<u>\$ 79,361</u>	<u>\$ (20,368)</u>	<u>\$ (15,297)</u>	<u>\$ 294,000</u>	<u>\$ 337,696</u>

CITY OF BESSEMER CITY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

Schedule 3

	Special Revenue Funds				Total Nonmajor Special Revenue Funds
	Community Development Block Grant Fund	Sidewalk Project Fund	Community Development Block Grant Neighborhood Revitalization	Business Accelerator Program	
Revenues:					
Restricted intergovernmental	\$ -	\$ 81,475	\$ 66,441	\$ -	\$ 147,916
Investment earnings			-	-	-
Total revenues	-	81,475	66,441	-	147,916
Expenditures:					
Economic development	-	-	47,294	206,000	253,294
Total expenditures	-	-	47,294	206,000	253,294
Net change in fund balance	-	81,475	19,147	(206,000)	(105,378)
Fund balances, beginning	79,361	(101,843)	(55,912)	500,000	421,606
Fund balances, ending	<u>\$ 79,361</u>	<u>\$ (20,368)</u>	<u>\$ (36,765)</u>	<u>\$ 294,000</u>	<u>\$ 316,228</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, 2023

	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
SIDEWALK PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2023

Schedule 5

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
CMAQ Grant	\$ 527,847	\$ -	\$ 81,475	\$ 81,475	\$ 446,372
Total revenues	527,847	-	81,475	81,475	446,372
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)	81,475	(20,368)	(111,594)
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)	81,475	\$ (20,368)	\$ (20,368)
Fund balance - beginning			(101,843)		
Fund balance - ending			\$ (20,368)		

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, 2023

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	\$ 66,441	\$ 160,858	\$ (589,142)
Total revenues	750,000	94,417	66,441	160,858	(589,142)
Expenditures					
Economic development:					
Rehabilitation	675,000	-	-	-	675,000
Administration	75,000	150,329	47,294	197,623	(122,623)
Total expenditures	750,000	150,329	47,294	197,623	552,377
Net change in fund balance	<u>\$ -</u>	<u>\$ (55,912)</u>	19,147	<u>\$ (36,765)</u>	<u>\$ (36,765)</u>
Fund balance - beginning			(55,912)		
Fund balance - ending			<u>\$ (36,765)</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, 2023

Schedule 7

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
Restricted intergovernmental revenues					
NC Department of Commerce Grant	\$ 500,000	\$ 500,000	\$ -	\$ 500,000	\$ -
Expenditures					
Economic development:					
Property acquisition and rehabilitation	500,000	-	206,000	206,000	294,000
Net change in fund balance	<u>\$ -</u>	<u>\$ 500,000</u>	(206,000)	<u>\$ 294,000</u>	<u>\$ (294,000)</u>
Fund balance - beginning			<u>500,000</u>		
Fund balance - ending			<u>\$ 294,000</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, 2023

Schedule 8

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenue					
Restricted intergovernmental revenues					
Gaston County Grant	\$ 500,000	\$ 350,649	\$ -	\$ 350,649	\$ (149,351)
NC Parks and Recreation Grant	500,000	594,642	13,418	608,060	108,060
Other	513	-	-	-	(513)
Investment earnings	-	10,279	-	10,279	10,279
Total revenues	<u>1,000,513</u>	<u>955,570</u>	<u>13,418</u>	<u>968,988</u>	<u>(31,525)</u>
Expenditures					
Cultural and recreational					
Professional services	60,000	45,102	-	45,102	14,898
Property acquisition	433,247	293,983	-	293,983	139,264
Design services	481,000	368,102	64,406	432,508	48,492
Contingency	467,276	-	86,093	86,093	381,183
Construction	<u>7,756,477</u>	<u>3,665,551</u>	<u>4,724,838</u>	<u>8,390,389</u>	<u>(633,912)</u>
Total expenditures	<u>9,198,000</u>	<u>4,372,738</u>	<u>4,875,337</u>	<u>9,248,075</u>	<u>(50,075)</u>
Revenues over (under) expenditures	<u>(8,197,487)</u>	<u>(3,417,168)</u>	<u>(4,861,919)</u>	<u>(8,279,087)</u>	<u>(81,600)</u>
Other financing sources					
Transfers from other funds:	300,000	-	-	-	(300,000)
Loan proceeds	<u>7,897,487</u>	<u>7,897,487</u>	<u>-</u>	<u>7,897,487</u>	<u>-</u>
Total other financing sources	<u>8,197,487</u>	<u>7,897,487</u>	<u>-</u>	<u>7,897,487</u>	<u>(300,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,480,319</u>	<u>(4,861,919)</u>	<u>\$ (381,600)</u>	<u>\$ (381,600)</u>
Fund balance - beginning			<u>4,480,319</u>		
Fund balance - ending			<u>\$ (381,600)</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, 2023

Schedule 9
Page 1 of 3

	2022		Variance
	Budget	Actual	Positive (Negative)
Revenues			
Operating Revenues:			
Water and wastewater charges	\$	\$ 4,491,479	\$
Reconnection and taps		64,360	
System development fees		71,898	
Late penalties		93,722	
Total operating revenues	4,942,800	4,721,459	(221,341)
Nonoperating revenues			
Insurance proceeds	59,346	26,970	(32,376)
Total non-operating revenues	59,346	26,970	(32,376)
Total revenues	5,002,146	4,748,429	(253,717)
Expenditures			
Administrative and finance:			
Other operating expenditures		1,000,000	
Total	1,000,000	1,000,000	-
Treatment:			
Salaries and employees benefits		410,903	
Purchased water		248,480	
Purchased wastewater treatment		1,270,830	
Pretreatment		14,643	
Utilities		164,278	
Maintenance and repairs		47,559	
Contracted services		309,710	
Supplies		164,202	
Other operating expenditures		7,387	
Total	2,640,090	2,637,992	2,098
Public works:			
Salaries and employees benefits		1,030,391	
Department supplies and materials		145,686	
Contracted services		75,740	
Other operating expenditures		727	
Total	1,288,472	1,252,544	35,928

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, 2023

Schedule 9
Page 2 of 3

	2023		Variance
	Budget	Actual	Positive (Negative)
Expenditures (Continued)			
Debt service:			
Interest and fees	\$	\$ 112,103	\$
Principal retirement		349,812	
Total	465,358	461,915	3,443
Capital outlay:			
Contracted services - construction		49,930	
Equipment - Treatment		178,839	
Total	199,654	228,769	(29,115)
Total expenditures	5,593,574	5,581,220	12,354
Revenues over (under) expenditures	(591,428)	(832,791)	(241,363)
Other financing sources (uses)			
Loan proceeds	59,346	128,320	68,974
Transfers to other funds	(200,000)	(26,835)	173,165
Total other financing sources (uses)	(140,654)	101,485	242,139
Fund balance appropriated	791,428	-	(791,428)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 59,346	(731,306)	\$ (790,652)

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, 2023

Schedule 9
Page 3 of 3

	2023
	<u>Actual</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:	
Reconciling items:	
Principal retirement	\$ 349,812
Loan proceeds	(128,320)
Capital outlay	228,769
Depreciation	(766,592)
Amortization of reduced treatment rates	(39,659)
Amortization of leases	-
Increase in compensated absences	(710)
Increase in deferred outflows of resources-pensions	135,128
Decrease in deferred outflows of resources-OPEB	(3,146)
Increase in net pension liability	(392,327)
Decrease in deferred inflows of resources-pensions	203,777
Increase in deferred inflows of resources-OPEB	(7,627)
Decrease in accrued OPEB liability	1,354
Grants received for Water and Wastewater Capital Project	3,838,468
Leased asset disposals	72,295
Total reconciling items	<u>3,491,222</u>
Change in net position	<u>\$ 2,759,916</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, 2023

Schedule 10

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
Grants	\$ 289,500	\$ 289,500	\$ -	\$ 289,500	\$ -
Total revenues	289,500	289,500	-	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)	(26,835)	-	(26,835)	-
Other financing sources					
Transfers from other funds:					
Water and Wastewater Fund	26,835	-	26,835	26,835	-
Total other financing sources	26,835	-	26,835	26,835	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ (26,835)	26,835	\$ -	\$ -
Fund balance - beginning			(26,835)		
Fund balance - ending			\$ -		

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, 2023

Schedule 11

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
Grants	\$ 3,165,000	\$ -	\$ 2,332,947	\$ 2,332,947	\$ (832,053)
Total revenues	3,165,000	-	2,332,947	2,332,947	(832,053)
Expenditures					
Water and Wastewater Project:					
Construction	6,377,800	2,621,263	4,901,909	7,523,172	(1,145,372)
Engineering	916,436	671,687	188,823	860,510	55,926
Administration	3,875	5,029	5,000	10,029	(6,154)
Local & bond council	26,125	21,250	-	21,250	4,875
Contingencies	503,532	-	-	-	503,532
Interest - interim financing	250,000	-	66,223	66,223	183,777
Total expenditures	8,077,768	3,319,229	5,161,955	8,481,184	(403,416)
Revenues over (under) expenditures	(4,912,768)	(3,319,229)	(2,829,008)	(6,148,237)	(1,235,469)
Other financing sources (uses)					
Anticipation Note -loan proceeds		4,998,000	(4,998,000)	-	-
USDA Bond - loan proceeds	4,865,000		4,865,000	4,865,000	-
USDA Bond - loan proceeds			133,000	133,000	133,000
Transfers from other funds:					
Water and Wastewater Fund	47,768	-	-	-	(47,768)
Total other financing sources	4,912,768	4,998,000	-	4,998,000	85,232
Revenues and other financing sources over (under) expenditures	\$ -	\$ 1,678,771	(2,829,008)	\$ (1,150,237)	\$ (1,150,237)
Fund balance - beginning			1,678,771		
Fund balance - ending			<u>\$ (1,150,237)</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, 2023

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	\$ 200,000	\$ -
NC Commerce Grant	1,325,000	-	1,305,521	1,305,521	(19,479)
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>1,505,521</u>	<u>1,505,521</u>	<u>(336,145)</u>
Expenditures					
Water and Wastewater					
Preconstruction design and permitting	427,466	-	-	-	427,466
Construction and contingency	<u>1,572,534</u>	<u>158,334</u>	<u>1,505,521</u>	<u>1,663,855</u>	<u>(91,321)</u>
Total expenditures	<u>2,000,000</u>	<u>158,334</u>	<u>1,505,521</u>	<u>1,663,855</u>	<u>336,145</u>
Revenues over (under) expenditures	<u>(158,334)</u>	<u>(158,334)</u>	<u>-</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>\$(158,334)</u>	<u>-</u>	<u>\$ (158,334)</u>	<u>\$ (158,334)</u>
Fund balance - beginning			<u>(158,334)</u>		
Fund balance - ending			<u>\$ (158,334)</u>		

CITY OF BESSEMER CITY, NORTH CAROLINA
VALENTINE PUMP STATION AND SEWER REPLACEMENTS
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2023

Schedule 13

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
Clean Water State Revolving Fund Grant	\$ 500,000	\$ -	\$ -	\$ -	\$ (500,000)
Total revenues	500,000	-	-	-	(500,000)
Expenditures					
Water and Sewer					
Administrative	122,000	-	474	474	121,526
Construction	1,304,000	-	-	-	1,304,000
Engineering	228,000	-	-	-	228,000
Loan closing fee	37,000	-	-	-	37,000
Contingencies	196,000	-	79,080	79,080	116,920
Total expenditures	1,887,000	-	79,554	79,554	1,807,446
Revenues over (under) expenditures	(1,387,000)	-	(79,554)	(79,554)	(1,307,446)
Other financing sources (uses)					
Clean Water State Revolving Fund Loan	1,350,000	-	-	-	1,350,000
Transfers from other funds	37,000	-	-	-	37,000
Total other financing sources	1,387,000	-		(79,554)	(79,554)
Revenues and other financing sources (uses) over (under) expenditures	\$ -				
Fund balance - beginning			-		
Fund balance - ending			\$ (79,554)		

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, 2023

Schedule 14

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Expenditures					
Water and wastewater					
Engineering	\$ 147,500	\$ 35,727	\$ 6,255	\$ 41,982	\$ 105,518
Construction	2,061,190	1,306,122	182,937	1,489,059	572,131
Contingency	191,310	-	-	-	191,310
Total expenditures	2,400,000	1,341,849	189,192	1,531,041	868,959
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	300,000	-	-	-	(300,000)
Total other financing sources	2,400,000	-	-	-	(2,400,000)
Other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (1,341,849)</u>	(189,192)	<u>\$ (1,531,041)</u>	<u>\$ (1,531,041)</u>
Fund balance - beginning			(1,341,849)		
Fund balance - ending			<u>\$ (1,531,041)</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, 2023

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	\$ 16,335	\$ 56,420	\$ 392,150
Paving	257,350	10,605	-	10,605	246,745
Contingency	70,592	-	-	-	70,592
Total expenditures	776,512	50,690	16,335	67,025	709,487
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	<u>\$ -</u>	<u>\$ (50,690)</u>	(16,335)	<u>\$ (67,025)</u>	<u>\$ (67,025)</u>
Fund balance - beginning			(50,690)		
Fund balance - ending			<u>\$ (67,025)</u>		

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, 2023

Schedule 16

	2023		Variance
	Budget	Actual	Positive (Negative)
Revenues			
Operating Revenues:			
Natural gas sales:			
Residential	\$	\$ 743,821	\$
Small commercial		598,920	
Firm industrial		78,433	
Reconnection and tap fees		2,344	
Miscellaneous revenue		231,600	
Total operating revenues	1,356,500	1,655,118	298,618
Nonoperating revenues			
Interest earnings	200	-	(200)
Total revenues	1,356,700	1,655,118	298,418
Expenditures			
Administrative and finance:			
Other operating expenditures		300,000	
Total	300,000	300,000	-
Distribution:			
Salaries and employees benefits		363,096	
Purchased natural gas		392,882	
Utilities		2,186	
Maintenance and repairs		14,074	
Supplies		63,480	
Contracted services		256,597	
Other operating expenditures		14,628	
Total	1,049,894	1,106,943	(57,049)
Debt service:			
Interest and fees		15,558	
Principal retirement		109,091	
Total	124,652	124,649	3
Capital outlay:			
Equipment	206,328	218,041	(11,713)
Total	206,328	218,041	(11,713)
Total expenditures	1,680,874	1,749,633	(68,759)

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, 2023

Schedule 16
Page 2 of 2

	2023		Variance Positive (Negative)
	Budget	Actual	
Revenues over (under) expenditures	\$ (324,174)	\$ (94,515)	\$ 229,659
Other financing sources			
Loan proceeds	-	128,320	128,320
Total other financing sources	-	128,320	128,320
Fund balance appropriated	324,174	-	(324,174)
Revenues and other financing sources over (under) expenditures	\$ -	33,805	\$ 33,805
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		109,091	
Capital Outlay		218,041	
Depreciation		(62,975)	
Loan proceeds		(128,320)	
Decrease in accounts receivable		(4,118)	
Increase in deferred outflows of resources-pensions		26,285	
Decrease in deferred outflows of resources-OPEB		(1,461)	
Decrease in deferred inflows of resources-pensions		57,360	
Increase in deferred inflows - OPEB		(1,226)	
Increase in compensated absences		(5,172)	
Increase in net pension liability		(94,167)	
Total reconciling items		113,338	
Change in net position		\$ 147,143	

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, 2023

Schedule 17

	2023		Variance
	Budget	Actual	Positive (Negative)
Revenues			
Operating Revenues:			
Storm water charges	\$	\$ 100,713	\$
Total revenues	100,000	100,713	713
Expenditures			
Capital outlay		-	
Other operating expenditures		62,914	
	137,000	62,914	74,086
Debt service:			
Interest and fees	-	2,331	
Principal retirement	-	33,625	
Total	35,958	35,956	2
Total expenditures	172,958	98,870	74,088
Revenues over (under) expenditures	(72,958)	1,843	74,801
Other financing sources			
Fund balance appropriated	72,958	-	(72,958)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	1,843	\$ 1,843
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		33,625	
Depreciation		(21,709)	
Total reconciling items		11,916	
Change in net position		\$ 13,759	

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, 2023

Schedule 18

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2022</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2023</u>
2022-2023	\$ -	\$ 2,474,159	\$ 2,453,531	\$ 20,628
2021-2022	22,922		15,409	7,513
2020-2021	7,674	-	3,401	4,273
2019-2020	5,843	-	920	4,923
2018-2019	11,930	-	250	11,680
2017-2018	8,906	-	274	8,632
2016-2017	25,476	-	382	25,094
2015-2016	3,496	-	264	3,232
2014-2015	22,189	-	190	21,999
2013-2014	3,278	-	190	3,088
2012-2013	3,253	-	3,253	-
	<u>\$ 114,967</u>	<u>\$ 2,474,159</u>	<u>\$ 2,478,064</u>	<u>111,062</u>
Less: Allowance for uncollectible accounts General Fund				<u>(62,939)</u>
Ad valorem taxes receivable - net				<u>\$ 48,123</u>
Reconcilement with revenues				
Ad valorem taxes collected - General Fund				\$ 2,580,276
Interest				(11,457)
Taxes written off				3,253
MV Tags (\$20 per tag)				(115,360)
Refunds				715
Collection fees				18,610
Other adjustments				<u>2,027</u>
Total collections and credits				<u>\$ 2,478,064</u>

CITY OF BESSEMER CITY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
CITY-WIDE LEVY
For the Fiscal Year Ended June 30, 2023

Schedule 19

				Total Levy	
	Property Valuation	City-Wide Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxes at current year's rate	\$ 548,282,000	0.45	\$ 2,467,269	\$2,272,204	\$ 195,065
Discoveries:					
Current year taxes	1,998,444	0.45	8,993	8,993	-
Abatements:	<u>(467,333)</u>	0.45	<u>(2,103)</u>	<u>(2,103)</u>	<u>-</u>
Total valuation	<u>\$ 549,813,111</u>				
Net levy			2,474,159	2,279,094	195,065
Uncollected taxes at June 30, 2023			<u>20,628</u>	<u>20,187</u>	<u>441</u>
Current year's taxes collected			<u>\$ 2,453,531</u>	<u>\$2,258,907</u>	<u>\$ 194,624</u>
Current levy collection percentage			<u>99.17%</u>	<u>99.11%</u>	<u>99.77%</u>

**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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the 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, 2023, and the related notes to the financial statements, which collectively comprises the City of Bessemer City's basic financial statements, and have issued our report thereon dated November 30, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we 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 our 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, we 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.

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

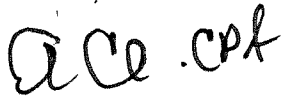
Compliance and Other Matters

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

Purpose of this Report

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

Eddie Carrick, CPA

Handwritten signature of Eddie Carrick, CPA, in black ink.

Lexington, North Carolina
November 30, 2023

**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 Bessemer City, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the 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 Bessemer City's major federal programs for the year ended June 30, 2023. The 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 our opinion, the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of The City of Bessemer City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the 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 Bessemer City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The City of Bessemer City's compliance with the compliance requirements referred to above and performing such other procedures as We considered necessary in the circumstances.
- obtain an understanding of The City of 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 Bessemer City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

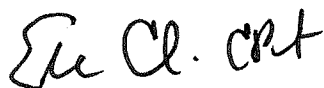
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

Our 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 our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eddie Carrick, CPA, PC



Lexington, North Carolina
November 30, 2023

**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 Bessemer City, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the 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 Bessemer City's major federal programs for the year ended June 30, 2023. The 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 our opinion, the 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, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of State Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for State Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of The City of Bessemer City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the 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 Bessemer City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The City of Bessemer City's compliance with the compliance requirements referred to above and performing such other procedures as We considered necessary in the circumstances.
- obtain an understanding of The City of 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 Bessemer City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

Our 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 our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eddie Carrick, CPA, PC



Lexington, North Carolina
November 30, 2023

City of Bessemer City, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

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? _____ yes X

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 Agriculture
Water and Waste Disposal for
Rural Communities 10.760

Dollar threshold to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low risk auditee? _____ yes X 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

Grant Number

NC Department of Commerce
Office of Rural Economic Development
Water & Sewer Grant U-504-1

Dollar threshold to distinguish between Type A and Type B programs: \$ 500,000

Auditee qualified as low risk auditee? _____ yes X no

City of Bessemer City, North Carolina
Schedule of Findings, Responses, and Questioned Costs
For the Year Ended June 30, 2023

II Financial Statement Findings

None reported

III Federal Award Findings and Questioned Costs

None reported

IV State Award Findings and Questioned Costs

None reported

City of Bessemer City, North Carolina
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

Finding 2022-01

Status: Management has monitored leases to determine the impact of the new leases.
Propriate accounting standards have been established to account for budgetary amounts.

Finding 2022-02

Status: The City's component unit timely filed its audit.

CITY OF BESSEMER CITY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Schedule 20

<u>Grantor/Pass-through Grantor/Program title</u>	<u>Federal Assistance Listing</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	\$ 47,294	-	-
<u>U.S. Department of the Agriculture</u>					
<u>Office of Rural Development</u>					
Water and Waste Disposal for Rural Communities					
Public Works Building loan	10.760	*	2,480,336	-	-
Rural Utilities Service Loan	10.760	*	130,000	-	-
Rural Utilities Service Loan	10.760	*	4,786,000	-	-
Rural Utilities Service Grant	10.760	*	2,332,947	-	496,061
Community Facilities Direct Loan	10.766		5,919,000	-	-
Community Facilities Direct Loan	10.766		1,978,487	-	-
Total U.S. Department of Agriculture			17,626,770	-	496,061
<u>U.S. Department of the Justice</u>					
Passed-through Gaston County, North Carolina:					
Public Safety Partnership & Community Policing Grant	16.710		88,295	-	-
Total assistance federal programs			<u>17,762,359</u>	<u>-</u>	<u>496,061</u>
STATE GRANTS					
<u>N.C. Department of Insurance</u>					
Office of the State Fire Marshal	N/A			9,143	-
Volunteer Fire Department Fund	N/A			35,000	-
<u>N.C. Department of Natural and Cultural Resources</u>					
N.C. Parks and Recreation Trust Fund Grant	N/A	2017-822		13,418	4,861,919
<u>N. C. Department of Commerce</u>					
<u>Office of Rural Economic Development</u>					
Economic Development Business Accelerator Grant	N/A	2022-056-1257-1913		206,000	-
Water & Sewer grant		U-504-1	*	1,305,521	-
<u>N. C. Department of Transportation</u>					
Powell Bill	N/A			148,402	-
Total assistance state programs				<u>1,717,484</u>	<u>4,861,919</u>
Total assistance			<u>\$ 17,762,359</u>	<u>\$ 1,717,484</u>	<u>\$ 5,357,980</u>

Major Federal/State programs **

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, 2023. 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.

Note 3: Loans Outstanding

The City had the following loan balances at June 30, 2023 for loans that the grantor/pass-through grantor has no continuing compliance requirements. Loans made during the year and loans with continuing compliance requirements are included in the SEFSA. The balance of loans outstanding at June 30, 2023 consist of:

CITY OF BESSEMER CITY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Schedule 20 (continued)

	<u>CFDA Number</u>	<u>State Project Number</u>	<u>Amount Outstanding</u>
<u>U.S. Environmental Protection Agency</u>			
Capitalization Grants for Clean Water State Revolving Loans:			
Sewer system improvements loan	66.458	E-SRF-T-14-0386	<u>\$ 1,068,920</u>
Capitalization Grants for Drinking Water State Revolving Loans:			
Water line replacement loan	66.468	H-LRX-F-16-1873	<u>\$ 1,319,164</u>