

**CITY OF BESSEMER CITY,  
NORTH CAROLINA**

**AUDITED FINANCIAL STATEMENTS**

**June 30, 2019**

**CITY OF BESSEMER CITY**  
**NORTH CAROLINA**

**City Council Members**

**Becky S. Smith, Mayor**  
**Dan Boling**  
**Kay McCathen**  
**Joe Will**  
**Sonny Boyd**  
**Alfred Carpenter**  
**Donnie Griffin**

**Administrative and Financial Staff**

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

**Audited**

**Financial Statements**

**At**

**June 30, 2019**

**And**

**For The Year Then Ended**

**CITY OF BESSEMER CITY**  
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# EDDIE CARRICK, CPA, PC

Certified Public Accountant

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bessemer City, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Bessemer City ABC Board. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Bessemer City ABC Board, is based solely on the report of another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the City of Bessemer City ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bessemer City, North Carolina, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11, the Law Enforcement Officers' Special Separation Allowance and the Other Postemployment Benefits Schedules of Funding Progress and Employer Contributions, on pages 58 and 59, respectively, the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages 60 and 61, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bessemer City, North Carolina's basic financial statements. The combining and individual fund schedules, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, and the procedures performed as describe above, the combining and individual fund 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 October 31, 2019, on our consideration of the City of Bessemer City, North Carolina'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bessemer City, North Carolina's internal control over financial reporting and compliance.

Eddie Carrick CPA, PC



Lexington, North Carolina  
October 31, 2019

## **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, 2019. 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**

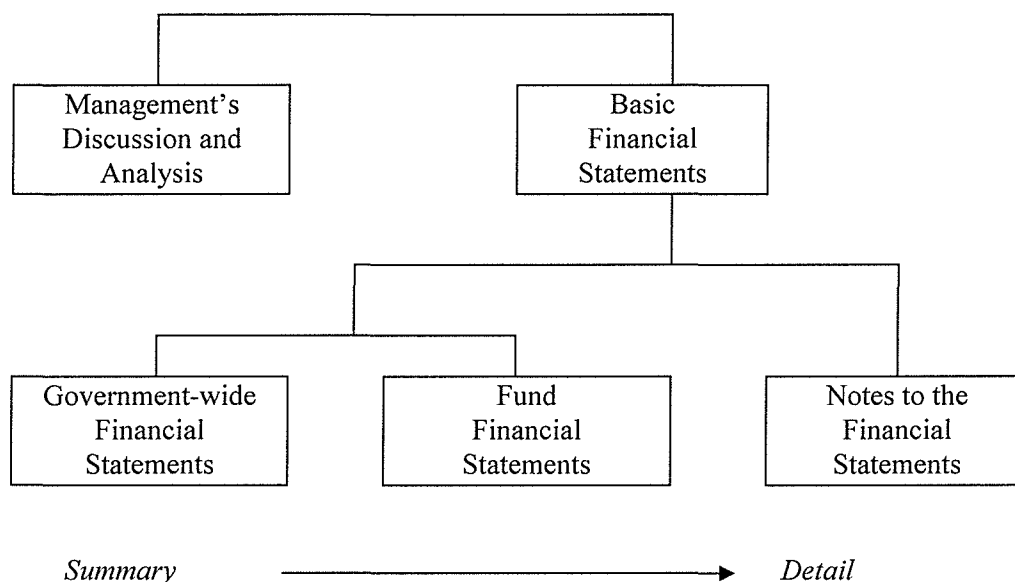
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$25,599,572.
- The government's total net position decreased by \$276,537 due to a decrease in the governmental activities net position of \$275,483 and an decrease in the business-type activities net position of \$1,054.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,400,812 with a net increase of \$268,194 in fund balance. Approximately 30.5% of this total amount, or \$731,619, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,551,082, or 35.5 percent of total General Fund expenditures for the fiscal year.
- The City of Bessemer City's total debt increased by \$3,687,419 during the current fiscal year.

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

This discussion and analysis is 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.

## 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 four 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 General Statutes also can be found in this part of the statements.

### Government-wide Financial Statements

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 because the City exercises control over the Board by appointing its members and because 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. To account for the difference between the budgetary basis of accounting and the full accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 2,902,996	\$ 2,572,746	\$ 3,833,019	\$ 2,150,194	\$ 6,736,015	\$ 4,722,940
Capital assets	11,001,825	11,591,562	17,910,972	15,936,628	28,912,797	27,528,190
Deferred outflows of resources	<u>550,522</u>	<u>224,410</u>	<u>244,127</u>	<u>265,316</u>	<u>794,649</u>	<u>489,726</u>
Total assets and deferred outflows of resources	<u>14,455,343</u>	<u>14,388,718</u>	<u>21,988,118</u>	<u>18,352,138</u>	<u>36,443,461</u>	<u>32,740,856</u>
Long-term liabilities	2,681,316	2,664,568	6,379,442	3,347,810	9,060,758	6,012,378
Other liabilities	464,869	151,278	1,259,905	648,261	1,726,973	799,539
Deferred inflows of resources	<u>49,839</u>	<u>38,070</u>	<u>8,933</u>	<u>14,760</u>	<u>58,772</u>	<u>52,830</u>
Total liabilities and deferred inflows of resources	<u>3,196,024</u>	<u>2,853,916</u>	<u>7,647,865</u>	<u>4,010,831</u>	<u>10,843,889</u>	<u>6,864,747</u>
Net position						
Net investment in capital assets	9,199,909	9,638,752	11,592,096	13,040,282	20,792,005	22,679,034
Restricted	731,619	773,371	-	-	731,619	773,371
Unrestricted	<u>1,327,791</u>	<u>1,122,679</u>	<u>2,748,157</u>	<u>1,301,025</u>	<u>4,075,948</u>	<u>2,423,704</u>
Total net position	<u>\$11,259,319</u>	<u>\$11,534,802</u>	<u>\$ 14,340,253</u>	<u>\$ 14,341,307</u>	<u>\$25,599,572</u>	<u>\$25,876,109</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 \$25,599,572 as of June 30, 2019. The City's net position decreased by \$276,537 for the fiscal year ended June 30, 2019. However, the largest portion (81.2%) 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, \$731,619, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,075,948 is unrestricted. Several particular aspects of the City's financial operations influenced the total unrestricted governmental net position:

- Continued diligence in collection of property taxes by maintaining a tax collection percentage of 96.78%.

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

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 588,950	\$ 602,643	\$ 6,311,286	\$ 5,581,607	\$ 6,900,236	\$ 6,184,250
Operating grants and contributions	352,260	391,855	-	-	352,260	391,855
Capital grants and contributions	-	302,778	-	-	-	302,778
General revenues:						
Property taxes	1,861,351	1,756,456	-	-	1,861,351	1,756,456
Other taxes	916	1,000	-	-	916	1,000
Grants and contributions not restricted to specific programs	1,197,478	1,175,042	-	-	1,197,478	1,175,042
Other	<u>102,384</u>	<u>74,573</u>	<u>1,148</u>	<u>(43,852)</u>	<u>103,532</u>	<u>30,721</u>
Total revenues	<u>4,103,339</u>	<u>4,304,347</u>	<u>6,312,434</u>	<u>5,537,755</u>	<u>10,415,773</u>	<u>9,842,102</u>
Expenses:						
General government	835,440	(41,417)	-	-	835,440	(41,417)
Public safety	1,773,012	1,568,236	-	-	1,773,012	1,568,236
Transportation	1,156,613	1,122,653	-	-	1,156,613	1,122,653
Economic and physical development	131,838	176,342	-	-	131,838	176,342
Cultural and recreation	842,233	815,610	-	-	842,233	815,610
Interest on long-term debt	41,808	64,121	-	-	41,808	64,121
Water and sewer	-	-	4,362,394	4,382,450	4,362,394	4,382,450
Natural gas	-	-	1,433,345	1,511,884	1,433,345	1,511,884
Storm water	-	-	<u>115,627</u>	<u>87,002</u>	<u>115,627</u>	<u>87,002</u>
Total expenses	<u>4,780,944</u>	<u>3,705,545</u>	<u>5,911,366</u>	<u>5,981,336</u>	<u>10,692,310</u>	<u>9,686,881</u>
Increase (decrease) in net position before transfers	(677,605)	598,802	401,068	(443,581)	(276,537)	155,221
Transfers	<u>402,122</u>	-	<u>(402,122)</u>	-	-	-
Change in net position	(275,483)	598,802	(1,054)	(443,581)	(276,537)	155,221
Net position, beginning	<u>11,534,802</u>	<u>10,936,000</u>	<u>14,341,307</u>	<u>14,784,888</u>	<u>25,876,109</u>	<u>25,720,888</u>
Net position, end of year	<u>\$ 11,259,319</u>	<u>\$ 11,534,802</u>	<u>\$ 14,340,253</u>	<u>\$ 14,341,307</u>	<u>\$ 25,599,572</u>	<u>\$ 25,876,109</u>

**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. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the City's unassigned fund balance available in the General Fund was \$1,551,082, while total fund balance was \$2,190,416. The City currently has an available fund balance of 35.5% of General Fund expenditures, and total fund balance represents 50.2% of that same amount.

At June 30, 2019, the governmental funds of the City reported a combined fund balance of \$2,400,812 with a net increase in fund balance of \$268,194.

**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.

**Business-type Activities:** The City's business-type activities provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the business-type funds at the end of the fiscal year amounted to \$2,748,157. The total change in net position for the business-type activities was \$(1,054).

### **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, 2019, totals \$20,792,005 (net of accumulated depreciation). These assets 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**

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 589,295	\$ 648,257	\$ 490,568	\$ 490,568	\$ 1,079,863	\$ 1,138,825
Buildings and improvements	5,171,702	5,457,360	-	-	5,171,702	5,457,360
Other improvements	-	-	15,546,667	13,034,628	15,546,667	13,034,628
Equipment and furniture	447,078	208,186	361,599	235,154	808,677	443,340
Infrastructure	3,863,597	3,957,519	-	-	3,863,597	3,957,519
Vehicles and motorized equipment	768,385	1,173,631	414,361	493,104	1,182,746	1,666,735
Construction in progress	161,768	146,609	1,097,777	1,683,174	1,259,545	1,829,783
Total	<u>\$ 11,001,825</u>	<u>\$ 11,591,562</u>	<u>\$ 17,910,972</u>	<u>\$ 15,936,628</u>	<u>\$ 28,912,797</u>	<u>\$ 27,528,190</u>

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

**Long-term Debt:** As of June 30, 2019, the City's outstanding balance on external long-term debt was \$9,529,795.

**City of Bessemer City's Outstanding Debt**

**Figure 5**

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Installment financing	\$ 1,801,917	\$ 1,952,810	\$ 6,219,185	\$ 2,765,520	\$ 8,021,102	\$ 4,718,330
Capital leases	-	-	99,690	130,826	99,690	130,826
OPEB	137,302	122,492	79,094	85,946	216,396	208,438
Pension related debt	<u>898,224</u>	<u>481,484</u>	<u>294,383</u>	<u>303,298</u>	<u>1,192,607</u>	<u>784,782</u>
Total	<u>\$ 2,837,443</u>	<u>\$ 2,556,786</u>	<u>\$ 6,692,352</u>	<u>\$ 3,285,590</u>	<u>\$ 9,529,795</u>	<u>\$ 5,842,376</u>

**City of Bessemer City's Outstanding Debt**

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 legal debt margin for City of Bessemer City is \$22,306,518.

Additional information regarding the City of Bessemer City's long-term debt can be found in Note 3.5 of the report.

## **Economic Factors and Next Year's Budgets and Rates**

### Economic Development Project-Livent Expansion, ADS Expansion, Dhollandia, and Osage Mill Redevelopment

The City partnered with the Gaston County EDC to recruit Dhollandia and the City recruited Osage Mill Redevelopment. We facilitated and encouraged expansion and reinvestment with Livent and ADS.

Livent Expansion: Expansion will include \$16-18 million of local economic value, 30 full-time jobs, and 85 construction jobs. Expansion of lithium hydroxide plant is for the advancement of lithium-ion batteries for electric vehicles. Construction begins in winter of 2019.

ADS Expansion: \$12 million expansion for production of drainage systems and 17 acre expansion for storage yard; 25 additional employees. Expansion will be completed by winter 2019.

Dhollandia: \$30 million investment for new hydraulic lift manufacturing plant; 200 new jobs in a 375,000 square foot facility; opening fall 2019.

Osage Mill Redevelopment: \$38,000,000 investment downtown historic project redeveloping mill property into 171 apartments and 30,000 square feet of commercial, retail, and community space. Construction start date is the first quarter of 2020.

### Public Works

This is an expansion project on existing facility to better service citizens for streets, maintenance, water, gas, collections, emergency operations, and other public works-related services. Project began in December of 2019 with an estimated completion date the first quarter of 2020 at a cost of \$4,642,000.

### City Hall Annex

New facility was purchased by the City for \$225,000 in October 2018 that was formerly used as a bank that is currently used for citizens services including: 1) customer service, 2), finance, 3), utility billing, and 4) planning. This facility has made it easier for citizens to access city services with a drive thru window and handicap ramp.

### **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](http://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.

**CITY OF BESSEMER CITY, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

*Exhibit A*  
*Page 1 of 2*

	Primary Government			Bessemer City ABC Board
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 1,736,402	\$ 980,404	\$ 2,716,806	\$ 72,013
Restricted cash	404,471	1,732,367	2,136,838	-
Receivables:				
Taxes receivable - net	219,701	-	219,701	-
Accounts receivable - net	142,458	946,969	1,089,427	-
Due from other governments	320,603	-	320,603	-
Inventories	-	126,351	126,351	74,229
Prepaid expenses	-	-	-	1,407
Total current assets	<u>2,823,635</u>	<u>3,786,091</u>	<u>6,609,726</u>	<u>147,649</u>
Non-current assets				
Deferred charges	-	46,928	46,928	-
Notes receivable	79,361	-	79,361	-
	<u>79,361</u>	<u>46,928</u>	<u>126,289</u>	<u>-</u>
Capital assets				
Land, non-depreciable improvements, and construction in progress	751,063	1,588,345	2,339,408	6,082
Other capital assets, net of depreciation	10,250,762	16,322,627	26,573,389	58,897
Total capital assets	<u>11,001,825</u>	<u>17,910,972</u>	<u>28,912,797</u>	<u>64,979</u>
Total non-current assets	<u>11,081,186</u>	<u>17,957,900</u>	<u>29,039,086</u>	<u>64,979</u>
Total assets	<u>13,904,821</u>	<u>21,743,991</u>	<u>35,648,812</u>	<u>212,628</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - pensions	423,787	244,127	667,914	-
Deferred outflows - LEO pension	126,735	-	126,735	-
Total deferred outflows of resources	<u>550,522</u>	<u>244,127</u>	<u>794,649</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>14,455,343</u>	<u>21,988,118</u>	<u>36,443,461</u>	<u>212,628</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, 2019**

*Exhibit A*  
*Page 2 of 2*

	Primary Government			Bessemer City ABC Board
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued liabilities	\$ 191,656	\$ 709,793	\$ 901,449	\$ 52,006
Current portion of long-term liabilities	273,213	370,732	643,945	-
Payable from restricted assets	-	178,965	178,965	-
Total current liabilities	<u>464,869</u>	<u>1,259,490</u>	<u>1,724,359</u>	<u>52,006</u>
Long-term liabilities				
Net pension liability	511,027	294,383	805,410	-
Net LEO pension liability	387,197	-	387,197	-
Net OPEB liability	137,302	79,094	216,396	-
Compensated absences	117,087	57,821	174,908	-
Long-term debt	1,528,703	5,948,144	7,476,847	-
Total long-term liabilities	<u>2,681,316</u>	<u>6,379,442</u>	<u>9,060,758</u>	<u>-</u>
Total liabilities	<u>3,146,185</u>	<u>7,638,932</u>	<u>10,785,117</u>	<u>52,006</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - pensions	3,938	2,269	6,207	-
Deferred inflows - LEO pension	34,333	-	34,333	-
OPEB deferrals	11,568	6,664	18,232	-
Total deferred inflows of resources	<u>49,839</u>	<u>8,933</u>	<u>58,772</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	9,199,909	11,592,096	20,792,005	64,979
Restricted for:				
Streets	267,100	-	267,100	-
Cemetery perpetual care	92,285	-	92,285	-
Stabilization by State statute	372,234	-	372,234	-
Other purposes	-	-	-	34,000
Unrestricted	1,327,791	2,748,157	4,075,948	61,643
Total net position	<u>11,259,319</u>	<u>14,340,253</u>	<u>25,599,572</u>	<u>160,622</u>
Total liabilities, deferred inflows and net position	<u>\$ 14,455,343</u>	<u>\$ 21,988,118</u>	<u>\$ 36,443,461</u>	<u>\$ 212,628</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, 2019

*Exhibit B*

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Bessemer City ABC Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 835,440	\$ -	\$ -	\$ -	\$ (835,440)	\$ -	\$ (835,440)	\$ -
Public safety	1,773,012	8,890	187,108	-	(1,577,014)	-	(1,577,014)	-
Public works and transportation	1,156,613	428,833	165,152	-	(562,628)	-	(562,628)	-
Cultural and recreational	842,233	151,227	-	-	(691,006)	-	(691,006)	-
Economic development	131,838	-	-	-	(131,838)	-	(131,838)	-
Interest on long-term debt	41,808	-	-	-	(41,808)	-	(41,808)	-
Total governmental activities	<u>4,780,944</u>	<u>588,950</u>	<u>352,260</u>	<u>-</u>	<u>(3,839,734)</u>	<u>-</u>	<u>(3,839,734)</u>	<u>-</u>
Business-type activities								
Water and wastewater	4,362,394	4,696,162	-	-	-	333,768	333,768	-
Natural gas	1,433,345	1,517,536	-	-	-	84,191	84,191	-
Storm water	115,627	97,588	-	-	-	(18,039)	(18,039)	-
Total business-type activities	<u>5,911,366</u>	<u>6,311,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>399,920</u>	<u>399,920</u>	<u>-</u>
Total primary government	<u>\$ 10,692,310</u>	<u>\$ 6,900,236</u>	<u>\$ 352,260</u>	<u>\$ -</u>	<u>(3,839,734)</u>	<u>399,920</u>	<u>(3,439,814)</u>	<u>-</u>
Component units								
Bessemer City ABC Board	\$ 620,484	\$ 621,806	\$ -	\$ -	-	-	-	1,322
Total component units	<u>\$ 620,484</u>	<u>\$ 621,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,322</u>
General revenues								
Taxes								
Property taxes, levied for general purposes					1,861,351	-	1,861,351	-
Other taxes and licenses					916	-	916	-
Grants and contributions not restricted to specific programs					1,197,478	-	1,197,478	-
Unrestricted investment earnings					44,784	3,739	48,523	53
Miscellaneous					57,600	(2,591)	55,009	69
Transfers					402,122	(402,122)	-	(16,000)
Total general revenues and transfers					<u>3,564,251</u>	<u>(400,974)</u>	<u>3,163,277</u>	<u>(15,878)</u>
Change in net position					(275,483)	(1,054)	(276,537)	(14,556)
Net position, beginning					11,534,802	14,341,307	25,876,109	175,178
Net position, end of year					<u>\$ 11,259,319</u>	<u>\$ 14,340,253</u>	<u>\$ 25,599,572</u>	<u>\$ 160,622</u>

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

**CITY OF BESSEMER CITY, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

*Exhibit C*

	Major Fund General Fund	Total Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,678,114	\$ 58,288	\$ 1,736,402
Restricted cash	312,186	92,285	404,471
Receivables, net			-
Taxes	219,701	-	219,701
Accounts receivable - net	142,458	-	142,458
Due from other governments	320,603	-	320,603
Notes receivable	-	79,361	79,361
Total assets	<u>\$ 2,673,062</u>	<u>\$ 229,934</u>	<u>\$ 2,902,996</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts payable and accrued liabilities	\$ 172,118	\$ 19,538	\$ 191,656
Deposits	-	-	-
Total liabilities	<u>172,118</u>	<u>19,538</u>	<u>191,656</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes receivable	219,700	-	219,700
Other receivables	90,828	-	90,828
Total deferred inflows of resources	<u>310,528</u>	<u>-</u>	<u>310,528</u>
<b>Fund balances</b>			
Nonspendable			
Perpetual maintenance	-	92,285	92,285
Restricted			
Stabilization by State Statute	372,234	-	372,234
Streets - Powell Bill	267,100	-	267,100
Assigned			
Subsequent year's expenditures	-	-	-
Transportation/sidewalks	-	(64,750)	(64,750)
Economic development	-	79,361	79,361
Recreation	-	103,500	103,500
Unassigned	1,551,082	-	1,551,082
Total fund balances	<u>2,190,416</u>	<u>210,396</u>	<u>2,400,812</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,673,062</u>	<u>\$ 229,934</u>	<u>\$ 2,902,996</u>

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

Total Fund balance - governmental funds		\$ 2,400,812
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Gross capital assets at historical cost		17,225,114
Accumulated depreciation		(6,223,288)
Deferred outflows of resources related to pensions are not reported in the funds		423,787
Deferred outflows of resources related to LEO pensions are not reported in the funds		126,735
Earned revenues considered deferred inflows of resources in fund statements		310,528
Long-term liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the governmental funds		
Gross long-term debt	\$ (1,801,916)	
Compensated absences	(117,087)	
Net pension liability	(511,027)	
LEO pension liability	(387,197)	
OPEB liability	(137,302)	(2,954,529)
Deferred inflows of resources related to pensions are not reported in the funds		(3,938)
Deferred inflows of resources related to LEO pensions are not reported in the funds		(34,333)
Deferred inflows of resources related to OPEB are not reported in the funds		(11,569)
Net position of governmental activities		<u>\$ 11,259,319</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, 2019*

	<u>Major Fund</u>		<u>Total</u>
	General Fund	Total Non-Major Funds	Governmental Funds
REVENUES			
Ad valorem taxes	\$ 1,847,319	\$ -	\$ 1,847,319
Other taxes and licenses	916	-	916
Unrestricted intergovernmental	1,197,478	-	1,197,478
Restricted intergovernmental	352,260	-	352,260
Permits and fees	8,890	-	8,890
Sales and services	580,060	-	580,060
Investment earnings	44,306	478	44,784
Miscellaneous	111,180	-	111,180
	<u>4,142,409</u>	<u>478</u>	<u>4,142,887</u>
Total revenues			
EXPENDITURES			
Current:			
General government	737,285	-	737,285
Economic development	112,930	-	112,930
Public safety	1,637,610	-	1,637,610
Public works / transportation	775,873	64,750	840,623
Culture and recreation	705,813	15,159	720,972
Debt service:		-	-
Principal	342,193	-	342,193
Interest and other charges	49,452	-	49,452
	<u>4,361,156</u>	<u>79,909</u>	<u>4,441,065</u>
Total expenditures			
Excess of revenues over (under) expenditures	<u>(218,747)</u>	<u>(79,431)</u>	<u>(298,178)</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds	164,250	-	164,250
Transfers from other funds	402,122	-	402,122
Transfers to other funds	-	-	-
	<u>566,372</u>	<u>-</u>	<u>566,372</u>
Total other financing sources (uses)			
Net change in fund balances	347,625	(79,431)	268,194
Fund balances, beginning	1,842,791	289,827	2,132,618
Fund balances, ending	<u>\$ 2,190,416</u>	<u>\$ 210,396</u>	<u>\$ 2,400,812</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, 2019**

*Exhibit E*

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

Net changes in fund balances - total governmental funds	\$	268,194
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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	\$	359,001	
Depreciation expense for governmental assets		<u>(848,636)</u>	(489,635)
Loss on disposal of capital assets			(100,102)

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		14,033
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction 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 issue		(164,250)	
Principal payments on long-term debt		315,144	
Change in accrued interest payable		<u>7,645</u>	158,539

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		(9,305)	
Pension expense		(53,127)	
Pension expense LEO		(44,195)	
Other postemployment benefits		<u>(19,885)</u>	(126,512)

Total changes in net position of governmental activities	\$	<u>(275,483)</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, 2019**

*Exhibit F*

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues				
Ad valorem taxes	\$ 1,668,000	\$ 1,809,000	\$ 1,847,319	\$ 38,319
Other taxes and licenses	500	500	916	416
Unrestricted intergovernmental	1,131,000	1,131,000	1,197,478	66,478
Restricted intergovernmental	293,700	330,300	352,260	21,960
Permits and fees	4,500	7,400	8,890	1,490
Sales and services	560,000	568,000	580,060	12,060
Investment earnings	30,000	30,000	44,306	14,306
Miscellaneous	12,140	108,140	111,180	3,040
Total revenues	<u>3,699,840</u>	<u>3,984,340</u>	<u>4,142,409</u>	<u>158,069</u>
Expenditures				
Current				
General government	376,071	705,071	737,285	(32,214)
Economic development	132,507	118,507	112,930	5,577
Public safety	1,340,852	1,641,226	1,637,610	3,616
Public works / transportation	835,795	885,521	775,873	109,648
Culture and recreation	624,102	675,102	705,813	(30,711)
Debt service				
Principal retirement	338,860	346,860	342,193	4,667
Interest and other charges	51,653	51,653	49,452	2,201
Total expenditures	<u>3,699,840</u>	<u>4,423,940</u>	<u>4,361,156</u>	<u>62,784</u>
Revenues over (under) expenditures	<u>-</u>	<u>(439,600)</u>	<u>(218,747)</u>	<u>220,853</u>
Other financing sources (uses)				
Loan proceeds	-	310,500	164,250	(146,250)
Transfers from other funds	-	-	402,122	402,122
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>310,500</u>	<u>566,372</u>	<u>255,872</u>
Appropriated fund balance	<u>-</u>	<u>129,100</u>	<u>-</u>	<u>(129,100)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	347,625	<u>\$ 347,625</u>
Fund balance - beginning			1,842,791	
Fund balance - end of year			<u>\$ 2,190,416</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, 2019**

*Exhibit G*

	Major Funds			
	Water and Wastewater Fund	Natural Gas Fund	Storm Water Fund	Total
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 737,525	\$ 197,054	\$ 45,825	\$ 980,404
Restricted cash and cash equivalents	1,657,035	75,332	-	1,732,367
Accounts receivable - net, billed	372,605	69,480	9,709	451,794
Accounts receivable - net, unbilled	395,299	51,930	8,211	455,440
Accounts receivable - other	-	39,735	-	39,735
Inventories	54,312	72,039	-	126,351
Total current assets	<u>3,216,776</u>	<u>505,570</u>	<u>63,745</u>	<u>3,786,091</u>
Noncurrent assets				
Deferred charges, net	46,928	-	-	46,928
Capital assets				
Land and construction in progress	1,522,129	61,682	4,534	1,588,345
Other capital assets, net of depreciation	15,298,167	755,303	269,157	16,322,627
Total capital assets, net	<u>16,820,296</u>	<u>816,985</u>	<u>273,691</u>	<u>17,910,972</u>
Total noncurrent assets	<u>16,867,224</u>	<u>816,985</u>	<u>273,691</u>	<u>17,957,900</u>
Total assets	<u>20,084,000</u>	<u>1,322,555</u>	<u>337,436</u>	<u>21,743,991</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferrals	201,719	42,408	-	244,127
Total deferred outflows of resources	<u>201,719</u>	<u>42,408</u>	<u>-</u>	<u>244,127</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 20,285,719</u>	<u>\$ 1,364,963</u>	<u>\$ 337,436</u>	<u>\$ 21,988,118</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued liabilities	\$ 672,156	\$ 33,894	\$ 3,743	\$ 709,793
Capital lease payable - current	-	-	35,440	35,440
Notes payable - current	248,993	86,299	-	335,292
Liabilities payable from restricted assets	126,175	52,790	-	178,965
Total current liabilities	<u>1,047,324</u>	<u>172,983</u>	<u>39,183</u>	<u>1,259,490</u>
Noncurrent liabilities				
Compensated absences	53,161	4,660	-	57,821
Net pension liability	243,245	51,138	-	294,383
Net OPEB liability	65,354	13,740	-	79,094
Capital lease payable - noncurrent	-	-	64,251	64,251
Notes payable - noncurrent	5,681,288	202,605	-	5,883,893
Total noncurrent liabilities	<u>6,043,048</u>	<u>272,143</u>	<u>64,251</u>	<u>6,379,442</u>
Total liabilities	<u>7,090,372</u>	<u>445,126</u>	<u>103,434</u>	<u>7,638,932</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
OPEB deferrals	5,506	1,158	-	6,664
Pension deferrals	1,875	394	-	2,269
Total deferred inflows of resources	<u>7,381</u>	<u>1,552</u>	<u>-</u>	<u>8,933</u>
<b>NET POSITION</b>				
Net investment in capital assets	10,890,015	528,081	174,000	11,592,096
Restricted	-	-	-	-
Unrestricted	<u>2,297,951</u>	<u>390,204</u>	<u>60,002</u>	<u>2,748,157</u>
Total net position	<u>13,187,966</u>	<u>918,285</u>	<u>234,002</u>	<u>14,340,253</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 20,285,719</u>	<u>\$ 1,364,963</u>	<u>\$ 337,436</u>	<u>\$ 21,988,118</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, 2019**

**Exhibit H**

	Major Funds			
	Water and Wastewater Fund	Natural Gas Fund	Storm Water Fund	Total
Operating Revenues				
Charges for services	\$ 4,602,360	1,419,723	\$ 97,588	\$ 6,119,671
Taps and extensions	55,680	3,432	-	59,112
Other operating revenues	38,122	94,381	-	132,503
Total operating revenues	<u>4,696,162</u>	<u>1,517,536</u>	<u>97,588</u>	<u>6,311,286</u>
Operating Expenses				
Administration and finance	395,000	320,000	-	715,000
Water and waste treatment	2,292,314	-	-	2,292,314
Public work operations	1,067,053	-	-	1,067,053
Gas operations	-	580,184	-	580,184
Gas purchases	-	446,395	-	446,395
Storm water operations	-	-	57,844	57,844
Depreciation and amortization	608,027	86,766	57,783	752,576
Total operating expense	<u>4,362,394</u>	<u>1,433,345</u>	<u>115,627</u>	<u>5,911,366</u>
Operating income (loss)	<u>333,768</u>	<u>84,191</u>	<u>(18,039)</u>	<u>399,920</u>
Nonoperating revenues (expenses)				
Gain (loss) on disposal of assets	-	25,838	-	25,838
Insurance proceeds	-	528	-	528
Investment earnings	2,036	1,703	-	3,739
Interest and other charges	(21,424)	(3,229)	(4,304)	(28,957)
Total nonoperating revenues (expenses)	<u>(19,388)</u>	<u>24,840</u>	<u>(4,304)</u>	<u>1,148</u>
Income (loss) before contributions and transfers	314,380	109,031	(22,343)	401,068
Grant proceeds	-	-	-	-
Transfers from (to) other funds	-	(402,122)	-	(402,122)
Change in net position	314,380	(293,091)	(22,343)	(1,054)
Net position, beginning	<u>12,873,586</u>	<u>1,211,376</u>	<u>256,345</u>	<u>14,341,307</u>
Net position, ending	<u>\$ 13,187,966</u>	<u>\$ 918,285</u>	<u>\$ 234,002</u>	<u>\$ 14,340,253</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, 2019**

**Exhibit I**  
**Page 1 of 2**

	<u>Enterprise Funds</u>			
	<u>Water and Wastewater Fund</u>	<u>Natural Gas Electric Fund</u>	<u>Storm Water Fund</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from customers	\$ 4,768,460	\$ 1,360,269	\$ 99,357	\$ 6,228,086
Cash paid for goods and services	(2,317,600)	(1,045,278)	(57,844)	(3,420,722)
Cash paid to or on behalf of employees for services	(1,196,216)	(256,201)	-	(1,452,417)
Other operating revenues	38,122	94,381	-	132,503
Net cash provided (used) by operating activities	<u>1,292,766</u>	<u>153,171</u>	<u>41,513</u>	<u>1,487,450</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(2,366,121)	(348,285)	-	(2,714,406)
Proceeds from sale of capital assets	-	25,838	-	25,838
Proceeds from issuance of debt	3,526,546	194,625	-	3,721,171
Principal paid on bonds and equipment contracts	(222,533)	(44,972)	(31,136)	(298,641)
Interest paid on bonds and equipment contracts	(21,424)	(3,229)	(4,304)	(28,957)
Transfers in (out)	-	(402,122)	-	(402,122)
Insurance proceeds	-	528	-	528
Net cash provided (used) by capital and related financing activities	<u>916,468</u>	<u>(577,617)</u>	<u>(35,440)</u>	<u>303,411</u>
Cash flows from investing activities:				
Interest earned on investments	<u>2,036</u>	<u>1,703</u>	<u>-</u>	<u>3,739</u>
Net increase (decrease) in cash and cash equivalents	2,211,270	(422,743)	6,073	1,794,600
Cash and cash equivalents at beginning of year	<u>183,290</u>	<u>695,129</u>	<u>39,752</u>	<u>918,171</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,394,560</u></u>	<u><u>\$ 272,386</u></u>	<u><u>\$ 45,825</u></u>	<u><u>\$ 2,712,771</u></u>

*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, 2019**

**Exhibit I**  
**Page 2 of 2**

	<u>Enterprise Funds</u>			
	<u>Water and Wastewater Fund</u>	<u>Natural Gas Electric Fund</u>	<u>Storm Water Fund</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	<u>\$ 333,768</u>	<u>\$ 84,191</u>	<u>\$ (18,039)</u>	<u>\$ 399,920</u>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	608,027	86,766	57,783	752,576
Changes in current assets and liabilities:				
(Increase) decrease in accounts receivable	122,630	(59,886)	1,769	64,513
(Increase) decrease in inventory	2,061	32,687	-	34,748
(Increase) decrease in deferred outflows of resources - pensions	8,947	12,242	-	21,189
Increase (decrease) in net pension liability	2,420	(11,336)	-	(8,916)
Increase (decrease) in accrued OPEB liability	(6,208)	(644)	-	(6,852)
Increase (decrease) in deferred inflows of resources - pensions	(6,228)	(1,708)	-	(7,936)
Increase (decrease) in deferred inflows of resources - OPEB	1,713	396	-	2,109
Increase (decrease) in accounts payable and accrued liabilities	236,088	19,620	-	255,708
Increase (decrease) in customer deposits	(12,210)	(3,000)	-	(15,210)
Increase (decrease) in accrued vacation pay	1,758	(6,157)	-	(4,399)
Total adjustments	<u>958,998</u>	<u>68,980</u>	<u>59,552</u>	<u>1,087,530</u>
Net cash provided (used) by operating activities	<u>\$ 1,292,766</u>	<u>\$ 153,171</u>	<u>\$ 41,513</u>	<u>\$ 1,487,450</u>

*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, 2019**

**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 particular 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 particular 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, 2019**

**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.

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.

**Cemetery Trust Fund (Permanent Fund).** This fund is used to account for perpetual care of the municipal cemetery.

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

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

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.

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

The City reports the following non-major enterprise funds:

**Water and Wastewater Capital Projects Fund.** This fund is used to account for a construction project to connect the City's water lines to those of the City of Kings Mountain, evaluate the water system, and to replace City water lines.

**Public Works Capital Project Fund.** This fund is used to account for the construction of a new public works facility.

**Natural Gas Capital Projects Fund.** This fund is used to account for a construction project for a new natural gas facility.

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

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

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

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

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

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

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

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

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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.

***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.

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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 reported at fair value. Non-participating interest-earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT Term Portfolio is a bond fund, has no rating, and is measured at fair value. As of June 30, 2019, the Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months; securities are valued at fair value.

**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.

**City of Bessemer City Restricted Cash**

Governmental Activities	
General Fund	
Streets	\$ 267,100
Equipment purchases	45,086
Cemetery Trust Fund – Perpetual care	92,285
Total Governmental Activities	<u>404,471</u>
Business-type Activities	
Water and Sewer Fund	
Construction of Public Works building	1,508,317
Equipment purchases	22,543
Customer deposits	126,175
Natural Gas Fund	
Equipment purchases	22,542
Customer deposits	52,790
Total Business-type Activities	<u>1,732,367</u>
Total Restricted Cash	\$ <u>2,136,838</u>

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**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, 2018.

**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.

**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 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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.

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

Asset Class	Estimated Useful Lives
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:

Asset Class	Estimated Useful Lives
Buildings and improvements	20 - 50
Furniture and equipment	10

**8. 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 one item that meets this criterion; pension deferrals for the 2019 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 several items that meet the criterion for this category; prepaid taxes, property taxes receivable, license fees receivable, sanitation fees receivable, and pension deferrals.

**9. Long-Term Obligations**

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

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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 or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. 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 actually taken, no accrual for sick leave has been made.

11. 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 either externally imposed 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.

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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 – 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 nonspendable. 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.

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 – portion of fund balance that is restricted by revenue source for economic development {G.S. Chapter 159, Article 3, Part2}.

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 Recreation – portion of fund balance that has been budgeted by the Board for the North Park 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.

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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.

**12. 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.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

The following individual funds reported deficits in fund balance at June 30, 2019:

Sidewalk Project Fund reported a fund balance deficit in the amount of \$(64,750) at fiscal year end. The project was begun late in the fiscal year and the deficit fund balance is the result of a delay in the receipt of grant funding and transfers from general fund. The receipt of these funds is anticipated in the beginning of the 2019-2020 fiscal year as invoices are processed by the City.

***B. Excess of Expenditures over Appropriations***

For the fiscal year ended June 30, 2019, the expenditures made in the City's General Fund exceeded the authorized appropriations made by the governing board for general government administration and finance by \$41,860, public safety police department by \$39,673, and cultural and recreation by \$30,711. Management and the City Council will more closely review the budget reports to ensure compliance in future years.

***C. Noncompliance with North Carolina General Statutes***

For the fiscal year ended June 30, 2019, the expenditures made in the City's General Fund exceeded the authorized appropriations made by the governing board for general government administration and finance by \$41,860, public safety police department by \$39,673, and cultural and recreation by \$30,711. Management and the City Council will more closely review the budget reports to ensure compliance in future years.

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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 policies regarding custodial credit risk for deposits.

At June 30, 2019, the City's deposits had a carrying amount of \$2,610,749 and a bank balance of \$3,092,226. Of the bank balance, \$797,072 was covered by federal depository insurance, and the remainder was covered by collateral held under the pooling method. At June 30, 2019, the City's petty cash fund totaled \$900. At June 30, 2019, the carrying amount of deposits for the ABC Board was \$70,663 and the bank balance was \$90,863. All of the bank balance was covered by federal depository insurance. At June 30, 2019, the ABC Board's petty cash fund totaled \$1,350.

**2. Investments**

At June 30, 2019, the City's investment balances were as follows:

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/19</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust – Government Portfolio	Fair Value Level 1	\$ 1,188,656	N/A	AAAm
NC Capital Management Trust – Term Portfolio	Fair Value Level 1	<u>1,053,339</u>	0.11 years	Unrated
Total		\$ <u>2,241,995</u>		

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

*Interest Rate Risk.* The City has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's internal investment policy limits the City's investment portfolio to maturities of less than 12 months.

*Credit Risk.* The City has no formal policy regarding credit risk, but has internal management procedures that limit the City's investments to the provisions of G.S. 159-30 and restrict the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The City's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2019. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

**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, 2019, are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	\$ 98,019
Accounts receivable	4,450
Total General Fund	<u>102,469</u>
Enterprise Funds:	
Water and wastewater fund-accounts receivable	49,300
Natural gas fund-accounts receivable	6,800
Storm water fund-accounts receivable	800
Total Enterprise Funds	<u>56,900</u>
Total	\$ <u>159,369</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, 2019**

**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, 2019, 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	\$ 648,257	\$ -	\$ 58,962	\$ 589,295
Construction in progress	146,609	15,159	-	161,768
Total capital assets not being depreciated	<u>794,866</u>	<u>15,159</u>	<u>58,962</u>	<u>751,063</u>
Capital assets being depreciated:				
Buildings and improvements	7,785,040	33,390	126,482	7,691,948
Infrastructure	4,330,854	-	-	4,330,854
Furniture and equipment	859,807	310,452	34,270	1,135,989
Vehicles	<u>3,381,640</u>	<u>-</u>	<u>66,380</u>	<u>3,315,260</u>
Total capital assets being depreciated	<u>16,357,341</u>	<u>343,842</u>	<u>227,132</u>	<u>16,474,051</u>
Less accumulated depreciation:				
Buildings and improvements	2,327,680	281,660	89,094	2,520,246
Infrastructure	373,335	93,922	-	467,257
Furniture and equipment	651,621	71,561	34,271	688,911
Vehicles	<u>2,208,009</u>	<u>401,493</u>	<u>62,627</u>	<u>2,546,875</u>
Total accumulated depreciation	<u>5,560,645</u>	<u>\$ 848,636</u>	<u>\$ 185,992</u>	<u>6,223,289</u>
Total capital assets being depreciated – net	<u>10,796,696</u>			<u>10,250,762</u>
Governmental Activities				
Capital assets - net	<u>\$ 11,591,562</u>			<u>\$ 11,001,825</u>

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

General government	\$ 84,864
Public safety	302,963
Public works	308,055
Cultural and recreation	<u>152,754</u>
Total depreciation expense	<u>\$ 848,636</u>

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

Capital asset activity for Business-type activities for the year ended June 30, 2019, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-Type Activities</b>				
<b>Water and Wastewater Fund</b>				
Capital assets not being depreciated				
Land	\$ 424,352	\$ -	\$ -	\$ 424,352
Construction in progress	<u>1,683,174</u>	<u>1,001,354</u>	<u>1,586,751</u>	<u>1,097,777</u>
Total capital assets not being depreciated	<u>2,107,526</u>	<u>-</u>	<u>-</u>	<u>1,522,129</u>
Capital assets being depreciated				
Plant and distribution systems	21,540,080	2,764,044	-	24,304,124
Furniture and maintenance equipment	473,034	187,474	-	660,508
Vehicles and motorized equipment	<u>743,752</u>	<u>-</u>	<u>-</u>	<u>743,752</u>
Total capital assets being depreciated	<u>22,756,866</u>	<u>2,951,518</u>	<u>-</u>	<u>25,708,384</u>
Less accumulated depreciation				
Plant and distribution systems	9,075,794	495,150	6	9,570,938
Furniture and maintenance equipment	317,833	49,002	-	366,835
Vehicles and motorized equipment	<u>421,077</u>	<u>51,367</u>	<u>-</u>	<u>472,444</u>
Total accumulated depreciation	<u>9,814,704</u>	<u>595,519</u>	<u>6</u>	<u>10,410,217</u>
Total capital assets being depreciated – net	<u>12,942,162</u>			<u>15,298,167</u>
Water and Wastewater Fund Capital Assets - Net	<u>15,049,688</u>			<u>16,820,296</u>
<b>Storm Water Fund</b>				
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>220,427</u>	<u>-</u>	<u>-</u>	<u>220,427</u>
Total capital assets being depreciated	<u>533,735</u>	<u>-</u>	<u>-</u>	<u>533,735</u>
Less accumulated depreciation				
Distribution system	92,114	13,698	-	105,812
Vehicles and motorized equipment	<u>114,681</u>	<u>44,085</u>	<u>-</u>	<u>158,766</u>
Total accumulated depreciation	<u>206,795</u>	<u>57,783</u>	<u>-</u>	<u>264,578</u>
Total capital assets being depreciated – net	<u>326,940</u>			<u>269,157</u>
Storm Water Fund Capital Assets - Net	<u>331,474</u>			<u>273,691</u>

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Fiscal Year Ended June 30, 2019*

**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Natural Gas Fund</b>				
Capital assets not being depreciated				
Land	\$ 61,682	\$ -	\$ -	\$ 61,682
Total capital assets not being depreciated	<u>61,682</u>	<u>-</u>	<u>-</u>	<u>61,682</u>
Capital assets being depreciated				
Plant and distribution systems	1,821,922	300,960	-	2,122,882
Furniture and maintenance equipment	438,205	10,658	-	448,863
Vehicles and motorized equipment	225,471	36,667	32,546	229,592
Software	1,531	-	-	1,531
Total capital assets being depreciated	<u>2,487,129</u>	<u>348,285</u>	<u>32,546</u>	<u>2,802,868</u>
Less accumulated depreciation				
Plant and distribution systems	1,472,774	45,654	-	1,518,428
Furniture and maintenance equipment	359,783	21,154	-	380,937
Vehicles and motorized equipment	160,788	19,958	32,546	148,200
Total accumulated depreciation	<u>1,993,345</u>	<u>\$ 86,766</u>	<u>\$ 32,546</u>	<u>2,047,565</u>
Total capital assets being depreciated – net	<u>493,784</u>			<u>755,303</u>
Natural Gas Fund Capital Assets - Net	<u>555,466</u>			<u>816,985</u>
Business-Type Activities Capital Assets, Net	\$ <u>15,936,628</u>			\$ <u>17,910,972</u>

**Discretely Presented Component Unit**

Capital asset activity for the ABC Board for the year ended June 30, 2019, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>ABC Board</b>				
Capital assets not being depreciated				
Land	\$ 6,082	\$ -	\$ -	\$ 6,082
Capital assets being depreciated				
Land improvements	8,565	-	-	8,565
Buildings	162,958	-	-	162,958
Equipment	72,267	16,403	-	88,670
Total capital assets being depreciated	<u>243,790</u>	<u>-</u>	<u>-</u>	<u>260,193</u>
Less accumulated depreciation				
Land improvements	3,327	274	-	3,601
Buildings	139,468	3,834	-	143,302
Equipment	47,138	7,255	-	54,393
Total accumulated depreciation	<u>189,933</u>	<u>\$ 11,363</u>	<u>\$ -</u>	<u>201,296</u>
Total capital assets being depreciated – net	<u>53,857</u>			<u>58,897</u>
ABC Board Capital Assets - Net	\$ <u>59,939</u>			\$ <u>64,979</u>

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

6. Deferred Charges

On June 12, 2000, the City reached an agreement with the City of Gastonia to provide wastewater treatment. The City had surrendered a wastewater line located along Oates Road and a line then under construction and signed a twenty-year commitment to purchase wastewater treatment from the City of Gastonia. In exchange, the City of Gastonia reduced the rate at which it sells wastewater treatment to the City from 1.3 times the inside Gastonia rate to 1.0 times the inside rate. The remaining net book value of \$46,928 of the surrendered line which was installed in the year 1999-2000 is being amortized over twenty years and charged to wastewater treatment cost.

***B. Liabilities***

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

*Plan Description.* The City and the ABC Board are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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](http://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.

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

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, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Bessemer City were \$203,795 for the year ended June 30, 2019.

*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 employer contributions or any other benefit provided by LGERS.

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

At June 30, 2019, the City reported a liability of \$805,410 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018, 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, 2018 (measurement date), the City's proportion was 0.03395%, which was a decrease of 0.00158% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$257,622. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 124,256	\$ 4,169
Changes in assumptions	213,725	-
Net difference between projected and actual earnings on pension plan investments	110,559	-
Changes in proportion and differences between City contributions and proportionate share of contributions	15,579	2,038
City contributions subsequent to the measurement date	203,795	-
Total	\$ 667,914	\$ 6,207

\$203,795 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 224,821
2021	140,711
2022	26,671
2023	65,706
2024	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, 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, 2017, valuation were based on the results of an actuarial experience study for the period January 1, 2010, through December 31, 2014.

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

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

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, 2018 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.00%. 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 7.00 percent, 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 1,934,665	\$ 805,410	\$ (138,213)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) 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 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Inactive members currently receiving benefits	-
Active plan members	14
Total	14

*(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 following criteria which are outlined in GASB Statement 73.

*(3) Actuarial Assumptions*

The entry age normal actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017, actuarial evaluation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate used to measure the total pension liability is the S&P Municipal Bond 20-year High Grade Rate Index as of December 31, 2017.

Mortality rates are based on the RP-2014 mortality tables projected to the valuation date using MP-2015.

*(4) Contributions*

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

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

At June 30, 2019, the City reported a total pension liability of \$387,197. The total pension liability was measured as of December 31, 2018, based on a December 31, 2017, actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the City recognized pension expense of \$47,195.

At June 30, 2019, 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	\$ 114,739	\$ 15,068
Changes in assumptions and other inputs	11,996	19,265
Benefit payments and administrative expenses subsequent to the measurement date	-	-
Total	\$ 126,735	\$ 34,333

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 in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

Year ended June 30:	
2020	\$ (16,697)
2021	(16,697)
2022	(16,697)
2023	(16,796)
2024	(18,330)
Thereafter	(7,185)
Total	\$ <u>(92,402)</u>

*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 3.64 percent, 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 (2.64 percent) or one percentage point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ <u>426,294</u>	\$ <u>387,197</u>	\$ <u>351,651</u>

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

	2019
Beginning balance	\$ 241,982
Service cost	19,851
Interest on total pension liability	7,647
Change in benefit terms	-
Differences between expected and actual experience	
in the measurement of the total pension liability	136,026
Changes of assumptions or other inputs	(18,309)
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	\$ <u>387,197</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, 2017 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, 2014.

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

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

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

	LGERS	LEOSSA	Total
Pension expense	\$ 257,622	\$ 47,195	\$ 304,817
Pension liability	805,410	387,197	1,192,607
Proportionate share of net pension liability	0.03395%	n/a	
Deferred Outflows of Resources			
Difference between expected and actual experience	124,256	114,739	238,995
Change of assumptions	213,725	11,996	225,721
Net difference between projected and actual earnings on plan investments	110,559	-	110,559
Changes in proportion and differences between contributions and proportionate share of contributions	15,579	-	15,579
Benefit payments and administrative costs paid subsequent to the measurement date	203,795	-	203,795
Deferred Inflows of Resources			
Differences between expected and actual experience	4,169	15,068	19,237
Changes in assumptions	-	19,265	19,265
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,038	-	2,038

**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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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.

**CITY OF BESSEMER CITY**  
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**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

*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 \$60,258 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 \$33,631 in contributions for the reporting year.

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

*Funding Policy.* The City pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a City resolution that can be amended by City Council. The City has chosen to fund the healthcare benefits on a pay as you go basis. The City made no contributions in the fiscal year 2019.

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

*Summary of Significant Accounting Policies.* Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Membership in the HCB Plan consisted of the following at June 30, 2018, the date of the last actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	-	-
Terminating plan members entitled to but not yet receiving benefits	-	-
Active plan members	23	14
Total	23	14

**Total OPEB Liability**

The City's total OPEB liability of \$216,396 was measured as of June 30, 2018, and was determined by an actuarial evaluation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the December 31, 2017, 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	3.50% -7.75%
Law Enforcement Employees	3.50% - 7.35%
Discount Rate	3.89%
Healthcare Cost Trends	7.50% for 2017 decreasing to an ultimate rate of 5.00 % by 2023

The discount rate is based on the June average of the Bond Buyer 20-year General Obligation Municipal Bond Index published weekly 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.

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**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

**Changes in Total OPEB Liability**

	Total OPEB Liability
Balance at July 1, 2018	\$ 208,438
Changes for the year	
Service cost	8,960
Interest	7,420
Changes in benefit terms	-
Differences between expected and actual experience	(1,580)
Changes in assumptions or other inputs	(6,842)
Benefit payments	-
Net changes	7,958
Balance at 6/30/19	\$ 216,396

Changes in assumptions and other input reflect a change in the discount rate from 3.56% to 3.89%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using the Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS Board. The remaining actuarial assumptions used in the June 30, 2017, valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 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 (2.89 percent) or one percentage point higher (4.89 percent) than the current rate:

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total pension liability	\$ 237,822	\$ 216,396	\$ 197,008

*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:

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**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

	(Medical – 5.5%, Prescription – 6.25%, Admin Expenses – 2.00%)	(Medical – 6.5%, Prescription – 7.25%, Admin Expenses – 3.00%)	(Medical – 7.5%, Prescription – 8.25%, Admin Expenses – 4.00%)
Total OPEB liability	\$ <u>190,641</u>	\$ <u>216,396</u>	\$ <u>246,850</u>

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$19,837. At June 30, 2019, 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	\$ -	\$ 2,364
Changes in assumptions	-	15,868
Benefit payments and administrative costs made subsequent to the measurement date	-	-
Total	\$ <u>-</u>	\$ <u>18,232</u>

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

Year ended June 30:	
2020	\$ (3,238)
2021	(3,238)
2022	(3,238)
2023	(3,238)
2023	(2,491)
Thereafter	(789)

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

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**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions to be immaterial.

**3. Deferred Outflows and Inflows of Resources**

The City has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Source	Amounts
Contributions to pension plan in current fiscal year	\$ 203,795
Differences between expected and actual experience	238,995
Changes of assumptions	225,721
Net difference between projected and actual	110,559
Changes in proportion and differences between City contributions and proportionate share of contributions	15,579
	<u>\$ 794,649</u>

Deferred inflows of resources at year-end is comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, net (General fund)	\$ -	\$ 219,700
Miscellaneous receivables (General fund)		90,828
Changes in assumptions	33,133	-
Differences between expected and actual experience	23,601	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,038	-
Total	<u>\$ 58,772</u>	<u>\$ 310,528</u>

**4. Commitments**

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

***CITY OF BESSEMER CITY***  
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**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

to that paid by users inside the City of Gastonia. Currently, the City is treating half and purchasing the other half.

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

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

5. Risk Management

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

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

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

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

**CITY OF BESSEMER CITY**  
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**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

bonded under a blanket bond for \$100,000 for employee dishonesty or forgery and \$5,000 for theft.

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

**6. Long-Term Obligations**

**a. Capital Lease**

The City has entered into an agreement to lease certain equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception.

The lease agreement was executed on October 15, 2014, to lease a new street sweeper and requires seven annual payments of \$35,440. Title passes to the City at the end of the lease term.

The following is an analysis of the asset recorded under capital lease at June 30, 2019:

<u>Class of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Vehicles and motorized equipment	\$ <u>220,427</u>	\$ <u>158,766</u>	\$ <u>61,661</u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2019, were as follows:

<u>Year ended June 30:</u>	
2020	\$ 35,440
2021	35,440
2022	<u>35,441</u>
Total minimum lease payments	106,321
Less: amount representing interest	<u>6,631</u>
Present value of minimum lease payments	\$ <u>99,690</u>

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

b. Installment Purchases

	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.	\$ -	\$ 23,884
Installment financing contract with a bank entered into in 2014 to finance computer equipment; payable in annual installments of \$19,558 through 2019, including interest at 2.07%.	-	19,162
Installment financing contract with a bank entered into in 2015 to finance vehicles and a generator; payable in annual installments of \$46,059 through 2019, including interest at 1.97%, secured by vehicles and equipment.	45,170	-
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%.	892,605	-
Installment financing contract with a bank entered into in 2016 to finance a fire truck; payable in semi-annual installments of \$44,371 through 2022, including interest at 1.97%, secured by the fire truck.	615,203	-
Installment financing contract with a bank entered into in 2017 to finance vehicles and software; payable in semi-annual installments of \$43,887 through 2025, including interest at 2.06%, secured by vehicles and software.	84,689	169,396
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.	-	1,374,326
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.	-	1,667,167
Installment financing contract with a bank entered into in 2019 to finance equipment; payable in quarterly installments of \$28,723 through May 2022, including interest at 2.99%.	164,249	164,250
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%.	-	225,000

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

	Serviced by	
	Governmental Activities	Business-Type Activities
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. Disclosures are made using the new loan terms.	\$ -	\$ 2,576,000
Total Installment Purchases	\$ 1,801,916	\$ 6,219,185

Annual debt service payments of the installment purchase contracts as of June 30, 2019, are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 273,213	\$ 46,827	\$ 335,292	\$ 49,775
2021	236,430	39,831	357,788	113,339
2022	242,667	33,588	361,819	106,281
2023	161,585	27,971	248,837	100,265
2024	165,797	23,759	249,902	96,168
2025-2029	670,334	55,591	1,041,199	432,816
2030-2034	51,890	796	1,064,274	360,603
2035-2039	-	-	857,817	283,787
Thereafter	-	-	1,702,257	586,144
Totals	\$ 1,801,916	\$ 228,363	\$ 6,219,185	\$ 2,129,178

At June 30, 2019, the City of Bessemer City had a legal debt margin of \$22,306,517. There were no authorized but unissued bonds at that date.

**CITY OF BESSEMER CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

**d. Changes in Long-Term Liabilities**

The following is a summary of changes in the City's long-term debt for the year ended June 30, 2019:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion of Balance
<b>Governmental Activities:</b>					
Installment purchases	\$ 1,952,810	\$ 164,250	\$ 315,143	\$ 1,801,917	\$ 273,213
Compensated absences	107,782	9,305	-	117,087	-
Net pension obligation (LEO)	241,982	145,215	-	387,197	-
Net pension liability (LGERS)	239,502	271,525	-	511,027	-
Other postemployment benefits	122,492	14,810	-	137,302	-
Governmental Activity Long-Term Liabilities	<u>\$ 2,664,568</u>	<u>\$ 605,105</u>	<u>\$ 315,143</u>	<u>\$ 2,954,530</u>	<u>\$ 273,213</u>
<b>Business-Type Activities:</b>					
<b>Water and Wastewater Fund</b>					
Installment purchase	\$ 1,623,305	\$ 194,625	\$ 130,816	\$ 1,687,114	\$ 164,823
Compensated absences	51,403	1,758	-	53,161	-
Net pension liability (LGERS)	240,824	2,421	-	243,245	-
Other postemployment benefits	71,562	-	6,208	65,354	-
Total Water and Wastewater Fund	<u>1,987,094</u>	<u>198,804</u>	<u>137,024</u>	<u>2,048,874</u>	<u>164,823</u>
<b>Natural Gas Fund</b>					
Installment purchases	139,251	194,625	44,972	288,904	86,299
Compensated absences	10,817	-	6,157	4,660	-
Net pension liability (LGERS)	62,474	-	11,336	51,138	-
Other postemployment benefits	14,384	-	644	13,740	-
Total Natural Gas Fund	<u>226,926</u>	<u>194,625</u>	<u>63,109</u>	<u>358,442</u>	<u>86,299</u>
<b>Water Line Replacement Project</b>					
Installment purchases	<u>1,002,964</u>	<u>755,921</u>	<u>91,718</u>	<u>1,667,167</u>	<u>84,170</u>
<b>Public Works Building Fund</b>					
Installment purchases	<u>-</u>	<u>2,576,000</u>	<u>-</u>	<u>2,576,000</u>	<u>-</u>
<b>Storm Water Fund</b>					
Capital lease	<u>130,826</u>	<u>-</u>	<u>31,136</u>	<u>99,690</u>	<u>35,440</u>
Business-type activities long- term liabilities	<u>\$ 3,347,810</u>	<u>\$ 3,725,350</u>	<u>\$ 322,987</u>	<u>\$ 6,750,173</u>	<u>\$ 370,732</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

***C. Interfund Balances and Activity***

1. Transfers to/from other funds at June 30, 2018, consist of the following:

From the Water and Wastewater Fund to the General Fund	\$	402,122
	\$	<u>402,122</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

***D. Net Investment in Capital Assets***

		<u>Governmental</u>	<u>Business-Type</u>
Capital assets, net of accumulated depreciation	\$	11,001,825	\$ 17,910,972
Less: Long-term debt		<u>(1,801,916)</u>	<u>(6,318,876)</u>
Net investment in capital assets	\$	<u>9,199,909</u>	<u>\$ 11,592,096</u>

***E. 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	\$	2,190,416
Less:		
Stabilization by State Statute		372,234
Streets – Powell Bill		<u>267,100</u>
Remaining fund balance	\$	<u>1,551,082</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 \$1,305 to the Council during the year ended June 30, 2019.

**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.

## 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 Contributions

**CITY OF BESSEMER CITY, NORTH CAROLINA**  
**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**June 30, 2019**

**Exhibit J**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 241,982	\$ 224,818	\$ 209,589
Service cost	19,851	13,048	14,508
Interest on total pension liability	7,647	8,678	7,482
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	136,026	(22,366)	-
Changes in assumptions or other inputs	(18,309)	17,804	(6,761)
Benefit payments	-	-	-
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 387,197</u>	<u>\$ 241,982</u>	<u>\$ 224,818</u>

**CITY OF BESSEMER CITY, NORTH CAROLINA** **Exhibit K**  
**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
*June 30, 2019*

	<u>2019</u>		<u>2018</u>		<u>2017</u>
Total pension liability	\$ 387,197	\$	241,982	\$	224,818
Covered payroll	625,066		540,589		577,519
Total pension liability as a percentage of covered payroll	61.94%		44.76%		38.93%

Notes to the schedules:

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

**CITY OF BESSEMER CITY, NORTH CAROLINA** **Exhibit L**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2019**

	<u>2019</u>
Total OPEB liability - beginning	\$ <u>208,437</u>
Service cost	8,960
Interest	7,420
Changes in benefit terms	-
Differences between expected and actual experience	(1,580)
Changes in assumptions	(6,841)
Benefit payments	<u>-</u>
Net change in total OPEB liability	<u>7,959</u>
Total OPEB liability - ending	\$ <u><u>216,396</u></u>
Covered payroll	\$ 1,335,670
Total OPEB liability as a percentage of covered payroll	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>
<u>2019</u>	<u><u>3.89%</u></u>

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

*Exhibit M*

**Local Government Employees' Retirement System**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset) %	0.03395%	0.03553%	0.03690%	0.03571%	0.02860%	0.02200%
City's proportion of net pension liability (asset) \$	\$ 805,410	\$ 542,800	\$ 783,142	\$ 160,264	\$ (168,667)	\$ 265,184
City's covered payroll	\$ 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	30.88%	23.21%	40.78%	7.49%	-10.97%	19.29%
Plan fiduciary net position as a percentage of the total pension liability **	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 ending June 30.

\*\* This will be the same percentage for all participant employers in the LGERS plan.

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

*Exhibit N*

**Local Government Employees' Retirement System**

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 203,795	\$ 195,578	\$ 177,429	\$ 145,564	\$ 140,405	\$ 121,782
Contributions in relation to the contractually required contribution	<u>203,795</u>	<u>195,578</u>	<u>177,429</u>	<u>145,564</u>	<u>140,405</u>	<u>121,782</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 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	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, 2019**

*Schedule 1*  
*Page 1 of 4*

	2019		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Ad valorem taxes			
Current year	\$ -	\$ 1,803,595	\$ -
Prior years		23,829	
Penalties and interest		19,895	
Total	<u>1,809,000</u>	<u>1,847,319</u>	<u>38,319</u>
Other taxes and licenses			
Gross receipts tax on short-term rental property		916	
Total	<u>500</u>	<u>916</u>	<u>416</u>
Unrestricted intergovernmental revenues			
Local option sales tax		723,808	
Utility franchise tax		450,009	
Beer and wine tax		23,661	
Total	<u>1,131,000</u>	<u>1,197,478</u>	<u>66,478</u>
Restricted intergovernmental revenue			
Solid waste disposal tax		3,828	
Powell Bill allocation		165,152	
Federal grants		33,063	
State grants		7,534	
Other grants		142,683	
Total	<u>330,300</u>	<u>352,260</u>	<u>21,960</u>
Permits and fees			
Police/Fire Department fees		923	
Code enforcement		1,817	
Zoning permits and fees		6,150	
Total	<u>7,400</u>	<u>8,890</u>	<u>1,490</u>
Sales and service			
Landfill disposal fees		312,600	
Recycling fees		88,718	
Grave opening and closing		27,515	
Recreation department fees and concessions		151,227	
Total	<u>568,000</u>	<u>580,060</u>	<u>12,060</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, 2019**

*Schedule 1*  
*Page 2 of 4*

	2019		Variance Positive (Negative)
	Budget	Actual	
Revenues (continued)			
Investment earnings	\$ 30,000	\$ 44,306	\$ 14,306
Miscellaneous			
Miscellaneous		54,950	
Sale of property		56,230	
Total	108,140	111,180	3,040
Total revenues	3,984,340	4,142,409	158,069
Expenditures			
General government			
Governing body and legal			
Salaries and employee benefits		32,541	
Other operating expenditures		42,425	
Total	78,500	74,966	3,534
Administration and finance			
Salaries and employee benefits		598,946	
Other operating expenditures		588,871	
Capital outlay		48,649	
Reimbursement by proprietary funds		(715,000)	
Total	479,606	521,466	(41,860)
Planning and zoning			
Salaries and employees benefits		62,353	
Other operating expenditures		77,739	
Capital Outlay		761	
Total	146,965	140,853	6,112
Total general government	705,071	737,285	(32,214)

**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, 2019**

*Schedule 1*  
*Page 3 of 4*

	2019		Variance
	Budget	Actual	Positive (Negative)
Expenditures (Continued)			
Economic development			
Salaries and employee benefits	\$	\$ 84,623	\$
Other operating expenditures		28,307	
Total Economic Development	118,507	112,930	5,577
Public Safety			
Police			
Salaries and employee benefits		1,093,918	
Other operating expenditures		137,796	
Capital outlay		218,122	
Total	1,410,163	1,449,836	(39,673)
Fire department			
Salaries and employee benefits		62,764	
Other operating expenditures		107,065	
Capital outlay		17,945	
Total	231,063	187,774	43,289
Total public safety	1,641,226	1,637,610	3,616
Public works / Transportation			
Administration			
Other operating expenditures		262,309	
Capital outlay		12,000	
Total	317,526	274,309	43,217
Shop and Warehouse			
Salaries and employee benefits		86,237	
Other operating expenditures		8,091	
Total	100,308	94,328	5,980
Streets and Transportation			
Other operating expenditures		25,127	
Capital outlay		1,850	
Total	80,187	26,977	53,210
Sanitation Department			
Other operating expenditures		380,259	
Total	387,500	380,259	7,241
Total public works / transportation	885,521	775,873	109,648

**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, 2019**

*Schedule 1*  
*Page 4 of 4*

	2019		Variance
	Budget	Actual	Positive (Negative)
Expenditures (Continued)			
Cultural and recreation			
Parks and recreation			
Salaries and employee benefits	\$ -	\$ 356,166	\$ -
Other operating expenditures		302,521	
Capital outlay		47,126	
Total cultural and recreation	675,102	705,813	(30,711)
Debt service			
Principal retirement		342,193	
Interest and fees		49,452	
Total debt service	398,513	391,645	6,868
Total expenditures	4,423,940	4,361,156	62,784
Revenues over (under) expenditures	(439,600)	(218,747)	220,853
Other financing sources (uses)			
Operating transfers (to) from other funds			
Loan proceeds	310,500	164,250	146,250
Installment purchase proceeds	-	-	-
Transfers from other funds	-	402,122	(402,122)
Transfers to other funds	-	-	-
Total other financing sources (uses)	310,500	566,372	(255,872)
Revenues over (under) expenditures and other financing sources (uses)	(129,100)	347,625	476,725
Fund balance appropriated	129,100	-	(129,100)
Net change in fund balance	\$ -	347,625	\$ 347,625
Fund balance - beginning		1,842,791	
Fund balance - ending		\$ 2,190,416	

**CITY OF BESSEMER CITY, NORTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2019**

**Schedule 2**

	Special Revenue Funds				Total
	Community Development Block Grant Fund	Cemetery Trust Fund	Sidewalk Project Fund	North Park Capital Project Fund	Nonmajor Special Revenue Funds
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ -	\$ 92,285	\$ (58,975)	\$ 117,263	\$ 150,573
Note receivable	79,361	-	-	-	79,361
Total assets	<u>\$ 79,361</u>	<u>\$ 92,285</u>	<u>\$ (58,975)</u>	<u>\$ 117,263</u>	<u>\$ 229,934</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 5,775	\$ 13,763	\$ 19,538
Total liabilities	<u>-</u>	<u>-</u>	<u>5,775</u>	<u>13,763</u>	<u>19,538</u>
Fund balances					
Restricted					
Nonspendable - perpetual maintenance	-	92,285	-	-	92,285
Assigned - economic development	79,361	-	-	-	79,361
Assigned - capital projects	-	-	(64,750)	103,500	38,750
Total fund balances	<u>79,361</u>	<u>92,285</u>	<u>(64,750)</u>	<u>103,500</u>	<u>210,396</u>
Total liabilities and fund balances	<u>\$ 79,361</u>	<u>\$ 92,285</u>	<u>\$ (58,975)</u>	<u>\$ 117,263</u>	<u>\$ 229,934</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, 2019**

**Schedule 3**

	Special Revenue Funds				Total
	Community Development Block Grant Fund	Cemetery Trust Fund	Sidewalk Project Fund	North Park Capital Project Fund	Nonmajor Special Revenue Funds
Revenues:					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	-
Investment earnings	-	478	-	-	478
Total revenues	-	478	-	-	478
Expenditures:					
Public safety	-	-	-	-	-
Transportation	-	-	64,750	-	64,750
Culture and recreation	-	-	-	15,159	15,159
Economic development	-	-	-	-	-
Total expenditures	-	-	64,750	15,159	79,909
Revenues over (under) expenditures	-	478	(64,750)	(15,159)	(79,431)
Other financing sources (uses):					
Transfers from other funds:					
General fund	-	-	-	-	-
Water and sewer fund	-	-	-	-	-
Natural gas fund	-	-	-	-	-
Transfers to other funds:					
General Fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-	478	(64,750)	(15,159)	(79,431)
Fund balances, beginning	79,361	91,807	-	118,659	289,827
Fund balances, ending	<u>\$ 79,361</u>	<u>\$ 92,285</u>	<u>\$ (64,750)</u>	<u>\$ 103,500</u>	<u>\$ 210,396</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, 2019**

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental revenues					
Community Development Block Grant	\$ 336,350	\$ 216,091	\$ -	\$ 216,091	\$ (120,259)
Sale of Grant property	-	361,501	-	361,501	361,501
Total revenues	336,350	577,592	-	577,592	241,242
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	-	243,857	-	243,857	243,857
Other financing sources					
Transfers from other funds					
Downtown Shell Building					
Infill Capital Project Fund	(149,967)	(149,967)	-	(149,967)	-
Total other financing sources	(149,967)	(149,967)	-	(149,967)	-
Appropriated fund balance	149,967	-	-	-	(149,967)
Net change in fund balance	\$ -	\$ 93,890	-	\$ 93,890	\$ 93,890
Fund balance - beginning			79,361		
Fund balance - ending			\$ 79,361		

**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, 2019**

*Schedule 5*

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Expenditures					
Cultural and recreational					
Professional services	\$ 60,000	\$ 2,030	\$ 1,380	\$ 3,410	\$ 56,590
Property acquisition	212,000	207,900	-	207,900	4,100
Design services	245,000	129,212	6,198	135,410	109,590
Construction	2,272,214	78,305	7,581	85,886	2,186,328
Total expenditures	2,789,214	417,447	15,159	432,606	2,356,608
Revenues over (under) expenditures	(2,789,214)	(417,447)	(15,159)	(432,606)	2,356,608
Other financing sources					
Gaston County Grant	500,000	233,328	-	233,328	(266,672)
NC Parks & Recreation Grant	500,000	302,778	-	302,778	(197,222)
Connect NC Bond funds	480,000	-	-	-	(480,000)
Loan proceeds	1,309,214	-	-	-	(1,309,214)
Total other financing sources	2,789,214	536,106	-	536,106	(2,253,108)
Net change in fund balance	\$ -	\$ 118,659	(15,159)	\$ 103,500	\$ 103,500
Fund balance - beginning			118,659		
Fund balance - ending			\$ 103,500		

**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, 2019**

**Schedule 6**

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
CMAQ Grant	\$ 527,847	\$ -	\$ -	\$ -	\$ 527,847
Total revenues	527,847	-	-	-	527,847
Expenditures					
Construction	625,659	-	30,600	30,600	595,059
Surveying	14,900	-	14,900	14,900	-
Environmental services	19,250	-	19,250	19,250	-
Total expenditures	659,809	-	64,750	64,750	595,059
Revenues over (under) expenditures	(131,962)	-	(64,750)	(64,750)	(67,212)
Other financing sources					
Transfers from other funds:					
General Fund	131,962	-	-	-	-
Total other financing sources	131,962	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	(64,750)	\$ (64,750)	\$ 67,212
Fund balance - beginning			-		
Fund balance - ending			\$ (64,750)		

**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, 2019**

*Schedule 7*  
*Page 1 of 3*

	2019		Variance
	Budget	Actual	Positive (Negative)
Revenues			
Operating Revenues:			
Water and wastewater charges	\$	\$ 4,602,360	\$
Reconnection and taps		55,680	
Late penalties		37,847	
Miscellaneous revenue		275	
Total operating revenues	4,282,000	4,696,162	414,162
Nonoperating revenues			
Interest earnings	200	1,849	1,649
Total revenues	4,282,200	4,698,011	(415,811)
Expenditures			
Administrative and finance:			
Other operating expenditures		395,000	
Total	395,000	395,000	-
Treatment:			
Salaries and employees benefits		295,682	
Purchased water		11,575	
Purchased wastewater treatment		1,415,635	
Pretreatment		19,831	
Utilities		158,262	
Maintenance and repairs		39,695	
Contracted services		111,992	
Supplies		129,155	
Other operating expenditures		108,085	
Total	2,189,857	2,289,912	(100,055)
Public works:			
Salaries and employees benefits		902,936	
Department supplies and materials		76,708	
Other operating expenditures		87,409	
Total	1,021,407	1,067,053	(45,646)

**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, 2019**

Schedule 7  
Page 2 of 3

	2019		Variance
	Budget	Actual	Positive (Negative)
Expenditures (Continued)			
Debt service:			
Interest and fees	\$	\$ 21,424	\$
Principal retirement		222,534	
Total	264,271	243,958	20,313
Capital outlay:			
Contracted services - construction		238,641	
Equipment - Treatment		321,359	
Equipment - Public Works		136,277	
Total	624,665	696,277	(71,612)
Total expenditures	4,495,200	4,692,200	(197,000)
Revenues over (under) expenditures	(213,000)	5,811	218,811
Other financing sources (uses)			
Loan proceeds	-	194,625	194,625
Transfer to Water and Wastewater Capital Project Fund	-	(31,449)	(31,449)
Total other financing sources (uses)	-	163,176	163,176
Fund balance appropriated	213,000	-	(213,000)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	168,987	\$ 168,987

**CITY OF BESSEMER CITY, NORTH CAROLINA**  
**WATER AND WASTEWATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2019**

*Schedule 7*  
*Page 3 of 3*

	<u>2019</u>
	<u>Actual</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:	
Reconciling items:	
Principal retirement	\$ 222,534
Capital outlay	696,277
Depreciation	(595,513)
Amortization of reduced treatment rates	(12,514)
Loan proceeds	(194,625)
Increase in compensated absences	(1,758)
Decrease in deferred outflows of resources-pensions	(8,947)
Increase in net pension liability	(2,420)
Decrease in deferred inflows of resources-pensions	6,228
Increase in deferred inflows of resources-OPEB	(1,713)
Decrease in accrued OPEB liability	6,208
To reconcile Water Operations with Capital Project Fund net results	
Revenues and other financing sources under expenditures and other uses	
Public works capital project fund	187
Water and wastewater capital project fund	31,449
Total reconciling items	<u>145,393</u>
Change in net position	<u>\$ 314,380</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, 2019**

*Schedule 8*

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Expenditures					
Water Line Replacement Project:					
Construction	\$ 2,029,100	\$ 1,394,304	\$ 661,329	\$ 2,055,633	\$ (26,533)
Engineering	288,300	177,582	7,160	184,742	103,558
Closing costs and miscellaneous services	46,348	47,680	-	47,680	(1,332)
Total expenditures	2,363,748	1,619,566	668,489	2,288,055	75,693
Revenues over (under) expenditures	(2,363,748)	(1,619,566)	(668,489)	(2,288,055)	(75,693)
Other financing sources					
Proceeds from issuance of debt:					
NC SRF Loan	2,317,400	1,016,324	755,921	1,772,245	(545,155)
Transfers from other funds:					
Water and Wastewater Fund	46,348	-	31,449	-	(46,348)
Total other financing sources	2,363,748	1,016,324	787,370	1,772,245	(591,503)
Fund balance appropriated	-	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (603,242)	118,881	\$ (515,810)	\$ (515,810)
Fund balance - beginning			(118,881)		
Fund balance - ending			\$ -		

**CITY OF BESSEMER CITY, NORTH CAROLINA**  
**PUBLIC WORKS FACILITY 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, 2019**

*Schedule 9*

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Expenditures					
Public Works:					
Design services	\$ 160,500	\$ 86,339	\$ 9,504	\$ 95,843	\$ 64,657
Resident project observation	49,600	-	16,803	16,803	32,797
Professional fees	30,000	10,083	12,631	22,714	7,286
Furnishings and equipment	25,000	-	-	-	25,000
Construction	2,220,320	-	962,416	962,416	1,257,904
Total expenditures	2,485,420	96,422	1,001,354	1,097,776	1,387,644
Revenues					
Investment earnings	-	12	187	199	199
Revenues over (under) expenditures	(2,485,420)	(96,410)	(1,001,167)	(1,097,577)	1,387,843
Other financing sources					
Loan proceeds - Public Works					
Facility Improvement	1,844,000	-	2,576,000	2,576,000	732,000
USDA Rural Development grant	471,000	-	-	-	(471,000)
Transfers from other funds:					
Water and Wastewater Fund	170,420	-	-	-	(170,420)
Total other financing sources	2,485,420	-	2,576,000	2,576,000	90,580
Net change in fund balance	\$ -	\$ (96,410)	1,574,833	\$1,478,423	\$1,478,423
Fund balance - beginning			(96,410)		
Fund balance - ending			\$ 1,478,423		

**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, 2019**

**Schedule 10**  
**Page 1 of 2**

	2019		Variance
	Budget	Actual	Positive (Negative)
Revenues			
Operating Revenues:			
Natural gas sales:			
Residential	\$	\$ 804,960	\$
Small commercial		524,874	
Firm industrial		89,889	
Reconnection and tap fees		3,432	
Penalties		94,381	
Miscellaneous revenue		528	
Total operating revenues	<u>1,428,837</u>	<u>1,518,064</u>	<u>89,227</u>
Nonoperating revenues			
Interest earnings	<u>-</u>	<u>882</u>	<u>882</u>
Total revenues	<u>1,428,837</u>	<u>1,518,946</u>	<u>90,109</u>
Expenditures			
Administrative and finance:			
Other operating expenditures		320,000	
Total	<u>320,000</u>	<u>320,000</u>	<u>-</u>
Distribution:			
Salaries and employees benefits		248,994	
Purchased natural gas		446,395	
Utilities		2,962	
Maintenance and repairs		14,062	
Supplies		96,555	
Other operating expenditures		224,818	
Capital outlay		348,285	
Total	<u>1,381,756</u>	<u>1,382,071</u>	<u>(315)</u>
Debt service:			
Interest and fees		3,229	
Principal retirement		44,972	
Total	<u>49,000</u>	<u>48,201</u>	<u>799</u>
Total expenditures	<u>1,750,756</u>	<u>1,750,272</u>	<u>484</u>

**CITY OF BESSEMER CITY, NORTH CAROLINA**  
**NATURAL GAS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2019**

**Schedule 10**  
**Page 2 of 2**

	2019		Variance
	Budget	Actual	Positive (Negative)
Revenues over (under) expenditures	\$ (321,919)	\$ (231,326)	\$ 90,593
Other financing sources (uses)			
Transfers to other funds:			
Streets & Sidewalks Capital Project Fund	\$ -	-	-
Insurance proceeds	-	25,838	25,838
Loan proceeds	43,838	194,625	150,787
Total other financing sources (uses)	43,838	220,463	176,625
Fund balance appropriated	278,081	-	(278,081)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(10,863)	\$ (10,863)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		44,972	
Capital Outlay		348,285	
Depreciation		(86,766)	
Loan proceeds		(194,625)	
Decrease in net pension liability		11,336	
Decrease in deferred outflows of resources-pensions		(12,242)	
Decrease in deferred inflows of resources-pensions		1,708	
Decrease in accrued vacation payable		6,157	
Decrease in OPEB liability		644	
Increase in deferred inflows - OPEB		(396)	
Natural Gas Facility Capital Project Fund transfer to General Fund		(402,122)	
Natural Gas Facility Capital Project Fund investment earnings		821	
Total reconciling items		(282,228)	
Change in net position		\$ (293,091)	

**CITY OF BESSEMER CITY, NORTH CAROLINA**  
**NATURAL GAS FACILITY CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2019**

**Schedule 11**

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
Natural Gas Facility:					
Investment earnings	\$ -	\$ 7,151	\$ 821	\$ 7,972	\$ 7,972
Total revenues	-	7,151	821	7,972	7,972
Expenditures					
Natural Gas Facility:					
Construction	51,282	43,570	-	43,570	7,712
Total expenditures	51,282	43,570	-	43,570	7,712
Revenues over (under) expenditures	(51,282)	(36,419)	821	(35,598)	15,684
Other financing sources					
Transfers from (to) other funds:					
Capital Reserve Fund	225,000	225,000	-	225,000	-
General Fund	(401,871)	-	(402,122)	(402,122)	(251)
Gas Fund	228,153	225,000	-	225,000	(3,153)
Total other financing sources	51,282	450,000	(402,122)	47,878	(3,404)
Revenues and other financing sources	\$ -	\$ 413,581	(401,301)	\$ 12,280	\$ 12,280
Fund balance - beginning			413,581		
Fund balance - ending			\$ 12,280		

**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, 2019**

*Schedule 12*

	2019		Variance
	Budget	Actual	Positive (Negative)
Revenues			
Operating Revenues:			
Storm water charges	\$	\$ 97,588	\$
Total revenues	86,000	97,588	11,588
Expenditures			
Capital outlay		-	
Other operating expenditures		57,844	
	62,400	57,844	4,556
Debt service:			
Interest and fees		4,304	
Principal retirement		31,136	
Total	35,600	35,440	160
Total expenditures	98,000	93,284	4,716
Revenues over (under) expenditures	(12,000)	4,304	16,304
Fund balance appropriated	12,000	-	(12,000)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	4,304	\$ 4,304
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		-	
Principal retirement		31,136	
Depreciation		(57,783)	
Total reconciling items		(26,647)	
Change in net position		\$ (22,343)	

## 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, 2019**

**Schedule 13**

<u>Fiscal Year</u>	Uncollected Balance <u>July 1, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	Uncollected Balance <u>June 30, 2019</u>
2018-2019	\$ -	\$ 1,787,604	\$ 1,730,006	\$ 57,598
2017-2018	187,942	-	14,026	173,916
2016-2017	38,574	-	6,357	32,217
2015-2016	7,815	-	1,788	6,027
2014-2015	32,732	-	5,136	27,596
2013-2014	8,808	-	3,337	5,471
2012-2013	9,292	-	4,913	4,379
2011-2012	7,891	-	4,276	3,615
2010-2011	7,170	-	3,633	3,537
2009-2010	6,299	-	2,935	3,364
2008-2009	5,949	-	5,949	-
	<u>\$ 312,472</u>	<u>\$ 1,787,604</u>	<u>\$ 1,782,356</u>	317,720
Less: Allowance for uncollectible accounts General Fund				<u>(98,019)</u>
Ad valorem taxes receivable - net				<u>\$ 219,701</u>
Reconcilement with revenues				
Ad valorem taxes collected - General Fund				\$ 1,847,319
Interest and penalties collected				(11,773)
Abatements and other adjustments				<u>(53,190)</u>
Total collections and credits				<u>\$ 1,782,356</u>

**CITY OF BESSEMER CITY, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**CITY-WIDE LEVY**  
**For the Fiscal Year Ended June 30, 2019**

**Schedule 14**

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxes at current year's rate	\$ 371,694,974	0.47	\$ 1,746,966	\$1,588,820	\$ 158,146
Discoveries:					
Current year taxes	14,130,332	0.47	66,413	66,413	-
Abatements:	<u>(5,483,943)</u>	0.47	<u>(25,775)</u>	<u>(25,775)</u>	<u>-</u>
Total valuation	<u><u>\$ 380,341,363</u></u>				
Net levy			1,787,604	1,629,458	158,146
Uncollected taxes at June 30, 2019			<u>57,598</u>	<u>56,951</u>	<u>647</u>
Current year's taxes collected			<u><u>\$ 1,730,006</u></u>	<u><u>\$1,572,507</u></u>	<u><u>\$ 157,499</u></u>
Current levy collection percentage			<u><u>96.78%</u></u>	<u><u>96.50%</u></u>	<u><u>99.59%</u></u>

# EDDIE CARRICK, CPA, PC

Certified Public Accountant

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## 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  
Members of the Town 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 accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bessemer City, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statement which collectively comprises the City of Bessemer City's basic financial statements, and have issued our report thereon dated October 31, 2019. Our report includes a reference to other auditors who have audited the financial statements of the City of Bessemer City ABC Board, as described in our report on the City of Bessemer City, North Carolina's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the City of Bessemer City ABC Board were not audited in accordance with *Government Auditing Standards*.

### 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 opinions 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 Town'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 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs 2019-1, 2019-2 that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bessemer City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2019-1, 2019-2.

### City of Bessemer City's Response to Findings

The City of Bessemer City's responses to the findings identified in our audit are described in the accompanying schedule of schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Eddie Carrick" followed by a stylized flourish.

Eddie Carrick, CPA, PC  
Lexington, North Carolina  
October 31, 2019

**City of Bessemer City, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019.**

**II Financial Statement Findings**

**Material weakness**

**2019-1 Violation of State Statutes**

Criteria: State Statutes require pre-audit certification for all expenditures.

Condition: The City over expended its general government administration and finance department by \$41,860, public safety police department by \$39,673, and cultural and recreation department by \$30,711.

Effect: Material violation of State Statutes -

This condition may allow incorrect reporting, fraudulent transactions, and miscoding of expenditures to occur which may not be identified on a timely basis.

Cause: Per-audit certification not considered in the budget monitoring process. During the current year, the City implemented new accounting software. Due to software conversion problems, the budget information was not correctly transferred to the new system which lead to inaccurate budgetary data.

Recommendation: Pre-audit certification should be done for all expenditures

Management response: See Corrective Action Plan page 85

**2019-2 Violation of State Statutes**

Criteria: State Statutes require that actual expenditures not to exceed budgeted amounts

Condition: The City over expended its general government administration and finance department by \$41,860, public safety police department by \$39,673, and cultural and recreation department by \$30,711.

Effect: Material violation of State Statutes -

This condition may allow incorrect reporting, fraudulent transactions, and miscoding of expenditures to occur which may not be identified on a timely basis.

Cause: Per-audit certification not considered in the budget monitoring process. During the current year, the City implemented new accounting software. Due to software conversion problems, the budget information was not correctly transferred to the new system which lead to inaccurate budgetary data.

Recommendation: The budget versus actual should be monitored monthly.

Management response: See Corrective Action Plan page 85

**III Federal Award Findings and Questioned Costs**

None reported

**IV State Award Findings and Questioned Costs**

None reported



*Statement 1  
(Page 2 of 2)*

**CITY OF BESSEMER CITY, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
For the Year Ended June 30, 2019**

**I. Financial Statement Findings**

**Material Weakness**

**2019-1, 2 Violation of State Statutes**

Name of contact person: Diane Jenkins, Finance Director

Corrective Action: The City implemented new accounting software on February 27, 2019. Unbeknownst to the City, the general ledger account conversion was not implemented correctly which resulted in a general ledger difference of over two million dollars. In conjunction, budgetary data was also transferred incorrectly causing further errors in daily accounting and budgetary transactions. During this period, the software company provided no additional assistance to the City until pursuing legal action was approved by the Council in September 2019. Due to the timing of yearly audit requirements, the City was not able to correct the software conversion errors prior to the audit period. As such, the City was transparent with the auditors in regards to the accounting and budgetary errors caused by the conversion. The City has since received technical support to correct all errors due to the conversion. The City will maintain close monitoring of the accounting and budgetary software to ensure the City is following all mandated State Statutes as stated in the Fiscal Control Act.

Proposed Completion Date: Management has currently implemented the above corrective action plan and will be monitoring the progress bi-weekly.