REVIEWED by LGC Staff at 10:08 AM, Monday, December 30, 2024

City of Bessemer City
Bessemer City, North Carolina
For the year ended
June 30, 2024

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

City of Bessemer City

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June 30, 2024

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Independent Auditor's Report

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

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Bessemer City, North Carolina as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Bessemer City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Bessemer City, North Carolina as of June 30, 2024, and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management's for the Audit of the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 13, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 61-62, the Schedule of Changes in the Total OPEB Liability and Related Ratios on page 65, , the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 63-64, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bessemer City's basic financial statements. The individual fund financial statements, budgetary schedules, and other schedules as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2024 on our consideration of the City of Bessemer City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Bessemer City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Bessemer City's internal control over financial reporting and compliance.

Tony Brewer CPA, PC



Lexington, North Carolina
November 29, 2024

Bessemer City
NORTH CAROLINA EST.1893 City with a Heart

Management's Discussion and Analysis

As management of the City of Bessemer City, we offer the 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, 2024. 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 of Bessemer City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $34,920,749 *(net position).*
- The government's total net position increased by $4,191,297, primarily due to grants and conservative budgetary constraints.
- As of the close of the current fiscal year, the City of Bessemer City's governmental funds reported combined ending fund balances of $4,334,864 with a net increase of $2,094,659 in fund balance. Approximately 68% of this total amount, or 2,960,042, is nonspendable, restricted, or assigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $1,374,822, or 21% of total general fund expenditures for the fiscal year.
- The City of Bessemer City's total debt increased by $836,990 due to new debt of $1,451,861, an increase in LGERS pension of $669,673, a decrease in accrued vacation of $25,112, principal debt payments of $1,157,427, an increase in LEO of $169,187, a decrease in leases of $302,597, and an increase in OPEB liability of $31,405.

Overview of the Financial Statements

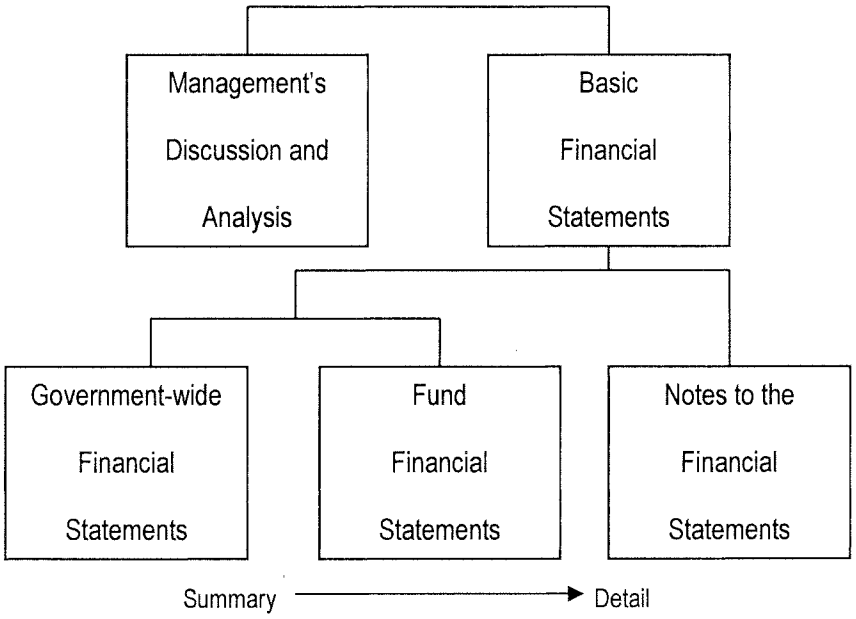
This discussion and analysis is intended to serve as an introduction to the City of Bessemer City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements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

Overview of the Financial Statements

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

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Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) 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 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes can also 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 services offered by the City. The final category is the component unit. Although legally separate from the City of Bessemer City, the City of Bessemer City ABC 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 of Bessemer City.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 2) 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 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* that 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 modified 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 kind 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 sewer activity. 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 start on page **26** 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 government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

City of Bessemer City Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	$ 4,526,538	$ 3,418,160	$ 1,613,183	$ 96,531	$ 6,139,721	$ 3,514,691
Non-current assets	19,963,363	24,193,499	34,762,620	32,787,476	54,725,983	56,980,975
Deferred outflows of resources	1,455,611	1,095,214	543,424	497,783	1,999,035	1,592,997
Total assets and deferred outflows of resources	25,945,512	28,706,873	36,919,227	33,381,790	62,864,739	62,088,663
Current liabilities	1,160,131	2,212,931	2,161,760	2,022,269	3,321,891	4,235,200
Long-term liabilities	12,530,175	12,746,089	11,883,922	10,817,339	24,414,097	23,563,428
Deferred inflows of resources	186,870	230,284	21,131	274,879	208,001	505,163
Total liabilities and deferred inflows of resources	13,877,176	15,189,304	14,066,813	13,114,487	27,943,989	28,303,791
Net position:						
Net investment in capital assets	9,247,257	9,188,388	23,308,966	21,980,900	32,556,223	31,169,288
Restricted	2,822,386	748,017	-	-	2,822,386	748,017
Unrestricted	(1,307)	163,004	(456,553)	(1,461,733)	(457,859)	(1,298,729)
Total net position	$ 12,068,334	$ 10,099,409	$ 22,852,415	$ 20,519,167	$ 34,920,749	$ 30,618,576

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 of Bessemer exceeded liabilities and deferred inflows by $34,920,749 as of June 30, 2024. The City of Bessemer City net position *increased* by $4,191,297 for the fiscal year ended June 30, 2024. However, the largest portion (93%) reflects the City's net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Bessemer City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Bessemer 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 of Bessemer City's net position, $2,822,386 (7%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of $(457,859) (0%) is unrestricted.

Several particular aspects of the City's financial operations positively influenced the total unrestricted governmental net assets:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage above Sate average.
- Conservative approach to budgeting and cost control
- Federal and State grants

City of Bessemer City Changes in Net Position
Figure 3

	Governmental Activities 2024	Governmental Activities 2023	Business Type Activities 2024	Business Type Activities 2023	Total 2024	Total 2023
Revenues:						
Program revenues:						
Charges for services	$ 830,399	$ 506,541	$ 6,907,394	$ 6,303,119	$ 7,737,793	$ 6,809,660
Operating grants and contrib.	203,222	482,372	-	-	203,222	482,372
Capital grants and contrib.	2,649,775	161,334	2,048,718	3,838,468	4,698,493	3,999,802
General revenues:						
Property taxes	3,866,305	2,575,222	-	-	3,866,305	2,575,222
Other taxes	1,023	933	-	-	1,023	933
Grants and contributions not restricted to specific programs	1,702,165	1,546,853	-	-	1,702,165	1,546,853
Other	107,607	204,951	76,566	258,570	184,173	463,521
Total revenues	9,360,496	5,478,206	9,032,678	10,400,157	18,393,174	15,878,363
Expenses:						
General government	559,201	393,499	-	-	559,201	393,499
Public safety	746,233	2,664,566	-	-	746,233	2,664,566
Transportation	2,675,290	1,162,533	-	-	2,675,290	1,162,533
Culture and recreational	1,363,174	1,348,131	-	-	1,363,174	1,348,131
Economic development	1,365,473	207,520	-	-	1,365,473	207,520
Interest on debt	584,921	166,201	-	-	584,921	166,201
Water and sewer	-	-	5,604,903	5,894,767	5,604,903	5,894,767
Natural gas	-	-	1,260,028	1,497,617	1,260,028	1,497,617
Storm water	-	-	42,652	86,955	42,652	86,955
Total expenses	7,294,292	5,942,450	6,907,583	7,479,339	14,201,875	11,837,217
Change in net position before transfers	2,066,204	(464,244)	2,125,095	2,920,818	4,191,299	4,041,146
Transfers	(200,000)	-	200,000	-	-	-
Change in net position	1,866,202	(464,244)	2,325,095	2,920,818	4,191,297	2,456,574
Net position, beginning restated	10,202,132	10,563,653	20,527,320	17,598,349	30,729,452	28,162,002
Net position, June 30	$ 12,068,334	$ 10,099,409	$ 22,852,415	$ 20,519,167	$ 34,920,749	$ 30,618,576

Governmental activities: Governmental activities increased the City of Bessemer City's net position by $1,866,202 therefore accounting for 45% of the total increase in the net position of the City of Bessemer City. City management reduced non-essential programs to a minimum and implemented cost saving strategies across City departments. Increased efforts to maximize tax collections also contributed to the favorable net position. City management acknowledges that 2024 was a successful year and plans on improving upon these approaches as a long-term strategy to realize continued fiscal health.

Business-type activities: Business-type activities increased the City of Bessemer City's net position by $2,325,095, therefor accounting for 55% of the total increase in the net position of the the City of Bessemer City. Key elements of this increase are as follows:

- Increases in water and sewer charges
- Federal and State grants

Financial Analysis of the City of Bessemer Funds

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

Governmental Funds. The focus of the City of Bessemer 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, unreserved 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 of Bessemer City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $1,374,822, while total fund balance reached $4,233,407. The City Council of the City of Bessemer City has determined that the City should maintain an available fund balance of 42% of next fiscal year budgeted expenditures in case of unforeseen needs or opportunities. The City currently has an available fund balance of 21% of the next fiscal year budgeted General Fund expenditures, while total fund balance represents 66% of next fiscal year budgeted General Fund expenditures.

At June 30, 2024, the governmental funds of the City of Bessemer City reported a combined fund balance of $4,334,864, a net increase in fund balance of $2,094,659. Included in this change in fund balance are increases in fund balance in the General Fund of $1,927,830 and total non-major funds increased $166,829.

General Fund Budgetary Highlights: During the fiscal year, the City of Bessemer 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.

Actual revenues exceeded budget amounts. Expenditure amendments were made to account for the acquisition of capital outlay equipment and transfers.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The unrestricted net position of the proprietary funds at the end of the fiscal year amounted to $(456,553). The total increase in net assets for the proprietary funds was $2,325,095.

Capital Asset and Debt Administration

Capital assets. The City of Bessemer City investment in capital assets for its governmental and business–type activities as of June 30, 2024, totals $13,144,920 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, construction in progress, and vehicles.

Major capital asset transactions during the year include the following:

- Purchase of equipment
- Increase in construction in progress

City of Bessmer City's Capital Assets, Net of Accumulated Deprecation
Figure 4

Additional information on the City of Bessemer City capital assets can be found in note III. A.4 of the Basic Financial Statements.

	Governmental Activities		Business-type Activities		Total	Total
	2024	2023	2024	2023	2024	2023
Land	$ 689,083	$ 689,083	$ 534,152	$ 534,152	$ 1,223,235	$ 1,223,235
Buildings and improvements	3,867,478	4,269,478	-	-	3,867,478	4,269,478
Other improvements	-	-	22,375,133	18,881,223	22,375,133	18,881,223
Infrastructure	4,560,635	4,593,181	-	-	4,560,635	4,593,181
Equipment and furniture	958,390	1,009,717	585,155	676,458	1,543,545	1,686,175
Vehicles and motorized equipment	99,578	219,740	379,457	476,504	479,035	696,244
Construction in progress	9,062,687	9,023,825	10,767,630	12,067,771	19,830,317	21,091,596
Total	$ 19,237,851	$ 19,805,024	$ 34,641,526	$ 32,636,107	$ 53,879,378	$ 52,441,132

Long-term Debt. As of June 30, 2024, the City of Bessemer City had total debt outstanding of $21,323,153. All of this debt is in the form of installment purchases, in which the item purchase serves as collateral for the debt.

City of Bessemer City's Long-Term Liabilities

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Installment financing	$ 9,990,594	$ 10,616,636	$ 11,332,559	$ 10,412,083	$ 21,323,153	$ 21,028,719
Leases	594,328	848,590	79,684	128,019	674,012	976,609
Compensated absences	193,318	222,851	82,064	77,643	275,382	300,494
Net LGERS liability	1,812,103	1,285,610	814,017	670,837	2,626,120	1,956,447
Net LEO liability	698,886	529,699	-	-	698,886	529,699
Net OPEB liability	240,712	208,593	108,130	108,844	348,842	317,437
Total	$ 13,529,941	$ 13,711,979	$ 12,416,454	$ 11,397,426	$ 25,946,395	$ 25,109,405

The City of Bessemer City's total debt increased by $836,990 due to new debt of $1,451,861, an increase in LGERS pension of $669,673, a decrease in accrued vacation of $25,112, principal debt payments of $1,157,427, an increase in LEO of $169,187, a decrease in leases of $302,597, and an increase in OPEB liability of $31,405.

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. As of June 30, 2024, the remaining legal debt margin for the City of Bessemer City is $54,207,433.

Additional information regarding the City of Bessemer City long-term debt can be found in note III.B.4.

Economic Factors and Next Year's Budgets and Rates

The City of Bessemer City continues to focus on controlled growth and redevelopment through the implementation of its Comprehensive Plan. The following key economic factors are indicators for the future prosperity of the City:

- Development of two new residential subdivisions totaling 215 lots, which will take place over the next five years and is estimated to increase the tax base by approximately $107,500,000. The first houses in these developments will be under construction this year.
- Construction of infill residential development continues at an average rate of approximately 10 new homes per year.
- City revitalization and investment continues with historic building rehabilitation, infrastructure investments, and small business support.
- The City has been working to identify and encourage the development of small-scale light industrial sites within the City.
- The City is utilizing ARPA grant funds to install new water lines to improve water quality and fire flow for additional commercial and industrial development.
- The City is utilizing USDA loans and ARPA grant funds to install two new sewer lines to serve identified growth areas.

Budget Highlights for Fiscal Year ending June 30, 2025

Governmental Activities

- The 2024-2025 budget is approximately $15,473,200 between all funds.
- Increase in tax rate of $.45 to $.55 per $100 valuation.
- No revenue from the fund balance appropriated to balance budget
- Trash service increase from $12 to $16 per cart

Business-type Activities

- Increase in Water Fund rates by 7%
- Increase in Wastewater Fund rate by 10%
- Increase in Natural Gas Fund rates for industrial customers by $2.
- The administration charge from the Natural Gas Fund to the General Fund decreased $50,000.
- Stormwater Fund fee increase of $2.93/month. Commercial and industrial changed from flat rate to impervious surface.

Requests for Information

This report is designed to provide an overview of the City of Bessemer City 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:

Finance Officer, City of Bessemer City , 125 East Virginia Avenue, Bessemer City, North Carolina 28016 phone 704-629-5542 (office). Or visit our website at www.bessemercity.com .

Finance Officer of the City's Component unit information contained in this report should be directed to:

Finance Officer of the City of Bessmer City ABC Board, 208 West Alabama Avenue, Bessemer City, North Carolina 28016

CITY OF BESSEMER CITY, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2024

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Bessemer City ABC Board
ASSETS				
Current assets				
Cash and cash equivalents	$ 1,441,962	$ (1,348,466)	$ 93,496	$ 48,940
Restricted cash	2,520,570	474,978	2,995,548	-
Receivables:				
Taxes receivable - net	57,351	-	57,351	-
Accounts receivable - net	176,233	1,214,715	1,390,948	-
Due from other governments	330,422	1,014,949	1,345,372	-
Inventories	-	257,007	257,007	175,838
Prepaid items	-	-	-	2,189
Total current assets	4,526,538	1,613,183	6,139,721	226,967
Non-current assets				
Capital assets				
Land, non-depreciable improvements, and construction in progress	9,751,770	10,833,846	20,585,616	37,847
Other capital assets, net of depreciation	9,486,081	23,807,680	33,293,761	20,392
Total capital assets	19,237,851	34,641,526	53,879,377	58,239
Notes receivable	79,361	-	79,361	-
Right to use leased assets, net of amortization	646,151	121,094	767,245	-
Total non-current assets	19,963,363	34,762,620	54,725,983	58,239
Total assets	24,489,901	36,375,804	60,865,705	285,206
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals - LGERS	1,165,484	523,549	1,689,033	-
Pension deferrals - LEO	245,882	-	245,882	-
OPEB deferrals	44,245	19,875	64,120	-
Total deferred outflows of resources	1,455,611	543,424	1,999,035	-

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

CITY OF BESSEMER CITY, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2024

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Bessemer City ABC Board
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$ 160,365	$ 1,335,043	$ 1,495,408	$ 83,879
Current portion of long-term leases	228,475	43,183	271,658	-
Current portion of long-term obligations	771,291	489,350	1,260,641	-
Liabilities payable from restricted assets	-	294,185	294,185	-
Total current liabilities	1,160,131	2,161,760	3,321,891	83,879
Long-term liabilities				
Net pension liability - LGERS	1,812,103	814,017	2,626,120	-
Net pension liability - LEO	698,886	-	698,886	-
Net OPEB liability	240,712	108,130	348,842	-
Compensated absences	193,318	82,064	275,382	-
Long-term obligations - leases	365,853	36,501	402,354	-
Long-term obligations	9,219,303	10,843,210	20,062,513	-
Total long-term liabilities	12,530,175	11,883,922	24,414,097	-
Total liabilities	13,690,306	14,045,683	27,735,989	83,879
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals - LGERS	16,504	7,414	23,918	-
Pension deferrals - LEO	139,829	-	139,829	-
OPEB deferrals	30,537	13,717	44,254	-
Total deferred inflows of resources	186,870	21,131	208,001	-
NET POSITION				
Net investment in capital assets	9,247,257	23,308,966	32,556,223	58,239
Restricted for:				
Stabilization by State Statute	381,300	-	381,300	-
Streets - Powell Bill	261,324	-	261,324	-
Fire department construction	2,150,000	-	2,150,000	-
Economic development	29,762	-	29,762	40,000
Unrestricted	(1,307)	(456,553)	(457,859)	103,088
Total net position	$ 12,068,334	$ 22,852,415	$ 34,920,749	$ 201,327

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

CITY OF BESSEMER CITY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Bessemer City ABC Board
Primary government								
Governmental activities								
General government	$ 559,201	$ -	$ -	$ 367,451	$ (191,750)	$ -	$ (191,750)	$ -
Economic development	746,233	50,950	-	-	(695,283)	-	(695,283)	(1,700)
Public safety	2,675,290	290	4,379	2,282,324	(388,297)	-	(388,297)	-
Public works/transportation	1,363,174	444,397	198,843	-	(719,934)	-	(719,934)	-
Cultural and recreational	1,365,473	334,762	-	-	(1,030,711)	-	(1,030,711)	-
Interest on long-term debt	584,921	-	-	-	(584,921)	-	(584,921)	-
Total governmental activities	7,294,293	830,399	203,222	2,649,775	(3,610,897)	-	(3,610,897)	(1,700)
Business-type activities								
Water and wastewater	5,604,903	5,594,897	-	2,048,718	-	2,038,713	2,038,713	-
Natural gas	1,260,028	1,196,629	-	-	-	(63,398)	(63,398)	-
Storm water	42,652	115,868	-	-	-	73,215	73,215	-
Total business-type activities	6,907,583	6,907,394	-	2,048,718	-	2,048,530	2,048,530	-
Total primary government	$ 14,201,876	$ 7,737,793	$ 203,222	$ 4,698,493	(3,610,897)	2,048,530	(1,562,368)	(1,700)
Component unit								
Bessemer City ABC Board	$ 794,485	$ 781,996	$ -	$ -	-	-	-	(12,489)
Total component units	$ 794,485	$ 781,996	$ -	$ -	-	-	-	(12,489)
General revenues								
Taxes								
Property taxes, levied for general purposes					3,866,305	-	3,866,305	-
Other taxes and licenses					1,023	-	1,023	-
Grants and contributions not restricted to specific programs					1,702,165	-	1,702,165	-
Unrestricted investment earnings					58,678	-	58,678	10
Gain (loss) on disposal of capital assets					-	23,937	23,937	-
Miscellaneous					48,929	52,629	101,558	-
Transfers					(200,000)	200,000	-	-
Total general revenues and transfers					5,477,100	276,565	5,753,665	10
Change in net position					1,866,202	2,325,095	4,191,297	(12,479)
Fund balance - beginning as previously reported					10,099,409	20,519,167	30,618,576	213,806
Prior period adjustment					102,723	8,153	110,876	-
Fund balance - beginning as restated					10,202,132	20,527,320	30,729,452	213,806
Net position, end of year					$ 12,068,334	$ 22,852,415	$ 34,920,749	$ 201,327

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

CITY OF BESSEMER CITY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	Major Fund General	Total Non-Major Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 1,455,703	$ (13,741)	$ 1,441,962
Restricted cash	2,490,808	29,762	2,520,570
Receivables, net			
Taxes	57,351	-	57,351
Accounts receivable - net	170,158	6,075	176,233
Due from other governments	330,422	-	330,422
Notes receivable	-	79,361	79,361
Total assets	$ 4,504,443	$ 101,457	$ 4,605,899
LIABILITIES AND FUND BALANCES			
Accounts payable and accrued liabilities	$ 160,365	$ -	$ 160,365
Liabilities payable from restricted assets	-	-	-
Total liabilities	160,365	-	160,365
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	57,351	-	57,351
Other receivables	53,318	-	53,318
Total deferred inflows of resources	110,670	-	110,670
Fund balances			
Nonspendable			
Perpetual maintenance	65,962	-	65,962
Restricted			
Stabilization by State Statute	381,300	-	381,300
Streets - Powell Bill	261,324	-	261,324
Fire department construction	2,150,000	-	2,150,000
Economic development	-	29,762	29,762
Assigned			
Subsequent year's expenditures	-	-	-
Economic development	-	71,695	71,695
Unassigned	1,374,822	-	1,374,822
Total fund balances	4,233,407	101,457	4,334,864
Total liabilities, deferred inflows of resources and fund balances	$ 4,504,443	$ 101,457	$ 4,605,899

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

CITY OF BESSEMER CITY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Total Fund balance - governmental funds		$ 4,334,864
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.		19,237,851
Right to use assets used in governmental activities are not financial resources and, therefore are not reported in the funds.		646,151
Deferred outflows of resources related to pensions are not reported in the funds		1,165,484
Deferred outflows of resources related to LEO pensions are not reported in the funds		245,882
Deferred outflows of resources related to OPEB are not reported in the funds		44,245
Other long-term assets are not available to pay current period expenditures and, therefore are deferred in the funds		110,670
Long-term liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Leases and installment financing	$ (10,584,922)	
Compensated absences	(193,318)	
Net pension liability	(1,812,103)	
LEO pension liability	(698,886)	
OPEB liability	(240,712)	(13,529,941)
Deferred inflows of resources related to pensions are not reported in the funds		(16,504)
Deferred inflows of resources related to LEO pensions are not reported in the funds		(139,829)
Deferred inflows of resources related to OPEB are not reported in the funds		(30,537)
Net position of governmental activities		$ 12,068,334

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

Exhibit 4

CITY OF BESSEMER CITY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	Major Fund General	Total Non-Major Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	$ 3,857,077	$ -	$ 3,857,077
Other taxes and licenses	1,023	-	1,023
Unrestricted intergovernmental	1,702,165	-	1,702,165
Restricted intergovernmental	2,485,547	367,451	2,852,997
Permits and fees	51,240	-	51,240
Sales and services	779,159	-	779,159
Investment earnings	58,678	-	58,678
Miscellaneous	48,929	-	48,929
Total revenues	8,983,817	367,451	9,351,267
EXPENDITURES			
Current:			
General government	332,031	-	332,031
Economic development	107,901	641,453	749,353
Public safety	2,195,775	-	2,195,775
Public works / transportation	1,056,679	-	1,056,679
Cultural and recreation	1,511,806	-	1,511,806
Debt service:			
Principal	1,004,927	-	1,004,927
Interest and other charges	322,468	-	322,468
Total expenditures	6,531,588	641,453	7,173,040
Excess of revenues over (under) expenditures	2,452,229	(274,002)	2,178,227
OTHER FINANCING SOURCES			
Transfers from other funds	31	440,830	440,862
Transfers (to) other funds- Powell	(100,000)		(100,000)
Transfers (to) other funds	(540,862)		(540,862)
Loan proceeds	116,432	-	116,432
Lease liabilities issued	-	-	-
Total other financing sources	(524,399)	440,830	(83,568)
Net change in fund balances	1,927,830	166,829	2,094,659
Fund balance - beginning as previously reported	2,202,854	(65,373)	2,137,481
Prior period adjustment	102,723	-	102,723
Fund balance - beginning as restated	2,305,577	(65,373)	2,240,204
Fund balance - ending	$ 4,233,407	$ 101,457	$ 4,334,864

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

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, 2024

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net changes in fund balances - total governmental funds		$ 2,094,659
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	$ 186,326	
Depreciation expense for governmental assets	(753,499)	
Amortization of right to use leased assets	(175,966)	(743,139)
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		9,228
The issuance of long-term debt and lease obligations provide current financial resources to governmental funds, while the repayment of the principal of long-term debt and lease obligations consume the current financial resources of governmental funds. Neither transaction has any effect on net position This amount is the net effect of these differences in the treatment of long-term debt and related items.		
New long-term debt issued	(116,432)	
Lease obligations issued	-	
Principal payments on long-term debt	742,474	
Principal payments on lease obligations	173,867	799,909
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		29,533
Change in **LGERS** pension expense:		
Increase (decrease) in net pension assets	-	
Increase (decrease) in deferred outflows	256,331	
(Increase) decrease in net pension liability	(526,493)	
(Increase) decrease in deferred inflows	(11,073)	(281,235)
Change in **LEO** separation allowance expense:		
Increase (decrease) in net pension assets	-	
Increase (decrease) in deferred outflows	104,636	
(Increase) decrease in net pension liability	(169,187)	
(Increase) decrease in deferred inflows	46,347	(18,204)
Change in **OPEB** expense:		
Increase (decrease) in net pension assets	-	
Increase (decrease) in deferred outflows	(570)	
(Increase) decrease in net pension liability	(32,119)	
(Increase) decrease in deferred inflows	8,140	(24,549)
Total changes in net position of governmental activities		$ 1,866,202

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

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, 2024

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues				
Ad valorem taxes	$ 3,540,000	$ 3,540,000	$ 3,857,077	$ 317,077
Other taxes and licenses	600	600	1,023	423
Unrestricted intergovernmental	1,370,000	1,370,000	1,702,165	332,165
Restricted intergovernmental	279,000	299,312	2,485,547	2,186,235
Permits and fees	19,000	19,000	51,240	32,240
Sales and services	682,000	682,000	779,159	97,159
Investment earnings	20,000	20,000	58,678	38,678
Miscellaneous	29,600	29,600	48,929	19,329
Total revenues	5,940,200	5,960,512	8,983,817	3,023,305
Expenditures				
Current				
General government	142,674	348,135	332,031	16,104
Economic development	120,638	120,638	107,901	12,737
Public safety	2,274,582	2,268,856	2,195,775	73,081
Public works / transportation	1,036,283	1,062,997	1,056,679	6,318
Cultural and recreation	1,284,624	1,513,074	1,511,806	1,268
Debt service				
Principal retirement	1,008,633	1,035,629	1,004,927	30,702
Interest and other charges	322,468	322,472	322,468	4
Total expenditures	6,189,902	6,671,801	6,531,588	140,213
Revenues over (under) expenditures	(249,702)	(711,289)	2,452,229	3,163,518
Other financing sources				
Loan proceeds	-	54,000	116,432	62,432
Lease liabilities issued	-	-	-	-
Transfers from capital reserve	-	-	31	31
Transfers (to) other funds - Powell	-	(100,000)	(100,000)	-
Transfers (to) other funds	-	(445,400)	(540,862)	(95,462)
Total other financing sources	-	(491,400)	(524,399)	(32,999)
Appropriated fund balance	249,702	1,202,689	-	(1,202,689)
Net change in fund balance	$ -	$ -	1,927,830	$ 1,927,830
Fund balance - beginning as previously reported			2,202,854	
Prior period adjustment			102,723	
Fund balance - beginning as restated			2,305,577	
Fund balance - ending			$ 4,233,407	

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

CITY OF BESSEMER CITY, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Major Funds			
	Water and Wastewater Fund	Natural Gas Fund	Storm Water Fund	Total
ASSETS				
Current assets				
Cash and cash equivalents	$ (790,363)	$ (502,927)	$ (55,177)	$ (1,348,466)
Restricted cash and cash equivalents	385,839	89,139	-	474,978
Accounts receivable - net, billed	447,179	118,234	11,192	576,605
Accounts receivable - net, unbilled	536,705	44,869	22,479	604,053
Accounts receivable - other	-	34,057	-	34,057
Due from other Governments	1,014,949	-	-	1,014,949
Inventories	95,372	161,635	-	257,007
Total current assets	1,689,682	(54,993)	(21,505)	1,613,183
Noncurrent assets				
Capital assets				
Land and construction in progress	10,767,630	61,682	4,534	10,833,846
Other capital assets, net of depreciation	22,439,355	1,090,237	278,088	23,807,680
Total capital assets, net	33,206,985	1,151,919	282,622	34,641,526
Right to use leased assets, net of amortization	121,094	-	-	121,094
Total noncurrent assets	33,328,080	1,151,919	282,622	34,762,620
Total assets	35,017,761	1,096,925	261,117	36,375,804
DEFERRED OUTFLOWS OF RESOURCES				
OPEB deferrals	16,432	3,443	-	19,875
Pension deferrals	432,856	90,693	-	523,549
Total deferred outflows of resources	449,288	94,136	-	543,424
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	1,287,179	46,312	1,552	1,335,043
Lease obligation payable - current	43,183	-	-	43,183
Current portion of long-term obligations	350,830	103,749	34,771	489,350
Liabilities payable from restricted assets	222,270	71,915	-	294,185
Total current liabilities	1,903,461	221,976	36,323	2,161,760
Noncurrent liabilities				
Compensated absences	59,781	22,283	-	82,064
Net pension liability	673,007	141,010	-	814,017
Net OPEB liability	89,399	18,731	-	108,130
Lease obligation payable - noncurrent	36,501	-	-	36,501
Long-term obligations - noncurrent	9,540,481	1,267,370	35,359	10,843,210
Total noncurrent liabilities	10,399,169	1,449,394	35,359	11,883,922
Total liabilities	12,302,631	1,671,370	71,682	14,045,683
DEFERRED INFLOWS OF RESOURCES				
OPEB deferrals	11,341	2,376	-	13,717
Pension deferrals	6,130	1,284	-	7,414
Total deferred inflows of resources	17,471	3,660	-	21,131
NET POSITION				
Net investment in capital assets	23,315,675	(219,200)	212,492	23,308,966
Unrestricted	(168,727)	(264,768)	(23,057)	(456,553)
Total net position	$ 23,146,948	$ (483,968)	$ 189,435	$ 22,852,415

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

Exhibit 7

CITY OF BESSEMER CITY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	Major Funds			
	Water and Wastewater Fund	Natural Gas Fund	Storm Water Fund	Total
Operating Revenues				
Charges for services	$ 5,084,243	1,194,384	$ 115,868	$ 6,394,495
Taps and extensions	69,660	2,245	-	71,905
System development fees	239,906	-	-	239,906
Other operating revenues	201,088	-	-	201,088
Total operating revenues	5,594,897	1,196,629	115,868	6,907,394
Operating Expenses				
Administration and finance	625,000	300,000	-	925,000
Water and wastewater treatment	2,563,297	-	-	2,563,297
Public works operations	1,255,048	-	-	1,255,048
Gas operations	-	601,902	-	601,902
Gas purchases	-	237,614	-	237,614
Storm water operations	-	-	19,179	19,179
Depreciation	977,096	93,054	21,710	1,091,861
Amortization	30,274	-	-	30,274
Total operating expense	5,450,715	1,232,571	40,889	6,724,176
Operating income (loss)	144,182	(35,942)	74,978	183,218
Nonoperating revenues (expenses)				
Gain (loss) on disposal of assets	11,968	11,968	-	23,937
Insurance proceeds	31,604	-	-	31,604
Investment earnings	-	-	-	-
Interest and other charges	(154,187)	(27,457)	(1,763)	(183,407)
Miscellaneous revenue	-	21,025		21,025
Total nonoperating revenues (expenses)	(110,615)	5,537	(1,763)	(106,842)
Income (loss) before transfers and contributions	33,567	(30,405)	73,215	76,377
Transfer from General Fund	100,000	-	-	100,000
Transfer from General Fund - Powell	100,000	-	-	100,000
Grant proceeds	2,048,718	-	-	2,048,718
Change in net position	2,282,285	(30,405)	73,215	2,325,095
Fund balance - beginning as previously reported	20,888,120	(485,173)	116,220	20,519,167
Prior period adjustment	(23,457)	31,610	-	8,153
Fund balance - beginning as restated	20,864,663	(453,563)	116,220	20,527,320
Fund balance - ending	$ 23,146,948	$ (483,968)	$ 189,435	$ 22,852,415

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, 2024

	Enterprise Funds			
	Water and Wastewater Fund	Natural Gas Fund	Storm Water Fund	Total
Cash flows from operating activities:				
Cash received from customers	$ 5,404,031	$ 1,203,537	$ 101,044	$ 6,708,612
Cash paid for goods and services	(3,934,016)	(927,255)	(17,627)	(4,878,898)
Cash paid to or on behalf of employees for services	(233,911)	(275,361)	-	(509,272)
Other operating revenues	201,088	-	-	201,088
Net cash provided (used) by operating activities	1,437,192	921	83,417	1,521,530
Cash flows from capital and related financing activities:				
Purchase of capital assets	(28,163)	(44,260)	-	(72,423)
Increase in construction in progress	(3,024,856)	-	-	(3,024,856)
Proceeds from sale of capital assets	11,968	11,968	-	23,936
Proceeds from issuance of debt	1,451,861	-	-	1,451,861
Principal paid on long-term obligations	(418,043)	(127,482)	(34,194)	(579,719)
Interest paid on long-term obligations	(154,187)	(27,457)	(1,763)	(183,407)
Grant proceeds	1,033,769	-	-	1,033,769
Miscellaneous proceeds	-	21,025	-	21,025
Insurance proceeds	31,604	-	-	31,604
Net cash provided (used) by capital and related financing activities	(1,096,047)	(166,206)	(35,957)	(1,298,210)
Cash flows from non-capital and related financing activities:				
Transfers from other funds	200,000	-	-	200,000
Net cash provided (used) by capital and related financing activities	200,000	-	-	200,000
Cash flows from investing activities:				
Interest earned on investments	-	-	-	-
Net increase (decrease) in cash and cash equivalents	541,145	(165,285)	47,460	423,320
Cash and cash equivalents at beginning of year	(945,669)	(248,503)	(102,636)	(1,296,808)
Cash and cash equivalents at end of year	$ (404,524)	$ (413,788)	$ (55,177)	$ (873,488)

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

CITY OF BESSEMER CITY, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2024

	Enterprise Funds			
	Water and Wastewater Fund	Natural Gas Fund	Storm Water Fund	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	$ 144,182	$ (35,942)	$ 74,978	$ 183,218
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,007,370	93,054	21,711	1,122,135
Changes in current assets and liabilities:				
(Increase) decrease in accounts receivable	(34,413)	6,908	(14,824)	(42,329)
(Increase) decrease in due from other governments	-	-	-	-
(Increase) decrease in inventory	(550)	(27,383)	-	(27,933)
(Increase) decrease in deferred outflows of resources - OPEB	2,271	1,238	-	3,509
(Increase) decrease in deferred outflows of resources - pensions	(53,425)	4,275	-	(49,150)
Increase (decrease) in net pension liability	136,462	6,718	-	143,180
Increase (decrease) in accrued OPEB liability	2,344	(3,058)	-	(714)
Increase (decrease) in deferred inflows of resources - pensions	3,863	717	-	4,580
Increase (decrease) in deferred inflows of resources - OPEB	(4,800)	(1,664)	-	(6,464)
Increase (decrease) in accounts payable and accrued liabilities	189,282	(54,818)	1,552	136,016
Increase (decrease) in liabilities payable from restricted assets	44,635	6,425	-	51,060
Increase (decrease) in accrued vacation pay	(29)	4,450	-	4,421
Total adjustments	1,293,010	36,862	8,439	1,338,311
Net cash provided (used) by operating activities	$ 1,437,192	$ 921	$ 83,417	$ 1,521,530
Interest paid	$ 154,187	$ 27,457	$ 1,763	$ 183,407

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

City of Bessemer City ABC Board

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

B. Basis of Presentation

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

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

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

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.

Sidewalk Capital Project Fund.

This fund is used to account for various sidewalk construction projects.

Community Development Block Grant Neighborhood Revitalization Fund.

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

Business Accelerator Program.

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

Project Branding Project Fund.

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

North Park Capital Project Fund.

This fund is used to account for the construction of two multipurpose fields for football and soccer, two tennis courts and two pickle ball courts, two playground areas, walking paths and trails over the 40 acre site connecting park features.
The City reports the following non-major governmental funds:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The City reports the following major enterprise funds:

Water and Wastewater Fund.

This fund is used to account for the City's water and wastewater operations. The Water and Wastewater Capital Projects Fund, Water and Wastewater Stinger Park Capital Projects Fund, Water and Wastewater Two Rivers Capital Project Fund, Water and Wastewater Utility Capital Project Fund, Water and Wastewater Line Paving Capital Project Fund and the Vantine Pump Station Capital Project Fund are consolidated into the Water and Wastewater Fund for financial reporting purposes. The budgetary comparison for these funds has been included in the supplemental schedules.

Natural Gas Fund.

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

The City reports the following non-major enterprise fund:

Storm Water Fund.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and acquisitions under leases and IT subscriptions are reported as other financing sources. The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year.

Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Cemetery Trust Fund, and the Enterprise Funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Governmental Funds' Capital Project Funds, and the Enterprise Funds' Capital Project Funds. The enterprise fund projects are consolidated with their respective operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Budget ordinances allow for the transfer of funds within the department, as long as expenditures do not exceed the appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Transfers up to $7,500 may be transferred between departments by ordinance with 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

1. Deposits and Investments

All deposits of the City and the ABC Board are made in board-designated official depositories and are secured as required by state law [G.S. 159-31]. The City and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. State law [G.S. 159-30(c)] authorizes the City and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The City's and the ABC Board's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

3. 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, 2023.

4. 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.

5. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

6. Restricted Assets

Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are classified as restricted because they can be expended only for purposes outlined in G.S. 136-41.1 through 136-41.4. Money in the Economic Development Fund is classified as restricted assets because its use is restricted to the Economic Development Fund per NC G.S. Chapter 159, Article 3, Part 2. USDA debt payment funds are restricted to meet the terms of the loan agreements.

City of Bessemer City Restricted Cash

City of Bessemer City Restricted Cash	
Governmental Avtivities:	
General Fund	
Streets	$ 261,324
USDA reserve	79,484
Fire department construction	2,150,000
Economic development	29,762
Total Government Activities	$ 2,520,570
Business-type Activities	
Water and Wastewater Fund	
Customer Deposits	222,270
USDA reserve	163,569
Natural Gas Fund	
Customer Deposits	71,915
USDA reserve	17,224
Total Business-type Activities	$ 474,978
Total Restricted Cash	$ 2,995,548

7. Right to Use Leased Assets

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

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 two items that meet this criterion; pension deferrals and OPEB deferrals for the 2024 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 a net position that applies to a future period and so will not be recognized as revenue until then. The City has four items that meet the criterion for this category: OPEB deferrals, pension deferrals, property tax receivable, and other receivables.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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	7 - 50
Land improvements	20
Furniture and equipment	3-10

10. Compensated Absences

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

11. Long-Term Obligations

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

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

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.

12. Net Position/Fund Balances

Net Position

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

Fund Balance

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

The governmental fund types classify fund balances as follows:

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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

Restricted for Fire Department Construction – fund balance that is restricted by revenue source for the construction of a new fire department.

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.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

12. Net Position/Fund Balances (continued)

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

13. Defined Benefit Cost Sharing Plans

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

The City's Natural Gas Enterprise Fund had a deficit net position in the amount of $483,968 at June 30, 2024.

B. Excess of Expenditures over Appropriations None reported.

C. Noncompliance with North Carolina General Statutes None reported.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits

All deposits of the City and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the ABC Board, these deposits are considered to be held by the City's and the ABC Board's agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for noninterest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City and the ABC Board under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Assets (continued)

1. Deposits (Continued)

The City has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance.

The City complies with the provisions of G.S.159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2024, the City's deposits had a carrying amount of $1,714,431 and a bank balance of $1,944,594. Of the bank balance, $250,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the pooling method. At June 30, 2024, the City's petty cash fund totaled $900. At June 30, 2024, the carrying amount of deposits for the ABC Board was $47,540 and the bank balance was $39,261. All of the bank balance was covered by federal depository insurance. At June 30, 2024, the ABC Board's petty cash fund totaled $1,400.

2. Investments

At June 30, 2024, the City had total investments of $1,373,713 in the North Carolina Capital Management Trust's Government Portfolio, which carried a rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2024, are net of the following allowances for doubtful accounts:

General Fund:		
Taxes receivable	$	31,981
Accounts receivable		4,450
Total General Fund		36,431
Enterprise Funds:		
Water and wastewater fund-accounts receivable		55,312
Natural gas fund-accounts receivable		6,800
Storm water fund-accounts receivable		800
Total Enterprise Funds		62,912
Total	$	99,343

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.

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, 2024, was as follows:

	Beginning Balances	Increases	(Decreases)	Ending Balances
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 689,083	$ -	$ -	$ 689,083
Construction in progress	9,023,825	38,862	-	9,062,687
Total capital assets not being depreciated	9,712,908	38,862	-	9,751,770
Capital assets being depreciated:				
Buildings and improvements	7,758,478	-	-	7,758,478
Infrastructure	5,638,958	-	-	5,638,958
Furniture and equipment	2,170,815	147,464	-	2,318,279
Vehicles and motorized equipment	3,161,001	-	-	3,161,001
Total capital assets being depreciated	18,729,252	147,464	-	18,876,716
Less accumulated depreciation:				
Buildings and improvements	3,623,861	267,139	-	3,891,000
Infrastructure	910,915	167,408	-	1,078,323
Furniture and equipment	1,176,330	183,559	-	1,359,889
Vehicles and motorized equipment	2,926,029	135,393	-	3,061,422
Total accumulated depreciation	8,637,135	$ 753,499	$ -	9,390,634
Total capital assets being depreciated – net	10,092,116			9,486,082
Governmental Activities Capital assets - net	$ 19,805,024			$ 19,237,851

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

General government	$ 74,350
Public safety	271,260
Transportation	271,260
Cultural and recreational	133,630
	$ 753,499

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

5. Capital Assets (continued)

Capital asset activity for business-type activities for the year ended June 30, 2024, was as follows:

	Beginning Balances	Increases	(Decreases)	Ending Balances
Business-Type Activities				
Water and Wastewater Fund				
Capital assets not being depreciated				
Land	$ 467,936	$ -	$ -	$ 467,936
Construction in progress	12,067,771	3,110,020	(4,410,161)	10,767,630
Total capital assets not being depreciated	12,535,707	3,110,020	(4,410,161)	11,235,566
Capital assets being depreciated				
Plant and distribution systems	29,285,627	4,324,996	-	33,610,623
Furniture and maintenance equipment	1,147,400	28,163	-	1,175,563
Vehicles and motorized equipment	1,011,675	-	(11,500)	1,000,175
Total capital assets being depreciated	31,444,702	4,353,159	(11,500)	35,786,361
Less accumulated depreciation				
Plant and distribution systems	11,507,259	818,841	-	12,326,100
Furniture and maintenance equipment	670,982	89,002	-	759,984
Vehicles and motorized equipment	671,106	69,253	(11,500)	728,859
Total accumulated depreciation	12,849,347	$ 977,096	$ (11,500)	13,814,943
Total capital assets being depreciated – net	18,595,355			21,971,418
Water and Wastewater Fund Capital Assets - Net	$ 31,131,062			$ 33,206,984

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

5. Capital Assets (continued)

Capital asset activity for business-type activities for the year ended June 30, 2024, (continued):

Storm Water Fund				
Capital assets not being depreciated				
Land	$ 4,534	$ -	$ -	$ 4,534
Total capital assets not being depreciated	4,534	-	-	4,534
Capital assets being depreciated				
Distribution system	313,308	-	-	313,308
Vehicles and motorized equipment	393,449	-	-	393,449
Total capital assets being depreciated	706,757	-	-	706,757
Less accumulated depreciation				
Distribution system	138,951	4,408	-	143,359
Vehicles and motorized equipment	268,007	17,302	-	285,309
Total accumulated depreciation	406,958	21,710	-	428,668
Total capital assets being depreciated – net	299,799			278,089
Storm Water Fund Capital Assets - Net	$ 304,333			$ 282,623

	Beginning Balances	Increases	(Decreases)	Ending Balances
Natural Gas Fund				
Capital assets not being depreciated				
Land	$ 61,682	$ -	$ -	$ 61,682
Total capital assets not being depreciated	61,682	-	-	61,682
Capital assets being depreciated				
Plant and distribution systems	2,560,083	38,832	-	2,598,915
Furniture and maintenance equipment	676,593	5,428	-	682,021
Vehicles and motorized equipment	212,692	-	-	212,692
Total capital assets being depreciated	3,449,368	44,260	-	3,493,628
Less accumulated depreciation				
Plant and distribution systems	1,633,116	45,138	-	1,678,254
Furniture and maintenance equipment	475,022	37,423	-	512,445
Vehicles and motorized equipment	202,199	10,493	-	212,692
Total accumulated depreciation	2,310,337	$ 93,054	$ -	2,403,391
Total capital assets being depreciated – net	1,139,031			1,090,237
Natural Gas Fund Capital Assets - Net	1,200,713			1,151,919
Business-Type Activities Capital Assets, Net	$ 32,636,108			$ 32,641,526

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

5. Capital Assets (continued)

Discretely Presented Component Unit

Capital asset activity for the ABC Board for the year ended June 30, 2024, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
ABC Board				
Capital assets not being depreciated				
Land	$ 6,082	-	-	$ 6,082
Capital assets being depreciated				
Land improvements	31,765	-	-	31,765
Buildings	162,958	-	-	162,958
Equipment	105,644	1,284	-	106,928
Total capital assets being depreciated	300,367	1,284	-	301,651
Less accumulated depreciation				
Land improvements	6,290	1,436	-	7,726
Buildings	152,549	2,152	-	154,701
Equipment	82,241	4,826	-	87,067
Total accumulated depreciation	241,080	$ 8,414	$ -	249,494
Total capital assets being depreciated – net	59,287			52,157
ABC Board Capital Assets - Net	$ 65,369			$ 58,239

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

6. Right to Use Leased Assets

The City has the right to use leased assets for leased equipment and leased vehicles. The related leases are discussed in the Leases subsection of the Liabilities section of this note. The right to use leased assets are amortized on a straight-line basis over the terms of the related leases. City commitments were evaluated during the audit process for GASB 96 compliance. The City does not have the right to use subscription-based information technology arrangements.

Right to use asset activity for governmental activities for the year ended June 30, 2024, was as follows:

	Beginning Balances	Increases	(Decreases)	Ending Balances
Right to use assets				
Leased vehicles	$ 996,803	$ -	$ (43,849)	$ 952,954
Leased equipment	80,380	-	-	80,380
Total right to use assets	1,077,183	-	(43,849)	1,033,334
Less: accumulated amortization for:				
Leased vehicles	166,134	184,878	-	351,012
Leased equipment	20,095	16,076	-	36,171
Total accumulated amortization	186,229	200,954	-	387,183
Right to use assets, net	$ 890,954	$ (200,954)	$ (43,849)	$ 646,151

Right to use asset activity for business-type activities for the year ended June 30, 2024, was as follows:

	Beginning Balances	Increases	(Decreases)	Ending Balances
Business-type Activities:				
Water & Wastewater Fund				
Right to use assets				
Leased vehicles	$ 181,642	-	$ -	$ 181,642
Total right to use assets	181,642	-	-	181,642
Less: accumulated amortization for:				
Leased vehicles	30,274	30,274	-	60,548
Total accumulated amortization	30,274	30,274	-	60,548
Business-type activities right to use assets, net	$ 151,368	$ (30,274)	$ -	$ 121,094

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

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

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, 2024, was 14.85% of covered payroll for law enforcement officers and 13.77% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year. Contributions to the pension plan from the City of Bessemer City were $440,995 for the year ended June 30, 2024.

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

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

At June 30, 2024, the City reported a liability of $2,626,120 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of 3, utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022 (measurement date), the City's proportion was 0.03965%, which was an increase of 0.00497% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City recognized pension expense of $820,840. At June 30, 2024, 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 Resources
Differences between expected and actual experience	$ 292,628	$ 6,300
Changes in assumptions	111,595	-
Net difference between projected and actual earnings on pension plan investments	702,865	-
Changes in proportion and differences between City contributions and proportionate share of contributions	140,949	17,618
City contributions subsequent to the measurement date	440,995	-
Total	$ 1,689,032	$ 23,918

$440,995 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	$ 447,939
2026	240,787
2027	505,671
2028	29,721
2029	-
Thereafter	-
	$ 1,224,118

Actuarial Assumptions. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant white papers, and historical performance of investment strategies. Fixed income returns 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 weighing 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, 2023, are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2022 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 3.0%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.5%, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the net pension liability (asset)	$ 4,549,650	$ 2,626,120	$ 1,042,490

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

b. Law Enforcement Officers Special Separation Allowance

(1) Plan Description

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

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2022, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Inactive members currently receiving benefits	-
Active plan members	14
Total	17

(2) Summary of Significant Accounting Policies

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

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

b. Law Enforcement Officers Special Separation Allowance (continued)

(3) Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2021 valuation. The total pension liability in the December 31, 2021, actuarial evaluation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.25% to 7.75%, including inflation and productivity factor
Discount rate	4.00%

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

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

(4) Contributions

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by the employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid $81,599 in benefit payments in this reporting period.

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

At June 30, 2024, the City reported total pension liability of $698,886. The total pension liability was measured as of December 31, 2023, based on a December 31, 2022, actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the City recognized pension expense of $100,553.

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the separation allowance from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 172,678	$ 67,830
Changes in assumptions and other inputs	73,204	71,999
Benefit payments and administrative expenses subsequent to the measurement date	-	-
Total	$ 245,882	$ 139,829

b. Law Enforcement Officers Special Separation Allowance (continued)

No amounts were reported as deferred outflows of resources related to pensions resulting from payments made or administrative expenses incurred subsequent to the measurements date. No benefits came due and no administrative expenses subsequent to the measurement date were incurred to be recognized as an adjustment of the total pension liability for the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	$ 43,145
2026	23,882
2027	3,262
2028	20,206
2029	15,558
Thereafter	-

Sensitivity of the City's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 4.00%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

	1% Decrease (3.00%)	**Discount Rate (4.00%)**	**1% Increase (5.00%)**
Total pension liability	$ 766,943	$ 698,886	$ 638,207

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

	2024
Beginning balance	$ 529,699
Service cost	24,441
Interest on total pension liability	21,072
Change in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	186,858
Changes of assumptions or other inputs	18,415
Benefit payments	(81,599)
Other changes	-
Ending balance of the total pension liability	$ 698,886

b. Law Enforcement Officers Special Separation Allowance (continued)

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, 2022 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, 2020.

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
Pension expense	$ 820,840	$ 100,553
Pension liability	2,626,120	698,886
Proportionate share of net pension liability	0.03965%	n/a
Deferred Outflows of Resources:		
Difference between expected and actual experience	292,628	172,678
Change of assumptions	111,595	73,204
Net difference between projected and actual earnings on plan investments	702,865	-
Changes in proportion and differences between contributions and proportionate share of contributions	140,949	-
Benefit payments and administrative costs paid subsequent to the measurement date	440,995	-
Deferred Inflows of Resources:		
Differences between expected and actual experience	6,300	67,830
Changes in assumptions	-	71,999
Net difference between projected and actual earnings on plan investments	17,618	-

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

c. Supplemental Retirement Income Plan for Law Enforcement Officers (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 $43,429 for the reporting year. No amounts were forfeited.

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

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

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

The City made contributions of $108,340 for the reporting year. No amounts were forfeited.

e. Other Postemployment Benefit

Healthcare Benefits

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

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

Funding Policy. The City pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a City resolution that can be amended by City Council. The City has chosen to fund the healthcare benefits on a pay as you go basis. The City made no contributions during the year ended June 30, 2024.

e. Other Postemployment Benefit (continued)

Healthcare Benefits (continued)

Membership in the HCB Plan consisted of the following at June 30, 2023, the date of the last actuarial valuation:

	Active Employees
Retirees and dependents receiving benefits	-
Terminating plan members entitled to but not yet receving benefits	-
Active Plan members	11
	11

Total OPEB Liability

The City's total OPEB liability of $348,842 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2023 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	3.25%
General Employees	3.25% - 8.41%
Firefighters	3.25% - 8.15%
Law Enforcement Employees	3.25% - 7.90%
Discount Rate	3.54%
Healthcare Cost Trends	7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2033

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

e. Other Postemployment Benefit (continued)

Healthcare Benefits (continued)

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2023	$ 317,437
Changes for the year:	
Service cost	7,900
Interest	11,450
Changes in benefit terms	-
Differences between expected and actual experience	7,427
Changes in assumptions or other inputs	8,422
Benefit payments	(3,794)
Net changes	31,405
Balance at June 30, 2024	$ 348,842

Changes in assumptions and other input reflect a change in the discount rate from 2.16% to 3.65%.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increase used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2019, adopted by the LGERS Board. The remaining actuarial assumptions used in the June 30, 2023 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2023 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 (2.65%) or one percentage point higher (4.65%) than the current rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	$ 374,523	$ 348,842	$ 324,959

e. Other Postemployment Benefit (continued)

Healthcare Benefits (continued)

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:

	1% Decrease	Current	1% Increase
Total OPEB liability	$ 322,166	$ 348,842	$ 378,260

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

For the year ended June 30, 2024, the City recognized OPEB expense of $18,860. At June 30, 2024, 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	$ 5,575	$ 17,327
Changes in assumptions	58,545	26,927
Total	$ 64,120	$ 44,254

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

Year ended June 30:	
2025	$ 7,026
2026	7,815
2027	7,839
2028	(2,746)
2029	(68)
Thereafter	-

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

f. Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed $50,000 or be less than $25,000.

f. Other Employment Benefits (continued)

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.

2. Deferred Outflows and Inflows of Resources

Deferred outflows of resources at June 30, 2024 are comprised of the following:

Source	Amounts
Differences between expected and actual experience	$ 470,881
Changes of assumptions	243,164
Net difference between projected and actual	703,046
Changes in proportion and differences between City contributions and proportionate share of contributions	140,949
Benfit payments and administrative costs paid subsequent to measurement date	440,995
	$ 1,999,035

Deferred inflows of resources at June 30, 2024 are comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, net (General fund)	$ -	$ 57,351
Miscellaneous receivables (General fund)	-	53,318
Differences between expected and actual experience experience	91,457	-
Changes in assumptions	98,926	-
Net difference between projected and actual earnings on plan investments	17,618	-
Total	$ 208,001	$ 110,669

3. Commitments

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

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

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

4. Risk Management

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

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

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

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

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

In accordance with G.S. 159-29, the City's employees that have access to $100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer is bonded for $1,000,000. The remaining employees that have access to funds are bonded under a blanket bond for $100,000 for employee dishonesty or forgery and $5,000 for theft.

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

5. Long-Term Obligations

a. Leases

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

The City entered into a master lease agreement in January 2018 to lease vehicles. Under this master lease, the City has entered into 39 vehicle leases with inception dates from June 2018 through June 2024. There are no variable payment components of the leases. The lease liability is measured at a discount rate of 2.55%, which is the City's incremental borrowing rate. As a result of the leases, the City has recorded a right to use assets with a net book value of $723,036 on June 30, 2024.

The City entered into an agreement in November 2021 to lease seven copy machines which requires 15 quarterly payments of $4,285. There are no variable components of the lease. The lease liability is measured at a discount rate of 2.55%, which is the City's incremental borrowing rate. As a result of the leases, the City has recorded a right to use assets with a net book value of $44,209 at June 30, 2024.

b. Installment Financing - Direct Borrowings

	Serviced by	
	Governmental Activities	Business-Type Activities
Installment financing agreement to finance a portion of a water project; payable in annual installments of $2,171 beginning May 1, 2012, at 0% interest.	$ -	$ 13,028
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%.	504,594	-
Installment financing contract with a bank entered into in 2016 to finance a fire truck; payable in semi-annual installments of $44,371 through 2027, including interest at 1.97% secured by the fire truck.	215,348	-
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.	-	992,569
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.	-	1,231,220

5. Long-Term Obligations

b. Installment Financing - Direct Borrowings (continued)

	Serviced by	
	Governmental Activities	Business-Type Activities
Installment financing contract with John Deere Financing entered into in 2024 to finance a equipment; payable in 36 monthly installments of $3,562 through August 2026, including interest at 6.75%.	$ 85,928	$ -
Financing contract with a bank entered into in 2019 to finance a fire engine; payable in annual installments of $127,069 through July 2024, including interest at 2.52%.	123,945	-
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.	-	243,425
Installment financing contract with a financial institution entered into in September 2020 to finance a leaf collector truck; payable in annual installments of $35,957 through September 2025, including interest at 1.69%.	-	70,130
Installment financing agreement with a bank entered into June 2022 to finance police equipment; payable in variable annual installments at 2.62% interest through June 2025.	85,498	-
Installment financing contract with a bank entered into in March 2022 to finance city park lighting project, payable in semi-annual payments of $73,023 through March 2032, including interest at 2.27%	1,062,930	-

5. Long-Term Obligations

b. Installment Financing - Direct Borrowings (continued)

	Serviced by	
	Governmental Activities	Business-Type Activities
Installment financing contract with a bank entered into July 2021 to finance equipment; payable in annual installments of $160,221 through July 2024, including interest at 1.13%	$ 56,395	$ 103,818
Installment financing through USDA entered into January 2024 to finance a state-of-the-art recreation park designed to provide a diverse and inclusive space for visitors and residents payable in annual payments of $321,824 through January 2054 with interest at 3.50%.	5,804,283	-
Installment financing through USDA entered into January 2024 to finance a state-of-the-art recreation park designed to provide a diverse and inclusive space for visitors and residents, payable in annual payments of $75,533 through January 2063 with interest at 2.25%	1,947,470	-
Installment financing entered into September 2, 2022 to finance IT replacement hardware, payable in annual payments of $82,282 through September 9, 2027 with interest at 3.09%	104,205	208,409
USDA financing entered into April 2024 to finance improvements to the City's water and sanitary sewer systems, payable in 40 annual payments with interest at 2.125% maturing in fiscal year 2062	-	4,706,000
USDA financing entered into April 2024 to finance improvements to the City's water and sanitary sewer systems, payable in 40 annual payments with interest at 1.25% maturing in fiscal year 2062	-	127,000
State Revolving financing entered into July 2024 to finance improvements to the City's water and sanitary sewer systems, payable in 20 annual payments with interest at 0.00% maturing in fiscal year 2044	-	101,861
State Revolving financing entered into July 2024 to finance improvements to the City's water and sanitary sewer systems, payable in 20 annual payments with interest at 0.00% maturing in fiscal year 2044	-	1,350,000
Total installment financing	$ 9,990,594	$ 11,332,560

5. Long-Term Obligations

b. Installment Financing - Direct Borrowings (continued)

Annual debt service payments of the installment financing contracts as of June 30, 2024, are as follows:

Year Ending	Governmental Activities		Business-Type Activities	
30-Jun	Principal	Interest	Principal	Interest
2025	$ 771,291	$ 334,331	$ 556,850	$ 73,388
2026	521,660	292,321	458,000	65,672
2027	456,865	274,326	425,981	59,924
2028	417,752	260,866	430,382	55,308
2029	401,752	252,353	302,213	48,576
2030-2034	1,411,246	879,531	1,926,601	110,459
2035-2039	1,103,976	917,697	1,832,430	133,834
2040-2043	1,296,756	731,149	1,256,191	110,889
Thereafter	3,609,296	849,363	4,143,912	108,407
Totals	$ 9,990,594	$ 4,791,937	$ 11,332,560	$ 766,457

At June 30, 2024, the City of Bessemer City had a remaining legal debt margin of $54,207,433.

c. Changes in Long-Term Liabilities

The following is a summary of changes in the City's long-term obligations for the year ended June 30, 2024:

	Balance June 30, 2023	Increases	(Decreases)	Balance June 30, 2024	Current Portion
Governmental Activities:					
Installment financing	$ 10,616,636	$ -	$ (626,042)	$ 9,990,594	$ 771,291
Leases	848,590	-	(254,262)	594,328	228,475
Compensated absences	222,851	-	(29,533)	193,318	-
Net pension liability (LGERS)	1,285,610	526,493	-	1,812,103	-
Net pension obligation (LEO)	529,699	169,187	-	698,886	-
Other postemployment benefits	208,593	32,119	-	240,712	-
Long-Term Liabilities	$ 13,711,979	$ 727,799	$ (909,837)	$ 13,529,941	$ 999,766

5. Long-Term Obligations

c. Changes in Long-Term Liabilities (continued)

Business-Type Activities:	Balance June 30, 2023	Increase	(Decrease)	Balance June 30, 2024	Current Portion
Water and Wastewater Fund					
Installment financing	$ 8,809,158	$ 1,451,861	$ (369,709)	$ 9,891,310	$ 350,830
Leases	128,019	-	(48,335)	79,684	43,183
Compensated absences	59,810	-	(29)	59,781	-
Net pension liability (LGERS)	536,545	136,462	-	673,007	-
Other postemployment benefits	87,055	2,344	-	89,399	-
Total Water and Wastewater Fund	9,620,587	1,590,667	(418,073)	10,793,181	394,013
Natural Gas Fund					
Installment financing	1,498,601	-	(127,482)	1,371,119	103,749
Compensated absences	17,833	4,450	-	22,283	-
Net pension liability (LGERS)	134,292	6,718	-	141,010	-
Other postemployment benefits	21,789	-	(3,058)	18,731	-
Total Natural Gas Fund	1,672,515	11,168	(130,540)	1,553,143	103,749
Storm Water Fund					
Installment financing	104,324	-	(34,194)	70,130	34,771
Total Storm Water Fund	104,324	-	(34,194)	70,130	34,771
Total **Business-Type** Activities Long-Term Liabilities	$ 11,397,426	$ 1,601,835	$ (582,807)	$ 12,416,454	$ 532,533

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

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2024, consist of the following:

From	General Fund	$200,000
To	Water Sewer Fund	200,000
From	Water Sewer Fund	2,063,973
To	Water Sewer Projects	2,063,973

These interfund transfers were used to fund enterprise capital projects per project ordinances.

D. Net Investment in Capital Assets

	Governmental	Business-Type
Capital assets, net of accumulated depreciation	$ 19,237,851	$ 34,641,526
Less:		
Long-term debt	(9,990,594)	(11,332,560)
Net investment in capital assets	$ 9,247,257	$ 23,308,966

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	$	4,233,408
Less:		
Nonspendable for Perpetual Maintenance		65,962
Restricted for Stabilization by State Statue		381,300
Restricted for Streets – Powell Bill		261,324
Restricted for Fire Department Construction		2,150,000
Assigned for Subsequent Year's Expenditures		-
Remaining fund balance	$	1,374,822

NOTE 4 - JOINTLY GOVERNED ORGANIZATIONS

North Carolina Municipal Power Agency Number 1

The City, in conjunction with eight counties and fifty other municipalities, established the Centralina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of $1,307 to the Council during the year ended June 30, 2024.

NOTE 5 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

NOTE 6 – RESTATEMENTS

Prior Period Adjustments

During the fiscal year ended June 30, 2024, the City determined that the central depository account was out of balance from the software conversion for the year ending June 30, 2020. Therefore, an adjustment to beginning fund balance has been recorded to account for this error, the net effect of which increased beginning fund balance in the General Fund by $102,723, a decrease in the beginning fund balance of the Water/Wastewater Fund by $23,457, and an increase in the beginning fund balance of the Natural Gas Fund by $31,610.

NOTE 7 - SUBSEQUENT EVENTS

Subsequent events occurring after the statement of financial position date have been evaluated through November 29, 2024, which is the date the financial statements were available to be issued.

CITY OF BESSEMER CITY, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
Last Seven Fiscal Years *

	2024	2023	2022	2021	2020	2019	2018
Beginning balance	$ 529,699	$ 690,393	$ 670,383	$ 508,959	$ 387,197	$ 241,982	$ 224,818
Service cost	24,441	30,230	42,617	26,245	23,671	19,851	13,048
Interest on total pension liability	21,072	15,165	12,841	16,592	14,094	7,647	8,678
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	186,858	(78,842)	(4,259)	(45,497)	65,860	136,026	(22,366)
Changes of assumptions or other inputs	18,415	(94,480)	(21,115)	164,084	18,137	(18,309)	17,804
Benefit payments	(81,599)	(32,767)	(10,074)	-	-	-	-
Other changes	-	-	-	-	-	-	-
Ending balance of the total pension liability	$ 698,886	$ 529,699	$ 690,393	$ 670,383	$ 508,959	$ 387,197	$ 241,982

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

CITY OF BESSEMER CITY, NORTH CAROLINA

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability	698,886	529,699	690,393	670,383	670,383	387,197	241,982	224,818
Covered payroll	889,563	780,791	868,067	774,849	771,915	625,066	540,589	577,519
Total pension liability as a percentage of covered payroll	78.57%	67.84%	79.53%	86.52%	86.85%	61.94%	44.76%	38.93%

Notes to the schedules:

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

Changes of assumptions and other inputs:

December 31, 2023 Measurement Date: The Muncipal Bond Index Rate increased from 4.31% to 4.00%

December 31, 2022 Measurement Date: The Muncipal Bond Index Rate increased from 2.25% to 4.31%

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

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

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

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

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

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

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

Local Government Employees' Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset) %	0.03965%	0.03468%	0.03623%	0.03552%	0.03484%	0.03395%	0.03553%	0.03690%	0.03571%	0.02860%
City's proportion of net pension liability (asset) $	$ 2,626,120	$ 1,956,447	$ 555,622	$ 1,269,281	$ 951,453	$ 805,410	$ 542,800	$ 783,142	$ 160,264	$ (168,667)
City's covered payroll	$ 3,498,565	$ 3,199,830	$ 2,769,517	$ 2,769,517	$ 2,607,827	$ 2,607,827	$ 2,338,340	$ 1,920,500	$ 2,139,190	$ 1,538,026
City's proportionate share of net pension liability (asset) as a percentage of its covered payroll	75.06%	61.14%	20.06%	45.83%	36.48%	30.88%	23.21%	40.78%	7.49%	-10.97%
Plan fiduciary net position as a percentage of the total pension liability	82.49%	84.41%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%

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

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

Local Government Employees' Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 440,995	$ 415,041	$ 361,008	$ 285,767	$ 257,344	$ 203,795	$ 195,578	$ 177,429	$ 145,564	$ 140,405
Contributions in relation to the contractually required contribution	440,995	415,041	361,008	285,767	257,344	203,795	195,578	177,429	145,564	140,405
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 3,305,548	$ 3,498,565	$ 3,199,830	$ 2,769,517	$ 2,629,613	$ 2,607,827	$ 2,338,340	$ 1,920,500	$ 2,139,190	$ 1,538,026
Contributions as a percentage of covered payroll	12.21%	12.21%	11.28%	10.32%	9.79%	7.75%	7.50%	9.24%	6.80%	9.13%

CITY OF BESSEMER CITY, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

REQUIRED SUPPLEMENTARY INFORMATION

Last Six Fiscal Years

Total OPEB Liability	2024	2023	2022	2021	2020	2019
Service cost	$ 7,900	$ 10,648	$ 14,208	$ 10,036	$ 8,621	$ 8,960
Interest	11,450	7,587	6,237	7,965	8,418	7,420
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	7,427	(2,014)	(16,102)	(1,335)	(18,990)	(1,580)
Changes in assumptions	8,422	(39,394)	68,266	33,788	3,102	(6,841)
Benefit payments	(3,794)	-	-	-	-	-
Net change in total OPEB liability	31,405	(23,173)	72,609	50,454	1,151	7,959
Total OPEB liability - beginning	317,437	340,610	268,001	217,547	216,396	208,437
Total OPEB liability - ending	$ 348,842	$ 317,437	$ 340,610	$ 268,001	$ 217,547	$ 216,396
Covered payroll	$ 1,284,081	$ 1,284,081	$ 1,284,081	$ 1,157,983	$ 1,157,983	$ 1,335,670
Total OPEB liability as a percentage of covered payroll	27.17%	24.72%	26.53%	23.14%	18.79%	16.20%

Notes to Schedule

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

Fiscal year	Rate
2024	3.65%
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%

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, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Budget	Actual	Variance Positive (Negative)	2023 Actual
Revenues				
Ad valorem taxes				
Current year		$ 3,801,089		$ 2,564,244
Prior years		16,574		34,612
Penalties and interest		39,415		11,457
Total	$ 3,540,000	3,857,077	$ 317,077	2,610,313
Other taxes and licenses				
Gross receipts tax on short-term rental property		1,023		933
Total	600	1,023	423	933
Unrestricted intergovernmental revenues				
Local option sales tax		1,210,590		1,072,360
Utility franchise tax		464,625		449,588
Beer and wine tax		26,949		24,905
Total	1,370,000	1,702,165	332,165	1,546,853
Restricted intergovernmental revenue				
Solid waste disposal tax		4,380		4,278
Powell Bill allocation		198,843		179,886
Federal grants		92,960		88,295
State grants - Fire		2,185,688		44,143
Other grants		3,676		4,436
Total	299,312	2,485,547	2,186,235	321,038
Permits and fees				
Police/Fire Department fees		290		1,616
Zoning permits and fees		50,950		23,950
Total	19,000	51,240	32,240	25,566
Sales and service				
Landfill disposal fees		412,832		414,057
Grave opening and closing		31,565		28,340
Recreation department fees and concessions		334,762		199,912
Total	682,000	779,159	97,159	642,309

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, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Budget	Actual	Variance Positive (Negative)	2023 Actual
Revenues (continued)				
Investment earnings	$ 20,000	$ 58,678	$ 38,678	$ 51,525
Miscellaneous				
Miscellaneous		48,929		153,426
Total	29,600	48,929	19,329	153,426
Total revenues	5,960,512	8,983,817	3,023,305	5,351,963
Expenditures				
General government				
Governing body and legal				
Salaries and employee benefits		58,545		59,287
Other operating expenditures		49,960		62,964
Total	113,595	108,505	5,090	122,251
Administration and finance				
Salaries and employee benefits		629,600		748,723
Other operating expenditures		373,726		519,038
Capital outlay		-		199,904
Reimbursement by proprietary funds		(925,000)		(1,300,000)
Total	83,087	78,326	4,761	167,665
Planning and zoning				
Salaries and employee benefits		115,043		112,980
Other operating expenditures		30,157		68,146
Total	151,453	145,200	6,253	181,126
Total general government	348,135	332,031	16,104	471,042
Economic development				
Salaries and employee benefits		-		41,151
Other operating expenditures		107,901		139,570
Total Economic Development	120,638	107,901	12,737	180,721

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, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Budget	Actual	Variance Positive (Negative)	2023 Actual
Expenditures (Continued)				
Public Safety				
Police				
Salaries and employee benefits		$ 1,566,689		$ 1,571,601
Other operating expenditures		278,355		303,319
Capital outlay		-		103,554
Total	$ 1,895,062	1,845,044	$ 50,018	1,978,474
Fire department				
Salaries and employee benefits		223,934		126,597
Other operating expenditures		120,002		97,093
Capital outlay		6,795		53,283
Total	373,794	350,730	23,064	276,973
Total public safety	2,268,856	2,195,775	73,081	2,255,447
Public works / Transportation				
Administration				
Other operating expenditures		389,821		332,822
Total	392,997	389,821	3,176	332,822
Shop and Warehouse				
Salaries and employee benefits		207,313		113,134
Other operating expenditures		13,778		9,377
Total	222,000	221,091	909	122,511
Cemetery				
Other operating expenditures		-		-
Total	-	-	-	-
Streets and Transportation				
Other operating expenditures		7,859		19,084
Powell bill		30,041		28,505
Total	39,000	37,900	1,100	47,589
Sanitation Department				
Other operating expenditures		407,868		390,791
Total	409,000	407,868	1,132	390,791
Total public works / transportation	1,062,997	1,056,679	6,318	893,713

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, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Budget	Actual	Variance Positive (Negative)	2023 Actual
Expenditures (Continued)				
Cultural and recreation				
Parks and recreation				
Salaries and employee benefits		$ 774,183		$ 713,313
Other operating expenditures		596,953		446,479
Capital outlay		140,669		106,865
Total cultural and recreation	$ 1,513,074	1,511,806	$ 1,268	1,266,657
Debt service				
Principal retirement	953,007	922,305		678,383
Principal retirement - Powell bill	82,622	82,622		80,032
Interest and fees	304,280	304,277		53,478
Interest and fees - Powell bill	18,192	18,192		20,782
Total debt service	1,358,101	1,327,395	30,706	832,675
Total expenditures	6,671,801	6,531,588	140,213	5,900,255
Revenues over (under) expenditures	(711,289)	2,452,229	3,163,518	(548,292)
Other financing sources (uses)				
Loan proceeds	54,000	116,432	62,432	128,366
Lease liabilities issued	-	-	-	-
Transfers from other capital reserve	-	31	31	-
Transfers (to) other funds - Powell	(100,000)	(100,000)	-	-
Transfers (to) other funds	(445,400)	(540,862)	(95,462)	-
Total other financing sources (uses)	(491,400)	(524,399)	32,999	128,366
Revenues over (under) expenditures and other financing sources (uses)	(1,202,689)	1,927,830	3,130,519	(419,926)
Fund balance appropriated	1,202,689	-	(1,202,689)	-
Net change in fund balance	$ -	1,927,830	$ 1,927,830	(419,926)
Fund balance - beginning as previously reported		2,202,854		2,622,780
Prior period adjustment		102,723		-
Fund balance - beginning as restated		2,305,577		2,622,780
Fund balance - ending		$ 4,233,407		$ 2,202,854

CITY OF BESSEMER CITY, NORTH CAROLINA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2024

	Special Revenue Funds						
	Community Development Block Grant Fund	Sidewalk Project Fund	Community Development Block Grant Neighborhood Revitalization	Business Accelerator Program	Project Branding Project Fund	North Park Capital Project	Total Nonmajor Special Revenue Funds
ASSETS							
Current Assets							
Cash and investments	$ -	$ -	$ (7,666)	$ 29,762	$ (6,075)	$ -	$ 16,021
Restricted cash and investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	6,075	-	6,075
Notes receivable	79,361	-	-	-	-	-	79,361
Total assets	$ 79,361	$ -	$ (7,666)	$ 29,762	$ -	$ -	$ 101,457
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total liabilities	-	-	-	-	-	-	-
Fund balances							
Restricted							
Restricted for economic development	-	-	-	29,762	-	-	29,762
Assigned							
Economic development	79,361	-	(7,666)	-	-	-	71,695
Capital projects	-	-	-	-	-	-	-
Total fund balances	79,361	-	(7,666)	29,762	-	-	101,457
Total liabilities and fund balances	$ 79,361	$ -	$ (7,666)	$ 29,762	$ -	$ -	$ 101,457

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, 2024

	Special Revenue Funds						
	Community Development Block Grant Fund	Sidewalk Project Fund	Community Development Block Grant Neighborhood Revitalization	Business Accelerator Program	Project Branding Project Fund	North Park Capital Project	Total Nonmajor Special Revenue Funds
Revenues:							
Restricted intergovernmental	$ -	$ -	$ 361,376	$ -	$ 6,075	$ -	$ 367,451
Investment earnings			-	-	-	-	-
Total revenues	-	-	361,376	-	6,075	-	367,451
Expenditures:							
Economic development:							
Construction	-	-	-	264,238	-	38,862	303,100
Administration	-	-	332,277	-	-	-	332,277
City branding studies	-	-	-	-	6,075	-	6,075
Economic development	-	-	-	-	-	-	-
Total expenditures	-	-	332,277	264,238	6,075	38,862	641,453
Other financing sources:							
Transfers from :							
General Fund	-	20,369	-	-	-	220,462	240,830
Water/Sewer Fund	-	-	-	-	-	200,000	200,000
Total other financing sources	-	20,369	-	-	-	420,462	440,830
Net change in fund balance	-	20,369	29,099	(264,238)	-	381,600	166,829
Fund balances, beginning	79,361	(20,369)	(36,765)	294,000	-	(381,600)	(65,373)
Fund balances, ending	$ 79,361	$ -	$ (7,666)	$ 29,762	$ -	$ -	$ 101,457

CITY OF BESSEMER CITY, NORTH CAROLINA
SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT
BLOCK GRANT NUMBER 00-C-0638
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2024

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

CITY OF BESSEMER CITY, NORTH CAROLINA
SIDEWALK PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
Revenues					
CMAQ Grant	$ 527,847	$ 81,474	$ -	$ 81,474	$ 446,373
Total revenues	527,847	81,474	-	81,474	446,373
Expenditures					
Construction	625,659	61,048	-	61,048	564,611
Engineering	-	6,645	-	6,645	(6,645)
Surveying	14,900	14,900	-	14,900	-
Environmental services	19,250	19,250	-	19,250	-
Total expenditures	659,809	101,843	-	101,843	557,966
Revenues over (under) expenditures	(131,962)	(20,369)	-	(20,369)	(111,593)
Other financing sources					
Transfers from other funds:					
General Fund	131,962	-	20,369	20,369	(111,593)
Total other financing sources	131,962	-	20,369	20,369	(111,593)
Revenues and other financing sources over (under) expenditures	$ -	$ (20,369)	20,369	$ -	$ -
Fund balance - beginning			(20,369)		
Fund balance - ending			$ -		

CITY OF BESSEMER CITY, NORTH CAROLINA
SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT BLOCK GRANT NEIGHBORHOOD REVITALIZATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental revenues					
Community Development Block Grant	$ 750,000	$ 160,858	$ 361,376	$ 522,234	$ (227,766)
Total revenues	750,000	160,858	361,376	522,234	(227,766)
Expenditures					
Economic development:					
Rehabilitation	675,000	-	-	-	675,000
Administration	75,000	197,623	332,277	529,900	(454,900)
Total expenditures	750,000	197,623	332,277	529,900	220,100
Net change in fund balance	$ -	$ (36,765)	29,099	$ (7,666)	$ (7,666)
Fund balance - beginning			(36,765)		
Fund balance - ending			$ (7,666)		

CITY OF BESSEMER CITY, NORTH CAROLINA

SPECIAL REVENUE FUND - ECONOMIC DEVELOPMENT
BUSINESS ACCELERATOR PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental revenues					
NC Department of Commerce Grant	$ 500,000	$ 500,000	$ -	$ 500,000	$ -
Expenditures					
Economic development:					
Property acquisition and rehab	500,000	206,000	264,238	470,238	29,762
Net change in fund balance	$ -	$ 294,000	(264,238)	$ 29,762	$ (29,762)
Fund balance - beginning			294,000		
Fund balance - ending			$ 29,762		

CITY OF BESSEMER CITY, NORTH CAROLINA
SPECIAL REVENUE FUND - PROJECT BRANDING
COMMUNITY BRANDING AND ECONOMIC DEVELOPMENT STRATEGY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental revenues					
RC2 grant	$ 49,999	$ -	$ 6,075	$ 6,075	$ (43,924)
Total revenues	49,999	-	6,075	6,075	(43,924)
Expenditures					
City branding studies	13,000	-	6,075	6,075	6,925
Economic development studies	36,999	-	-	-	36,999
Total expenditures	49,999	-	6,075	6,075	43,924
Net change in fund balance	$ -	$ -	-	$ -	$ -
Fund balance - beginning			-		
Fund balance - ending			$ -		

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, 2024

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
Revenue					
Restricted intergovernmental revenues					
Gaston County Grant	$ 500,000	$ 350,649	$ -	$ 350,649	$ (149,351)
NC Parks and Recreation Grant	500,000	608,060	-	608,060	108,060
Other	513	-	-	-	(513)
Investment earnings	-	10,279	-	10,279	10,279
Total revenues	1,000,513	968,988	-	968,988	(31,525)
Expenditures					
Cultural and recreational					
Professional services	46,000	45,102	-	45,102	898
Property acquisition	230,247	207,900	-	207,900	22,347
Design services	481,000	432,508	38,862	471,370	9,630
Interim financing interest	172,276	172,176	-	172,176	100
Construction	8,393,477	8,390,389	-	8,390,389	3,088
Total expenditures	9,323,000	9,248,075	38,862	9,286,938	36,062
Revenues over (under) expenditures	(8,322,487)	(8,279,087)	(38,862)	(8,317,949)	4,538
Other financing sources					
Transfers from General Fund	275,000	-	220,462	220,462	(54,538)
Transfers from Water/Sewer Fund	150,000	-	200,000	200,000	50,000
Loan proceeds	7,897,487	7,897,487	-	7,897,487	-
Total other financing sources	8,322,487	7,897,487	420,462	8,317,949	(4,538)
Net change in fund balance	$ -	$ (381,600)	381,600	$ -	$ -
Fund balance - beginning			(381,600)		
Fund balance - ending			$ -		

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, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Budget	Actual	Variance Positive (Negative)	Actual Year ended June 30, 2023
Revenues:				
Operating Revenues:				
Water and wastewater charges		$ 5,119,358		$ 4,491,479
Reconnection and taps		110,758		64,360
System development fees		239,906		71,898
Late penalties		124,875		93,722
Total operating revenues	$ 4,808,000	5,594,897	$ 786,897	4,721,459
Nonoperating revenues				
Sale of assets		11,968		-
Insurance proceeds		31,604		26,970
Total non-operating revenues	15,000	43,572	28,572	26,970
Total revenues	4,823,000	5,638,469	815,469	4,748,429
Expenditures:				
Administrative and finance:				
Other operating expenditures		625,000		1,000,000
Total	650,000	625,000	25,000	1,000,000
Treatment:				
Salaries and employees benefits		327,097		410,903
Purchased water		136,517		248,480
Purchased wastewater treatment		1,221,865		1,270,830
Pretreatment		24,835		14,643
Utilities		177,344		164,278
Maintenance and repairs		76,791		47,559
Contracted services		242,626		309,710
Supplies		200,946		164,202
Other operating expenditures		68,589		7,387
Total	2,540,041	2,476,611	63,430	2,637,992
Public works:				
Salaries and employees benefits		1,024,769		1,030,391
Department supplies and materials		141,539		145,686
Contracted services		87,885		75,740
Other operating expenditures		855		727
Total	1,278,704	1,255,048	23,656	1,252,544
Debt service:				
Interest and fees		203,640		112,103
Principal retirement		368,594		349,812
Total	$ 617,395	572,234	$ 45,161	461,915
Capital outlay:				
Contracted services - construction		-		49,930
Equipment - Treatment		28,163		178,839
Total	28,200	28,163	37	228,769
Total expenditures	5,114,340	4,957,056	157,284	5,581,220

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, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Budget	Actual	Variance Positive (Negative)	Actual Year ended June 30, 2023
Revenues over (under) expenditures	(291,340)	681,413	972,753	(832,791)
Other financing sources (uses)				
Loan proceeds	-	-	-	128,320
Transfers to other funds	(2,063,973)	(2,063,973)	-	(26,835)
Total other financing sources (uses)	(2,063,973)	(2,063,973)	-	101,485
Fund balance appropriated	2,355,313	-	(2,355,313)	-
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	(1,382,561)	$ (1,382,560)	(731,306)
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Principal retirement		418,047		349,812
Capital Projects - loan proceeds		(1,451,861)		(128,320)
Capital outlay		28,163		228,769
Capital outlay projects		3,515,835		-
Depreciation		(977,096)		(766,592)
Amortization of reduced treatment rates		-		(39,659)
Amortization of leases		(30,274)		-
Decrease (increase) in compensated absences		29		(710)
Pension (expense) credit		(86,900)		(53,422)
OPEB expense		185		(9,419)
Grants received for Water and Wastewater Capital Projects		2,048,718		3,838,468
Transfers to projects from General Fund		200,000		-
Leased asset disposals		-		72,295
Total reconciling items		3,664,846		3,491,222
Change in net position		$ 2,282,285		$ 2,759,916

CITY OF BESSEMER CITY, NORTH CAROLINA
WATER/WASTEWATER STINGER PARK CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
Revenues:					
Grants	$ 4,065,000	$ 2,332,948	$ 1,732,052	$ 4,065,000	$ -
Total revenues	4,065,000	2,332,948	1,732,052	4,065,000	-
Expenditures:					
Water and Wastewater Project:					
Construction	8,141,646	7,523,172	618,473	8,141,646	-
Engineering	970,836	860,510	110,326	970,836	-
Administration	10,029	10,029	-	10,029	-
Local & bond council	21,250	21,250	-	21,250	-
Interest - interim financing	66,223	66,223	-	66,223	-
Total expenditures	9,209,984	8,481,185	728,799	9,209,984	-
Revenues over (under) expenditures	(5,144,984)	(6,148,237)	1,003,253	(5,144,984)	-
Other financing sources (uses)					
Anticipation Note -loan proceeds	-	-	-	-	-
USDA Bond - loan proceeds	4,865,000	4,865,000	-	4,865,000	-
USDA Bond - loan proceeds	133,000	133,000	-	133,000	-
Transfers from other funds:					
Water and Wastewater Fund	146,984	-	-	-	(146,984)
Total other financing sources	5,144,984	4,998,000	-	4,998,000	(146,984)
Revenues and other financing sources over (under) expenditures	$ -	$ (1,150,237)	1,003,253	$ (146,984)	$ (146,984)
Fund balance - beginning			(1,150,237)		
Fund balance - ending			$ (146,984)		

CITY OF BESSEMER CITY, NORTH CAROLINA
WATER AND WASTEWATER TWO RIVERS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
Revenues:					
Water and Sewer					
Golden Leaf Grant	$ 200,000	$ 200,000	$ -	$ 200,000	$ -
NC Commerce Grant	1,325,000	1,305,521	-	1,305,521	(19,479)
Gaston County Contributions	158,333	-	158,333	158,333	-
City of Gastonia Contribution	158,333	-	158,333	158,333	-
Total revenues	1,841,666	1,505,521	316,666	1,822,187	(19,479)
Expenditures:					
Water and Wastewater					
Preconstruction design and permitting	19,466	-	-	-	19,466
Construction and contingency	1,980,534	1,663,855	316,666	1,980,521	13
Total expenditures	2,000,000	1,663,855	316,666	1,980,521	19,479
Revenues over (under) expenditures	(158,334)	(158,334)	-	(158,334)	-
Other financing sources					
Transfers from other funds:					
Water and wastewater fund	158,334	-	158,334	158,334	-
Total other financing sources (uses)	158,334	-	158,334	158,334	-
Revenues and other financing sources over (under) expenditures	$ -	$ (158,334)	158,334	$ -	$ -
Fund balance - beginning			(158,334)		
Fund balance - ending			$ -		

CITY OF BESSEMER CITY, NORTH CAROLINA
VALENTINE PUMP STATION AND SEWER REPLACEMENTS
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
Revenues:					
Clean Water State Revolving Fund Grant	$ 500,000	$ -	$ -	$ -	$ (500,000)
Total revenues	500,000	-	-	-	(500,000)
Expenditures:					
Water and Sewer					
Administrative	20,000	474	-	474	19,526
Planning and design	120,000	-	-	-	120,000
Construction	1,618,525	-	1,433,195	1,433,195	185,330
Engineering	190,875	79,080	83,920	163,000	27,875
Loan closing fee	39,700	-	39,700	39,700	-
Contingencies	80,900	-	-	-	80,900
Total expenditures	2,070,000	79,554	1,556,815	1,636,369	433,631
Revenues over (under) expenditures	(1,570,000)	(79,554)	(1,556,815)	(1,636,369)	(66,369)
Other financing sources (uses)					
Revolving Fund loan	1,350,000	-	1,350,000	1,350,000	-
CWSRF loan	135,000	-	101,861	101,861	(33,139)
Transfers from other funds	85,000	-	85,000	85,000	-
Total other financing sources	1,570,000	-	1,536,861	1,536,861	(33,139)
Revenues and other financing sources (uses) over (under) expenditures	$ -	$ (79,554)	(19,954)	$ (99,508)	$ (99,508)
Fund balance - beginning			(79,554)		
Fund balance - ending			$ (99,508)		

CITY OF BESSEMER CITY, NORTH CAROLINA
WATER AND WASTEWATER UTILITY CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
Expenditures:					
Water and wastewater					
Engineering	$ 147,500	$ 41,982	$ 14,384	$ 56,366	$ 91,134
Construction	2,061,190	1,489,058	408,191	1,897,249	163,941
Contingency	191,310	-	-	-	191,310
Total expenditures	2,400,000	1,531,040	422,575	1,953,615	446,385
Other financing sources:					
Transfers from other funds:					
Water and Wastewater Fund	1,800,000	-	1,653,615	1,653,615	(146,385)
General Fund	300,000	-	200,000	200,000	(100,000)
General Fund - Powell Bill	300,000	-	100,000	100,000	(200,000)
Total other financing sources	2,400,000	-	1,953,615	1,953,615	(446,385)
Other financing sources over (under) expenditures	$ -	$ (1,531,040)	1,531,040	$ -	$ -
Fund balance - beginning			(1,531,040)		
Fund balance - ending			$ -		

CITY OF BESSEMER CITY, NORTH CAROLINA
WATER AND WASTEWATER LINE PAVING CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
Expenditures:					
Water and Wastewater					
Water line replacement	$ 448,570	$ 56,420	$ -	$ 56,420	$ 392,150
Paving	257,350	10,605	-	10,605	246,745
Contingency	70,592	-	-	-	70,592
Total expenditures	776,512	67,025	-	67,025	709,487
Other financing sources:					
Transfers from other funds:					
Water and wastewater fund	776,512	-	67,025	67,025	(709,488)
Total other financing sources	776,512	-	67,025	67,025	(709,488)
Other financing sources over (under) expenditures	$ -	$ (67,025)	67,025	$ -	$ -
Fund balance - beginning			(67,025)		
Fund balance - ending			$ -		

CITY OF BESSEMER CITY, NORTH CAROLINA
PROPRIETARY FUND TYPE - NATURAL GAS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (Non-GAAP)
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Budget	Actual	Variance Positive (Negative)	Actual Year ended June 30, 2023
Revenues				
Operating Revenues:				
Natural gas sales:				
Residential		$ 676,093		$ 743,821
Small commercial		414,796		598,920
Firm industrial		92,125		78,433
Off system sales		11,370		-
Reconnection and tap fees		2,245		2,344
Miscellaneous revenue		21,025		231,600
Total operating revenues	$ 1,263,500	1,217,654	$ (45,846)	1,655,118
Nonoperating revenues				
Sale of assets		11,968		-
Interest earnings		-		-
	11,969	11,968	(1)	-
Total revenues	1,263,500	1,229,622	(33,878)	1,655,118
Expenditures				
Administrative and finance:				
Other operating expenditures		300,000		300,000
Total	300,000	300,000	-	300,000
Distribution:				
Salaries and employees benefits		288,037		363,096
Purchased natural gas		237,614		392,882
Utilities		2,206		2,186
Maintenance and repairs		4,590		14,074
Supplies		31,776		63,480
Contracted services		195,245		256,597
Other operating expenditures		67,373		14,628
Total	893,538	826,841	66,697	1,106,943
Debt service:				
Interest and fees		27,457		15,558
Principal retirement		127,482		109,091
Total	155,130	154,938	192	124,649
Capital outlay:				
Equipment	44,500	44,260	240	218,041
Total	44,500	44,260	240	218,041
Total expenditures	1,393,168	1,326,039	67,129	1,749,633

CITY OF BESSEMER CITY, NORTH CAROLINA
PROPRIETARY FUND TYPE - NATURAL GAS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (Non-GAAP)
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Budget	Actual	Variance Positive (Negative)	Actual Year ended June 30, 2023
Revenues over (under) expenditures	$ (129,668)	$ (96,416)	$ 33,252	$ (94,515)
Other financing sources				
Loan proceeds	-	-	-	128,320
Total other financing sources	-	-	-	128,320
Fund balance appropriated	129,668	-	(129,668)	-
Revenues and other financing sources over (under) expenditures	$ -	(96,416)	$ (96,416)	33,805
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Principal retirement		127,482		109,091
Capital Outlay		44,260		218,041
Depreciation		(93,054)		(62,975)
Loan proceeds		-		(128,320)
(Decrease) in accounts receivable		-		(4,118)
Increase (decrease) in deferred outflows of resources-pensions		(4,275)		26,285
(Decrease) in deferred outflows of resources-OPEB		(1,238)		(1,461)
(Increase) decrease in deferred inflows of resources-pensions		(717)		57,360
(Increase) decrease in deferred inflows - OPEB		1,664		(1,226)
(Increase) in compensated absences		(4,450)		(5,172)
(Increase) decrease in OPEB liability		3,058		-
(Increase) decrease in net pension liability		(6,718)		(94,167)
Total reconciling items		66,011		113,338
Change in net position		$ (30,405)		$ 147,143

CITY OF BESSEMER CITY, NORTH CAROLINA
PROPRIETARY FUND TYPE - STORM WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (Non-GAAP)
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Budget	Actual	Variance Positive (Negative)	Actual Year ended June 30, 2023
Revenues				
Operating Revenues:				
Storm water charges		$ 115,868		$ 100,713
Total revenues	$ 100,000	115,868	$ 15,868	100,713
Expenditures				
Capital outlay		-		-
Other operating expenditures		19,179		62,914
	64,042	19,179	44,863	62,914
Debt service:				
Interest and fees	-	1,763		2,331
Principal retirement	-	34,194		33,625
Total	35,958	35,957	1	35,956
Total expenditures	100,000	55,136	44,864	98,870
Revenues over (under) expenditures	-	60,732	60,732	1,843
Other financing sources				
Fund balance appropriated	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	60,732	$ 60,732	1,843
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Principal retirement		34,194		33,625
Depreciation		(21,710)		(21,709)
Total reconciling items		12,483		11,916
Change in net position		$ 73,215		$ 13,759

CITY OF BESSEMER CITY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2024

Fiscal Year	Uncollected Balance July 1, 2023	Additions	Collections and Credits	Uncollected Balance June 30, 2024
2024	$ -	$ 3,726,761	$ 3,678,108	$ 48,653
2023	20,628		8,337	12,291
2022	7,513	-	2,457	5,056
2021	4,273	-	490	3,783
2020	4,923	-	632	4,291
2019	11,680	-	9,080	2,600
2018	8,632	-	5,790	2,842
2017	25,094	-	21,103	3,991
2016	3,232	-	63	3,169
2015	21,999	-	19,343	2,656
2014	3,088	-	3,088	-
	$ 111,062	$ 3,726,761	$ 3,748,491	89,332
Less: Allowance for uncollectible accounts				
General Fund				(31,981)
Ad valorem taxes receivable - net				$ 57,351
Reconcilement with revenues				
Ad valorem taxes collected - General Fund				$ 3,846,970
Interest				(39,415)
Taxes written off				3,088
MV Tags ($20 per tag)				(122,540)
Refunds				513
Collection fees				9,595
Other adjustments				50,280
Total collections and credits				$ 3,748,491

CITY OF BESSEMER CITY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
CITY-WIDE LEVY
For the Fiscal Year Ended June 30, 2024

	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	$ 663,530,182	0.55	$ 3,649,416	$ 3,455,139	$ 194,277
Discoveries:					
Current year taxes	17,641,636	0.55	97,029	97,029	-
Abatements:	(3,578,909)	0.55	(19,684)	(19,684)	-
Total valuation	$ 677,592,909				
Net levy			3,726,761	3,532,484	194,277
Uncollected taxes at June 30, 2024			48,653	48,387	266
Current year's taxes collected			$ 3,678,108	$ 3,484,097	$ 194,011
Current levy collection percentage			98.69%	98.63%	99.86%

Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bessemer City, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprises the City of Bessemer City's basic financial statements, and have issued our report thereon dated November 29, 2024.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Tony Brewer CPA, PC



Lexington, North Carolina
November 29, 2024

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Bessemer City, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Bessemer City's major federal programs for the year ended June 30, 2024. The City of Bessemer City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The City of Bessemer City's compliance with the compliance requirements referred to above and performing such other procedures as We considered necessary in the circumstances.
- obtain an understanding of The City of Bessemer City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The City of Bessemer City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Tony Brewer CPA, PC



Lexington, North Carolina
November 29, 2024

City of Bessemer City, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

I. Summary of Auditor's Results

Financial statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

* Material weakness(es) identified?	____ yes	X no	
* Significant Deficiency(s) identified that are not considered to be material weaknesses?	____ yes	X	
Noncompliance material to financial statements noted	____ yes	X no	

Federal awards

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

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

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

Identification of major federal programs:

Program Name	Grant Number
US Department of Agriculture Water and Waste Disposal for Rural Communities	10.760

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

Auditee qualified as low risk auditee?	____ yes	X no	

State awards

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

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

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

Identification of major State programs:

Program Name	Grant Number
NC Department of Environmental Quality Clean Water State Revolving Fund Loan	CS370763-03

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

Auditee qualified as low risk auditee?	____ yes	X no	

City of Bessemer City, North Carolina
Schedule of Findings, Responses, and Questioned Costs
For the Year Ended June 30, 2024

II Financial Statement Findings

None reported

III Federal Award Findings and Questioned Costs

None reported

IV State Award Findings and Questioned Costs

None reported

City of Bessemer City, North Carolina
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

Finding 2023-01

Status: None

Finding 2023-02

Status: None

CITY OF BESSEMER CITY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Grantor/Pass-through Grantor/Program title	Federal Assistance Listing	State/ Pass-through Grantor's Number		Federal Direct & - Pass-through Expenditures	State Expenditures	Local Expenditures
FEDERAL AWARDS						
U.S. Department of Housing and Urban Development						
Passed-through the N.C. Department of Commerce:						
CDBG - Neighborhood Revitalization Program	14.228	16-D-3029		$ 332,277	$ -	$ -
U.S. Department of the Agriculture						
Office of Rural Development						
Water and Waste Disposal for Rural Communities						
Rural Utilities Service Grant	10.760		**	728,799	-	-
U.S. Department of the Justice						
Passed-through Gaston County, North Carolina:						
Public Safety Partnership & Community Policing Grant	16.710			92,960	-	-
Total assistance federal programs				1,154,036	-	-
STATE GRANTS						
N.C. Department of Insurance						
Volunteer Fire Department Fund	N/A				20,000	-
N.C. Department of Natural and Cultural Resources						
N.C. Parks and Recreation Trust Fund Grant	N/A	2017-822			38,826	
N. C. Department of Commerce						
Office of Rural Ecomonic Development						
Economic Development Business Accelerator Grant	N/A	2022-056-1257-1913			264,238	-
Community Branding and Economic Development Strategy	N/A				6,075	
N. C. Department of Environmental Quality						
Clean Water State Revolving Fund Loan	N/A	CS370763-03		**	1,451,861	
N. C. Department of Transportation						
Powell Bill	N/A				30,041	-
Total assistance state programs					1,811,041	-
Total assistance				$ 1,154,036	$ 1,811,041	$ -

Major Federal/State programs **

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State loan and grant activity of Bessemer City under the programs of the federal government and the State of North Carolina for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requiremetns for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of Bessemer City.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Loans Outstanding

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

	CFDA Number	State Project Number	Amount Outstanding
U.S. Environmental Protection Agency			
Capitalization Grants for Clean Water State Revolving Loans:			
Sewer system improvements loan	66.458	E-SRF-T-14-0386	$ 992,569
Capitalization Grants for Drinking Water State Revolving Loans:			
Water line replacement loan	66.468	H-LRX-F-16-1873	$ 1,231,220