

BESSEMER CITY BOARD OF EDUCATION
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
SEPTEMBER 30, 2021

**BESSEMER CITY BOARD OF EDUCATION
BESSEMER, ALABAMA**

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BESSEMER, ALABAMA**

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INDEPENDENT AUDITOR'S REPORT

**To the Superintendent and Members
of the Bessemer City Board of Education
Bessemer, Alabama**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bessemer city Board of Education ("the Board") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bessemer City Board of Education as of September 30, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**To the Superintendent and Members
of the Bessemer City Board of Education
Bessemer, Alabama
Page 2**

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 13 and 56, as well as the Schedule of Board Pension Contributions and the Schedule of the Board's Proportionate Share of Net Pension Liability on pages 52 through 53; and the Schedule of Board OPEB Contributions and the Schedule of the Board's Proportionate Share of Net OPEB Liability on pages 55 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The combining and individual nonmajor governmental and fiduciary fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements.

The combining and individual nonmajor governmental fund financial statements, the combining fiduciary fund financial statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 August 2, 2022, on our consideration of the Board'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 solely 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 the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Sheppard-Harris & Associates

Sheppard-Harris & Associates
Birmingham, Alabama
August 2, 2022

BESSEMER CITY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The discussion and analysis of the Bessemer City Board of Education ("the Board") provides an overview of the Board's financial activities for the year ended September 30, 2021. The intent of this discussion and analysis is to examine the Board's financial performance as a whole, identify changes in the financial position as well as to present basic financial statements. The Basic Financial Statement should be reviewed by the readers to enhance their understanding of the Board's financial performance as a whole or as an entire operating entity. The Basic Financial Statements contain the following components:

- Government-wide financial statements including the Statement of Net Position and the Statement of Activities, which provides a broad, long-term overview of the Board's finances.
- Fund-level financial statements provide a greater level of detail about the Board's major funds and focus on how well the Board has performed in the short-term in the most significant funds.
- Notes to the Basic Financial Statements.

This report also presents the highlights for the year ended September 30, 2021 and contains other supplementary information.

Financial Highlights

Total net positions for the Board increased from \$4,299,250 in year 2020 to \$7,310,605 in year 2021, an increase of \$3,011,355 or 70.04%.

Total revenues increased from \$44,078,251 in year 2020 to \$48,395,198 in year 2021, an increase of \$4,316,947 or 9.79%.

Total expenses increased from \$41,391,252 to \$45,383,843 between 2020 and 2021, respectively, a increase of \$3,992,591 or 9.65%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Board has prepared its annual financial reports according to the Governmental Accounting Standards Board Statement No. 34 financial reporting model. The management's discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. The Board's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

Perhaps the most notable feature of the model is the requirement for government-wide financial statements. The focus of these financial statements is to provide readers with a broad overview of the Board's finances as a whole instead of on an individual fund basis, in a manner similar to private-sector business, indicating both long-term and short-term information about the Board's overall financial status. It is important to note that all of the activities of the Board reported in the government-wide financial statements are classified as governmental activities. These activities including the following:

Instructional includes teacher salaries and benefits, teacher aides, substitute teachers, textbooks, professional development, and classroom instructional materials, supplies and equipment.

BESSEMER CITY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Instructional Support includes salaries and benefits for school principals, assistant principals, librarians, counselors, school secretaries, school bookkeepers, speech therapists, school social workers, school nurses, and professional development expenses.

Operational Maintenance includes utilities, security services, janitorial services, and maintenance services.

Auxiliary Service includes student transportation expenses, such as bus driver salaries and benefits, mechanics, bus aides, vehicle maintenance and repair expenses, vehicle fuel, depreciation of buses and bus shops, and fleet insurance. Also included are food service expenses such as lunchroom managers, cooks, cashiers and servers' salaries and benefits as well as donated and purchased food, food preparation and service supplies, kitchen and lunch-room equipment and depreciation of food service equipment and facilities.

General Administration and Central Office Support includes salaries and benefits for the superintendent, assistant superintendent, clerical and financial staff, curriculum staff, and other personnel that provide system-wide support for schools. Also included are legal expenses, liability insurance, training for board members and general administrative staff, printing costs, and depreciation of central office equipment and facilities.

Interest and Fiscal Charges include interest, but not principal payments, on long-term debt issues and other expenses related to the issuance or continuance of debt issues.

Other includes the salaries and benefits for adult and continuing education teachers, preschool teachers and aides, extended day personnel, and community education instructors. Also included are the materials, supplies, equipment, related depreciation, and other expenses for operating programs outside of those for educating students in the kindergarten through 12th grade instructional programs.

Government-wide financial statements report the capitalization of capital assets and depreciation of all exhaustible capital assets and the outstanding balances of long-term debt and other obligations, which has not been the case in the past. These statements report all assets and liabilities perpetuated by these activities using the accrual basis of accounting. The accrual basis takes into account all of the Board's current year revenues and expenses regardless of when received or paid. This approach moves the financial reporting method for governmental entities closer to the financial reporting methods used in the private sector. The following government-wide financial statements report on all the governmental activities of the Board as a whole

- The **Statement of Net Position** is closely related to a balance sheet. It presents information on all the Board's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as net position. The net position reported in this statement represents the accumulation of changes in net position for the current fiscal year and all fiscal years in the past combined. Over time, the increase or decrease in net position reported in this statement may serve as a useful indicator of whether the financial position of the school board is improving or deteriorating.

BESSEMER CITY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

- The **Statement of Activities** is most closely related to an income statement. It presents information showing how the Board's net position changed during the current fiscal year only. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when the cash is received or paid. This statement shows gross expenses and offsetting program revenues to arrive at net cost information for each major expense function or activity of the Board. By showing the change in net position for the year, the reader may be able to determine whether the Board's financial position has improved or deteriorated over the course of the current fiscal year. The changes in net position may be financial or non-financial in nature. Non-financial factors which may have an impact on the Board's financial condition include; age and condition of facilities, mandated educational programs for which little or no funding is provided, and increases or decreases in funding from state and federal governments, to name a few.

Fund Financial Statements

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 Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Board can be classified into two categories: governmental funds and fiduciary funds.

Governmental fund – These funds are used to account for the Board's basic services and focus on providing cash flow available for spending. The funds include the General Funds, Food and Nutrition Fund, Debt Service fund and other governmental funds of lesser magnitude. Fund financial statements use the modified-accrual basis of accounting, where revenues are recorded when they become measurable and available and expenditures are recorded when the related liability is incurred, except for principal and interest on long-term debt, which is recorded when payment is due. As a result, the fund financials focus more on the near-term use and availability of spendable resources. The information provided is useful in determining the Board's immediate financial needs. This contrasts with the accrual-based government-wide financial statements which focus more on overall long-term availability of spendable resources. The relationship between governmental activities reported in the fund financial statements are reconciled in these financial statements. These reconciliations are useful to readers in understanding the long-term impact of the Board's short-term financial decisions.

Fiduciary funds – The Board is the trustee, or fiduciary, for some of its booster and parent organization activity funds, which are under the control and administration of its schools. All the Board's fiduciary activities are reported in a separate *Statement of Fiduciary Net Position* on page 21 of this section. These funds are not available to finance Board operations, and are, therefore, not included in the government-wide financial statements. The Board is responsible for ensuring that the assets reported by these funds are used for their intended purposes.

Notes to the Basic Financial Statements – The notes to the basic financial statements provide additional information that is essential for the statements to fairly represent the Board's financial position and its operations. The notes contain important information that is not part of the basic financial statements. However, the notes are an integral part of the statement, not an appendage to them. The Notes to the Basic Financial Statements begin following the financial statements.

**BESSEMER CITY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

After the presentation of the basic financial statements and accompanying notes to the basic financial statements, the reporting model requires additional required supplementary information to be presented following the notes to the basic financial statements. The required supplementary provides a comparison of the original adopted budget to the final amended budget of the Board's General Fund which is then further compared to the actual operating results for the fiscal year. The comparison of this data allows users to assess management's ability to project for its operations throughout the year.

Fiscal Analysis of the Board as a Whole

As indicated earlier, net position may serve over time as a useful indicator of a government's financial position. Refer to the Statement of Activities report when reading the following analysis of net position.

**TABLE 1
BESSEMER CITY BOARD OF EDUCATION
CONDENSED STATEMENT OF NET POSITION
SEPTEMBER 30, 2021 AND 2020**

	Governmental Activities 2021	Percent of Total 2021	Governmental Activities 2020	Percent of Total 2020
Current and other assets	\$ 23,281,731	27.47%	\$ 20,851,251	24.90%
Capital assets, net	61,478,075	72.53%	62,880,472	75.10%
Total assets	<u>84,759,806</u>	<u>100.00%</u>	<u>83,731,723</u>	<u>100.00%</u>
Total deferred outflows of resources	<u>18,452,650</u>	<u>100.00%</u>	<u>10,115,358</u>	<u>100.00%</u>
Long-term liabilities	74,691,302	96.18%	67,054,610	96.39%
Other liabilities	2,966,429	3.82%	2,510,691	3.61%
Total liabilities	<u>77,657,731</u>	<u>100.00%</u>	<u>69,565,301</u>	<u>100.00%</u>
Total deferred inflows of resources	<u>18,244,120</u>	<u>100.00%</u>	<u>19,982,530</u>	<u>100.00%</u>
Net position:				
Net investments in capital assets	45,705,838	625.20%	45,563,931	1059.81%
Unrestricted	<u>(38,395,233)</u>	<u>-525.20%</u>	<u>(41,264,681)</u>	<u>-959.81%</u>
Total net position	<u><u>\$ 7,310,605</u></u>	<u><u>100.00%</u></u>	<u><u>\$ 4,299,250</u></u>	<u><u>100.00%</u></u>

**BESSEMER CITY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

The Board's total revenues and expenditures are reflected in the following chart:

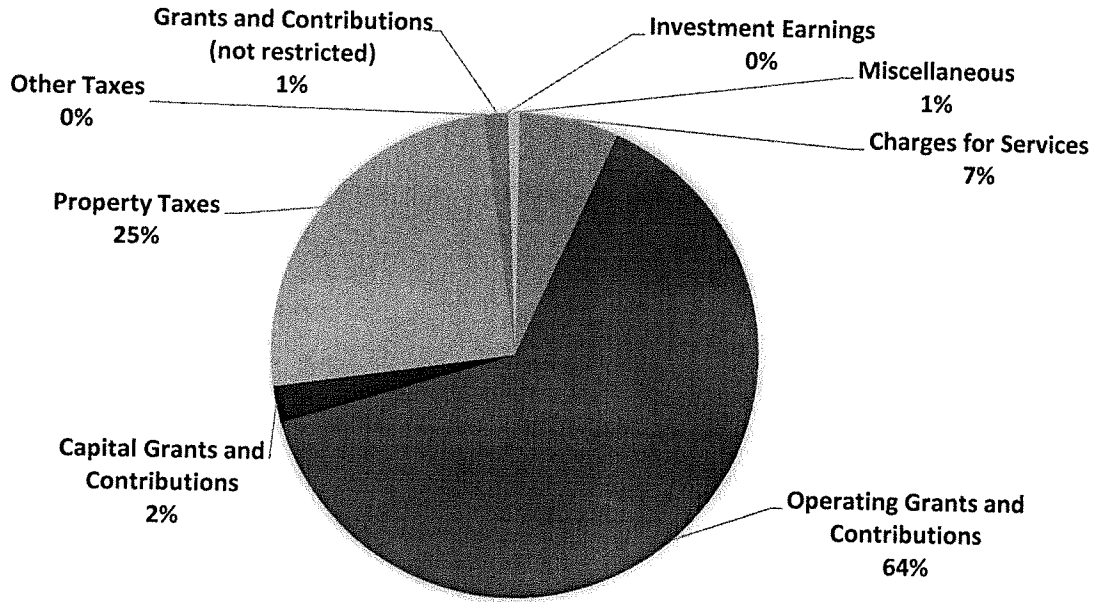
**TABLE 2
BESSEMER CITY BOARD OF EDUCATION
CONDENSED STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

Charges for services	\$ 3,201,513	\$ 2,905,595
Operating grants and contributions	30,766,849	27,215,537
Capital grants and contributions	1,186,231	1,179,683
General revenue:		
Property taxes for general purposes	12,111,996	11,184,940
Other taxes	95,559	91,661
Grants and contributions (not restricted for specific purpose)	647,335	676,339
Investments earnings	5,215	74,208
Miscellaneous	380,500	750,288
Total revenues	48,395,198	44,078,251
Expenses		
Governmental activities		
Instructional services	22,401,782	20,983,595
Instructional support services	9,025,539	7,568,015
Operating and maintenance	4,053,139	4,163,822
Auxiliary services:		
Transportation	1,948,478	1,797,906
Food services	836,588	1,905,453
General administration and central support	2,406,386	1,942,331
Interest and fiscal charges	547,071	594,664
Others	4,164,860	2,435,466
Total expenses	45,383,843	41,391,252
Changes in net position	3,011,355	2,686,999
Beginning net position	4,299,250	1,612,251
Ending net position	\$ 7,310,605	\$ 4,299,250

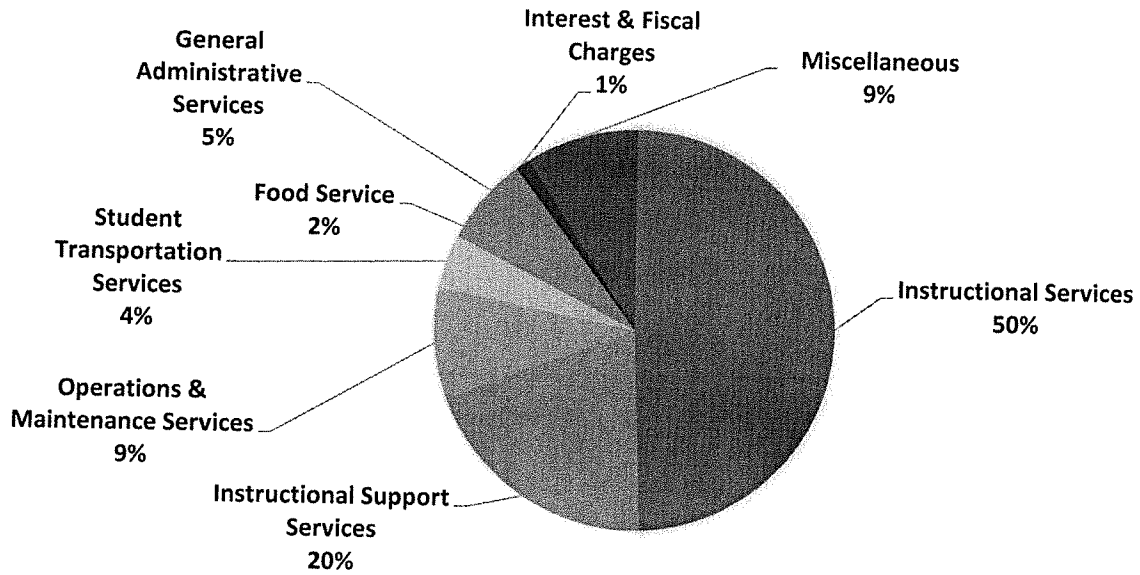
Governmental Activities – The Board's Governmental activities net position increased \$3,011,355 for fiscal year 2021 compared to an increase of \$2,686,999 in prior year. In fiscal year 2021, revenues increased by \$4.3M while expenses increased \$3.9M. The key elements of the positive net position in fiscal year 2021 is due to state funds increasing \$1,340,000 and federal funds increasing \$2,607,000. The increase in federal funds is due primarily to the Board receiving a new ESSER grant that resulted in large increases in the Food and Nutrition Program and the Summer Food Program. The increase in income coincides with the increase in revenue for the new ESSER funds. The Summer Food Program expenses alone increased approximately \$1,275,00 compared to prior year. The new grant funds not only increased food purchases but the Board was able to add new positions that increased salaries and wages. The Board also experienced increases in current year expenses due to the schools reopening after the pandemic and state-wide shutdown.

**BESSEMER CITY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)**

**REVENUES
FOR THE PERIOD ENDED 2021**



**EXPENSES
FOR FISCAL YEAR ENDED 2021**



**BESSEMER CITY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

Table 3 is a condensed statement taken from the Statement of Activities showing the total cost for providing identified services for five major board activities. Total cost of services is compared to the net cost of providing these services. The net cost of services is the remaining cost of services after subtracting grants and charges for services that the Board used to offset the program's total cost. In other words, the net cost shows the financial burden that was placed on all taxpayers for each of these activities. This information allows citizens to consider the cost of each program in comparison to the benefits they believe are provided.

**TABLE 3
BESSEMER CITY BOARD OF EDUCATION
NET COST OF GOVERNMENT ACTIVITIES
FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	Total Cost of Service		Net Cost of Service	
	2021	2020	2021	2020
Expenses				
Governmental activities:				
Instructional services	\$ 22,401,782	\$ 20,983,595	\$ (3,982,850)	\$ (3,696,968)
Instructional support services	9,025,539	7,568,015	(1,828,772)	(2,033,054)
Operating and maintenance	4,053,139	4,163,822	(2,009,142)	(1,766,521)
Auxiliary services:				
Transportation	1,948,478	1,797,906	13,754	12,022
Food Services	836,588	1,905,453	91,595	(43,958)
Other Auxiliary Services				
General administration and central support	2,406,386	1,942,331	(1,593,158)	(1,292,198)
Interest and fiscal charges	547,071	594,664	(547,071)	(594,664)
Others	4,164,860	2,435,466	(373,606)	(675,098)
Total expenses	\$ 45,383,843	\$ 41,391,252	\$ (10,229,250)	\$ (10,090,439)

Financial Analysis of the Board's Funds

As noted earlier, the Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Financial information is presented separately in the Balance Sheet, and the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Board's major funds: General Fund, and Capital Projects Fund. Financial information for the non-major governmental funds is aggregated and presented in a single column. Individual fund data for each to the non-major governmental funds is presented in the combining statements beginning at September 30, 2021. The Board's governmental funds reported a combined fund balance of \$20,487,123, which is an increase of \$1,961,827. The bulk of increase is due to leverage.

BESSEMER CITY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

General Fund – The general fund is the primary operating fund of the Board. Overall revenues increased \$2,179,865 from the previous year. The increase is primarily due to the advancement and technology funds from the State Department. Expenditures increased by \$1,251,829 from the previous year. The increase is primarily attributed to schools reopening after the pandemic and state-wide shutdown. Specifically in fiscal year 2021, the Board was able to do extra-curricular activities including sports and after school programs and in person learning which increased expenses like utilities, repair and maintenance, and gas for the buses to name a few. Fund balance increased by \$2,375,310, which is caused by an increase in revenues, offset by an increase in expenditures.

Capital Projects – The capital projects funds constitute the primary source of revenue for capital projects. The change in fund balance of \$845,373 represents a decrease due to building improvements and payments on debt.

Budgetary Highlights of Major Funds

On or before October 1 of each year, the Board is mandated by State Law to prepare and submit to the State Superintendent of Education the annual budget adopted by the Board. The State Department required this budget to be submitted by September 15th of each year. The original budget was adopted on September 15, 2020. On April 20, 2021, the Board revised the annual budget to include federal grants and state allocations that were not available at the time of the original budget approval.

The Board's general fund adopted a budget for the year ended September 30, 2021 with a projected ending balance of \$13,948,629. This amount was increased by \$2,942,501 in the final budget. The majority of the source funding of General fund is \$23,035,275, which was State foundation funding.

The 2020-2021 final budget for revenues was \$34,520,936. Actual revenues for the year were \$36,458,323. The difference was \$1,937,387, due to changes in state and local sources.

The 2020-2021 final budget for expenditures was \$33,566,270. Actual expenditures as of September 30, 2021 were \$32,570,394. The final budget was under expended by \$995,876. The under expenditure of the budget contributes directly to the Board's ability to monitor all expenditures.

Capital Assets and Debt Administration

Capital Assets – At September 30, 2021, the Board had approximately \$61,478,075 invested in capital assets including land, buildings, equipment costing \$5,000 or more, vehicles, buildings, and equipment under capital lease. The amount is net of accumulated depreciation to date. Net capital assets decreased by \$1,402,397 compared to previous year. The net decrease in capital assets is due to depreciation of \$2,253,745 recorded in excess of capital additions of \$851,348 for the year ended September 30, 2021. The capital additions were for a new school roof. A summary of the Board's capital assets, net of depreciation at September 30, 2021 is as follows:

**BESSEMER CITY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**TABLE 4
BESSEMER CITY BOARD OF EDUCATION
CAPITAL ASSETS
SEPTEMBER 30, 2021 AND 2020
GOVERNMENTAL ACTIVITIES**

	<u>2021</u>	<u>2020</u>
Land	\$ 3,286,311	\$ 3,286,311
Construction in Progress	3,440,712	2,595,339
Land improvements	992,262	992,262
Buildings	79,117,658	79,117,658
Buildings improvements	6,754,106	6,754,106
Equipment and furniture	2,636,313	2,630,338
Vehicles	4,038,017	4,038,017
Equipment under capital leases	595,756	595,756
Total capital assets	<u>100,861,135</u>	<u>100,009,787</u>
Accumulated depreciation	<u>(39,383,060)</u>	<u>(37,129,316)</u>
Net capital assets	<u>\$ 61,478,075</u>	<u>\$ 62,880,471</u>

Depreciation expense was charged to government functions as follows:

Governmental Activities	<u>Amount</u>
Instructional	\$ 1,863,520
Instructional support	20,400
Operational and maintenance	11,153
Student transportation	278,480
Food service	71,099
General and administrative	-
Other Expenditures	<u>9,093</u>
	<u>\$ 2,253,745</u>

**BESSEMER CITY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

Long-Term Debt – At September 30, 2021, the Board had \$74,691,302 in long-term liabilities for a net increase of \$7.6M from the previous year. Long term debt includes warrants and bonds payables, capital leases, pension and OPEB liability. In the current year, long term debt related to warrants, bonds and capital leases decreased \$1,567,337 due to the Board making scheduled principle payments to reduce the debt. Long term debt increased \$9,204,029 related to the Pension and OPEB Liability in the Retirement System of Alabama (RSA). The Pension and OPEB liability is actuarial calculated at the RSA. The Board receives their proportionate share of the Pension and OBEP liability from the RSA. The following is a summary of long-term debt transactions for the year ended September 30, 2021:

**TABLE 5
BESSEMER CITY BOARD OF EDUCATION
OUTSTANDING DEBT
FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>Beginning Balance</u>	<u>Net Change</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Warrants and Bonds Payable				
PSCA Capital Pool Warrants, Series 2015-B	\$ 2,282,966	\$ (224,208)	\$ 2,058,758	\$ 235,459
PSCA Capital Pool Warrants, Series 2017-A	2,672,975	(100,750)	2,572,225	106,175
School Tax Warrants, Series 2011	7,690,000	(660,000)	7,030,000	685,000
School Tax Warrants, Series 2012-B	343,468	(162,680)	180,788	166,711
PSCA Capital Pool Warrants Series 2019	2,474,435	(82,415)	2,392,020	86,857
Unamortized warrants premium	857,708	(66,632)	791,076	66,632
	<u>16,321,552</u>	<u>(1,296,685)</u>	<u>15,024,867</u>	<u>1,346,834</u>
Capital Lease				
Municipal asset management	354,571	(175,088)	179,483	179,483
Regions Bank	838,116	(95,564)	742,552	98,058
	<u>1,192,687</u>	<u>(270,652)</u>	<u>922,035</u>	<u>277,541</u>
RSA				
Net pension liability	35,137,000	2,264,000	37,401,000	-
Net OPEB liability	14,403,371	6,940,029	21,343,400	-
	<u>49,540,371</u>	<u>9,204,029</u>	<u>58,744,400</u>	<u>-</u>
Total long-term debt	<u>\$ 67,054,610</u>	<u>\$ 7,636,692</u>	<u>\$ 74,691,302</u>	<u>\$ 1,624,375</u>

Economic Factors and Next Year's Budget

Because most of the Board's funding comes from the state (53%), two factors must be taken into consideration: local property tax and student attendance during the first 20 days of the school year after Labor Day. There was a decrease of 191 students in the Average Daily Membership (ADM) for fiscal year 2021. The Board is committed to providing a dedicated staff, a diverse and challenging curriculum within a clean, safe and caring environment.

**BESSEMER CITY BOARD OF EDUCATION
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**

The school district plans to install seven outdoor classrooms-one for each elementary school, one at Bessemer City Middle School and Bessemer City High School. Each will have the ability to accommodate up to 45 students at a time. HVAC systems will be replaced, ventilation and ducts will be cleaned, and damaged windows will be replaced. The school district will also provide ongoing, high-quality professional development for administrators, teachers and other instructional staff that support increased student achievement in all core subjects. Additional teachers will be employed to assist with closing the achievement gap of students within the district.

On September 30, 2021, the Board ended the fiscal year based on the modified accrual basis accounting with around five months of operating funds exceeding the one-month reserve as required by the Alabama State Department of Education.

Student Enrollment – The latest average daily membership (ADM) as of the twenty days after Labor Day Report for 2020-2021 school year is 3,290 which indicates a decrease in ADM of 191 students. The board has invested in thoroughly reviewing and redeveloping the salary schedule to help us recruit and retain the best employees possible. With committed employees that provide a rigorous academic and athletic program, we will see an increase in our students returning to Bessemer City Schools.

School Year	ADM	Increase/(Decrease)	Fiscal Year
2020-2021	3,290	(191)	2021-2022
2019-2020	3,481	(91)	2020-2021
2018-2019	3,572	(37)	2019-2020
2017-2018	3,609	(6)	2018-2019
2016-2017	3,615	(126)	2017-2018
2015-2016	3,741	(237)	2016-2017
2014-2015	3,978	(30)	2015-2016
2013-2014	4,008	(86)	2014-2015
2012-2013	4,094	(317)	2013-2014

Contracting the Board’s Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Board’s finances and to show the Board’s accountability for the money it receives. If you have any questions about this report or need additional information, contact Patricia Stewart, Chief School financial Officer at 205-432-3029 (email: pstewart@bessk12.org). Our physical address is 1621 – 5th Avenue North, Bessemer, AL 35020.

**BESSEMER CITY BOARD OF EDUCATION
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 16,985,342
Receivables	6,179,244
Inventories	111,491
Prepaid expenses	5,654
Capital assets not being depreciated:	
Land	3,286,311
Construction in progress	3,440,712
Capital assets, net of accumulated depreciation:	
Buildings and improvements	53,734,590
Equipment	1,016,462
Total assets	84,759,806
 Deferred Outflows of Resources	
Deferred amount on pension	8,554,341
Deferred amount on OPEB	9,723,643
Deferred amount on refunding of debt	174,666
Total deferred outflows of resources	18,452,650
Total assets and deferred outflows	103,212,456
 Liabilities	
Accounts payable and other current liabilities	\$ 157
Accrued payroll and related liabilities	2,794,451
Other liabilities	-
Accrued interest payable	171,821
Noncurrent liabilities:	
Due within one year	1,624,375
Due in more than one year	73,066,927
Total liabilities	77,657,731
 Deferred Inflows of Resources	
Deferred amount on pension	2,180,000
Deferred amount on OPEB	16,064,120
Total deferred inflows of resources	18,244,120
Total liabilities and deferred inflows	95,901,851
 Net position	
Net investment in capital assets	45,705,838
Unrestricted	(38,395,233)
Total net position	\$ 7,310,605

See Accompanying Notes to the Financial Statements.

**BESSEMER CITY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Governmental Activities				Net Revenue (Expenses) and Changes in Net Assets
	Expenses	Program Revenues			
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
Instructional services	\$ 22,401,782	\$ 95,173	\$ 17,797,989	\$ 525,770	\$ (3,982,850)
Instructional support services	9,025,539	41,508	7,155,259	-	(1,828,772)
Operations and maintenance services	4,053,139	41,649	1,597,271	405,077	(2,009,142)
Student transportation services	1,948,478	40,054	1,666,794	255,384	13,754
Auxillary services	-	-	-	-	-
Food service	836,588	786,756	141,427	-	91,595
General administrative services	2,406,386	26,200	787,028	-	(1,593,158)
Interest and fiscal charges	547,071	-	-	-	(547,071)
Other	4,164,860	2,170,173	1,621,081	-	(373,606)
Totals	<u>45,383,843</u>	<u>3,201,513</u>	<u>30,766,849</u>	<u>1,186,231</u>	<u>(10,229,250)</u>
General Revenues					
Property taxes					12,111,996
Other taxes					95,559
Grants and contributions not restricted for specific programs					647,335
Investment earnings					5,215
Other general revenues					380,500
					<u>13,240,605</u>
Change in net position					3,011,355
Net position - beginning of the year					4,299,250
Net position - ending of the year					<u>\$ 7,310,605</u>

**BESSEMER CITY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	General Fund	(14-8410) Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 12,010,235	\$ 2,889,792	\$ 2,085,315	\$ 16,985,342
Accounts Receivables	134,791	-	6,044,453	6,179,244
Due from other funds	4,724,209	-	3,968	4,728,177
Other assets	5,654	-	-	5,654
Inventory	-	-	111,491	111,491
Total Assets	\$ 16,874,889	\$ 2,889,792	\$ 8,245,227	\$ 28,009,908
Liabilities and Fund Balances				
Liabilities				
Accounts payable and other liabilities	\$ -	\$ -	\$ 157	\$ 157
Accrued payroll and related liabilities	2,650,606	-	143,845	2,794,451
Deferred Revenue	-	-	-	-
Due to other funds	3,968	-	4,724,209	4,728,177
Total Liabilities	2,654,574	-	4,868,211	7,522,785
Fund Balances				
Nonspendable	-	-	111,491	111,491
Assigned				
Special revenue	-	-	2,590,160	2,590,160
Debt service	-	-	1,521	1,521
Capital projects	-	2,889,792	673,844	3,563,636
Unassigned	14,220,315	-	-	14,220,315
Total Fund Balances	14,220,315	2,889,792	3,377,016	20,487,123
Total Liabilities and Fund Balances	\$ 16,874,889	\$ 2,889,792	\$ 8,245,227	\$ 28,009,908

**BESSEMER CITY BOARD OF EDUCATION
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

Total Fund Balance - Governmental Funds		20,487,123
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:		
Net capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		61,478,075
Losses on refunding of debt are reported as deferred outflows of resources and are not available to pay for current-period expenditures and, therefore, are deferred on the statement of net position.		
Deferred outflows of resources - refunding of debt		174,666
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		6,374,341
Deferred outflows and inflows of resources related to OPEB obligations are applicable to future periods and, therefore, are not reported in the governmental funds.		(6,340,477)
Net long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the governmental funds were:		
Current portion of long-term debt	(1,624,375)	
Noncurrent portion of long-term debt	(73,066,927)	
Total long-term liabilities	(74,691,302)	(74,691,302)
Interest on long-term debt is not accrued in the funds but rather is recognized as an expenditure when due.		(171,821)
Net Position of Governmental Activities		\$ 7,310,605

BESSEMER CITY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	(14-8410) Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
State sources	\$ 23,056,319	\$ 723,819	\$ 462,412	\$ 24,242,550
Federal sources	308,946	-	10,248,106	10,557,052
Local sources	12,988,700	-	452,642	13,441,342
Other sources	104,358	-	32,704	137,062
Total Revenues	<u>36,458,323</u>	<u>723,819</u>	<u>11,195,864</u>	<u>48,378,006</u>
Expenditures				
Current:				
Instructional services	17,437,824	-	3,487,301	20,925,125
Instructional support services	6,726,025	-	2,451,130	9,177,155
Operations and maintenance services	3,664,812	-	424,884	4,089,696
Student transportation services	1,677,643	-	94,612	1,772,255
Auxillary services	-	-	-	-
Food service	-	-	811,626	811,626
General administrative services	2,201,951	-	296,009	2,497,960
Other	862,139	-	3,739,426	4,601,565
Capital outlays	-	845,373	5,975	851,348
Debt service:				
Principal	-	407,373	1,093,332	1,500,705
Interest and fiscal charges	-	316,446	287,140	603,586
Total Expenditures	<u>32,570,394</u>	<u>1,569,192</u>	<u>12,691,435</u>	<u>46,831,021</u>
Excess of revenues (deficiency) over (under) expenditures	<u>3,887,929</u>	<u>(845,373)</u>	<u>(1,495,571)</u>	<u>1,546,985</u>
Other Financing Sources (Uses)				
Indirect cost reimbursement	397,648	-	-	397,648
Insurance loss recoveries and other financing sources	-	-	-	-
Transfers in	7,977	-	1,958,109	1,966,086
Fund commencement capitalization	-	-	-	-
Other financing sources	17,194	-	-	17,194
Transfers out	(1,935,438)	-	(30,648)	(1,966,086)
Total other financing sources (uses)	<u>(1,512,619)</u>	<u>-</u>	<u>1,927,461</u>	<u>414,842</u>
Net change in fund balances	2,375,310	(845,373)	431,890	1,961,827
Fund balances - beginning (deficits)	11,845,005	3,735,165	2,945,126	18,525,296
Fund balances - ending	<u>\$ 14,220,315</u>	<u>\$ 2,889,792</u>	<u>\$ 3,377,016</u>	<u>\$ 20,487,123</u>

**BESSEMER CITY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Net change in fund balances - total governmental funds \$ 1,961,827

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

Capital outlays are reported as expenditures in governmental funds.
However, in the statement of activities, the cost of those assets is allocated
over their estimated useful lives as depreciation expense. 851,348

Depreciation expense on governmental capital assets included in the
governmental activities in the statement of activities. (2,253,745)

Repayment of debt principal is reported as an expenditure in governmental
funds, but a reduction of long-term liabilities in the statement of net position. 1,500,705

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 the governmental funds:

Accrued interest payable, current year increase/(decrease)	(12,915)	
Amortization of bond discounts/premiums/gain or loss on refunding/issuance costs (prepaid insurance)	(43,599)	
Pension expense increase	779,129	
OPEB expense decrease	(1,673,835)	
	951,220	951,220

Change in net position of governmental activities \$ 3,011,355

**BESSEMER CITY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
LOCAL SCHOOLS NON-PUBLIC FUNDS
SEPTEMBER 30, 2021**

Assets		
Cash and cash equivalents		\$ 16,089
	Total Assets	<u>16,089</u>
Net Position		
Held in trust for local schools non-public funds		<u>16,089</u>
	Total Net Position	<u>16,089</u>

**BESSEMER CITY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
LOCAL SCHOOLS NON-PUBLIC FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Additions	
Contributions:	
Local sources	\$ 35,319
Other sources	-
Total Additions	35,319
 Deductions	
Instructional services	15,670
Instructional support services	100
Auxillary services	202
Other	25,760
Total Deductions	41,732
Net change in net position	(6,413)
Net position - beginning of the year	22,502
Net position - ending of the year	\$ 16,089

BESSEMER CITY BOARD OF EDUCATION NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement of the Bessemer City Board of Education (“the Board”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board’s accounting policies are described below.

Reporting Entity

The Board is governed by a separately elected board composed of seven members elected by the qualified electors of the City. The Board is responsible for the general administration and supervision of the public schools for the educational interests of the City.

GASB has established standards for defining and reporting on the financial reporting entity. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for agencies that make up its legal entity. It is also financially accountable for a legally separate agency if its officials appoint a voting majority of the agency’s governing body and it is able to impose specific financial burdens on the primary government. There are no component units which should be included as part of the financial reporting entity of the Board.

The Board is a legally separate agency of the State of Alabama.

The financial statements of the Board include local school funds. These funds consist of local school activity funds and other funds under the control of school principals. Local school public funds are included in special revenue funds.

Basis of Presentation, Basis of Accounting

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Board. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Although other governments may report both governmental activities and business-type activities, the Board has no business-type activities. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Board’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Board’s funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Board reports the following major governmental funds:

- (1) General Fund – This is the Board’s primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund. The Board’s General Fund primarily received revenues from the Education Trust Fund (ETF), appropriated by the Alabama Legislature, and from local taxes. The Alabama Department of Education allocated amounts appropriated from the ETF on the school board on a formula basis.
- (2) Capital Projects Fund (840) – The Capital Projects Funds are used to account for financial resources to be used for the acquisition of school buses.

The Board reports the following governmental fund types in the “Nonmajor Governmental Funds” column:

- (1) Special Revenue Funds – Special Revenue Funds account for the proceeds of specific revenue sources (other than those dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Special revenue funds consist of the following:

- IDEA Part B, E, C, & Y
- Pre-School Part B Ages 3-5
- Regular Basic Grant IDEA Part B
- Vocational Rehabilitation Services
- Title I, Part A
- Title I, Part A-School Improvement
- Title II, Part A
- Title III, ESL
- Title IV, Part A SDE
- Title X, Homeless
- Child and Adult Care
- Food and Nutrition
- Personnel Development
- CARES Act
- CRF Health and Wellness
- Summer Food Service
- School Activity – Bessemer High School Fund
- School Activity – Bessemer Middle School Fund
- School Activity –Abrams Elementary Fund
- School Activity – Hard Elementary Fund
- School Activity – Greenwood Elementary Fund
- School Activity – Jonesboro Elementary Fund
- School Activity – Westhills Elementary Fund
- School Activity – Bessemer Center for Technology
- School Activity – Central Office
- School Activity – ROTC

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (2) Debt Service Fund – The Debts Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.
- (3) Capital Project Funds – Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, or capital renovation/maintenance of existing in some instances.

Fiduciary funds are private purpose trust funds that account for all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations or other governments.

(1) Non-Public Funds:

- Non-Public School Activities – Bessemer High School Fund
- Non-Public School Activities – Bessemer Middle School Fund
- Non-Public School Activities – Abram Elementary Fund
- Non-Public School Activities – Hard Elementary Fund
- Non-Public School Activities – Jonesboro Elementary Fund
- Non-Public School Activities – Westhills Elementary Fund
- Non-Public School Activities – Bessemer Center for Technology
- Non-Public School Activities – Central Office
- Non-Public School Activities – ROTC

Measurement Focus, Basis of Accounting

Government-wide Financial Statements: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Board gives (or receives) value without directly receiving (for giving) equal value in exchange, included property taxes, grants, entitlements, 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, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

As a general rule, the effects of interfund activity has been eliminated from the government-wide financial statements.

Governmental Fund Financial Statements: Governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues reported in the governmental funds (excluding state and federal reimbursements) to be available if the revenues are collected within sixty (60) days after year-end. Revenues from state and federal funds are considered available if transactions eligible for reimbursement have taken place. Expenditures are generally recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to claims and judgements, are recorded only when payment is due.

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes, sales and use taxes, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenues are considered to be measurable and available only when cash is received by the Board.

Fiduciary Funds Financial Statements: Fiduciary funds are reported using an economic resource measurement focus and the accrual basis of accounting. The Statement of Fiduciary Net Position includes information about the assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position for each fiduciary fund type. The Statement of Changes in Fiduciary Net Position includes information about the additions to, deductions from for each fiduciary fund type, and provides information about significant year to year changes in net position.

Local school activity funds and other funds under the control of school principals use the cash basis of accounting. However, these funds have been restated to the modified accrual basis of accounting in these financial statements.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from these estimates.

Assets, Liabilities, and Equity Classification

Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investment with a maturity date within three months of the date acquired by the Board. Investments are stated at fair value. The State of Attorney General has issued a legal opinion that boards of education may not put public funds at risk by investing in companies not insured by the federal government.

Receivables

Receivables are reported as *receivables* in the government-wide financial statements and as *accounts receivable*, *intergovernmental receivables* and *other receivables*, in the fund financial statements. Intergovernmental receivables include amounts due from grantors for grants issued for specific programs and local taxes due from the County tax collector.

Property Tax Calendar

The Jefferson County Commission levies property taxes for all jurisdictions, including the school boards and municipalities within the county. Millage rates for property taxes are levied at the first regular meeting the County Commission in February of each year. Property taxes are assessed for property as of October 1 of the preceding year based on the millage rates established by the County Commission. Property taxes are due and payable the following October 1 and are delinquent after December 31.

Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when purchased except commodities donated by the federal government and purchased food items which are expensed when consumed. Prepaid items, such as insurance premiums and rent are recorded as expenditures in governmental funds when paid.

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the government-wide financial statements, inventories and prepaid items are recoded on an accrual basis using the consumption method. Expenses reflect the amount of materials and supplies consumed and the amount of prepaid items applicable to the current period.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical costs in the Statement of Net Position. Donated assets are recorded at the estimated fair value at the date of donation. The cost of maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Capital assets are recorded as expenditures at the acquisition date in the fund financial statements. The Board has no general infrastructure assets.

Depreciation of capital assets is recorded in the statement of activities on a straight-line basis over the estimated useful life of the asset. Capitalization thresholds (the dollar values above which assets acquisitions are added to the capital asset accounts) and the estimated useful lives of capital assets reported in the government-wide statements area as follows:

<u>Asset</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land improvement - Exhaustible	\$ 50,000	20 years
Buildings	50,000	50 years
Building improvements	50,000	7 - 30 years
Equipment and furniture	5,000	5 - 20 years
Equipment under capital lease	5,000	5 - 20 years
Vehicles	5,000	8 - 10 years

(The capitalization threshold for land, construction in progress, and inexhaustible land improvements is \$1 or more. However, these capital assets are not depreciated).

Deferred Outflows/Inflows of Resources

The Board has deferred outflows and inflows of resources. Deferred outflows of resources is a consumption of assets that is applicable to a future reporting period and consist of charges on refunding of debt, the net difference between projected and actual earnings on pension plan investments, and pension employer contributions subsequent to the September 30, 2020 measurement date. Deferred inflows or resources is an acquisition of assets that is applicable to a future reporting period consist of the difference between projected and actual earnings on pension plan investments, pension-related changes in proportion and differences between employer contributions and proportionate share of contributions.

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligation

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums, discounts, and deferred amounts on refunding transactions are deferred and amortized over the life of the related debt using the straight-line method. Long-term debt is reported net of amortized portion of these amounts. Long-term obligations are not reported in governmental fund financial statements. In the fund financial statements, bond premiums and the face amount of debt issued during the year are reported as other financing sources. Debt issuance costs are not deducted from the amount reported as other financing sources but are reported as debt service expenditures. Any discount resulting from a disparity between the market rate and the stated rate of interest is reported as another financing use.

Compensated Absences

For vacation leave and other compensated absences with similar characteristic, GASB Statement No. 16 requires the accrual of a liability as the benefits are earned by the employees, if both of these conditions are met:

- a. The employees' right to receive compensation is attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

An accrual for earned sick leave is made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

Professional and support employees earn nonvesting sick leave at the rate of one day per month worked. Employees may accumulate an unlimited number of sick leave days. Employees may use their accrued sick leave as membership service in determining the total years of creditable service in the teachers' retirement system, with no additional cost to the Board. Because employees do not receive compensation for unused sick leave at termination, no liability is recorded on the financial statements.

Professional and support personnel are provided two days of personal leave per year with pay. The State provides funding, at the substitute rate, for up to two days of personal leave per employee per year. The school system provides three additional days of personal leave with pay. If the employee chooses to use any of these additional days, they are required to pay for the cost of the substitute. Professional personnel may receive compensation for the two state funded unused personal leave days at the end of the scholastic year. The employee is required to request, in writing, if they wish to be paid for unused personal leave. Any unused personal leave, as of June 30th, is rolled over to sick leave; therefore, no liability for unpaid personal leave is recorded in the financial statements.

Twelve-month employees are allowed at least two weeks of vacation per year with pay. Vacation is awarded each July 1st. Each January 1st employees' unused vacation is capped at the maximum amount of vacation to which they are entitled. Board policy allows up to 10 days of vacation to be carried over to the succeeding year. At September 30, 2021, the Board has elected not to accrue a liability for compensated absences.

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classification

In the government-wide statements, equity is classified as net position and displayed in three components:

- (a) Net investment in capital assets – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisitions, constructions, or improvement of those assets;
- (b) Restricted net assets – consist of net assets with constraints place on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional or enabling legislation;
- (c) Unrestricted net assets – consist of all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

The following classifications describe the relative strength of the spending constraints:

Nonspendable – The Nonspendable fund balance classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash (e.g., inventories and prepaid amounts).

Restricted – Fund balance should be reported as restricted when constraints placed on the use of resources are either.

- Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- Imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal actions of the Board should be reported as committed fund balances. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type action (e.g., legislation, resolution) it employed to previously commit those amounts.

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned – Amounts that are constrained by the Board’s intent to be use for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that will report a positive fund unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the Board to generally consider restricted amounts to have been used first.

When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the Board that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

NOTE 2 - RECONCILIATION OF FINANCIAL STATEMENTS

The financial statements include summary reconciliations of the fund financial statements to the government-wide statements after the fund statements.

A. *Explanation of certain difference between the Governmental Fund Balance Sheet and the government-wide Statement of Net Position*

The governmental fund balance sheet includes a reconciliation between *fund balances – governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “net capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds.” The details of this \$61,478,074 are as follows:

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 - RECONCILIATION OF FINANCIAL STATEMENTS (Continued)

Land improvements	992,262
Buildings	79,117,658
Building improvements	6,754,106
Equipment, furniture and vehicles	7,270,086
Less:	
Accumulated depreciation - land improvements	(749,635)
Accumulated depreciation - buildings	(29,696,371)
Accumulated depreciation - building improvements	(2,683,430)
Accumulated depreciation - equipment and furniture	(2,432,460)
Accumulated depreciation - vehicles	(3,821,164)
Net adjustment to increase total fund balance-governmental funds to arrive at net position - governmental activities	\$ 61,478,075

B. *Explanation of certain differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities*

The governmental funds statement of revenues, expenditures and changes in fund balances is followed by a reconciliation between the *total net change in fund balances-governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities.

NOTE 3 - STEWARTSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of American (GAAP) for the General Fund with the exception of salaries and benefits, which are budgeted only to the extent expected to be paid rather than on the modified accrual basis of accounting. All other governmental funds adopt budgets on the modified accrual basis of accounting, Capital projects funds adopt project-length budgets. All appropriations lapse at fiscal year-end.

On or before October 1 of each year, the Board prepares and submits to the State Superintendent of Education the annual budget to be adopted by the Board. The Superintendent of the Board does not approve any budget for operations of the school for any fiscal year which shows expenditures in excess of income estimated to be available plus any balances on hand.

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 3 - STEWARTSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Excess of Expenditures Over Appropriations

Amounts for specific purposes by fund and fund balance classifications for the year ended September 30, 2021, are as follows:

<u>Classification/Fund</u>	<u>Purpose</u>	<u>Amounts</u>
Nonspendable		
Food Services Funds	Inventory	\$ 111,491
Restricted		
Food Services Funds	Food services activity	1,365,963
Nonmajor Governmental Funds	Special revenue activity	1,224,197
Committed		
Debt Service Fund	To pay long-term debt	1,521
Capital Projects	For construction contracts and capital purchases	3,563,636
Unassigned		
General Fund		<u>14,220,315</u>
Total Fund Balances		<u><u>\$ 20,487,123</u></u>

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 4 - CASH AND CASH EQUIVALENTS

The Board's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The Board's cash and cash equivalents are subject to custodial credit risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits (in excess of FDIC insurance) may not be returned to it. At September 30, 2021, the carrying amount of the Board's deposits, certificates of deposits, and cash on hand was \$16,985,342 and the bank balance was \$19,577,087.

The Board's deposit policy for custodial credit risk limits deposits to financial institutions that are members of the Alabama State Treasury's Security for Alabama Funds Enhancement (SAFE) Program. Under the SAFE program, the Board's funds are protected through a collateral pool administered by the Alabama State Treasury. Certain banks holding deposits belonging to the state, counties, cities, or agencies of any of these entities must pledge securities as collateral against these deposits. In the event of the failure of a bank, securities pledged by that bank would be liquidated by the State Treasurer to replace the public deposits. If the securities pledged failed to produce adequate funds for that purpose, every bank participating in the pool would share the liability for the remaining balance. The SAFE program is classified as a category (1) credit risk.

NOTE 5 - RECEIVABLES

Receivables of the Board's individual major funds and non-major funds in the aggregate were as follows, at September 30, 2021:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Accounts receivable	\$ 134,791	\$ -	\$ 6,044,453	\$ 6,179,244

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2021, was as follows:

	9/30/2020 Beginning Balance	Increase	Retirements/ Reclassification	9/30/2021 Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,286,311	-	-	\$ 3,286,311
Construction in progress	2,595,339	845,373	-	3,440,712
Total capital assets, not being depreciated	5,881,650	845,373	-	6,727,023
Capital assets being depreciated:				
Land improvements	992,262	-	-	992,262
Buildings	79,117,658	-	-	79,117,658
Building improvements	6,754,106	-	-	6,754,106
Equipment and furniture	2,630,338	5,975	-	2,636,313
Vehicles	4,038,017	-	-	4,038,017
Equipment under capital leases	595,756	-	-	595,756
Total capital assets, being depreciated	94,128,137	5,975	-	94,134,112
Less accumulated depreciation				
Land improvements	721,107	28,528	-	749,635
Buildings	28,152,092	1,544,279	-	29,696,371
Building improvements	2,352,078	331,352	-	2,683,430
Equipment and furniture	2,370,728	61,732	-	2,432,460
Vehicles	2,937,554	287,854	-	3,225,408
Equipment under capital leases	595,756	-	-	595,756
Total accumulated depreciation	37,129,315	2,253,745	-	39,383,060
Total capital assets being depreciated, net	56,998,822	(2,247,770)	-	54,751,052
Total governmental activity capital assets, net	\$ 62,880,472	\$ (1,402,397)	\$ -	\$ 61,478,075

Depreciation expenses was charged to government functions as follows:

	Amounts
Governmental Activities	
Instructional	\$ 1,863,520
Instructional support	20,400
Operational and maintenance	11,153
Student transpiration	278,480
Food service	71,099
Other	9,093
	<u>\$ 2,253,745</u>

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances are generally used to meet cash demands necessary to pay operating expenditures. Except for amounts due from Enterprise and Internal Service Funds, these amounts should be repaid during the next fiscal year. The composition of interfund balances as of September 30, 2021, is shown below:

Due to/from other funds:

Receivable fund	Payable Fund	
Nonmajor Governmental Funds	General Fund	\$ 3,968
General Fund	Nonmajor Governmental Funds	<u>4,724,209</u>
Total		<u><u>\$ 4,728,177</u></u>

Interfund Transfers:

Transfers are used to move revenues from the fund with collection authorization to the designated fund authorized to receive the proceeds and to move unrestricted general fund revenues to finance various programs that the Board must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

- (a) Transfer to Food Service funds for expenditures incurred for food cost in excess of appropriations.

	Transfers In	Transfer Out
Major funds:		
General Fund	\$ 7,977	\$ (1,935,438) (a)
Debt Service Fund	909,769	-
Nonmajor Governmental Funds (a)	<u>1,048,340</u>	<u>(30,648)</u>
	<u><u>\$ 1,966,086</u></u>	<u><u>\$ (1,966,086)</u></u>

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 8 - LONG-TERM LIABILITIES

The Board, as part of a pooled warrant issuance with other school systems within the State of Alabama, issued Capital Improvement Pool Warrants, Series 2008 in anticipation of their Public School Fund allocations, which are received from the Alabama Department of Education. The Alabama Department of Education withholds the required debt service payments from the Board's Public School Fund allocation. The proceeds from these warrants provided funds for the acquisition, construction, and renovation of school facilities.

On December 1, 2011 and January 1, 2012, respectively, the Board issued its Series 2011 School Tax Warrants (in the principal amount of \$9,985,000) and Series 2012-A, Warrants (in the principal amount of \$2,290,000). The purpose of issuances were to allow for the prepayment of the Board's obligation under a certain lease agreement dated as of September 1, 2000 between the Board and the City of Bessemer, Alabama with respect to the City's Limited Obligation School Warrants, Series 2000 and to pay for the costs of issuing the Warrants. The Board deposited with its Trustee sufficient proceeds to pay interest due as well as the redemption price of the Warrants. On March 15, 2012, the warrants were called and refunded with the funds deposited by the Board.

As a result, the City's Limited Obligation School Warrants, Series 2000 are considered to be defeased and the liability for those warrants has been removed from the Board's notes payable.

The advance refunding reduced the Board's total debt service payments over the next 18 years by \$2.6 million and resulted in an economic gain of \$2.1 million. Furthermore, the deferred amount resulting from the refunding is not considered material and management has elected to expense this amount in the Government-Wide Statement of Activities.

Effective May 2015, the Board entered into an agreement to participate in the PSCA Capital Improvement Education Pool Warrants, Series 2015-B, which partially refunded the PSCA Capital Improvement Education Pool Warrants, Series 2008. In order to participate, the Board issued its Capital Outlay Pool Warrants series 2015-B in the Principal amount of \$2,613,103. On each payment date, a payment of principal and interest is made by the Finance Director of the State of Alabama causing an amount of Pledged Capital funds to be transferred from Public School funds to the Education Trust.

The Board deposited with the Trustee sufficient proceeds to pay interest due as well as the redemption price of the PSCA Capital Improvement Education Pool Warrants, Series 2008. The Bonds were called and refunded with the funds deposited by the Board.

As a result, the Board's PSCA Capital Improvement Education Pool Bonds, Series 2008 are considered to be defeased and the liability for those Bonds has been removed from the Board's debt payable balance.

The refunding was undertaken to take advantage of a lower interest rate. The advance refunding resulted in a loss of \$322,459 which is the difference between the reacquisition price and the net carrying amount of the old debt of which was deferred and is being amortized over the life of the new debt. The transaction resulted in an immaterial economic loss and immaterial change in future debt service payment.

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

As of September 30, 2021, the Board's long-term obligations under the warrants consisted of the following:

PSCA Capital Improvement Pool Warrants, Series 2015-B bearing interest payable semi-annually at 1.27% to 3.23%, annual principal installments through 2029	\$ 2,058,758
PSCA Capital Improvement Pool Warrants, Series 2017-A, bearing interest payable semi-annual at 1.050% to 3.244%, annual principal installments through 2037	2,572,225
School Tax Warrants, Series 2011 bearing interest payable semi-annually at 2.00% to 3.75%, annual principal installments through 2030	7,030,000
School Tax Warrants, Series 2012-B bearing interest payable monthly at 1.80% to 2.50%, annual principal installments through 2022	180,790
PSCA Capital Improvement Pool Warrants, Series 2019-A, bearing interest payable semi-monthly at 2% , annual principal installments through 2039	<u>2,392,019</u>
	14,233,792
Unamortized Warrants Premium	<u>791,075</u>
Total Warrants	<u><u>\$ 15,024,867</u></u>

Changes in long-term liabilities during the year are summarized as follows:

Payments on Capital Improvement Pool Warrants, Series 2011, and Series 2012-B are made by the bonds and warrants fund with Public School Funds withheld from the Board's allocation from the Alabama Department of Education.

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

Changes in long-term obligations for the year end September 30,2021, are as follows:

	<u>Balance at 9/30/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at 9/30/2021</u>	<u>Due Within One Year</u>
<u>GOVERNMENTAL ACTIVITIES</u>					
Warrants Payable					
PSCA Capital Improvement					
Pool Warrants, Series 2019-A	\$ 2,474,434	\$ -	\$ (82,415)	\$ 2,392,019	\$ 86,857
PSCA Capital Improvement					
Pool Warrants, Series 2015-B	2,282,966	-	(224,208)	2,058,758	235,459
PSCA Capital Improvement					
Pool Warrants, Series 2017-A	2,672,975	-	(100,750)	2,572,225	106,175
School Tax Warrants, Series 2011	7,690,000	-	(660,000)	7,030,000	685,000
School Tax Warrants, Series 2012-B	343,470	-	(162,680)	180,790	166,711
Unamortized Warrants Premium	857,707	-	(66,632)	791,075	66,632
Total warrants payable, net	<u>16,321,552</u>	<u>-</u>	<u>(1,296,685)</u>	<u>15,024,867</u>	<u>1,346,834</u>
Capital Leases					
Municipal Asset Management					
due May 21, 2022	354,570	-	(175,088)	179,482	179,483
Regions Equipment Finance Corp					
due January 18, 2028	838,117	-	(95,564)	742,553	98,058
	<u>1,192,687</u>	<u>-</u>	<u>(270,652)</u>	<u>922,035</u>	<u>277,541</u>
RSA					
Net Pension Liability	35,137,000	2,264,000	-	37,401,000	-
Net OPEB Liability	14,403,371	6,940,029	-	21,343,400	-
	<u>49,540,371</u>	<u>9,204,029</u>	<u>-</u>	<u>58,744,400</u>	<u>-</u>
Total long-term debt	<u>\$ 67,054,610</u>	<u>\$ 9,204,029</u>	<u>\$ (1,567,337)</u>	<u>\$ 74,691,302</u>	<u>\$ 1,624,375</u>

Interest expense for the fiscal year ending September 30, 2021 was \$547,072. For the fiscal year ending September 30, 2021, the Board did not have any outstanding notes from direct borrowings and direct placements related to governmental activities or any outstanding lines of credit.

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

Debt service requirements on long-term debt at September 30, 2021, are as follows:

	Governmental Activities			
	Warrants		Capital Leases	
	Principal	Interest	Principal	Interest
2022	\$ 1,280,202	\$ 528,601	\$ 277,541	\$ 23,886
2023	1,169,481	483,654	100,617	16,821
2024	1,196,873	439,793	103,244	14,195
2025	1,244,356	393,277	105,938	11,501
2026	1,293,938	343,139	108,703	8,736
2027-2031	5,491,969	918,497	225,992	8,885
2032-2036	1,634,976	310,337	-	-
2037-2040	921,966	46,362	-	-
	<u>\$ 14,233,761</u>	<u>\$ 3,463,660</u>	<u>\$ 922,035</u>	<u>\$ 84,024</u>

The Board has elected to implement the provisions of GASB 65. As a result, debt issuance costs, except prepaid insurance costs, are recognized as an expense in the period incurred. As a result, issuance costs that were previously capitalized related to the Series 2011 Warrants has been removed from the financial statements. For warrants (bonds) and other long-term debt issued after October 1, 2012, the related debt premiums and discounts are amortized using the straight-line method over the life of the debt in the government-wide statements.

In prior years, the Board defeased certain bonds by placing the proceeds of the new bonds in irrevocable trust funds to provide for all the future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Board's financial statements. As of September 30, 2021, the following bonds outstanding are considered defeased:

Qualified Zone Academy Bonds (QZAB)	\$2,000,000
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**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 9 - CAPITAL LEASES

The Board is obligated under certain leases accounted for as capital leases. These capital leases were obtained to purchase various equipment or vehicles. Assets under capital leases totaled \$2,631,454 at September 30, 2021. Payments on the obligations of the capital leases will be made by Local Funds, Fleet Renewal Fund and the Lease Purchase Agreement Debt Service Fund. The Board has entered into capital lease agreements to finance the acquisition of school buses. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of September 30, 2021.

<u>Year ending September 30,</u>	<u>Governmental Activities</u>
2022	\$ 301,426
2023	117,439
2024	117,439
2025	117,439
2026	117,439
2027 and thereafter	234,877
Total minimum lease payments	<u>1,006,059</u>
Less: amount representing interest	<u>(84,024)</u>
Present value of the minimum lease payments	<u><u>\$ 922,035</u></u>

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 10 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description

The TRS, a cost-sharing multiple-employer public employee retirement plan, was established as of September 15, 1939, pursuant to the *Code of Alabama 1975, Title 16, Chapter 25* (Act 419 of the Legislature of 1939) for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control which consists of 15 trustees. The plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 16, Chapter 25* grants the authority to establish and amend the benefit terms to the TRS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after 10 years of creditable service. TRS members who retire after age 60 with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the TRS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending June 30 are paid to a qualified beneficiary.

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 10 - DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Contributions

Covered members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the TRS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the TRS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the TRS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the TRS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 8.50% of earnable compensation.

Tier 2 covered members of the TRS contribute 6% of earnable compensation to the TRS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 7% of earnable compensation.

Participating employers' contractually required contribution rate for the year ended September 30, 2020, was 12.41% of annual pay for Tier 1 members and 11.35% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the System were \$2,608,000 for the year ended September 30, 2021.

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

At September 30, 2021, the System reported a liability of \$37,401,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019. The System's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2020, the System's proportion was 0.302363%, which was an increase/(decrease) of (0.015418%) from its proportion measured as of September 30, 2019.

For the year ended September 30, 2021, the System recognized pension expense of \$3,441,000. At September 30, 2021, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 10 - DEFINED BENEFIT PENSION PLAN (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows & Inflows of Resources Related to Pensions
(Continued)**

	Deferred Outflows of Recourses	Deferred Inflows of Recourses
Differences between expected and actual experience	\$ 1,851,000	\$ 649,000
Changes of assumptions	389,000	-
Net difference between projected and actual earnings on pension plan investments	2,778,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	876,000	1,531,000
Employer contributions subsequent to the measurement date	2,661,000	-
Total	\$ 8,555,000	\$ 2,180,000

\$8,555,000 reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30,</u>	
2022	620,000
2023	1,289,000
2024	1,397,000
2025	408,000
2026	-
Thereafter	-

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 10 - DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability as of September 30, 2021 was determined by an actuarial valuation as of September 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases	3.25% - 5.00%
Investment rate return, net of pension plan investment expense, including inflation	7.45%

Mortality rates were based on the Pub-2010 Teachers tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forwardn(+)/ Setback (-)	Adjustment to Rates
Service Retirees	Teacher Retiree- Below Median	Males: +2 Female: +2	Male: 108% ages <63, 96% ages>67 Phasing down 63-67 Female: 112% ages< 69 98>age 74 Phasing down 69-74
Beneficiaries	Contingent Survivor Below Median	Males: +2 Female: None	None
Disabled Retirees	Teacher Disability	Males: +8 Female: +3	None

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 10 - DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Rate of Return *</u>
Fixed Income	15.00%	2.80%
US Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	2.50%
Total	<u>100.00%</u>	

* Included assumed inflation of 2.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current pan 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 System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the System's proportionate share of the net pension liability calculated using the discount rate of 7.70%, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.70%) or 1-percentage-point higher (8.70%) than the current rate (dollar amounts in thousands):

	<u>1% Decrease (6.70%)</u>	<u>Current Rate (7.70%)</u>	<u>1% Increase (8.70%)</u>
Board's proportionate share of collective net pension liability	\$49,901,000	\$37,401,000	\$26,825,000

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 10 - DEFINED BENEFIT PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2021. The auditor's report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate information needed to comply with GASB 68. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Summary of Significant Accounting Policies

The Alabama Retired Education Employees' Health Care Trust (Trust) financial statements are prepared by using the economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the Net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the Fiduciary Net Position of the Trust and additions to/deductions from the Trust's Fiduciary Net Position. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to plan requirements. Benefits are recognized when due and payable in accordance with the terms of the plan. Subsequent events were evaluated by management through the date the financial statements were issued.

Plan description

The Alabama Retired Education Employees' Health Care Trust (Trust) is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that administers healthcare benefits to the retirees of participating state and local educational institutions. The Trust was established under the Alabama Retiree Health Care Funding Act of 2007 which authorized and directed the Public Education Employees' Health Insurance Board (Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in PEEHIP. Active and retiree health insurance benefits are paid through the Public Education Employees' Health Insurance Plan (PEEHIP). In accordance with GASB, the Trust is considered a component unit of the State of Alabama (State) and is included in the State's Comprehensive Annual Financial Report.

The PEEHIP was established in 1983 pursuant to the provisions of the *Code of Alabama 1975, Title 16, Chapter 25A* (Act 83-455) to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions which provide instruction at any combination of grades K-14

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Plan description (Continued)

(collectively, eligible employees), and to provide a method for funding the benefits related to the plan. The four-year universities participate in the plan with respect to their retired employees and are eligible and may elect to participate in the plan with respect to their active employees. Responsibility for the establishment of the health insurance plan and its general administration and operations is vested in the Board. The Board is a corporate body for purposes of management of the health insurance plan. The *Code of Alabama 1975, Section 16-25A-4* provides the Board with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years for the plan. All assets of the PEEHIP are held in trust for the payment of health insurance benefits. The Teachers' Retirement System of Alabama (TRS) has been appointed as the administrator of the PEEHIP and, consequently, serves as the administrator of the Trust.

Benefits provided

PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Benefits include inpatient hospitalization for a maximum of 365 days without a dollar limit, inpatient rehabilitation, outpatient care, physician services, and prescription drugs.

Active employees and non-Medicare eligible retirees who do not have Medicare eligible dependents can enroll in a health maintenance organization (HMO) in lieu of the basic hospital medical plan. The HMO includes hospital medical benefits, dental benefits, vision benefits, and an extensive formulary. However, participants in the HMO are required to receive care from a participating physician in the HMO plan.

The PEEHIP offers four optional plans (Hospital Indemnity, Cancer, Dental, and Vision) that may be selected in addition to or in lieu of the basic hospital medical plan or HMO. The Hospital Indemnity Plan provides a per-day benefit for hospital confinement, maternity, intensive care, cancer, and convalescent care. The Cancer Plan covers cancer disease only and benefits are provided regardless of other insurance. Coverage includes a per-day benefit for each hospital confinement related to cancer. The Dental Plan covers diagnostic and preventative services, as well as basic and major dental services. Diagnostic and preventative services include oral examinations, teeth cleaning, x-rays, and emergency office visits. Basic and major services include fillings, general aesthetics, oral surgery not covered under a Group Medical Program, periodontics, endodontics, dentures, bridgework, and crowns. Dental services are subject to a maximum of \$1,250 per year for individual coverage and \$1,000 per person per year for family coverage. The Vision Plan covers annual eye examinations, eyeglasses, and contact lens prescriptions.

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare retiree members and dependents are eligible for the PEEHIP Supplemental Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. The plan cannot be used as a supplement to Medicare, the PEEHIP Hospital Medical Plan, or the State or Local Governmental Plans administered by the State Employees' Insurance Board (SEIB).

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Benefits provided (Continued)

Medicare eligible members and Medicare eligible dependents who are covered on a retiree contract were enrolled in the United Healthcare Group Medicare Advantage plan for PEEHIP retirees. Effective January 1, 2020, Humana Insurance Company replaced United Healthcare as the administrator of the PEEHIP Group Medicare Advantage (PPO) Plan. The plan is fully insured, and members are able to have all of their Medicare Part A (hospital insurance), Part B (medical insurance), and Part D (prescription drug coverage) in one convenient plan. Retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis.

Members have the same benefits in and out- of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

Contributions

The *Code of Alabama 1975, Section 16-25A-8* and the *Code of Alabama 1975, Section, 16-25A-8.1* provide the Board with the authority to set the contribution requirements for plan members and the authority to set the employer contribution requirements for each required class, respectively. Additionally, the Board is required to certify to the Governor and the Legislature, the amount, as a monthly premium per active employee, necessary to fund the coverage of active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill.

For employees who retired after September 30, 2005, but before January 1, 2012, the employer contribution of the health insurance premium set forth by the Board for each retiree class is reduced by 2% for each year of service less than 25 and increased by 2% percent for each year of service over 25 subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree.

For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by 4% for each year of service less than 25 and increased by 2% for each year over 25, subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree. For employees who retired after December 31, 2011, who are not covered by Medicare, regardless of years of service, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by a percentage equal to 1% multiplied by the difference between the Medicare entitlement age and the age of the employee at the time of retirement as determined by the Board. This reduction in the employer contribution ceases upon notification to the Board of the attainment of Medicare coverage.

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

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

At September 30, 2021, the Board reported a liability of \$21,343,000 for its proportionate share of the Net OPEB liability. The Net OPEB liability was measured as of September 30, 2020 and the total OPEB liability used to calculate the Net OPEB liability was determined by an actuarial valuation as of September 30, 2019. The Board proportion of the Net OPEB liability was based on a projection of the Board's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2020, the Board's proportion was 0.328873%, which was an decrease of 0.052899% from its proportion measured as of September 30, 2019.

For the year ended September 30, 2021, the System recognized OPEB expense of \$1,121,790, with no special funding situations. At September 30, 2021, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Recourses</u>	<u>Deferred Inflows of Recourses</u>
Differences between expected and actual experience	\$ 541,253	\$ 7,673,464
Changes of assumptions	7,455,083	3,963,274
Net difference between projected and actual earnings on OPEB plan investments	-	900
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,176,827	4,426,482
Employer contributions subsequent to the measurement date	<u>544,975</u>	<u>-</u>
Total	<u>\$ 9,718,138</u>	<u>\$ 16,064,120</u>

Employer Contributions paid subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB liability in the year ended September 30, 2022.

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

<u>Year ending September 30,</u>	
2022	(2,222,903)
2023	(2,190,391)
2024	(1,501,769)
2025	(1,609,006)
2026	268,012
Thereafter	365,100

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases	3.25% - 5.00%, including 3.00% wage inflation
Long-term investment rate of return	7.25% compounded annually, net of investment expense, and including inflation
Municipal bond index rate at the measurement date	2.25%
Municipal bond index rate at the prior measurement date	3.00%
Projected year for Fiduciary Net Position (FNP) to be depleted	2040
Single equivalent interest rate the measurement date	3.05%
Single equivalent interest rate the prior measurement date	5.50%
Healthcare cost trend rate	
Pre-Medicare eligible	6.75%
Medicare eligible	**
Ultimate trend rate	
Pre-Medicare eligible	4.75% in 2027
Medicare eligible	4.75% in 2024

** Initial Medicare claims are set based on scheduled increases through plan year 2022

Mortality rates for the period after service retirement are according to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for all ages for males and 112% for ages 78 and over for females. The rates of disabled mortality were based on the RP-2000 Disabled Mortality Table projected to 2020 using scale BB and adjusted 105% for males and 120% for females.

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2015, submitted to and adopted by the Teachers' Retirement System of Alabama Board on September 13, 2016.

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial assumptions (Continued)

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the September 30, 2019 valuation, however updated Medicare Advantage premium rates which reflect the repeal of the ACA Health Insurer Fee, updated Optional claims costs, and updated participation assumptions were used in this report.

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected rate of return on the OPEB plan investments is determined based on the allocation of assets by asset class and by the mean and variance of real returns.

The target asset allocation and best estimates of expected geometric real rates of return for each major asset class is summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Fixed Income	30.00%	4.40%
U.S. Large Stocks	38.00%	8.00%
U.S. Mid Stocks	8.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	15.00%	9.50%
Cash	5.00%	1.50%
Total	100.00%	

* Geometric mean, includes 2.5% inflation

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Discount Rate

The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability at September 30, 2020 was 3.05%. The discount rate used to measure the total OPEB liability at the prior measurement date was 5.50%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Approximately, 14.802% of the employer contributions were used to assist in funding retiree benefit payments in 2020 and it is assumed that once benefit payments exceed employer contributions, this amount will increase by 1.00% per year and continue into the future. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Therefore, the projected future benefit payments for all current plan members were projected through 2118. The long-term rate of return is used until the assets are expected to be depleted in 2040, after which the municipal bond rate is used.

Sensitivity of the Board's proportionate share of the Net OPEB liability to changes in the healthcare cost trend rates

The following table presents the Board's proportionate share of the Net OPEB liability of the Trust calculated using the current healthcare trend rate, as well as what the Net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 5.75% decreasing to 3.75% pre- Medicare, Known decreasing to 3.75% for Medicare Eligible	Current Healthcare Trend Rate 6.75% decreasing to 4.75% pre- Medicare, Known decreasing to 4.75% for Medicare Eligible	1% Increase 7.75% decreasing to 5.75% pre- Medicare, Known decreasing to 5.75% for Medicare Eligible
Board's proportionate share of collective net OPEB liability	\$ 16,872,027	\$ 21,343,400	\$ 27,163,608

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the Board's proportionate share of the Net OPEB liability to changes in the healthcare cost trend rates (Continued)

The following table presents the Board's proportionate share of the Net OPEB liability of the Trust calculated using the discount rate of 3.05%, as well as what the Net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (2.05%)	Current Rate (3.05%)	1% Increase (4.05%)
Board's proportionate share of collective net OPEB liability	\$ 26,178,787	\$ 21,343,400	\$ 17,503,055

OPEB plan Fiduciary Net Position

Detailed information about the OPEB plan's Fiduciary Net Position is located in the Trust's financial statements for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2020. Additional financial and actuarial information is available at www.fsa-al.gov.

Required Supplemental Information

Changes in actuarial assumptions

In 2019, the anticipated rates of participation, spouse coverage, and tobacco use were adjusted to more closely reflect actual experience

In 2016, rates of withdrawal, retirement, disability, mortality, spouse coverage, and tobacco usage were adjusted to more closely reflect actual experience. In 2016, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. In 2016 and later, the expectation of retired life mortality was changed to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for all ages for males and 112% for ages 78 and over for females. The rates of disabled mortality were based on the RP-2000 Disabled Mortality Table projected to 2020 using scale BB and adjusted 105% for males and 120% for females.

Recent Plan Changes

Beginning in plan year 2021, the MAPD plan premium rates exclude the ACA Health Insurer Fee which was repealed on December 20, 2019.

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the MAPD plan.

The Health Plan is changed each year to reflect the ACA maximum annual out-of-pocket amounts.

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Method and assumptions used in calculations of actuarially determined contributions

The actuarially determined contribution rates in the Schedule of OPEB Contributions were calculated as of September 30, 2017, which is three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Remaining amortization period	24 years
Asset valuation method	Market value of assets
Inflation	2.75%
Healthcare cost trend rate	
Pre-Medicare eligible	7.00%
Medicare eligible *	5.00% (beginning in 2019)
Ultimate trend rate	
Pre-Medicare eligible	4.75%
Medicare eligible *	4.75%
Year of ultimate trend rate	2026 for pre-Medicare eligible 2024 for Medicare eligible
Investment rate of return	5.00%, including inflation

* Initial Medicare claims are set based on scheduled increases through plan year 2019.

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 12 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, and destructions of assets; errors and omissions; injuries to employees; and natural disaster. The Board has insurance for its buildings and contents through the State Insurance Fund (“SIF”) part of the State of Alabama, Department of Finance, Division of Risk Management, which operates as a common risk management and insurance program for the state-owned properties and boards of education. The Board pays an annual premium based on the amount of coverage. The SIF is self-insured up to \$3.5 million per occurrence and purchases of commercial insurance for claims in excess of \$3.5 million.

The Board also purchase automobile liability insurance with coverage of \$3000,000 per occurrence, errors and omissions insurance with coverage up to \$1,000,000 per occurrence and property insurance with coverage up to \$3.5 million per occurrence from the Alabama Risk Management For Schools Program (ARMS) a public entity risk pool. In addition, the Board has purchased physical damage coverage for school buses and maintenance vehicles.

The ARMS collects the premiums and purchases commercial insurance for the amount of coverage requested by the pool participants. The Board purchases commercial insurance for fidelity bonds. Settled claims in the past three years have not exceeded the commercial insurance coverage.

Employee health insurance is provided through the Public Education Employees’ Health Insurance fund (“PEEHIF”) administered by the Public Education Employees’ Health Insurance Board. The fund was established to provide a uniform plan of health insurance for current and retired employees of state educational institutions and is self-sustaining. Monthly premiums for employee and dependent coverage are set mutually by the plan’s actuary and are based on anticipated claims in the upcoming year, considering any remaining fund balance on hand available for claims. The Board contributes the specific amount monthly to the PEEHIF for each employee. The Board contributions is applied against the employees’ premiums for the coverage selected and the employee pays any remaining premium.

The State Board of Adjustments is a state agency with which people can file claims against the Board to collect reimbursement for damages when all other means have been exhausted. The Board does not have insurance coverage for job-related injuries. Claims for employee job-related injuries may be filed with the State Board of Adjustments. The Board of Adjustment determines if a claim is valid and determines the proper amount of compensation. Payments are made from state appropriate funds at no cost to the Board.

NOTE 13 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts ready collected, may constitute a liability of the applicable funds or the general fund. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at the time, although the Board expects such amounts, if any, to be immaterial.

The Board is involved in certain litigation in the ordinary course of business. Litigation is recorded in the government-wide statements when the related liability is incurred.

**BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 14 - PAYMENTS OR SERVICES FURNISHED BY OTHER AGENCIES

Certain payments or services are furnished by the State of Alabama on behalf of the Board. Included in these items are the payments from bond issue proceeds (Public School and College Authority). Payments or services from bond issue proceeds from the Public School and College Authority are reflected as revenues and expenditures on the Board's financial statements in the applicable funds for which they apply.

NOTE 15 - DONATED FOOD PROGRAM

The commodities received from the Federal government in connection with the donated food programs are reflected in the accompanying financial statements. The total assigned value of commodities donated was \$125,491 for 2021. Commodities consumed were approximately \$125,491 for 2021.

NOTE 16 - FUTURE ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally 1) whether the government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirement of this statement is effective for reporting periods beginning after December 15, 2019. The Board is currently evaluating the impact, if any, of implementation.

NOTE 17 - SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the outbreak of the coronavirus disease (COVID-19) as a pandemic. The outbreak in the United States has negatively impacted economies and global financial markets. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Because of the uncertainty of the duration or impact of this pandemic, the near- and long-term financial impact on the Organization cannot be reasonably estimated at this time.

NOTE 18 - DATE OF MANAGEMENT REVIEW

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 2, 2022, the date the financial statements were available to be issued.

**BESSEMER CITY BOARD OF EDUCATION
SCHEDULE OF BOARD CONTRIBUTIONS
TEACHERS' RETIREMENT PLAN OF ALABAMA
LAST SEVEN (7) FISCAL YEARS**

Contributions in relation to the contractually required contribution	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,608,000	\$ 2,763,000	\$ 2,437,000	\$ 2,277,790	\$ 2,332,000	\$ 2,349,222	\$ 2,349,222
Contributions in relation to the contractually required contribution	2,608,000	2,763,000	2,438,000	2,277,790	2,332,000	2,349,222	2,349,222
Contribution deficiency (excess)	\$ -	\$ -	\$ (1,000.00)	\$ -	\$ -	\$ -	\$ -
Board's covered employee payroll	\$20,692,813	\$20,827,843	\$19,148,943	\$19,148,943	\$22,030,788	\$20,534,196	\$21,752,324
Contributions as a percentage of covered-employee payroll	12.60%	13.27%	12.73%	11.90%	11.54%	11.77%	11.10%

*The amounts presented for each fiscal year were determined as of prior fiscal year ending September 30.

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

BESSEMER CITY BOARD OF EDUCATION
SCHEDULE OF PROPORATIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT PLAN OF ALABAMA
LAST SEVEN (7) FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015
Board's proportion of the net pension liability	0.302363%	0.317781%	0.303700%	0.305369%	0.310182%	0.318518%	0.323366%
Board's proportionate share of the net pension liability	\$ 37,401,000	\$ 35,137,000	\$ 30,196,000	\$ 30,013,000	\$ 33,580,000	\$ 33,335,000	\$ 29,403,000
Board's covered--employee payroll	\$ 20,692,813	\$ 20,827,843	\$ 19,148,943	\$ 22,030,788	\$ 20,534,196	\$ 21,752,324	\$ 21,159,325
Board's proportionate share of the net pension liability as a percentage of its covered-employee payroll	180.74%	168.70%	157.69%	136.23%	163.53%	153.25%	138.96%
Plan fiduciary net position as a percentage of the total pension liability	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%	71.01%

*The amounts presented for each fiscal year were determined as of prior fiscal year ending September 30.

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**BESSEMER CITY BOARD OF EDUCATION
SCHEDULE OF BOARD CONTRIBUTIONS
ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Contractually required contribution	\$ 651,215
Contributions in relation to the contractually required contribution	651,215
Contribution deficiency (excess)	<u>\$ -</u>
Board covered-employee payroll	\$ 20,692,813
Contributions as a percentage of covered- employee payroll	3.15%

* For FY 2021, the measurement period is October 1, 2019 to September 30, 2020.

**BESSEMER CITY BOARD OF EDUCATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST
 FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Board's proportion of the net OPEB liability	0.328873%
Board's proportionate share of the net OPEB liability	\$21,343,400
Board's covered employee payroll	\$20,692,813
Board's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	103%
Plan fiduciary net position as a percentage of the total OPEB liability	19.80%

*Board's covered employee payroll during the measurement period is the total covered employee payroll.
 For FY 2021, the measurement period is October 1, 2019 to September 30, 2020.

**BESSEMER CITY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis
	Original	Final			
Revenues					
State sources	\$ 21,287,665	\$ 23,035,275	\$ 23,056,319	\$ -	\$ 23,056,319
Federal sources	209,905	188,000	308,946	-	308,946
Local sources	11,201,000	11,201,000	12,988,700	-	12,988,700
Other sources	55,337	96,661	104,358	-	104,358
Total Revenues	32,753,907	34,520,936	36,458,323	-	36,458,323
Expenditures					
Current:					
Instructional services	16,990,717	17,450,812	17,041,614	396,210	17,437,824
Instructional support services	6,650,287	6,788,098	6,655,840	70,185	6,726,025
Operations and maintenance services	3,746,644	4,052,688	3,674,809	(9,997)	3,664,812
Student transportation services	1,650,644	1,783,916	1,646,574	31,069	1,677,643
Auxiliary services	-	-	-	-	-
Food service	-	-	-	-	-
General administration services	1,882,889	2,072,889	2,201,126	825	2,201,951
Other	552,368	967,867	839,202	22,937	862,139
Capital outlays	300,000	450,000	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	31,773,549	33,566,270	32,059,165	511,229	32,570,394
Excess of revenues (deficiency) over (under) expenditures	980,358	954,666	4,399,158	(511,229)	3,887,929
Other Financing Sources (Uses)					
Interest cost reimbursement	529,505	571,852	397,648	-	397,648
Debt issuance	-	-	-	-	-
Other Financing Sources	-	-	17,194	-	17,194
Transfers in	42,477	42,477	7,977	-	7,977
Transfers out	(1,417,212)	(1,596,737)	(1,935,438)	-	(1,935,438)
	(845,230)	(982,408)	(1,512,619)	-	(1,512,619)
Total other financing sources (uses)	135,128	(27,742)	2,886,539	(511,229)	2,375,310
Net change in fund balance	10,871,000	13,976,371	13,976,371	(2,131,366)	11,845,005
Fund balances - beginning (deficit)	\$ 11,006,128	\$ 13,948,629	\$ 16,862,910	\$ (2,642,595)	\$ 14,220,315
Fund balances - ending (deficits)					

Explanation of differences:

The Board budgets revenues and expenditures to the extent they are expected to be received or paid in the current fiscal period, rather than on the modified accrual basis.

\$ (511,229)

**BESSEMER CITY BOARD OF EDUCATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	Special Revenue Funds								Bessemer Center for Technology
	Bessemer High School	Bessemer Middle School	Abrams Elementary	Hard Elementary	Greenwood Elementary	Jonesboro Elementary	Westhills Elementary	Bessemer Center for Technology	
Assets									
Cash and cash equivalents	\$ 164,205	\$ 83,013	\$ 53,614	\$ 39,497	\$ 87,189	\$ 91,770	\$ 32,862	\$ 56,589	
Receivables	-	-	-	-	-	-	-	-	
Due from other funds	-	-	-	-	-	-	-	-	
Inventory	-	-	-	-	-	-	-	-	
Total Assets	<u>\$ 164,205</u>	<u>\$ 83,013</u>	<u>\$ 53,614</u>	<u>\$ 39,497</u>	<u>\$ 87,189</u>	<u>\$ 91,770</u>	<u>\$ 32,862</u>	<u>\$ 56,589</u>	
Liabilities and Fund Balances									
Liabilities									
Accounts payable and other liabilities	\$ 157	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Accrued payroll and related liabilities	-	-	-	-	-	-	-	-	
Due to other funds	-	-	-	-	-	-	-	-	
Total Liabilities	<u>157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Fund Balances									
Nonspendable	-	-	-	-	-	-	-	-	
Unassigned	164,048	83,013	53,614	39,497	87,189	91,770	32,862	56,589	
Total Fund Balances	<u>164,048</u>	<u>83,013</u>	<u>53,614</u>	<u>39,497</u>	<u>87,189</u>	<u>91,770</u>	<u>32,862</u>	<u>56,589</u>	
Total Liabilities and Fund Balances	<u>\$ 164,205</u>	<u>\$ 83,013</u>	<u>\$ 53,614</u>	<u>\$ 39,497</u>	<u>\$ 87,189</u>	<u>\$ 91,770</u>	<u>\$ 32,862</u>	<u>\$ 56,589</u>	

**BESSEMER CITY BOARD OF EDUCATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

Special Revenue Funds									
Central Office	ROTC	REGULAR BASIC GRANT	IDEA PART B	Pre-School Part B Ages 3-5	TITLE X HOMELESS	Title I Part A	Title I Part A School Improvement		
Cash and cash equivalents	\$ 107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables	-	40,597	974,559	15,495	51,935	1,539,129	184,168	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-
Total Assets	\$ 107	\$ 40,597	\$ 974,559	\$ 15,495	\$ 51,935	\$ 1,539,129	\$ 184,168	\$ -	\$ -
Liabilities and Fund Balances									
Liabilities									
Accounts payable and other liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and related liabilities	-	-	-	-	-	-	-	-	-
Due to other funds	-	40,597	974,559	15,495	51,935	1,539,129	184,168	-	-
Total Liabilities	-	40,597	974,559	15,495	51,935	1,539,129	184,168	-	-
Fund Balances									
Nonspendable	-	-	-	-	-	-	-	-	-
Unassigned	260,310	107	-	-	-	-	-	-	-
Total Fund Balances	260,310	107	-	-	-	-	-	-	-
Total Liabilities and Fund Balances	\$ 260,310	\$ 107	\$ 40,597	\$ 974,559	\$ 51,935	\$ 1,539,129	\$ 184,168	\$ -	\$ -

**BESSEMER CITY BOARD OF EDUCATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

		Special Revenue Funds						
	Title II Part A	Title III	Title IV Part A SDE	Vocational Rehabilitation Services	Child and Adult Care	Food and Nutrition Fund	Personnel Development	CARES Act
Assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 339,566	\$ -	\$ -	\$ -
Receivables	195,238	27,490	129,761	-	15,491	2,043,275	-	826,922
Due from other funds	-	-	-	-	142	-	-	-
Inventory	-	-	-	-	-	111,491	-	-
Total Assets	\$ 195,238	\$ 27,490	\$ 129,761	\$ -	\$ 355,199	\$ 2,154,766	\$ -	\$ 826,922
Liabilities and Fund Balances								
Liabilities								
Accounts payable and other liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and related liabilities	-	-	-	-	-	143,845	-	-
Due to other funds	195,238	27,490	129,761	-	-	738,915	-	826,922
Total Liabilities	195,238	27,490	129,761	-	-	882,760	-	826,922
Fund Balances								
Nonspendable	-	-	-	-	-	111,491	-	-
Unassigned	-	-	-	-	355,199	1,160,515	-	-
Total Fund Balances	-	-	-	-	355,199	1,272,006	-	-
Total Liabilities and Fund Balances	\$ 195,238	\$ 27,490	\$ 129,761	\$ -	\$ 355,199	\$ 2,154,766	\$ -	\$ 826,922

**BESSEMER CITY BOARD OF EDUCATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	Special Revenue Funds			Total
	CRF Health and Wellness	Summer Food Service	Special Revenue Funds	Total
Assets				
Cash and cash equivalents	-	\$ 203,776	\$ 1,412,498	
Receivables	-	393	6,044,453	
Due from other funds	-	1,278	1,420	
Inventory	-	-	111,491	
Total Assets	-	\$ 205,447	\$ 7,569,862	
Liabilities and Fund Balances				
Liabilities				
Accounts payable and other liabilities	-	-	\$ 157	
Accrued payroll and related liabilities	-	-	143,845	
Due to other funds	-	-	4,724,209	
Total Liabilities	-	-	4,868,211	
Fund Balances				
Nonspendable	-	-	111,491	
Unassigned	-	205,447	2,590,160	
Total Fund Balances	-	205,447	2,701,651	
Total Liabilities and Fund Balances	-	\$ 205,447	\$ 7,569,862	

**BESSEMER CITY BOARD OF EDUCATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	Capital Projects Funds							Total Capital Projects Funds	Nonmajor Governmental Funds
	Debt Service Fund	Capital Projects Transportation Fleet	Capital Projects PSF-Capital Outlay	Capital Projects PSF Interest	(14-8411) Capital Projects	Capital Projects PSF Interest	Total Capital Projects Funds		
Assets									
Cash and cash equivalents	\$ 1,521	\$ -	\$ 651,370	\$ 19,926	\$ -	\$ -	\$ 671,296	\$ 2,085,315	
Receivables	-	-	-	-	-	-	-	6,044,453	
Due from other funds	-	-	-	2,548	-	-	2,548	3,968	
Inventory	-	-	-	-	-	-	-	111,491	
Total Assets	\$ 1,521	\$ -	\$ 651,370	\$ 22,474	\$ -	\$ -	\$ 673,844	\$ 8,245,227	
Liabilities and Fund Balances									
Liabilities									
Accounts payable and other liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 157	
Accrued payroll and related liabilities	-	-	-	-	-	-	-	143,845	
Due to other funds	-	-	-	-	-	-	-	4,724,209	
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,868,211	
Fund Balances									
Nonspendable	-	-	-	-	-	-	-	111,491	
Unassigned	1,521	-	651,370	22,474	-	-	673,844	3,265,525	
Total Fund Balances	1,521	-	651,370	22,474	-	-	673,844	3,377,016	
Total Liabilities and Fund Balances	\$ 1,521	\$ -	\$ 651,370	\$ 22,474	\$ -	\$ -	\$ 673,844	\$ 8,245,227	

**BESSEMER CITY BOARD OF EDUCATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Special Revenue Funds					
	Bessemer High School	Bessemer Middle School	Abrams Elementary	Hard Elementary	Greenwood Elementary	Jonesboro Elementary
Revenues						
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	-	-
Local sources	196,177	61,848	18,174	20,632	31,307	24,949
Other sources	-	-	-	-	-	-
Total Revenues	<u>196,177</u>	<u>61,848</u>	<u>18,174</u>	<u>20,632</u>	<u>31,307</u>	<u>24,949</u>
Expenditures						
Current:						
Instructional services	101,377	15,277	12,242	23,028	20,627	18,900
Instructional support services	6,893	12,169	772	7,933	1,525	13,819
Operations and maintenance services	973	-	-	-	-	-
Student transportation services	4,561	-	-	-	-	19
Food service	-	-	-	-	-	-
General administrative services	-	-	-	-	-	-
Other	6,679	115	-	-	-	496
Capital outlays	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>120,483</u>	<u>27,561</u>	<u>13,014</u>	<u>30,961</u>	<u>22,152</u>	<u>33,234</u>
Excess of revenues (deficiency) over (under) expenditures	<u>75,694</u>	<u>34,287</u>	<u>5,160</u>	<u>(10,329)</u>	<u>9,155</u>	<u>(8,285)</u>
Other Financing Sources (Uses)						
Transfers in	2,880	4,461	-	10,000	318	8,908
Fund commencement capitalization	-	-	-	-	-	-
Transfers out	(7,766)	(3,676)	-	(10,000)	(318)	(8,570)
Total other financing sources (uses)	<u>(4,886)</u>	<u>785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>338</u>
Net change in fund balances	70,808	35,072	5,160	(10,329)	9,155	(7,947)
Fund balances - beginning (deficits)	93,240	47,941	48,454	49,826	78,034	99,717
Fund balances - ending	<u>\$ 164,048</u>	<u>\$ 83,013</u>	<u>\$ 53,614</u>	<u>\$ 39,497</u>	<u>\$ 87,189</u>	<u>\$ 91,770</u>

**BESSEMER CITY BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Special Revenue Funds					
	Westhills Elementary	Bessemer Center for Technology	Central Office	ROTC	REGULAR BASIC GRANT	IDEA PART B
Revenues						
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Local sources	16,748	13,210	67,828	-	40,597	927,686
Other sources	-	-	-	-	-	-
Total Revenues	<u>16,748</u>	<u>13,210</u>	<u>67,828</u>	<u>-</u>	<u>40,597</u>	<u>927,686</u>
Expenditures						
Current:						
Instructional services	6,414	11,561	3,026	-	38,570	493,479
Instructional support services	4,041	81	5,812	-	1,219	276,000
Operations and maintenance services	-	150	-	-	-	-
Auxiliary services	-	-	200	-	-	-
Food service	-	-	-	-	-	-
General administrative services	-	-	-	-	808	31,537
Other	588	-	-	-	-	126,670
Capital outlays	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>11,043</u>	<u>11,792</u>	<u>9,038</u>	<u>-</u>	<u>40,597</u>	<u>927,686</u>
Excess of revenues (deficiency) over (under) expenditures	<u>5,705</u>	<u>1,418</u>	<u>58,790</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)						
Transfers in	30	(3,926)	-	-	-	-
Fund commencement capitalization	-	-	-	-	-	-
Transfers out	(30)	(288)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(4,214)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	5,705	(2,796)	58,790	-	-	-
Fund balances - beginning (deficits)	27,157	59,385	201,520	107	-	-
Fund balances - ending	<u>\$ 32,862</u>	<u>\$ 56,589</u>	<u>\$ 260,310</u>	<u>\$ 107</u>	<u>\$ -</u>	<u>\$ -</u>

**BESSEMER CITY BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Special Revenue Funds					
	Pre-School Part B Ages 3-5	TITLE X HOMELESS	Title I Part A	Title I School Improvement	Title II Part A	Title III
Revenues						
State sources	\$ -	-	-	-	-	-
Federal sources	16,816	60,275	2,112,529	245,661	265,397	30,779
Local sources	-	-	-	-	-	-
Other sources	-	-	-	-	-	-
Total Revenues	<u>16,816</u>	<u>60,275</u>	<u>2,112,529</u>	<u>245,661</u>	<u>265,397</u>	<u>30,779</u>
Expenditures						
Current:						
Instructional services	-	-	676,354	161,458	29,878	19,894
Instructional support services	-	59,076	1,180,679	69,267	220,821	5,879
Operations and maintenance services	-	-	-	-	-	-
Auxiliary services	-	-	787	-	-	-
Food service	-	-	-	-	-	-
General administrative services	335	1,199	246,833	4,988	5,782	612
Other	16,481	-	7,876	9,948	8,916	4,394
Capital outlays	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>16,816</u>	<u>60,275</u>	<u>2,112,529</u>	<u>245,661</u>	<u>265,397</u>	<u>30,779</u>
Excess of revenues (deficiency) over (under) expenditures	-	-	-	-	-	-
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Fund commencement capitalization	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-
Fund balances - beginning (deficits)	-	-	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BESSEMER CITY BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Special Revenue Funds					
	Title IV Part A SDE	Vocational Rehabilitation Services	Child and Adult Care	Food and Nutrition Fund	Personnel Development	CARES Act
Revenues						
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	151,170	16,619	70,728	2,966,724	-	826,922
Local sources	-	-	-	822	-	-
Other sources	-	-	-	-	-	-
Total Revenues	<u>151,170</u>	<u>16,619</u>	<u>70,728</u>	<u>2,967,546</u>	<u>-</u>	<u>826,922</u>
Expenditures						
Current:						
Instructional services	40,000	-	-	1,549,005	-	266,211
Instructional support services	103,162	16,619	-	22,636	-	273,068
Operations and maintenance services	5,000	-	-	18,146	-	270,888
Auxiliary services	-	-	-	81,511	-	7,534
Food service	-	-	-	766,023	-	-
General administrative services	3,008	-	-	-	-	-
Other	-	-	34,371	402,870	-	9,221
Capital outlays	-	-	-	5,975	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>151,170</u>	<u>16,619</u>	<u>34,371</u>	<u>2,846,166</u>	<u>-</u>	<u>826,922</u>
Excess of revenues (deficiency) over (under) expenditures	-	-	36,357	121,380	-	-
Other Financing Sources (Uses)						
Transfers in	-	-	-	161,927	-	-
Fund commencement capitalization	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	<u>161,927</u>	-	-
Net change in fund balances	-	-	36,357	283,307	-	-
Fund balances - beginning (deficits)	-	-	318,842	988,699	-	-
Fund balances - ending	<u>-</u>	<u>\$ -</u>	<u>\$ 355,199</u>	<u>\$ 1,272,006</u>	<u>\$ -</u>	<u>\$ -</u>

**BESSEMER CITY BOARD OF EDUCATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Special Revenue Funds			Total Special Revenue Funds
	CRF Health and Wellness	Summer Food Service		
Revenues				
State sources	-	-	-	-
Federal sources	284,230	2,231,973	-	10,248,106
Local sources	-	939	-	452,634
Other sources	-	32,704	-	32,704
Total Revenues	<u>284,230</u>	<u>2,265,616</u>	<u>-</u>	<u>10,733,444</u>
Expenditures				
Current:				
Instructional services	-	-	-	3,487,301
Instructional support services	169,659	-	-	2,451,130
Operations and maintenance services	114,571	-	-	409,728
Auxiliary services	-	-	-	94,612
Food service	-	45,603	-	811,626
General administrative services	-	-	-	295,102
Other	-	3,110,801	-	3,739,426
Capital outlays	-	-	-	5,975
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>284,230</u>	<u>3,156,404</u>	<u>-</u>	<u>11,294,900</u>
Excess of revenues (deficiency) over (under) expenditures	<u>-</u>	<u>(890,788)</u>	<u>-</u>	<u>(561,456)</u>
Other Financing Sources (Uses)				
Transfers in	-	863,742	-	1,048,340
Fund commencement capitalization	-	-	-	-
Transfers out	-	-	-	(30,648)
Total other financing sources (uses)	<u>-</u>	<u>863,742</u>	<u>-</u>	<u>1,017,692</u>
Net change in fund balances	-	(27,046)	-	456,236
Fund balances - beginning (deficits)	-	232,493	-	2,245,415
Fund balances - ending	<u>-</u>	<u>\$ 205,447</u>	<u>\$</u>	<u>\$ 2,701,651</u>

**BESSEMER CITY BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Debt Service Fund	Capital Projects Transportation Fleet	Capital Projects PSF-Outlay	Capital Projects PSF Interest	(14-8411) Capital Projects	Total Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues							
State sources	\$ -	\$ 255,384	\$ 189,477	\$ 2,395	\$ 15,156	\$ 462,412	\$ 462,412
Federal sources	-	-	-	-	-	-	10,248,106
Local sources	8	-	-	-	-	-	452,642
Other sources	-	-	-	-	-	-	32,704
Total Revenues	8	255,384	189,477	2,395	15,156	462,412	11,195,864
Expenditures							
Current:							
Instructional services	-	-	-	-	-	-	3,487,301
Instructional support services	-	-	-	-	-	-	2,451,130
Operations and maintenance services	-	-	-	-	15,156	15,156	424,884
Auxiliary services	-	-	-	-	-	-	94,612
Food service	-	-	-	-	-	-	811,626
General administrative services	907	-	-	-	-	-	296,009
Other	-	-	-	-	-	-	3,739,426
Capital outlays	-	-	-	-	-	-	5,975
Debt service:							
Principal	660,000	246,484	186,848	-	-	433,332	1,093,332
Interest and fiscal charges	249,769	8,900	28,471	-	-	37,371	287,140
Total Expenditures	910,676	255,384	215,319	-	15,156	485,859	12,691,435
Excess of revenues (deficiency) over (under) expenditures	(910,668)	-	(25,842)	2,395	-	(23,447)	(1,495,571)
Other Financing Sources (Uses)							
Transfers in	909,769	-	-	-	-	-	1,958,109
Fund commencement capitalization	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(30,648)
Total other financing sources (uses)	909,769	-	-	-	-	-	1,927,461
Net change in fund balances	(899)	-	(25,842)	2,395	-	(23,447)	431,890
Fund balances - beginning (deficits)	2,420	-	677,212	20,079	-	697,291	2,945,126
Fund balances - ending	\$ 1,521	\$ -	\$ 651,370	\$ 22,474	\$ -	\$ 673,844	\$ 3,377,016

**BESSEMER CITY BOARD OF EDUCATION
COMBINING BALANCE SHEET
NON-PUBLIC FIDUCIARY FUNDS
SEPTEMBER 30, 2021**

	Fiduciary Non-Public Funds									
	Bessemer High School	Bessemer Middle School	Abrams Elementary	Hard Elementary	Jonesboro Elementary	Westhills Elementary	ROTC	Bessemer Center for Technology	Central Office	Total Non-Public Funds
Assets										
Cash and cash equivalents	\$ 168	\$ 4,897	\$ 707	\$ 1,221	\$ (321)	\$ 2,202	\$ 2,816	\$ 776	\$ 3,623	\$ 16,089
Total Assets	<u>168</u>	<u>4,897</u>	<u>707</u>	<u>1,221</u>	<u>(321)</u>	<u>2,202</u>	<u>2,816</u>	<u>776</u>	<u>3,623</u>	<u>16,089</u>
Net Position										
Held in trust for local schools non-public funds	168	4,897	707	1,221	(321)	2,202	2,816	776	3,623	16,089
Total Net Position	<u>168</u>	<u>4,897</u>	<u>707</u>	<u>1,221</u>	<u>(321)</u>	<u>2,202</u>	<u>2,816</u>	<u>776</u>	<u>3,623</u>	<u>16,089</u>
Total Liabilities and Net Position	<u>\$ 168</u>	<u>\$ 4,897</u>	<u>\$ 707</u>	<u>\$ 1,221</u>	<u>\$ (321)</u>	<u>\$ 2,202</u>	<u>\$ 2,816</u>	<u>\$ 776</u>	<u>\$ 3,623</u>	<u>\$ 16,089</u>

BESSEMER CITY BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-PUBLIC FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Fiduciary Non-Public Funds										Total Non-Public Funds	
	Bessemer High School	Bessemer Middle School	Abrams Elementary	Hard Elementary	Jonesboro Elementary	Westhills Elementary	ROTC	Bessemer Center for Technology	Central Office			
Additions												
Contributions:												
Local sources	\$ 33,218	\$ (677)	\$ -	\$ -	\$ 17	\$ 1,200	\$ -	\$ -	\$ 1,561	\$ -	\$ -	\$ 35,319
Other sources	-	-	-	-	-	-	-	-	-	-	-	-
Total Additions	<u>33,218</u>	<u>(677)</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>1,561</u>	<u>-</u>	<u>-</u>	<u>35,319</u>
Deductions												
Instructional services	15,046	-	-	-	-	-	-	-	624	-	-	15,670
Instructional support services	100	-	-	-	-	-	-	-	-	-	-	100
Auxiliary services	108	-	-	-	-	-	-	-	94	-	-	202
Other	24,107	1,121	-	-	355	-	-	-	177	-	-	25,760
Total Deductions	<u>39,361</u>	<u>1,121</u>	<u>-</u>	<u>-</u>	<u>355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>895</u>	<u>-</u>	<u>-</u>	<u>41,732</u>
Net change in net position	<u>(6,143)</u>	<u>(1,798)</u>	<u>-</u>	<u>-</u>	<u>(338)</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>666</u>	<u>-</u>	<u>-</u>	<u>(6,413)</u>
Net position - beginning of the year	<u>6,311</u>	<u>6,695</u>	<u>707</u>	<u>1,221</u>	<u>17</u>	<u>1,002</u>	<u>2,816</u>	<u>776</u>	<u>2,957</u>	<u>-</u>	<u>-</u>	<u>22,502</u>
Net position - ending of the year	<u>\$ 168</u>	<u>\$ 4,897</u>	<u>\$ 707</u>	<u>\$ 1,221</u>	<u>\$ (321)</u>	<u>\$ 2,202</u>	<u>\$ 2,816</u>	<u>\$ 776</u>	<u>\$ 3,623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,089</u>

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

**To the Superintendent and Members
of the Bessemer City Board of Education
Bessemer, Alabama**

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, each major fund, and the aggregate remaining fund information of the **Bessemer City Board of Education (“the Board”)** as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Board’s basic financial statements, and have issued our report thereon dated August 2, 2022.

Internal Control over Financial Reporting

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

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

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

**To the Superintendent and Members
of the Bessemer City Board of Education
Bessemer, Alabama
Page 2**

Compliance and Other Matters

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

Purpose of this Report

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

Sheppard-Harris & Associates
Sheppard-Harris & Associates
Birmingham, Alabama
August 2, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Superintendent and Members
of the Bessemer City Board of Education
Bessemer, Alabama**

Report on Compliance for Each Major Federal Program

We have audited the **Bessemer City Board of Education's** ("the **Board**") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the **Board's** major federal programs for the year ended September 30, 2021. The **Board's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the **Board's** major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the **Board's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the **Board's** compliance.

Opinion on Each Major Federal Program

In our opinion, the **Board** 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 September 30, 2021.

Report on Internal Control over Compliance

Management of the **Board** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the **Board's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the **Board's** 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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.

Sheppard - Harris + Associates

Sheppard-Harris & Associates
Birmingham, Alabama
August 2, 2022

**BESSEMER CITY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Assistance Listing Number	Program Expenditures
U.S. Department of Education		
Passed Through Alabama Department of Education:		
Title I Grants to local Educational Agencies	84.010	\$ 2,459,375
English Language Acquisition State Grants	84.365	30,780
Supporting Effective Instruction State Grants	84.367	290,588
Career and Technical Education-Basic Grants to States	84.048	40,597
Education for Homeless Children and Youth	84.196	60,275
Student Support and Academic Enrichment Program	84.424	151,170
<i>COVID-19 Education Stabilization Fund</i>		
Governor's Emergency Education Relief (GEER) Fund	84.425C	266,030
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	2,065,217
<i>Sub-Total COVID-19 Education Stabilization Fund</i>		2,331,247
<i>Special Education Cluster</i>		
Special Education- Grants to States (IDEA, Part B)	84.027	974,559
Special Education- Preschool Grants (IDEA Preschool)	84.173	16,816
<i>Sub-Total Special Education Cluster</i>		991,375
Total U.S. Department of Education		6,355,407
 U.S. Department of Agriculture		
Passed Through Alabama Department of Education:		
<i>Child Nutrition Cluster</i>		
School Breakfast Program	10.553	281,002
National School Lunch Program	10.555	372,490
Summer Foods Service Program for Children	10.559	3,108,647
<i>Total Child Nutrition Cluster</i>		3,762,139
 Passed Through Alabama Department of Education:		
Child and Adult Care Food Program	10.558	34,405
Fresh Fruit and Vegetable Program	10.579	130,594
<i>Total U.S. Department of Agriculture</i>		164,999
 U.S. Department of the Treasury		
Passed Through Alabama Department of Education:		
COVID-19 Coronavirus Relief Fund	21.019	848,203
<i>Total U.S. Department of the Treasury</i>		848,203
 Social Security Administration		
Passed Through Alabama Department of Education:		
Social Security-Disability Insurance	96.001	1,000
<i>Total Social Security Administration</i>		1,000
Total Expenditures of Federal Awards		\$ 11,131,748

Note: See Accompanying Notes to the Schedule of Expenditures of Federal Awards.

BESSEMER CITY BOARD OF EDUCATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - BASIS OF PRESENTATION

The accompany schedule of expenditures of federal awards (the Schedule), includes the federal award activity of the Bessemer City Board of Education (the Board) under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirement of Title 2, U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Board.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The Board has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**BESSEMER CITY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? Yes x No
- Control deficiency (ies) identified that not considered to be material weaknesses? Yes x None reported
- Noncompliance material to financial statements noted? Yes x No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? Yes x No
- Reportable condition(s) identified not considered to be material weaknesses? Yes x None reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section.501(a)? Yes x No

IDENTIFICATION OF MAJOR PROGRAMS:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425 10.553,10.555, &10.559	COVID-19 Education Stabilization Fund Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B program: \$750,000

Auditee qualified as low-risk auditee? Yes X No

SECTION II FINDINGS-FINANCIAL STATEMENTS AUDIT

No matters reported.

SECTION III FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No matters reported.

**BESSEMER CITY BOARD OF EDUCATION
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
SEPTEMBER 30, 2021**

There were no audit findings in the prior year.