

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR YEAR ENDED  
JUNE 30, 2023

CITY OF GASTONIA, NORTH CAROLINA



# *City of Gastonia* *North Carolina*

## **Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2023**



Prepared by  
The Financial Services  
Department





# **City of Gastonia**

## **North Carolina**

### **Annual Comprehensive Financial Report**

**Year Ended June 30, 2023**

**Walker E. Reid, III, Mayor**

#### **Council Members**

**Ward 1 – Robert J. Kellogg**

**Ward 2 – Dave Kirlin, Mayor Pro-Tem**

**Ward 3 – James Gallagher**

**Ward 4 – Charles M. Odom**

**Ward 5 – Jennifer M. Stepp**

**Ward 6 – Donyel Barber**

**City Manager  
Michael C. Peoples**

**Director of Financial Services  
Crystal Certain**



**CITY OF GASTONIA, NORTH CAROLINA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2023**

**TABLE OF CONTENTS**

| <b><u>Exhibit</u></b> |  | <b><u>Page</u></b> |
|-----------------------|--|--------------------|
|                       | <b>INTRODUCTORY SECTION</b>  |                    |
|                       | Letter of Transmittal  | i-xv               |
|                       | City Facts   | xvi-xxiv           |
|                       | GFOA's Certificate of Achievement for Excellence in Financial Reporting  | xxv                |
|                       | Organizational Chart   | xxvi               |
|                       | <b>FINANCIAL SECTION</b>   |                    |
|                       | Independent Auditor's Report   | 1-4                |
|                       | Management's Discussion and Analysis   | 5-19               |
|                       | <b>Financial Statements:</b>   |                    |
|                       | <b>Government-Wide Financial Statements:</b>   |                    |
| A                     | Statement of Net Position  | 20-21              |
| B                     | Statement of Activities  | 22-23              |
|                       | <b>Fund Financial Statements:</b>  |                    |
| C                     | Balance Sheet - Governmental Funds   | 24-25              |
| D                     | Statement of Revenues, Expenditures, and Changes in<br>Fund Balances - Governmental Funds  | 26                 |
| E                     | Reconciliation of the Statement of Revenues, Expenditures,<br>and Changes in Fund Balances - Governmental Funds to the<br>Statement of Activities                    | 27                 |
| F                     | General Fund - Statement of Revenues, Expenditures, and<br>Changes in Fund Balance - Budget and Actual   | 28                 |
| G                     | American Rescue Plan - Annually Budgeted Major Special<br>Revenue Fund - Statement of Revenues, Expenditures, and<br>and Changes in Fund Balance - Budget and Actual | 29                 |
| H                     | Statement of Net Position - Proprietary Funds  | 30-31              |

**CITY OF GASTONIA, NORTH CAROLINA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2023**

**TABLE OF CONTENTS**

| <b><u>Exhibit</u></b>  |   | <b><u>Page</u></b> |
|------------------------|---|--------------------|
|                        | <b>Fund Financial Statements (continued):</b>   |                    |
| I                      | Statement of Revenues, Expenses, and Changes in<br>Fund Net Position - Proprietary Funds  | 32                 |
| J                      | Statement of Cash Flows - Proprietary Funds   | 33-34              |
|                        | Notes to the Financial Statements   | 35-100             |
| <b><u>Schedule</u></b> |   |                    |
|                        | <b>Supplemental Financial Data:</b>   |                    |
| A-1                    | Required Supplementary Information - Law Enforcement<br>Officers' and Firemen's Special Separation Allowance -<br>Schedule of Funding Progress and Schedule of Employer<br>Contributions - Last Seven Fiscal Years              | 101-102            |
| A-2                    | Required Supplementary Information - Law Enforcement<br>Officers' and Firemen's Special Separation Allowance -<br>Schedule of Total Pension Liability as a Percentage of Covered-<br>Employee Payroll - Last Seven Fiscal Years | 103-104            |
| A-3                    | Required Supplementary Information - Other Post-Employment<br>Benefits - Schedule of Changes in the Total OPEB Liability<br>and Related Ratios - Last Six Fiscal Years  | 105-106            |
| A-4                    | Required Supplementary Information - Local Governmental<br>Employees' Retirement System - Proportionate Share of Net<br>Pension Liability (Asset) - Last Ten Fiscal Years   | 107-108            |
| A-5                    | Required Supplementary Information - Local Governmental<br>Employees' Retirement System - Contributions -<br>Last Ten Fiscal Years  | 109-110            |
|                        | <b>Other Supplemental Schedules:</b>  |                    |
| A-6                    | Nonmajor Governmental Funds - Combining Balance Sheet   | 111                |
| A-7                    | Nonmajor Governmental Funds - Combining Statement of<br>Revenues, Expenditures, and Changes in Fund Balances  | 112                |



**CITY OF GASTONIA, NORTH CAROLINA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2023**

**TABLE OF CONTENTS**

| <b><u>Schedule</u></b> |  | <b><u>Page</u></b> |
|------------------------|--|--------------------|
|                        | <b>Other Supplemental Schedules (continued):</b>   |                    |
| A-8                    | Schedule of Ad Valorem Taxes Receivable  | 113                |
| A-9                    | Analysis of Current Year Levy  | 114                |
|                        | <b>General Fund:</b>   |                    |
| B-1                    | Schedule of Revenues, Expenditures, and Changes in Fund<br>Balance - Budget and Actual   | 115-131            |
|                        | <b>Special Revenue Funds:</b>  |                    |
| C-1                    | Major Special Revenue Fund - American Rescue Plan -<br>Schedule of Revenues, Expenditures, and Changes in<br>Fund Balance - Budget and Actual                      | 132                |
| C-2                    | Nonmajor Special Revenue Funds - Combining Balance Sheet   | 133-134            |
| C-3                    | Nonmajor Special Revenue Funds - Combining Statement of<br>Revenues, Expenditures, and Changes in Fund Balances  | 135-136            |
| C-4                    | State Grants Fund - Schedule of Revenues, Expenditures, and<br>Changes in Fund Balance - Budget and Actual   | 137                |
| C-5                    | Community Development Block Grant Program - Program<br>Fund - Schedule of Revenues, Expenditures, and Changes in<br>Fund Balance - Budget and Actual               | 138                |
| C-6                    | Community Development Block Grant Program - Affordable<br>Housing Fund - Schedule of Revenues, Expenditures, and<br>Changes in Fund Balance - Budget and Actual    | 139                |
| C-7                    | Community Development Block Grant Program - Rehabilitation<br>Fund - Schedule of Revenues, Expenditures, and Changes in<br>Fund Balance - Budget and Actual        | 140                |
| C-8                    | Community Development Block Grant Program - Home<br>Investment Trust Fund - Schedule of Revenues, Expenditures,<br>and Changes in Fund Balance - Budget and Actual | 141                |

# CITY OF GASTONIA, NORTH CAROLINA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

### TABLE OF CONTENTS

| <b><u>Schedule</u></b> |   | <b><u>Page</u></b> |
|------------------------|---|--------------------|
|                        | <b>Special Revenue Funds (continued):</b>   |                    |
| C-9                    | Community Development Block Grant Program -<br>108 Loan/Revitalization - Schedule of Revenues, Expenditures,<br>and Changes in Fund Balance - Budget and Actual | 142                |
| C-10                   | Community Development Block Grant Program -<br>108 Loan/Economic - Schedule of Revenues, Expenditures,<br>and Changes in Fund Balance - Budget and Actual       | 143                |
| C-11                   | Community Development Block Grant Program -<br>Economic Development - Schedule of Revenues, Expenditures,<br>and Changes in Fund Balance - Budget and Actual    | 144                |
| C-12                   | Occupancy Tax - Schedule of Revenues, Expenditures, and<br>Changes in Fund Balance - Budget and Actual  | 145                |
| C-13                   | Uptown Municipal Tax District - Schedule of Revenues,<br>Expenditures, and Changes in Fund Balance - Budget and<br>Actual                                       | 146                |
| C-14                   | Economic Stimulus Grants Fund - Schedule of Revenues,<br>Expenditures, and Changes in Fund Balance - Budget and<br>Actual                                       | 147                |
|                        | <b>Capital Project Funds:</b>   |                    |
| D-1                    | Major Capital Project Fund - Streets - Schedule of Revenues,<br>Expenditures, and Changes in Fund Balance - Budget and<br>Actual                                | 148                |
| D-2                    | Nonmajor Capital Project Funds - Combining Balance Sheet  | 149-150            |
| D-3                    | Nonmajor Capital Project Funds - Combining Statement of<br>Revenues, Expenditures, and Changes in Fund Balances   | 151-152            |
| D-4                    | Capital Project Fund - Mayor/Council - Schedule of Revenues,<br>Expenditures, and Changes in Fund Balance - Budget and<br>and Actual                            | 153                |

**CITY OF GASTONIA, NORTH CAROLINA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2023**

**TABLE OF CONTENTS**

| <b><u>Schedule</u></b> |   | <b><u>Page</u></b> |
|------------------------|---|--------------------|
|                        | <b>Capital Project Funds (continued):</b>   |                    |
| D-5                    | Capital Project Fund - Developer Sidewalk - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual | 154                |
| D-6                    | Capital Project Fund - Airport - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual            | 155                |
| D-7                    | Capital Project Fund - Downtown Revitalization - Schedule of Expenditures, and Changes in Fund Balance - Budget and Actual      | 156                |
| D-8                    | Infrastructure Rehabilitation Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual        | 157                |
|                        | <b>Enterprise Funds:</b>  |                    |
| E-1                    | Nonmajor Enterprise Funds - Combining Statement of Net Position   | 158                |
| E-2                    | Nonmajor Enterprise Funds - Combining Statement of Revenues, Expenses, and Changes in Fund Net Position                         | 159                |
| E-3                    | Nonmajor Enterprise Funds - Combining Statement of Cash Flows   | 160                |
| E-4                    | Water and Sewer Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)                                     | 161-164            |
| E-5                    | Water and Sewer Capital Project Funds - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)                    | 165                |
| E-6                    | Electric Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  | 166-169            |
| E-7                    | Electric Capital Project Funds - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)                           | 170                |

**CITY OF GASTONIA, NORTH CAROLINA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2023**

**TABLE OF CONTENTS**

| <b><u>Schedule</u></b> |   | <b><u>Page</u></b> |
|------------------------|---|--------------------|
|                        | <b>Enterprise Funds (continued):</b>  |                    |
| E-8                    | Transit System Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  | 171-172            |
| E-9                    | Municipal Golf Course Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)                                 | 173                |
| E-10                   | Solid Waste Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)   | 174-175            |
| E-11                   | Stormwater Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  | 176-177            |
| E-12                   | Stormwater Capital Project Fund - Schedules of Revenues and Expenditures - Budget and Actual (Non-GAAP)                           | 178                |
|                        | <b>Internal Service Funds:</b>  |                    |
| F-1                    | Internal Service Funds - Combining Statement of Net Position  | 179                |
| F-2                    | Internal Service Funds - Combining Statement of Revenues, Expenses, and Changes in Fund Net Position                              | 180                |
| F-3                    | Internal Service Funds - Combining Statement of Cash Flows  | 181-182            |
| F-4                    | Vehicle and Equipment Renewal and Replacement Fund - Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP) | 183-185            |
| F-5                    | Information Technology Fund - Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)                        | 186-189            |
| F-6                    | Dental Self-Insurance Fund - Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)                         | 190                |
| F-7                    | Medical Self-Insurance Fund - Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)                        | 191                |



**CITY OF GASTONIA, NORTH CAROLINA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2023**

**TABLE OF CONTENTS**

| <b><u>Table</u></b> |  | <b><u>Page</u></b> |
|---------------------|--|--------------------|
|                     | <b>STATISTICAL SECTION</b>   |                    |
| 1                   | Net Position by Component  | 192                |
| 2                   | Changes in Net Position  | 193-194            |
| 3                   | Fund Balances, Governmental Funds  | 195                |
| 4                   | Changes in Fund Balances, Governmental Funds   | 196                |
| 5                   | Tax Revenue by Source, Governmental Funds  | 197                |
| 6                   | Assessed Value and Estimated Actual Value of Taxable Property  | 198                |
| 7                   | Direct and Overlapping Property Tax Rates  | 199                |
| 8                   | Principal Property Tax Payers  | 200                |
| 9                   | Property Tax Levies and Collections  | 201                |
| 10                  | Ratios of Debt Outstanding Debt by Type  | 202                |
| 11                  | Ratios of General Bonded Debt Outstanding  | 203                |
| 12                  | Direct and Overlapping Governmental Activities Debt  | 204                |
| 13                  | Legal Debt Margin Information  | 205                |
| 14                  | Pledged-Revenue Coverage   | 206                |
| 15                  | Demographic and Economic Statistics  | 207                |
| 16                  | Principal Employers  | 208                |
| 17                  | Full-Time Equivalent City Government Employees by Function   | 209                |
| 18                  | Operating Indicators by Function/Program   | 210                |
| 19                  | Capital Asset Statistics by Function/Program   | 211                |
|                     | <b>Compliance Section:</b>   |                    |
|                     | Report on Internal Control Over Financial Reporting and on<br>Compliance and Other Matters Based on an Audit of<br>Financial Statements Performed in Accordance with<br><i>Government Auditing Standards</i> | 212-213            |
|                     | Report on Compliance For Each Major Federal Program; Report<br>on Internal Control Over Compliance; Required by the Uniform<br>Guidance and the State Single Audit Implementation Act                        | 214-216            |
|                     | Report on Compliance For Each Major State Program; Report<br>on Internal Control Over Compliance; Required by the Uniform<br>Guidance and the State Single Audit Implementation Act                          | 217-219            |
|                     | Schedule of Findings, Responses, and Questioned Costs  | 220-221            |
|                     | Schedule of Prior Year Audit Findings  | 222                |
|                     | Schedule of Expenditures of Federal and State Awards   | 223-225            |



## **INTRODUCTORY SECTION**

Letter of Transmittal

City Facts

Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart







OFFICE OF  
THE CITY MANAGER

*City of Gastonia*

A COMMITMENT TO EXCELLENCE

October 31, 2023

The Honorable Mayor, Members of the City Council and Citizens of the City of Gastonia  
City of Gastonia  
Gastonia, N. C. 28052

Dear Mayor, Council Members, and Citizens:

It is our pleasure to present the Annual Comprehensive Financial Report of the City of Gastonia, North Carolina for the fiscal year ended June 30, 2023, with comparative numbers for the fiscal year ended June 30, 2022.

This report consists of management's representations concerning the finances of the City of Gastonia. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Gastonia has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Gastonia's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Gastonia's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Gastonia's financial statements have been audited by Martin Starnes & Associates, CPAs, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Gastonia for the fiscal year ended June 30, 2023, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that an unmodified opinion be issued and that the City of Gastonia's financial statements for the fiscal year end June 30, 2023 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Gastonia was a part of a broader, federally mandated “Single Audit” and state mandated “State Single Audit Implementation Act” designed to meet the special needs of the federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on the internal controls and legal requirements involving the administration of the federal and state awards. These reports are presented in the compliance section.

This report is consistent with the Governmental Accounting Standards Board Statements No. 34, “Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments” and No. 14, “The Financial Reporting Entity”. The report presents the City of Gastonia’s basic financial statements. The City’s basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements include the discrete presentation of two legally separate entities, the City of Gastonia ABC Board and the Gastonia Tourism Development Authority. These entities are component units of the City.

General Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Gastonia’s MD&A can be found immediately following the report of the independent auditors.

## **COMMERCE, INDUSTRY and ECONOMIC OUTLOOK**

The City’s economy has benefited from its location within a major population center, its proximity to Charlotte and its access to major interstate highways and Charlotte-Douglas International Airport (the “Airport”) and the Charlotte Regional Intermodal Facility at the Airport (the “CLT Intermodal Facility”), an inland port operated by the North Carolina State Ports Authority and capable of handling more than 30,000 containers annually. For many years, the textile industry played a major role in the City. However, many companies relocated manufacturing facilities outside the United States resulting in significant losses of jobs and investments in the textile industry. Over the past decade, the City’s economy has diversified its commercial and industrial base through a variety of industry, trade and tourism sectors, while the significance of the textile industry has declined. The City emphasizes the attraction of new and diverse industry while providing support for the existing commercial and industrial community.

The City’s largest economic development project is the Franklin Urban Sports & Entertainment District (the “FUSE District”). The FUSE District is located in the former Trenton Mill neighborhood and is serving as a catalyst for redevelopment. The now three-year old multi-sport and entertainment venue, CaroMont Health Park, was built with proceeds of \$24,000,000 Taxable Limited Obligation Bonds, issued on October 3, 2019, and is the anchor of the FUSE District. The City purchased approximately 16 acres of contiguous property and the multi-use sports and entertainment facility opened in the Spring of 2021.

The City executed a management agreement and facility lease with Momentous Entertainment Group for the operation of the CaroMont Health Park facility. The facility opened in Spring 2021 for the Gastonia Honey Hunters Atlantic League Professional Baseball team and other events. Trenton Mill Apartments was the first development to open in 2022 with a successful rent percentage.

It is important to note that, all parcels of the surrounding FUSE private development pads have been identified and are beginning the development process. As stated, Florida-based Lansing Melbourne Group's redevelopment of the old Trenton Mill building has resulted in the development of 84 loft apartments with estimated investment of \$30 million. Durham-based Durty Bull Brewing Co. will occupy the 5,000 square-foot space behind to the historic former Coca-Cola bottling plant. Lenox Development is redeveloping the remainder of the Coca-Cola plant into condos and other commercial spaces for prospective tenants as well as the former Save-a-lot building. Gastonia Airline, LLC owns the three development pads surrounding the Park, and they are currently exploring their options for hotel, retail, office and multi-family uses. Highline Partners will redevelop the former Central YMCA into 7,000 square feet of commercial space and 200 market-rate apartments with a \$50 million investment. This private development is estimated at a total \$125 Million investment, which is five times more than the Taxable Limited Obligation Bond issued for the public development of the stadium.

Gateway 85 developed to be the premier location for warehousing and distribution in Gastonia. The development sits on the former "Lineberger Property" that stretches across the city limit line with Lowell. Currently, three buildings on the Gastonia side of the project have been completed and will house Amazon, USPS and Newell Companies. Additional similar projects are planned for vacant land along Interstate 85 in Gastonia and they will be developed over this next year.

Coming out of COVID-19 and potential economic adversity, the City of Gastonia has seen a surge in residential growth. Gastonia currently has almost 10,000 residential units planned and approved through our Planning Department. The challenge remains now for Gastonia to continue to attract various quality developments. Developments with high values are more fiscally sustainable and will contribute more to the expansion of the tax base. Consistent with our land development plans, Gastonia encourages commercial, office, industrial, and residential development in each sector of the City. In particular, infill developments are the most desirable form of economic growth because the infrastructure is already in place, thereby reducing the cost to serve the new development. These approved residential developments are located across Gastonia in each quadrant of the City.

The Gastonia Technology Park (GTP) remains the premier home for several international industries. Project Grappa announced their intention to locate on 16 acres of property. This is a \$45 million expansion bringing 45 additional jobs to Gastonia. Last year, Polykemi Inc, a fully-owned subsidiary of the Swedish family business Polykemi AB, opened a manufacturing facility in the GTP. Since its establishment in 2013, Polykemi has worked towards launching its own manufacturing of high-quality plastic compounds on the US market.

The City has worked with the County on the development of a new business park known as the Apple Creek Corporate Center built on approximately 312 acres of land located adjacent to the

Gastonia Technology Park. The Apple Creek Corporate Center is able to support approximately 1,700,000 square feet at full build-out. GNT USA, Inc. opened their North American headquarters on approximately 50 acres in the Apple Creek Corporate Center. GNT USA, Inc. invested \$30 million to construct a food processing operation in the Apple Creek Corporate Center. The company intends to create approximately 40 jobs at this location over several phases. GNT USA, Inc. will utilize interstate and regional sources of specific vegetable varieties for production. Additionally, 2022 saw the announcement of Hans Kissele locating in Apple Creek and construction is underway. This is a \$42 million investment and will create 219 jobs. Additionally, PreMix and Knoll are also under construction.

CaroMont Health, Inc., the parent corporation for a multi-state, integrated health care system consisting of CaroMont Regional Medical Center, physician office practices, imaging centers, outpatient centers, an ambulatory surgery center, a nursing home, occupational medicine and hospice (the “Health System”), maintains its principal offices in the City. The Health System’s service area includes Gaston, Cleveland and Lincoln Counties in North Carolina and York County in South Carolina. CaroMont Health is the City’s largest employer, and its main facilities are located in the City on an 83-acre medical campus. CaroMont Health’s medical campus includes 435 licensed beds, a specialty surgery center, a diagnostic center, medical office buildings and a business services annex. The medical campus is owned by the County and leased to non-profit CaroMont Health, Inc. CaroMont provides a wide variety of medical services including open heart surgery, a comprehensive cancer center, a neo-natal intensive care unit and emergency services. In addition to the medical campus of the Health System, services are provided at multiple locations throughout the region. The Health System has received numerous awards and recognition, including Thomson Reuters’ “Top 100 Hospitals” award for Quality and Safety and Advanced Diabetes Certification and Advanced Certification in Heart Failure from The Joint Commission.

CaroMont Health announced an investment over five years in the County of \$350 million, of which over \$75 million was invested in the City. The new four story tower on the main campus in Gastonia opened in May 2023. This added over 65 more rooms to the facility.

The Downtown area of the City is undergoing revitalization. A multi-million-dollar streetscape project has been completed and will connect Downtown to the FUSE District making a strong pedestrian focused entertainment destination. Downtown welcomed The Esquire Hotel and Barrister’s Restaurant to its selection of upscale offerings. This adaptive reuse of an iconic 100-year old building represents over \$6 million in investment and has become a destination of its own. Webb Custom Kitchen, located in the heart of downtown, has received national recognition for its cuisine and charm, and with its success, the owner has purchased two additional buildings for renovation. Pita Wheel is a local successful restaurant that opened last year in Downtown with tremendous business. The restaurant cultivates a fun and dynamic atmosphere with their craft beers and outdoor seating.

Most exciting is the Center City Crossings project by Kuester Development from Fort Mill. Center City Crossings is currently under construction and will be completed for lease in January 2024. The project will be a six-story 90-unit luxury apartment building in the heart of Downtown



Gastonia. This project represents the renewed interest from Charlotte-area developers in investing in Gastonia. It signals that Gastonia's market is growing.

The City and surrounding area have been defined as a "metropolitan-dominated region," with the City of Charlotte serving as the central economic engine and employment center. Within this context, the City and the County have become a retail destination, with shoppers coming to the City and County from surrounding counties such as Lincoln, Cleveland, York, and Mecklenburg.

Despite past challenges, the future of Gastonia remains bright. The City is located in one of the fastest growing and most affluent metropolitan areas in the United States and our city now has a population of over 83,450 residents per the 2022 North Carolina State Demographer's estimate. Our region is home to the second largest financial center in the country. Gastonia is located only twenty-five minutes west of the center of the region. Our location is excellent. Interstate 85, the transportation link between Atlanta and Charlotte, bisects our City with eight interchanges. US Highway 321 links us to Hickory and Interstate 40, while the proposed Catawba Crossings project would further connect Gastonia to the Charlotte-Douglas International Airport and Interstate 485.

The City will continue to make wise investments that capitalize on our location within the metropolitan region. Also, we will need to capitalize on our current strengths - an abundant water source at Mountain Island Lake, natural features such as Crowders Mountain State Park, the Schiele Museum, the FUSE District, our City parks, the Conference Center, and the quality of our neighborhoods and our schools. To further enhance our ability to attract quality new investment, we must create a positive private investment climate. Improving our regulatory process while delivering excellent citizen services will be our challenge every year.

### **AMERICAN RESCUE PLAN ACT (ARPA)**

The American Rescue Plan Act of 2021 (ARPA) is a \$1.9 trillion economic stimulus bill passed by Congress in March of 2021. From this Act, the City received a total of \$15,661,923, with the first payment of \$7,830,961.50 received in May 2021 and the remaining payment received in June 2022. This funding is a once in a generation opportunity for the City and will allow the City to fund projects and make improvements that would otherwise not happen, be delayed or impose a greater tax burden on the citizens of the City.

The funds do not come without restrictions. There were four categories the U.S. Treasury identified that all expenditures must fit within: COVID response & adaptation, premium pay, revenue loss and infrastructure investments.

Ten million dollars of the funds have been designated as revenue replacement, allowing a little more flexibility in spending and reporting. Projects or items identified to be purchased with this funding include Police defense equipment, body cameras, and the necessary server storage for (\$1,275,942), a three-year street resurfacing project for (\$1,500,000), contractual improvements at the FUSE stadium for increased capacity for (\$97,165), grant match for Linwood Park development (\$1,000,000), converting unused tennis courts into pickleball courts at T. Jeffers Community Center (\$850,000), traffic preemption devices for the Fire department vehicles in partnership with NCDOT (\$117,000), upgrade to Public Works facility (\$3,909,893), partnership

with Gaston County Schools for improved athletic facilities (\$750,000) and a one-time transfer to assist with balancing the budget (\$500,000) in FY 2022-23.

The remaining funds (\$5,661,923) must be spent on projects or items that fall within the four categories identified by the U. S. Treasury. Expenditures qualified to date are miscellaneous COVID-19 public health items (\$453,915), an ARPA grants position to assist with processing and reporting (\$500,000), the replacement of playground equipment at four community centers (\$500,000), security cameras for Martha Rivers Park Community Center (\$95,173), a three-year advertising campaign for Communications and Marketing (\$75,000), Wayfinding signage for miscellaneous greenways and Parks and Recreation facilities (\$75,000), a bridge replacement at the Catawba Creek Golf Course (\$192,740) and miscellaneous upgrades for information technology security (\$232,000). During our budget outlook meeting in March, City Council also approved funding multiple projects at Erwin Center including the pool and pool house replacement (\$1,500,000), the replacement of the gym floor in the community center (\$130,000), and adding fencing around the field (\$60,000). The remaining funds will be used towards affordable housing (\$545,260), contractual improvements at the FUSE stadium for increased capacity for (\$652,835, bringing the ARPA total for the project to \$750,000), sound system and lighting updates to the Gastonia Conference Center (\$400,000) and potentially partnering with a local non-profit for workforce development (\$250,000).

The City has received \$871,269 in Community Development Block Grant (CDBG) Coronavirus funds that can be used for programs to prevent, prepare for, and respond to coronavirus. The City has partnered with the United Way for utility bill and rental assistance along with additional funding for Linwood Park development. The City also received HOME-ARP funding of \$2,850,611 to help address homelessness by acquiring and rehabilitating buildings for non-congregate shelter units, providing supportive services to qualifying populations, and providing operational support and capacity building to local nonprofits.

## **STATE GRANT FUNDING**

In November 2021, the State of North Carolina General Assembly adopted their annual budget, which included direct appropriations to the City of Gastonia totaling \$21,629,000. These allocations were made for the following projects:

- Gastonia Municipal Airport Safety Improvements \$250,000
- FUSE Stadium District Improvements \$1,500,000
- Catawba Creek Greenway Extension \$1,850,000
- Miscellaneous funds to be used for recreation center signs \$25,000
- Firestone basin wastewater outfalls \$4,425,000
- Supervisory Control and Data Acquisition system (SCADA) \$5,579,000
- Water Advanced Metering Infrastructure (AMI) \$8,000,000
- Schiele Museum (Nonprofit) \$1,000,000 for fencing and facility improvements

In October 2023, the State of North Carolina General Assembly adopted their annual budget, which once again included direct appropriations to the City of Gastonia totaling \$30,676,360. These allocations were made for the following projects:

- Apple Creek Corporate Park sewer upgrade \$4,326,360

- Water and Sewer Infrastructure \$24,000,000
- African American Culture & History Museum \$50,000
- Gastonia Municipal Airport Runway Expansion \$2,300,000

## **MAJOR INITIATIVES**

The City supports economic development that produces jobs and capital investment by the private sector continues to be the City's focus, as we make decisions on where and when to spend our limited resources. Basic municipal services such as water, sewer, electricity, public safety, streets, and solid waste must be in place to support economic development and sustainable growth throughout the City. Parks, recreation, sidewalks, greenways, and museum amenities also support the goal of citywide quality economic development within Gastonia.

With the unprecedented federal spending bill, commonly known as the American Rescue Plan Act of 2021, staff has identified allowable projects that will assist the citizens of Gastonia and improve the services of the City. Some of these projects include a new pool and pool house at Erwin Center, replacement of playground equipment at four community centers, upgrades to the FUSE facility and grounds, new tasers and body cameras for the police department, street resurfacing, and community partnerships for affordable housing, workforce development and a county school athletic facility upgrade.

The NC General Assembly appropriated funds, totaling over \$21.6 million dollars, for new community center signs, FUSE District improvements, an expansion of the Catawba Creek Greenway, fencing at the Gastonia Municipal Airport, supervisory control and data acquisition system (SCADA) upgrades, smart meter installation and implementation, and wastewater outfall improvements.

## **BUDGET / FISCAL PRINCIPLES and OBJECTIVES**

The focus for the City's fiscal management is centered on four guiding principles: financial responsibility, customer service, human resources, and economic development.

Financial responsibility means that the City's annual budgets include programs and expenditures that are supported by adequate and predictable revenues. Also, financial responsibility means that capital projects, equipment, and human resource costs are budgeted each year so that the City is not faced with a deterioration that would create a crisis in future years.

Customer service means that annual budgets focus on the direct delivery of services to our customers. Expenditures that are directed to serving our citizens deserve to be emphasized. Our customers include our taxpayers, utility customers, and others that receive a service from the City. Our customer base also includes people visiting or looking to live or start a business venture in Gastonia.

Economic development means that the City should invest in specific ways to grow and diversify Gastonia's economic base. Expenditures in annual budgets that are targeted to encourage private sector economic investment are important because they stimulate additional jobs and commerce

in our City. Strategic public sector expenditures are proven to catalyze private investment through development.

Human Resources means that the City must provide a compensation and benefit structure to attract and retain our growing workforce. The City must invest in our most important resource. The investment in our workforce allows the City to take full advantage of opportunities as they arise and meet goals and objectives.

#### Fiscal Objectives:

- Provide adequate funding for the essential operations of the City
- Provide competitive compensation and benefit structure to retain and recruit qualified employees; implement a higher level of employee engagement initiatives to ensure inclusiveness throughout the workforce
- Provide adequate funding for the maintenance or replacement of City facilities and equipment
- Provide excellent customer service through effective and efficient programs and projects
- Maintain adequate fund balances compliant with the City's adopted fund balance policy and State recommended levels.
- Appropriately fund the City's Health Self-Insurance Fund
- Adequately maintain the City's existing infrastructure
- Expand the City's infrastructure to promote economic development
- Fund capital projects that enhance the City
- Make public investments in improvements to neighborhoods and commercial areas throughout the City as funds are available
- Look for opportunities to provide and implement more cost-effective municipal operations
- Maintain a tax rate that generates necessary funds and implement strategic fee increases necessary to raise capital for increased maintenance and capital investments
- Continue to invest in economic development strategies that grow our local economy

#### **General Fund**

The adopted budget for Fiscal Year 2024 includes a five-cent decrease to the City's property tax rate. Gaston County's revaluation of real property resulted in an average increase in values of approximately 41.84% including a factor that anticipates appeals. Revenues for motor vehicles and personal property have decreased, so the net revenues for all property tax categories are projected to increase by 32.18% over last year's budget.

The general reappraisal of real property for the City of Gastonia occurs normally every four years as decided by the Gaston County Board of Commissioners. State law requires that units of local government, including public authorities, publish a revenue-neutral rate in the budget immediately following the completion of the general appraisal of real property. The purpose of the revenue-neutral tax rate is to provide citizens with comparative information.

The revenue-neutral tax rate, as defined by G.S. 159-119(e), is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue for the current fiscal year if no reappraisal had occurred. The rate is then adjusted by a growth factor equal to the average percentage increase in the tax base due to improvements since the last general appraisal.

The reappraisal produced a tax base of \$10,124,965,289 for the City of Gastonia. The tax levy for FY 2024 is \$38,313,078, and the growth factor since the last general reappraisal is 2.07%. Using the formula mandated by State law, the revenue-neutral tax rate for the City of Gastonia is 37.6 cents per hundred dollars of value. The adopted property tax rate for Fiscal Year 2024 is 47 cents per hundred dollars of value, which represents a decrease from the property tax rate of 52 cents for Fiscal Year 2023.

### **Electric Fund**

There were no general retail electric rate increases in FY 2024. The City will continue to utilize excess revenues over expenditures for future capital projects and funding for future rate stabilization. This should allow for a consistent rate structure for the foreseeable future. It is important to expand economic development into the areas served by the City's electric system. Capital funds will be available for redevelopment, as well as for new growth corridors. The FY 2024 budget maintained the amount of transfers to the General Fund at \$2,000,000. Gastonia must maintain the level of transfers approved by the Local Government Commission at no more than 3% of gross electric fixed assets. The FY 2024 budget also provided funding for maintenance and capital projects including such projects as the new construction of a southeast substation, new development infrastructure, new electric operations center and continued LED street light conversion throughout the City.

### **Water and Sewer Fund**

There was no water and sewer rate increases are included in the FY 2024 budget. The focus of the Water and Sewer Fund continues to be strategic investments in repairs to existing infrastructure, meeting demands for economic development extensions, and continuing to develop cooperative agreements with surrounding municipal systems and the County.

The City will continue to partner financially with the State, the private sector, other municipalities, and the County to extend lines into important growth areas. This is particularly important now as the City and County see increased development pressure in all areas of the City. New developments are being constructed between the Union Road and New Hope Road corridors. Staff has completed the acquisition of necessary right of way and easements to construct major water distribution and sewer collection systems in this corridor. The project known as the Southeast Utility Extension project is under construction with the first phase completed in Spring 2023. The City issued \$37,055,000 in revenue bonds for the second phase of the project with an expected completion date of Fall of 2025.

### **Solid Waste Fund**

The FY 2024 budget did not include an increase in solid waste fees. The City's Solid Waste Fund receives revenues directly from solid waste fees and transfers from the General Fund on a 50%-

50% basis. With the fee schedule adopted in the prior fiscal year, this has prevented the need for any additional fee increases for the FY 2024 budget.

The City continues to experience modest increases in solid waste tipping fees at the Gaston County landfill, employee compensation and benefits, increased investment in necessary fleet replacements, and the continued automation of equipment.

### **Stormwater Fund**

There were no increase to stormwater fees included in the FY 2024 budget. The Stormwater Fund pays for a wide variety of State compliance requirements, maintenance and capital improvement projects. The priority for stormwater projects is concentrated on those within public rights-of-way that the City has an obligation to maintain and repair. Improvements proposed for stormwater problems (outside of the rights-of-ways) are prioritized by the Stormwater Citizen's Advisory Committee. Projects are rated according to a three-tier priority system. The City was awarded \$5,979,200 of an \$8,000,000 project from FEMA for the infrastructure, realignment and stream restoration of Duharts Creek. The City also was awarded \$250,000 from the Golden Leaf Foundation towards the project. City staff will continue to seek state or other grant funds to assist with the remaining match.

### **Employee Compensation and Benefits**

One of the two primary focuses of this budget is human resources. Local Government is challenged with retaining and recruiting employees into an evolving and complex service delivery model that transcends various fields of expertise. The total number of authorized full-time employees in FY 2024 is **947**. The growth in residential infill and new construction are placing increased demands on City services. The FY 2024 budget included a 4% salary increase effective July 1, 2023 and a 1% salary increase for participation in a newly created career development program that provides a method for employees to capitalize participation in professional development, DEI training, and wellness. This incentive will be effective January 1, 2024. The budget maintains the annual \$350 Holiday Bonus for eligible employees that will be distributed to employees the last week in November. The City will continue the 401(k) program for all full-time employees and also continue to invest the in NC Local Government Retirement System at mandated levels.

Health care costs remain a challenge for both the City and employees and will continue to be so for the foreseeable future. The adopted budget continues to provide funding for a \$750 payment to the Health Savings Account (HSA) for all employees covered by the City's Health Insurance Program. Wellness initiatives and incentives that positively impact employee health will continue for the upcoming fiscal year. The City plans to expand the existing health care clinic to all those that participate in the City's insurance plan. Staff will continue to utilize employee wellness committees and focus groups to improve our overall employee health and wellness. Staff will continue to monitor claims throughout the year and will provide consistent updates through the City's Monthly Financial Reporting.

## **Infrastructure**

The City of Gastonia is responsible for approximately 454 miles of paved streets (354 miles of local streets) along with sidewalks and traffic control systems, 693 miles of water lines, 654 miles of sewer lines, and 513 miles of electrical distribution lines. Our municipal facilities are spread from Mountain Island Lake to the South Carolina state line. One of the most important responsibilities of our city is to provide and maintain the critical public infrastructures that can be taken for granted. One of the most important responsibilities of our city is to provide and maintain the critical public infrastructures that is often taken for granted. The City maintains the electric lines, electric substations, one water plant, three water storage tanks, stormwater systems, three wastewater treatment plants, many wastewater pump stations, greenways and sidewalks, parks, ballfields, and rights-of-ways. Additional challenges related to maintaining other aspects of our vast infrastructure will be addressed through this budget and future budgets. Maintenance of our infrastructure, such as streets, water, sewer, stormwater, electric, and other City facilities, while not glamorous, is critically important and commands significant resources. In order to capture new economic development opportunities, we must consistently maintain and expand our critical infrastructure.

## **Funding for Equipment**

Vehicles, large equipment, and computer/communications hardware are funded through an annual equipment loan. The loan for the equipment is spread over a 59-month period, thereby leveling the impact of equipment needs from year to year. More than \$3 million of vehicle equipment was requested by City departments for replacement or additional equipment for Fiscal Year 2024. The approved budget appropriates a total of \$2,361,918 in funding for equipment replacement. We will be replacing various fleet vehicles, including 14 police vehicles and \$1,375,030 for Solid Waste vehicles and equipment. Requests by departments for replacement equipment that were approved by the Fleet Services Manager and Public Works Director are included in the budget.

## **Transportation**

The approved budget provides \$915,198 for resurfacing and repairing local City streets. This is in conjunction with \$1,500,000 that has been allocated from American Rescue Plan Act (ARPA) for a three-year resurfacing project. The NCDOT has several projects spanning across the City that equal to over \$1,000,000,000 in the next decade. The City will continue to partner with NCDOT on these critical projects; the widening of I-85 from the Catawba River to US 321, the widening of South New Hope Road from Titman Road to Union-New Hope Road, and the widening of Union Road from Garrison Boulevard to Niblick Drive. The citizen approved General Obligation (GO) Bond revenues have already begun providing improvements to our street system. Over 30 miles of street resurfacing is underway and expected to be complete by the end of 2023, along with adjustments to over 30 manholes on Franklin Boulevard. Additional street resurfacings are anticipated for FY 2024. The City also have several studies underway that will identify specific improvements that can be made to the streets around our parks and schools and at congested intersections. These study projects are intended to provide the basis for future projects where we can leverage GO Bond funds to match with state or federal funding to complete the projects.

Prior year federal grant funds and the required City match (\$1,991,869) will assist the City in continuing to make pedestrian and sidewalk improvements. These sidewalk expansion projects have begun the preliminary engineering design phases and will reach into FY 2024-25 for completion. Funding is also available from prior year state and federal grants for multiple Airport capital projects, including a comprehensive study of the potential lengthening and reorientation of the runway, the completion of a new self-serve fuel station, and a runway lighting replacement project.

Ongoing communications with NCDOT will continue to identify and fund pedestrian improvements, medians, and lane realignments along the Franklin Boulevard corridor. Finally, the City will continue to partner with the Gaston-Cleveland-Lincoln Metropolitan Planning Organization (GCLMPO), the City of Belmont, the Town of Cramerton, and Gaston County to identify funding to continue moving the Catawba Crossings Project (bridge crossings over the South Fork and Catawba rivers) forward. This is a critically important transportation project, connecting South New Hope Road to I-485 and NC 160 (Steele Creek Road) just south of the Charlotte-Douglas International Airport.

### **Maintaining Adequate Levels of Fund Balance**

Gastonia is currently over the 25% minimum available fund balance for the General Fund as recommended by the Local Government Commission for North Carolina municipalities with certain revenue levels. Prior to the 2021 fiscal year reporting period this requirement was only 8%. As of June 30, 2023, the City's available fund balance was 42.75%, which is above the Council's adopted Fund Balance Policy of 25%. The adopted Fiscal Year 2024 budget appropriates \$52,494 of Conference Center Operations Fund fund balance, \$22,333 of Technology Support Fund fund balance, \$300,000 of Transit System Fund fund balance, and \$2,000,000 of Health Self-Insurance Fund fund balance.

### **Creating and Maintaining a Fiscally Sustainable Organization for the Future**

In preparing each year's annual budget, the staff looks beyond that year's budget to identify revenue and expenditure trends focused on the next three years. On the revenue side, the General Fund depends upon tax base growth, which is tied closely to the economic condition of the community. With a large percentage of expenditures being salary and fringe benefits, the most meaningful changes to General Fund expenditures in the future will have human resource implications.

The City must continuously search for ways to retain and recruit talented professionals to provide the essential services to a growing city. Some operating costs will increase no matter what we do. There are some services that simply cannot or should not be reduced at all. In those cases, we will still carefully examine their operating procedures to produce savings. The nature of these changes will be developed cooperatively with each City department and the Budget Office of the Financial Services Department.

The City must always evaluate customer service delivery and seek to improve policies and procedures to provide an updated platform that is easy to navigate by **ALL** citizens and customers.



New and expanded expenditures are carefully evaluated and must be viewed as an investment. Questions should be asked. If the City makes this expenditure, what kind of investment return will the City receive? We must view each new expenditure as one that may cause us to reduce an expenditure elsewhere within the City. A request to spend funds must always be viewed within the larger context of our budget. The City must constantly look for innovative ways to deliver services in the most efficient and effective manner.

## **CHALLENGES AHEAD**

There were many worthy operating and capital projects that were considered for Fiscal Year 2024 budget, but limited funding means they must be prioritized, and if not currently fundable, considered in subsequent years. Employee-related costs will continue to be the most significant challenge to fund each year. As pay increases are implemented and embedded into the budget, the new total becomes the floor for the following year. Growing revenues through quality economic development will be the way to provide the services expected by citizens.

For each new fiscal year, efforts will focus on implementing strategic actions that support the Mayor and City Council's approved goals and objectives to build a city with on-going economic development and improved livability. The City will continue to evaluate operations and processes for methods of efficiency and effectiveness. The City will persistently strive to improve the quality of city services at the lowest cost possible, while seeking opportunity to improve all of our citizens' quality of life.

## **INTERNAL CONTROLS**

Internal controls are designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met for both internal and external reporting purposes. Refining internal controls is an ongoing process that is necessary to provide assurances.

The City's most significant internal control is the budget used to monitor and manage expenditures. North Carolina General Statutes require the adoption of an annual budget for all funds except fiduciary funds, internal service funds and those funds for which expenditures are authorized by project ordinance. The annual budget is adopted on the modified accrual basis of accounting, as mandated by NC statutes, and is an integral part of the City's accounting system and daily operations.

The budget can only be amended by the City Council since it creates a legal limit on spending authorizations. Once the budget or project ordinance is adopted, budgetary control is maintained to ensure compliance with the budget as adopted or amended. The level of budgetary control is established by function within each individual fund as deemed appropriate. At the end of the fiscal year, encumbrances are reported as a reservation of fund balance. Unencumbered balances lapse for annually adopted budgets. The City believes that the City's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions.

The City's audit of the Basic Financial Statements for the fiscal year ended June 30, 2023, provided no findings of weaknesses in the internal controls over financial reporting, that was considered to be material weaknesses and significant deficiencies.

As a recipient of Federal and State financial awards, the City is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to these programs. The City's single audit for the fiscal year ended June 30, 2023 provided no findings of weaknesses in the internal controls over financial reporting and compliance, of reportable conditions or material violations of applicable laws and regulations relating to Federal and State financial awards.

## **DEBT ADMINISTRATION**

The City's sound financial condition is evidenced by its AA bond rating from Standard & Poor's Corporation, Aa2 from Moody's Investors Service and AA from Fitch. The current credit ratings for revenue bonded debt are: Standard and Poor's Corporation AA-, Moody's Investor Service Aa2, and Fitch AA+.

Pursuant to the North Carolina General Statutes, the City's outstanding general obligation debt is subject to a legal limitation based on 8 percent of the total assessed valuation of real and personal property. As of June 30, 2023, the City's legal debt limit was \$579,818,820. The outstanding debt subject to this limit was \$89,545,844, leaving a net legal debt margin of \$490,272,976. The only other jurisdiction within the City limits having property taxing power is Gaston County. The assessed property valuation (100% assessment ratio) for the County totaled \$22.086 billion, which includes the City's valuation of \$7.248 billion, resulting in a city-to-county ratio of 32.82%.

## **INDEPENDENT AUDIT**

North Carolina General Statutes require an annual independent audit of all local government units in the state. Martin Starnes & Associates, CPAs, P.A., a firm of independent certified public accountants, has audited the financial records of the City and their opinion has been included in this report. Their audit was made in accordance with generally accepted auditing standards and, included examining, on a test basis, evidence supporting the amounts and disclosures in the City of Gastonia's basic financial statements as well as assessing the accounting principles used and significant estimates made by management.

Their opinion indicates that the accompanying City of Gastonia's basic financial statements for the fiscal year ended June 30, 2023, have been prepared in conformity with generally accepted accounting principles.

## **OTHER RELEVANT INFORMATION**

The financial statements have been prepared in compliance with applicable General Statutes of North Carolina and in conformance with standards set forth by:

\*The Government Accounting Standards Board (GASB)

- \*The State Auditor, State of North Carolina
- \*The Government Finance Officers Association of the United States & Canada (GFOA)
- \*The American Institute of Certified Public Accountants and its Committee on Governmental Accounting and Auditing

There has been significant summarizing of financial detail to make the report easily readable and understandable.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gastonia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2022. The 2022 report was judged to conform to the high standards of financial reporting put forth by GFOA. The certificate is valid for a period of one year. The City has been awarded the certificate for the past thirty (30) years. The City believes the report for Fiscal Year 2023 continues to substantially conform to those standards and this report is being submitted to GFOA.

GFOA also presented the City of Gastonia with its Distinguished Budget Presentation Award for its annual budget for Fiscal Year 2023. The City has received this award for the past thirty-one (31) years. To receive this award, a governmental unit must publish a budget document that meets program criteria. This award is also valid for one year only. The City believes the Fiscal Year 2024 budget continues to conform to program requirements and it has been submitted to the GFOA to determine its eligibility for another award.

## ACKNOWLEDGMENTS

The City wishes to express our appreciation to each member of the Financial Services Department who has assisted in the preparation of this report. The City would also like to recognize the cooperation of each City department as the City works together to service the needs of all of the residents of the City of Gastonia. Additional thanks are due to the Mayor and members of the City Council for their continued guidance and support throughout the past year. They have played a vital role in enabling the City of Gastonia to achieve and maintain a high degree of fiscal responsibility.

The City believes this report reflects the financial health of the City of Gastonia and we submit it to you with pride as a tribute to your leadership.

Respectfully,



Michael C. Peoples  
City Manager



Crystal Certain  
Director of Financial Services

# *City of Gastonia*

## *North Carolina*



- Gastonia is located in south-central North Carolina on the South Carolina border.
- Gastonia is located 20 minutes west of Charlotte.
- Gastonia is the County Seat for Gaston County
- Gastonia is the largest of the County's thirteen municipalities with 51.69 square miles and more than 83,488 residents

## **City Facts**

### **General Description**

The City of Gastonia is located in the heart of the Piedmont section of North Carolina on the South Carolina border. It is the thirteenth largest city in the State and is the third largest city in the Charlotte-Concord-Gastonia-Rock Hill Metropolitan Statistical Area (MSA) as defined by the United States Bureau of the Census. The MSA currently has a current population estimate of just over 2,700,000 persons, ranking it 23<sup>nd</sup> in the country. The City is located approximately 22 miles west of downtown Charlotte, the largest city in the state. The City has served as the County seat for Gaston County since 1911, and is the largest of the County's 13 municipalities with approximately 51.69 square miles and a population estimate of 83,488 within its corporate limits. Its location along Interstate 85, equidistant from Atlanta and Raleigh, places the City in the heart of the rapidly developing Piedmont region of North Carolina; and, it is midway between the Florida Keys and New England, and just 200 miles from the Atlantic Ocean, making it a strategic center for serving Eastern United States.

The City is empowered by statute to levy an annual ad valorem tax on the appraised value of all real and tangible personal property within its boundaries. The County is the only other governmental unit that levies such taxes within the corporate limits of the City.

The City of Gastonia enjoys a relatively comfortable year-round climate that makes it appealing to residents and industry. The weather includes sunny or partly sunny skies approximately eight months out of each year. Extreme temperatures and severe weather are the exception. Winters and summers are mild with average winter temperatures of approximately 42 degrees Fahrenheit and average summer temperatures of around 80 degrees Fahrenheit. On the average there are 214 sunny days per year. Average annual precipitation is 43 inches, and average relative humidity is 54 percent.

### **The City's History**

The City of Gastonia was incorporated in 1877, the year reconstruction ended. The impetus for the early development of Gastonia, which began in 1873 as a small depot, was the combined effect of the realignment of the Atlanta & Charlotte Airline Railroad (now Norfolk Southern) from its original intended path several miles to the north of the City, the charter of the Chester & Lenoir Narrow Gauge Railroad (now CSX) which crossed the Atlanta & Charlotte railroad and the introduction of the steam powered textile mill. The crossing of these two railroads and the beginning of the City's textile industry brought opportunity for employment and social life. The initial population of the town was approximately 200 persons, and the land area was only .5 miles.

The City's original population was reflective of the surrounding county and was comprised of English, German, Scotch Highlander, and Scotch-Irish citizens, with a few of the County's long time African-American residents also moving into the settlement. The City has operated continuously under the Council-Manager form of government since its adoption in 1919.

The City provides a wide range of services that include public safety, electric distribution, water and sewer services, stormwater management, public transportation, community development, solid waste collection and disposal, cultural and recreational facilities and activities, general administration, and other amenities not often found in a city of 83,488 people.

### **City Recognitions**

The City is a three-time All America City. The All America City Award is the oldest and most respected community recognition program in the nation. In its 70<sup>th</sup> year, the National Civic League recognizes neighborhoods, villages, towns, cities, counties, and metro regions for outstanding civic accomplishments. To receive this award, communities have to demonstrate an ability to address serious challenges with innovative, grassroots strategies that promote civic engagement and cooperation between the public, private and nonprofit sectors.

The City was a recipient of the U.S. Conference of Mayors Top Livability Award, Gastonia is recognized as one of the area's best places to live and work with an ideal combination of location, size, and quality of life.

The N.C. Chapter of the American Planning Association named Main Avenue the State's "Great Place in the Making". The planning group cited Main Avenue in Gastonia for its "story of revival and resurgence" and the city's ongoing master plan for developing downtown streets and public areas as factors contributing to the honor.

The City of Gastonia has received two 2020 Region of Excellence Awards from the Centralina Regional Council recognizing outstanding achievement in two categories. The awards were given to the City's Public Utilities Department and the Community Services Department for programs impacting local and regional communities. The awards recognize outstanding achievements in support of Centralina's mission to expand opportunity and improve quality of life.

The City of Gastonia's Communications and Marketing Department was among 19 North Carolina governments to earn recognition in the North Carolina City & County Communicators' (NC3C) 2021 Excellence in Communications Awards. The City won three first place awards and three second place awards for print, digital, and internal communications.

The City of Gastonia's Electric Division has received three Public Power Awards of Excellence from ElectriCities of North Carolina. The awards recognize the utility's continued emphasis on innovation, modernization, high-quality service, workforce development, and value to its customers. This is the fourth consecutive year that the City's Electric Division has received awards.

## **Governmental Structure**

The City of Gastonia is an incorporated city established under the Constitution and the laws of the State of North Carolina. Legislative control is vested with a Mayor elected quadrennially on a non-partisan basis and a six-member City Council, each of whom is elected for a four-year term. Each member of the City Council represents a defined geographical ward, but elections are determined by an at-large vote. Terms run on a staggered election format. Elections to the City Council are held in November of odd-numbered years. Any registered voter who resides within the city limits is eligible to run for City Council. The Council takes office on the first Tuesday in December following the November election. At its first meeting, the Council selects a Mayor Pro-Tempore from among its six members.

The major duties of the City Council are as follows:

- To enact policies and ordinances which concern the operation of the City.
- To assess and assign priorities to the needs of the City and develop methods to meet those needs.
- To adopt an annual balanced budget for governmental operations.
- To establish the City property tax rate.
- To appoint officials and members to City boards and committees.
- To regulate land use and zoning within the municipality's jurisdiction.
- To call for bond referendums, enter into contracts, and establish new programs.
- To appoint a city manager and city attorney.

All meetings of the Council are open to the public. The Council holds regularly scheduled meetings the first and third Tuesdays of each month. The meeting on the first Tuesday is held in City Hall and starts at 6:00 p.m. The meeting on the third Tuesday is normally held in the Gaston County Courthouse and starts at 6:00 p.m. Spectrum Cable also televises this meeting.

The day-to-day operational direction of the City is the responsibility of the appointed City Manager. The City Manager directs the daily operations of the City through three Assistant City Managers. Under the direction of an Assistant City Manager, the Financial Services Department maintains the accounting system for the City's operations. The City Manager is the Chief Executive Officer of the City and serves at the Council's discretion.

Major duties of the Manager include:

- To supervise and coordinate the activities of the City departments on behalf of the City Council.
- To implement all directives and policies of the Council.
- To attend all Council meetings and make recommendations on appropriate matters of business.
- To compile and recommend the annual operating and capital project budgets, and advises the Council of the City's financial condition.
- To hire various employees.
- To pursue economic development.
- To represent the City in business with other agencies and perform other duties as determined by the Council.

The City Manager has a staff that includes three Assistant City Managers, and 14 Department Heads. In order to provide the services to the citizens of the City, operate City government, and meet the needs of the elected officials, as of June 30, 2023, the City of Gastonia has 935 authorized full-time equivalent positions.

### **Fiscal Control and the Budget Process**

State statutes require the adoption of an annual balanced budget that includes all appropriations required for debt service. Any difference between appropriations and estimated revenues, including appropriated fund balance, is required to be eliminated by the imposition of a property tax at a rate on assessed valuation sufficient to produce the revenue needed to accommodate this shortfall.

The budget process begins in early January of each year and culminates with the adoption of a balanced budget in June. The first step in the process is generally a workshop with the City Council members where guidance/direction is given for the City's following fiscal year. The first formal step in the process with staff is the distribution of revenue and expenditure estimate worksheets in mid-January. These estimates are due back to the Budget Department in early February and the department begins to formulate a draft budget. During March and April, discussions are held between staff and the City Manager to make modifications to the original submissions. A tentative budget is then detailed and submitted to Council in mid-May. The City Council then holds a series of workshops and public hearings prior to the adoption in mid-June.

Once the budget has been adopted by the City council, the Director of Financial Services is responsible for monitoring the expenditures of the various City departments to prevent expenditures from exceeding budgeted appropriations. Purchase orders and contracts that require the expenditure of funds are not considered valid until the Director of Financial Services has certified that funds are available to make payment upon the satisfactory completion of the contract or the delivery of the items ordered.



## **Property Taxes**

Real property, automobiles, boats, trailers, and income-producing seasonal properties are subject to property tax unless specifically exempted by North Carolina statutes. Some of the major property tax exemptions granted by statute include governmental organizations, charities, religious institutions, educational and cultural organizations, and veterans' organizations. Other types of properties exempted by statute include burial properties, business inventory, and air and water pollution equipment.

## **Property Tax Rate**

The tax rate is set each year by the City Council when the budget ordinance is adopted. The City of Gastonia's tax rate of \$.47 for the new fiscal year beginning July 1, 2023. General Statute 105-286 requires that an octennial reappraisal of real property be conducted and may be done sooner upon adoption of local ordinance and approval by the Department of Revenue. Gaston County's policy is to assess property every four years. The City's most recent reappraisal was completed by the County in the 2022/2023 fiscal year and was applicable to ad valorem tax revenues beginning in the City's 2023/24 fiscal year. The county is expected to perform the next reappraisal in the 2027 fiscal year, and will be applicable to ad valorem tax revenues beginning in the City's 2027/28 fiscal year.

## **Economy, Commerce and Industry**

The City's economy has benefited from its proximity to Charlotte, access to major interstate highways, and a recent retail boom. These influences have led to significant recent economic growth and diversification.

For many years, the primary industry in the City was textiles. However, many companies have relocated manufacturing facilities outside the United States had resulted in significant losses of jobs and investments in the textile industry. Over the past two decade, the City's economy has diversified and expanded its commercial and industrial base through a variety of industry, trade and tourism sectors, while the significance of the textile industry has declined. The expansion and diversification of the City's economy can be attributed to the City's proximity to the City of Charlotte, and the City's access to major interstate highways.

The City and surrounding area has been defined as a metropolitan-dominated region, with Charlotte serving as the central economic engine and employment center. Within this context, the City and Gaston County are fast becoming what economists refer to as a "regional retail center." With the establishment of the City as a retail destination, an influx of shoppers from surrounding counties such as Lincoln, Cleveland, York and Mecklenburg has been noted.

Daimler Trucks North America is the City's largest taxpayer with 1.49% of the City's total assessed valuation. The diversity of the City's tax base is evident in the fact that the ten largest taxpayers represent only 7.98% of the total assessed valuation.

## **Transportation**

The City is traversed from east to west by Interstate 85 and by U.S. Highway 29-74. U.S. Highway 321 provides north-south access. Highway 74 extends from the deep-water port facility at Wilmington through the commercial heartland of the Piedmont Industrial Crescent. Interstate 85 and U.S. Highway 29 extends from South Hill, Virginia to Atlanta, Georgia. These traffic arteries carry the main traffic flow from the Piedmont industrial area.

There are approximately 458 linear miles of paved streets in the City. The City and State maintain approximately 358 miles and 100 miles of paved streets, respectively. Major expansion, improvement and maintenance of primary and secondary highway thoroughfares are the responsibilities of the State, but the City has participated in the construction and improvement of many State-maintained roads over the past years. Construction of new streets within subdivisions is the responsibility of the private sector development community and once constructed the City provides maintenance for the local streets and appurtenances.

Gastonia residents are also served by Gastonia Transit, which provides six fixed bus routes throughout the City. Passengers have access to destinations such as CaroMont Regional Medical Center, Eastridge and Franklin Square malls, and the Gaston Health Department. The City and Charlotte Metropolitan Transit are parties to a commuter bus program, the Gastonia I-85 Express, which provides a reliable, comfortable alternative to commuting by automobile and helps reduce vehicular traffic between the two urban areas.

Gastonia is within a 15-minute drive of the Charlotte-Douglas International Airport. Charlotte-Douglas is ranked 10<sup>th</sup> nationwide in passenger traffic and 19<sup>th</sup> worldwide. The airport offers nonstop air service to 180 destinations around the globe and is served by eight major carriers, 15 regional carriers and three foreign flag carriers. The airport is as accessible to Gastonia as it is to the downtown Charlotte area, providing Gastonia with a tremendous intra-regional advantage. Additionally, the City owns the Gastonia Municipal Airport, a general aviation facility that serves both the City and the County for both business and pleasure flights. The facility has one lighted runway of 3,770 feet and one unlighted emergency runway of 2,500 feet. The City contracts with a fixed base operator to manage the daily airport operations.

The Norfolk Southern Railway and CSX Transportation provide transportation to interchange points with other railroads throughout the eastern United States. Norfolk Southern Railway has completed and begun operations at its newly constructed intermodal rail and trucking facility located along the southern end of Charlotte-Douglas International Airport's center parallel runway. The facility, which is capable of 250,000 lifts annually, transfers containers between trucks and trains and is projected to bring the region over \$9.5 billion in business over the next two decades. The facility further enhances Gastonia's position as a transportation hub. Freight service is available through this railroad and 50 truck lines. Passenger rail service is available through Amtrak.

With this mix of transportation, the City is accessible to a wide variety of markets. These markets include both local and regional as well as national and international. Its location, supported by its major transportation network, is the framework for economic growth.

## **Education**

There is one public school system that serves Gaston County. The Gaston County School Administrative Unit is governed by a Board of Education consisting of nine members elected for four-year terms. A school superintendent is appointed by the Board of Education. The school district is the 10<sup>th</sup> largest in the State of North Carolina. There are currently 29 elementary schools (grades K-5), 11 middle schools (grades 6-8), 12 high schools (grades 9-12), 1 intermediate school, 1 special needs school, 1 alternative school, and 1 virtual school. Total enrollment is approximately 30,000 students.

There are several post-secondary institutions located in the County area. Gaston College is composed of three campuses with the main campus located in Dallas, a satellite campus located in Lincolnton and the Textile Technology Center located in Belmont. Gaston College is part of the North Carolina Community College System and is also accredited by the Southern Association of Colleges and Schools to award Associate degrees. The College enrolls over 7,500 students each term and averages over 10,000 students in its Continuing Education programs. Through affiliation with the constituent institutions of The University of North Carolina, course credits transfer between these educational institutions based on a plan jointly developed and approved by the North Carolina Community College System and The University of North Carolina. Also, Belmont Abbey College is a private liberal arts college located five miles east of the City with an enrollment of over 1,700 students and offers undergraduate and adult degree programs.

## **Cultural and Recreational Activities**

The City has different national, regional and local recreational facilities available within relatively close proximity. A National Football League team, the Carolina Panthers, and a National Basketball Association team, the Charlotte Hornets, both play in facilities located in the downtown area of Charlotte, North Carolina. A professional minor league hockey team, the Charlotte Checkers, and a Triple-A minor league baseball team, the Charlotte Knights, are also located within 25 miles of the City. The NASCAR Hall of Fame in Charlotte as well. The US Whitewater Center is located just across the Gaston County line, approximately 4.5 miles from the City. The Center provides over 1,300 acres along the Catawba River and is the world's largest man-made whitewater river. It offers more than 30 outdoor activities and various events during the year. It was designed by the United States Olympic Committee as an official Olympic Training site and hosts, both World Cup competitions and Olympic trials.

The City also recently completed the construction of a 5,000 seat baseball / multifunction entertainment complex. The Franklin Urban Sports and Entertainment (FUSE) facility opened in the Spring of 2021 and is home to an Atlantic League Professional Baseball expansion team, the Gastonia Honey Hunters.

The City sponsors a full range of recreation programs. Recreation facilities are located on approximately 708 acres of land including six community centers, eight jogging tracks, 28 tennis courts, 23 baseball/softball fields, two swimming pools, two splash parks, 19 parks, four soccer fields, two disc-golf courses, a dog park, 15 newly constructed pickleball courts and a municipal skeet and trap range. The first portion of the City's Greenway System was dedicated in 2002 and currently consists of 14.4 miles of greenway and paved walking trails, stretching from Lineberger Park to the Gastonia Armory.

Rankin Lake Park is an 80-acre water impoundment. The lake is open to the public for fishing from either of the 2 piers, a 100-yard-long stretch open for bank fishing, or from rental boats equipped with electric trolling motors. The lakefront amenities include a lakefront boat rental office, 2 corporate picnic shelters, adequate restroom facilities, a 1.6 mile paved walking trail around the lake, an outdoor classroom and an 18-hole disc golf course.

Crowder's Mountain State Park, a 3,000-plus acre natural mountain park area, is located in the City at its western edge. The park offers hiking, rock climbing, fishing, picnicking and other nature and environmental related activities. This is one of only two state parks located within a municipality in the State. The City also owns an approximately 58-acre park and youth sports complex named Martha Rivers Park. The sport complex consists of 4 soccer fields, 4 little league baseball fields with a center control tower, restrooms and concession stand, approximately two miles of paved walking trails, picnic tables and parking for approximately 290 cars. The Park also includes a community-built playground that includes splash pad, pirate ship, observatory, fun house and a maze of slides, swings and sandboxes.

## **Summary**

The City has shown an increased awareness of the necessity to plan for the future and continue to improve its financial health. Progressive thinking, long-range vision, and planned economic development will be the cornerstone of policies that will take the City through the remainder of twenty-first century. These actions will ensure that the City is able to continue to extend a high quality level of service to its residents at the most economical manner available.



Government Finance Officers Association

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**City of Gastonia  
North Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

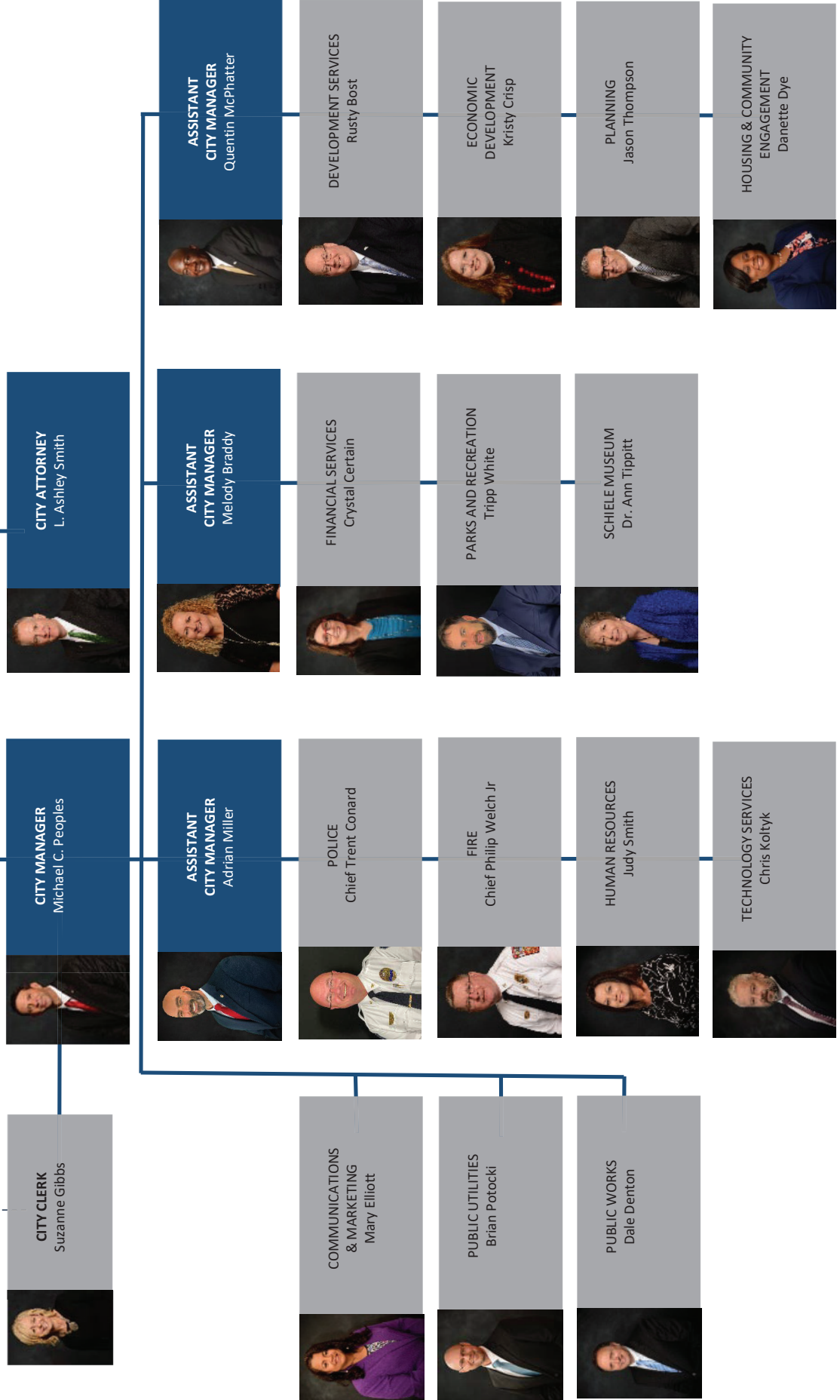
## CITIZENS OF GASTONIA

Represented by Mayor & City Council



# CITY OF GASTONIA ORGANIZATIONAL CHART

The City of Gastonia operates according to the Council-Manager form of government, where a professional City Manager serves at the pleasure of the City Council as chief executive of the organization. The City Manager is responsible for all City personnel, with the exception of the City Attorney and the City Clerk, who are also appointed by the City Council. The City Manager provides functional supervision for the City Clerk.



## **FINANCIAL SECTION**

Independent Auditor's Report

Management Discussion and Analysis

Financial Statements (Combined Statements – Overview)

Combining and Individual Fund Statements and Schedules

Other Supplementary Financial Data





# MARTIN STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Independent Auditor's Report**

The Honorable Mayor and  
Members of the City Council  
City of Gastonia, North Carolina

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gastonia, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditor, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gastonia, North Carolina, as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the American Rescue Plan Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City of Gastonia ABC Board, which represents 82%, 76% and 95%, respectively, of the assets, net position, and revenues of the discretely presented component units as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Gastonia ABC Board, is based solely on the report of the other auditors.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are required to be independent of the City of Gastonia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the City of Gastonia ABC Board were not audited in accordance with *Government Auditing Standards*.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Gastonia's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' and Firefighters' Special Separation Allowance Schedules of the Changes in the Total Pension Liability and Total Pension Liability as a Percentage of Covered-Employee Payroll, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, and the Local Governmental Employees' Retirement System Schedules of the

Proportionate Share of the Net Pension Liability (Asset) and Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gastonia's basic financial statements. The combining and individual fund statements, budgetary schedules, and other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 by us and the other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory information and statistical section but does not include the basic financial statements and our auditor's opinion thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our report dated October 31, 2023, on our consideration of the City of Gastonia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 City of Gastonia'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 City of Gastonia's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
October 31, 2023

## Management's Discussion and Analysis

As management of the City of Gastonia, we offer readers of the City of Gastonia's financial statements this narrative overview and analysis of the financial activities of the City of Gastonia for the fiscal year ended June 30, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follows this narrative.

### Financial Highlights

- The assets and deferred outflows of resources of the City of Gastonia exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$499,258,879 (*net position*). This is a \$24,318,256 increase from the beginning net position.
- Governmental activities' net position increased by \$3,764,984, and business-type activities increased by \$20,553,272.
- As of the close of the current fiscal year, the City of Gastonia's General Fund reported an ending fund balance of \$50,774,209, an increase of \$1,840,826 from the prior year ending fund balance. Approximately 62% of this total amount, or \$31,257,046, is *unassigned fund balance* and has not been committed or assigned.
- At the end of the current fiscal year, *available fund balance* for the General Fund was \$35,849,079, or 42.79%, of total General Fund expenditures, including transfers to other funds, for the fiscal year. Prior year *available fund balance* was \$36,483,849, or 47.96%, of total General Fund expenditures, including transfers to other funds. This is a \$634,770 decrease in *available fund balance* and is mostly due to a \$1,840,826 increase in total fund balance offset by an increase of \$2,440,499 in the stabilization by state statute (stabilization by state statute is mostly restrictions related to receivables and carryover encumbrances) from the previous year balances.
- The City's Medical Self-Insurance Internal Service Fund, a high-deductible medical insurance plan with an HSA (Health Savings Account), ended the 2023 fiscal year with a net position of \$8,107,452, as compared to a 2022 fiscal year ending net position of \$7,717,168. For the year ended June 30, 2023, claims, HSA contributions, administration fees, and stop/loss premiums exceeded charges for services by \$123,612. Charges for services and interest revenue were up by \$841,776 from 2022, and claims and other administrative expenses were up by \$1,486,462, of which \$1,115,788 was directly related to an increase in claims. Capital outlay expenditures were also up by \$707,536. The Internal Service Fund predominantly services the governmental funds; thus, the fund's activities are included in the City's governmental activities.
- The City's major enterprise funds are the Water and Sewer Operating Fund and the Electric Operating Fund. These funds had revenues and other financing sources over (under) expenditures and other financing uses (budgetary basis) of \$3,411,415, and \$6,970,564 for the year ended June 30, 2023, respectively, as compared to changes in net position (full accrual basis) of \$7,191,870 and \$10,843,538, respectively. The City's non-major enterprise funds are the Transit Fund, Municipal Golf Course Fund, Solid Waste Fund, and Stormwater Fund. These funds had revenues and other financing sources over (under) expenditures and other financing uses (budgetary basis) of \$176,069, \$0, \$97,918, and \$623,973, for the year ended June 30, 2023, respectively, as compared to changes in net position (full accrual basis) of (\$213,886), (\$34,195), (\$10,487) and \$1,899,118, respectively.
- The City's Streets Capital Project Fund recognized proceeds from the issuance of general obligation transportation bonds in the amount of \$37,737,966, resulting in a net change in fund balance of \$36,748,212 for the year ended June 30, 2023.

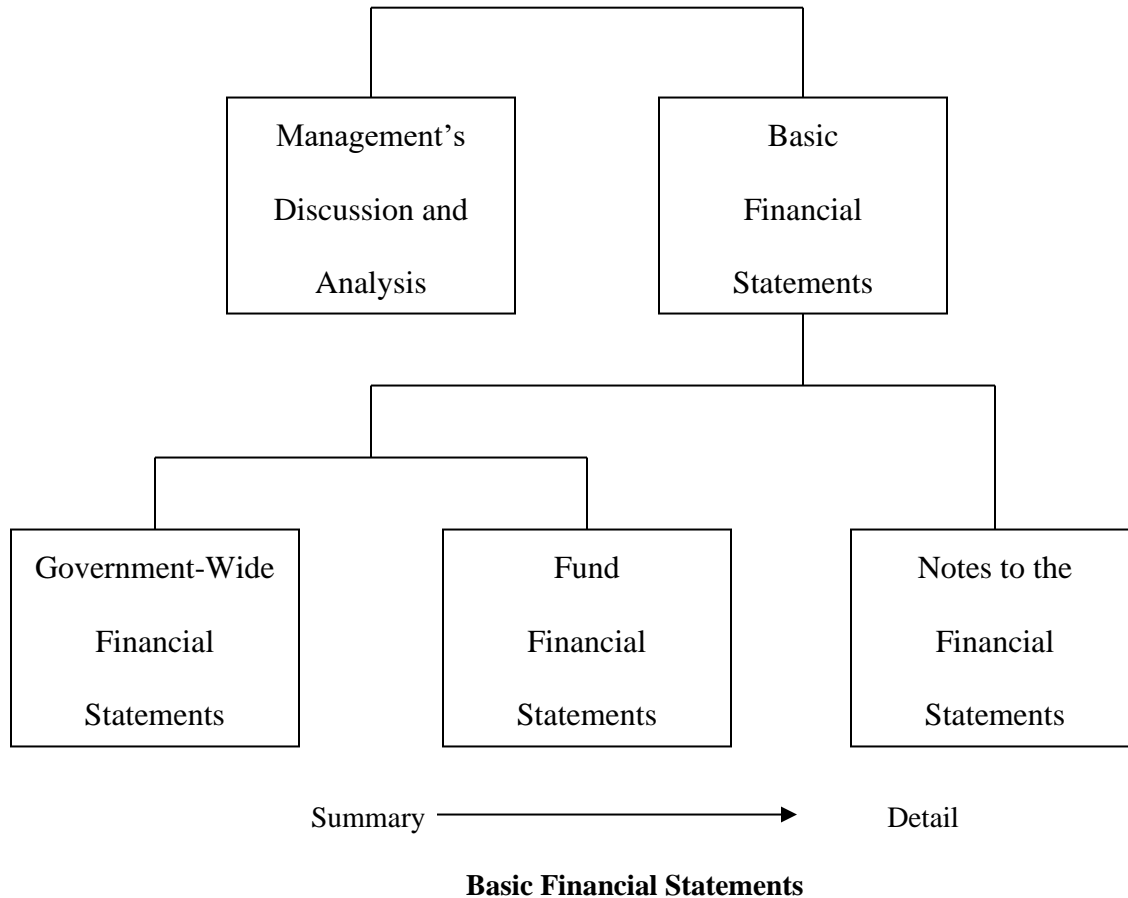
- The City's American Rescue Plan Special Revenue Fund recognized revenues of \$4,507,216 and expenditures and transfers to other funds of \$3,918,642 for the year ended June 30, 2023. As of June 30, 2023, the fund reported unexpended advance grant funding of \$10,756,540, along with a fund balance of \$605,659.
- The City of Gastonia's total financing debt obligations increased from \$115,707,581 to \$147,395,792 during the current fiscal year, an increase of \$31,688,211 (27.4%). The key factors in this increase were the overall scheduled debt retirements of \$13,213,260, while the City incurred \$44,901,471 of new financing debt obligations. New debt obligations consisted of \$37,737,966 general obligation transportation bonds and premium, various lease and subscription obligations in the amount of \$2,766,563, and \$4,396,942 of a North Carolina State Revolving loan.
- The current credit ratings for general obligation debt are: Standard and Poor's Corporation AA, Moody's Investor Service Aa2, and Fitch AA. The current credit ratings for revenue bond debt are: Standard and Poor's Corporation AA-, Moody's Investor Service Aa2, and Fitch AA+.

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

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

## Required Components of Annual Financial Report

Figure 1



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

The next statements (Exhibits C through J) are **fund financial statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the City's individual funds.

Budgetary information required by the General Statutes also can be found in this part of the statements.

## Government-Wide Financial Statements

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

The two government-wide statements report the City's net position and how they have changed. Net position is the difference between the City's total assets and total liabilities. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the City's basic services, such as public safety, public works, cultural and recreation, and general government services. Property taxes, local option sales taxes, utility sales taxes, payments in lieu of taxes, auto tag fees, licenses, permits and fees, business-type activities' transfers, investment earnings, and federal and state shared revenues finance most of these activities. The business-type activities are those for which the City charges customers to provide services. These include the water and sewer, electric, solid waste, transit, and stormwater services offered by the City of Gastonia. The final category is the component units. Although these two entities are legally separate from the City, the ABC Board's financial activities are important to the City, because the City exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the City. The Gastonia Tourism Development Authority's financial activities are important to the City because the City appoints all members of the governing board and the Authority's major source of revenues is derived from a 3.0% room occupancy tax levied by the City pursuant to Session law 2001-439 of the North Carolina General Assembly.

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

## Fund Financial Statements

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

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

The City of Gastonia adopts an annual budget for its General Fund, as required by the North Carolina General Statutes. The budget is a legally-adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Mayor and Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current-period activities. The budgetary statement provided for the General Fund



demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds.** The City of Gastonia has two different kinds of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Gastonia uses enterprise funds to account for its water and sewer activity, electric operations, solid waste operations, transit operations, and stormwater operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the functions of the City of Gastonia. The City uses internal service funds to account for four activities: the accumulation and allocation of the costs associated with the City's vehicle and equipment replacement, the accumulation and the allocation of the costs of computer support and other technology services, the accumulation and the allocation of the costs of providing self-insured medical coverage to the City's employees, and the accumulation and the allocation of the costs of providing self-insured dental coverage to the City's employees. Because these operations benefit predominantly governmental rather than business-type activities, these internal service funds have been included within the governmental activities in the government-wide financial statements.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Gastonia's progress in funding its obligation to provide special separation allowance pension benefits to its law enforcement officers and firefighters, the City's progress in funding its obligation to provide pension benefits to its employees, and the City's progress in funding its obligation to provide other post-employment benefits to its retirees. Required supplementary information immediately follows the notes to the financial statements of this report.

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

## Government-Wide Financial Analysis

### City of Gastonia's Net Position

**Figure 2**

|   | <u>Governmental Activities</u> |                       | <u>Business-Type Activities</u> |                       | <u>Total</u>          | <u>Total</u>          |
|---|--------------------------------|-----------------------|---------------------------------|-----------------------|-----------------------|-----------------------|
|   | <u>2023</u>                    | <u>2022</u>           | <u>2023</u>                     | <u>2022</u>           | <u>2023</u>           | <u>2022</u>           |
| <b>Assets:</b>                            |                                |                       |                                 |                       |                       |                       |
| Current and other assets                  | \$ 139,714,140                 | \$ 105,312,071        | \$ 111,497,115                  | \$ 107,378,173        | \$ 251,211,255        | \$ 212,690,244        |
| Capital assets                            | <u>170,319,299</u>             | <u>169,929,842</u>    | <u>363,612,026</u>              | <u>350,695,602</u>    | <u>533,931,325</u>    | <u>520,625,444</u>    |
| Total assets                              | <u>310,033,439</u>             | <u>275,241,913</u>    | <u>475,109,141</u>              | <u>458,073,775</u>    | <u>785,142,580</u>    | <u>733,315,688</u>    |
| <b>Deferred Outflows<br/>of Resources</b> | <u>34,198,559</u>              | <u>31,121,101</u>     | <u>8,903,498</u>                | <u>7,742,612</u>      | <u>43,102,057</u>     | <u>38,863,713</u>     |
| <b>Liabilities:</b>                       |                                |                       |                                 |                       |                       |                       |
| Long-term liabilities                     |                                |                       |                                 |                       |                       |                       |
| outstanding                               | 179,674,869                    | 136,800,093           | 71,999,816                      | 67,500,174            | 251,674,685           | 204,300,267           |
| Other liabilities                         | <u>33,879,546</u>              | <u>35,932,297</u>     | <u>17,234,686</u>               | <u>21,446,776</u>     | <u>51,114,232</u>     | <u>57,379,073</u>     |
| Total liabilities                         | <u>213,554,415</u>             | <u>172,732,390</u>    | <u>89,234,502</u>               | <u>88,946,950</u>     | <u>302,788,917</u>    | <u>261,679,340</u>    |
| <b>Deferred Inflows<br/>of Resources</b>  | <u>22,199,786</u>              | <u>28,917,811</u>     | <u>3,997,055</u>                | <u>6,641,627</u>      | <u>26,196,841</u>     | <u>35,559,438</u>     |
| <b>Net Position:</b>                      |                                |                       |                                 |                       |                       |                       |
| Net investment in                         |                                |                       |                                 |                       |                       |                       |
| capital assets                            | 118,025,799                    | 119,691,275           | 308,114,234                     | 300,126,877           | 426,140,033           | 419,818,152           |
| Restricted                                | 38,347,227                     | 20,025,187            | -                               | -                     | 38,347,227            | 20,025,187            |
| Unrestricted                              | <u>(47,895,229)</u>            | <u>(35,003,649)</u>   | <u>82,666,848</u>               | <u>70,100,933</u>     | <u>34,771,619</u>     | <u>35,097,284</u>     |
| Total net position                        | <u>\$ 108,477,797</u>          | <u>\$ 104,712,813</u> | <u>\$ 390,781,082</u>           | <u>\$ 370,227,810</u> | <u>\$ 499,258,879</u> | <u>\$ 474,940,623</u> |

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the City of Gastonia exceeded its liabilities and deferred inflows of resources by \$499,258,879 as of June 30, 2023. The City's net position increased by \$24,318,256 for the fiscal year ended June 30, 2023, from the June 30, 2022 net position. However, the largest portion of the City's total net position, \$426,140,033 (85.35%), reflects the City's net investment in capital assets (e.g. land, buildings, roads, bridges, utility infrastructure, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items.

The City of Gastonia uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Gastonia's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. \$38,347,227 of the City's net position is restricted by state statute or external parties. The remaining balance of \$34,771,619 is unrestricted. The City's governmental activities attributed to \$3,764,984 of the increase; whereas, the business-type activities attributed to \$20,553,272 of increase in the City-wide net position. The particular aspects that influenced the increase in City-wide net position are discussed in the following Governmental Activities and Business-Type Activities sections.

## City of Gastonia's Changes in Net Position

**Figure 3**

|   | <b>Governmental Activities</b> |                       | <b>Business-Type Activities</b> |                       | <b>Total</b>          | <b>Total</b>          |
|---|--------------------------------|-----------------------|---------------------------------|-----------------------|-----------------------|-----------------------|
|   | <b>2023</b>                    | <b>2022</b>           | <b>2023</b>                     | <b>2022</b>           | <b>2023</b>           | <b>2022</b>           |
| <b>Revenues:</b>                        |                                |                       |                                 |                       |                       |                       |
| Program revenues:                       |                                |                       |                                 |                       |                       |                       |
| Charges for services                    | \$ 12,903,235                  | \$ 14,736,546         | \$ 132,083,755                  | \$ 129,210,335        | \$ 144,986,990        | \$ 143,946,881        |
| Operating grants and contributions      | 7,088,460                      | 4,768,967             | -                               | 9,799                 | 7,088,460             | 4,778,766             |
| Capital grants and contributions        | 7,126,878                      | 2,191,799             | 8,985,127                       | 8,148,903             | 16,112,005            | 10,340,702            |
| General revenues:                       |                                |                       |                                 |                       |                       |                       |
| Ad valorem taxes                        | 38,954,815                     | 37,480,750            | -                               | -                     | 38,954,815            | 37,480,750            |
| Local option sales tax                  | 18,161,325                     | 16,972,083            | -                               | -                     | 18,161,325            | 16,972,083            |
| Other taxes                             | 12,490,375                     | 12,064,212            | -                               | -                     | 12,490,375            | 12,064,212            |
| Interest earned on investments          | <u>3,866,177</u>               | <u>286,522</u>        | <u>2,648,864</u>                | <u>135,444</u>        | <u>6,515,041</u>      | <u>421,966</u>        |
| Total revenues                          | <u>100,591,265</u>             | <u>88,500,879</u>     | <u>143,717,746</u>              | <u>137,504,481</u>    | <u>244,309,011</u>    | <u>226,005,360</u>    |
| <b>Expenses:</b>                        |                                |                       |                                 |                       |                       |                       |
| General government                      | 20,397,442                     | 17,256,712            | -                               | -                     | 20,397,442            | 17,256,712            |
| Public safety                           | 41,094,864                     | 38,668,926            | -                               | -                     | 41,094,864            | 38,668,926            |
| Public works and cemeteries             | 18,781,394                     | 19,283,315            | -                               | -                     | 18,781,394            | 19,283,315            |
| Cultural and recreation                 | 9,697,218                      | 8,862,070             | -                               | -                     | 9,697,218             | 8,862,070             |
| Economic and physical development       | 4,499,411                      | 1,745,398             | -                               | -                     | 4,499,411             | 1,745,398             |
| Interest on long-term debt              | 1,456,634                      | 1,296,656             | -                               | -                     | 1,456,634             | 1,296,656             |
| Water and sewer                         | -                              | -                     | 45,972,202                      | 41,833,807            | 45,972,202            | 41,833,807            |
| Electric                                | -                              | -                     | 64,477,252                      | 69,909,999            | 64,477,252            | 69,909,999            |
| Transit                                 | -                              | -                     | 3,453,132                       | 2,970,694             | 3,453,132             | 2,970,694             |
| Golf                                    | -                              | -                     | 34,195                          | 34,704                | 34,195                | 34,704                |
| Stormwater                              | -                              | -                     | 3,226,963                       | 3,388,265             | 3,226,963             | 3,388,265             |
| Solid waste                             | <u>-</u>                       | <u>-</u>              | <u>6,900,048</u>                | <u>5,805,377</u>      | <u>6,900,048</u>      | <u>5,805,377</u>      |
| Total expenses                          | <u>95,926,963</u>              | <u>87,113,077</u>     | <u>124,063,792</u>              | <u>123,942,846</u>    | <u>219,990,755</u>    | <u>211,055,923</u>    |
| Change in net position before transfers | 4,664,302                      | 1,387,802             | 19,653,954                      | 13,561,635            | 24,318,256            | 14,949,437            |
| Transfers                               | <u>(899,318)</u>               | <u>(1,061,425)</u>    | <u>899,318</u>                  | <u>1,061,425</u>      | <u>-</u>              | <u>-</u>              |
| Change in net position                  | 3,764,984                      | 326,377               | 20,553,272                      | 14,623,060            | 24,318,256            | 14,949,437            |
| <b>Net Position:</b>                    |                                |                       |                                 |                       |                       |                       |
| Beginning of year - July 1              | <u>104,712,813</u>             | <u>104,386,436</u>    | <u>370,227,810</u>              | <u>355,604,750</u>    | <u>474,940,623</u>    | <u>459,991,186</u>    |
| End of year - June 30                   | <u>\$ 108,477,797</u>          | <u>\$ 104,712,813</u> | <u>\$ 390,781,082</u>           | <u>\$ 370,227,810</u> | <u>\$ 499,258,879</u> | <u>\$ 474,940,623</u> |

**Governmental Activities.** Governmental activities increased the City's net position by \$3,764,984, thereby adding to the total growth in the net position of the City of Gastonia. Key elements of the 2023 fiscal year governmental activities increase to net position are as follows:

Total governmental-type revenues increased by \$12,090,386 from the fiscal year 2022 revenues. Ad valorem taxes increased by \$1,474,065 (3.93%), mostly due to a 3.78% increase in assessed values due to growth. Local option sales tax revenues contributed to \$1,189,242 (7.01%) of this increase. Retail sales made in Gaston County increased by 7.90% and statewide retail sales increased by 7.60%. The state's sales tax statute has multiple articles and the sales tax collected under each article is either distributed based on the County in which the retail sales were transacted or pooled statewide and distributed based on County populations. Charges for services decreased by \$1,833,311. This decrease was mostly due to the transfer of building permitting services to the County during the first part of the fiscal year. Building permits decreased by approximately \$1,600,000 from the 2022 fiscal year. Capital grants and contributions revenues increased from fiscal year 2022 by \$4,935,079 and was due to an increase of approximately \$2,600,000 in developer street infrastructure contributions, an increase of approximately \$1,400,000 in ARPA capital grant funding, and an increase of approximately \$1,000,000 in state capital grant funding. Operating grants and contributions increased by approximately \$2,319,493 and was mostly due to an increase in the ARPA grant funding utilized for certain operating activities. Interest earned on investments increased by \$3,579,655 and was due to the change in the investments market and an increase in cash on hand from operations and from an increase in unspent debt proceeds. All other revenue sources were fairly consistent with the previous fiscal year.

Total governmental-type expenses increased by \$8,813,886. Salaries and employee benefits increased by approximately \$3,000,000 from fiscal year 2022. The City did not implement a Citywide pay increase in the 2023 fiscal year, however, the City implemented a salary market study in January 2022 and the effects of the increase was for a twelve-month period in fiscal year 2023, as compared to a six-month period in fiscal year 2022. The average wage increase was approximately 10%. The City's required contribution rates for the Local Governmental Employees' Retirement Plan increased from 12.10% to 13.10% for law enforcement officers and from 11.35% to 12.10% for general employees and firefighters. Other non-wage-related expenditures increased by approximately \$5,900,000. Of this increase, depreciation and amortization on capital assets accounted for approximately \$3,500,000. This increase was related to the recent increase in capital asset purchases. City-street maintenance decreased approximately \$1,000,000. Operating expenditures relating to the ARPA grant funding increased by approximately \$600,000. Other Post-Employment Benefits (OPEB) and pension expenses increased by approximately \$3,000,000.

Net transfers to/from the business-type activities was fairly consistent with fiscal year 2022. Net transfers decreased by \$162,107.

**Business-Type Activities.** The 2023 fiscal year business-type activities increase in net position of \$20,553,272 was primarily due to the following: fiscal year 2023 charges for services, operating grants and contributions, capital grants and contributions exceeded program expenses by \$17,005,090, as compared to \$13,426,191 for the 2022 fiscal year. Charges for services, operating grants and contributions, and capital grants and contributions were \$141,068,882 in fiscal year 2023 as compared to \$137,369,037 in fiscal year 2022. Expenses were \$124,063,792 in fiscal year 2023 as compared to \$123,942,846 in fiscal year 2022. The business-type funds reported a net transfer in from the governmental funds of \$899,318, as compared to \$1,061,425 in the 2022 fiscal year. Investment earnings were \$2,648,864, as compared to \$135,444 in the 2022 fiscal year. The increase in investment earnings was mostly a reflection of the improved rate of returns in the investment markets and the increase of cash on hand related to operations and debt issuances.

Charges for services increased by \$2,873,420 and was mostly due to the following: Water and Sewer operations implemented a 5% rate increase as of July 1, 2022 and consumption increased slightly by approximately 1.40%, Electric rates remained the same as in fiscal year 2022 however electric consumption decreased by 6.80%, Solid Waste operations and Stormwater operations implemented rate increases that increased revenues by approximately \$1,800,000. Capital grants and contributions from developers remained fairly consistent with an increase of \$836,224.

Total expenses increased by \$120,946 in fiscal year 2023 from fiscal year 2022. Salaries and employee benefits increased by approximately \$1,920,000, the cost of wholesale electricity decreased by approximately \$5,800,000, other operating expenditures increased by approximately \$1,600,000, the loss on disposal of capital assets increased by approximately \$980,000, and OPEB and pension expenses increased by approximately \$790,000.

### **Financial Analysis of the City's Funds**

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

**Governmental Funds.** The focus of the City of Gastonia's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Gastonia's financing requirements. Specifically, available fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2023, the governmental funds of the City of Gastonia reported a combined fund balance of \$99,299,812, a \$39,743,128 increase from the prior year. Included in this change in fund balance is a \$1,840,826 increase in fund balance in the General Fund, a \$36,748,212 increase in fund balance in the Streets Capital Project Fund, a \$588,574 increase in fund balance in the American Rescue Plan Special Revenue Fund, and a \$565,516 increase in the fund balance in other non-major governmental funds.

Total General Fund revenues increased by \$2,360,785. Local option sales tax increased by approximately \$1,200,000 and was due to a 7.9% increase in County retail sales and a 7.6% increase in retail sales throughout the state. Ad valorem taxes accounted for approximately \$1,300,000 of the increase and was related to a 3.8% increase in property valuations due to growth. Investment earnings increased by approximately \$1,700,000 and was related to increased rate of returns in the investment markets. Building permits decreased by approximately \$1,600,000 and was due to the City transferring this function to Gaston County in the early part of the fiscal year.

Total General Fund expenditures increased by \$4,046,024. Salaries and employee benefits accounted for approximately \$3,000,000 of the increase. The City implemented the results of a market study in January 2022. The average wage increase was approximately 10% and the City's required contribution rates for the Local Governmental Employees' Retirement Plan increased from 10.90% to 12.10% for law enforcement officers and from 10.15% to 11.35% for general employees and firefighters. Debt service decreased by approximately \$420,000. The remaining increase was spread out among the non-wages and benefits accounts.

The General Fund is the chief operating fund of the City of Gastonia. At the end of the current fiscal year, available fund balance of the General Fund was \$35,849,079, a \$634,770 decrease from the prior year. Total fund balance increased by \$1,880,359 to \$50,774,209 from the prior year amount of \$48,893,850. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures and transfers-out. Available fund balance represents 42.79% of total General Fund expenditures and transfers out to other funds, while total fund balance represents 60.61% of that same amount.

The American Rescue Plan special revenue fund reported revenues of \$4,507,216 in fiscal year 2023 as compared to \$1,002,244 in the fiscal year 2022. The grant is an advance grant and revenues are recognized as the allowable expenditures are incurred. In fiscal year 2023 the fund reported expenditures and transfers out of \$3,918,642, as compared to \$986,742 in fiscal year 2022. Investment earnings are recognized as revenue when received. The fund reported investment earnings of \$588,518 and \$15,502, respectively in fiscal years 2023 and 2024. As of June 30, 2023 the fund reported advances from grantors of \$10,756,540.

The Streets Capital Project Fund reported revenues and other financing sources of \$39,658,681 in fiscal year 2023 as compared to \$180,756 in fiscal year 2022. The reason for the significant increase is related to the issuance of General Obligation Bonds with bonds proceeds of \$37,737,966 and a \$1,478,000 transfer in from the General Fund. The fund reported \$2,910,469 of capital outlay expenditures in fiscal year 2023 as compared to \$1,336,030 in fiscal year 2022. The General Obligation Bonds were issued in April 2023. Fund balance was \$38,595,909 as of June 30, 2023 as compared to \$1,847,697 as of June 30, 2022.

The \$565,516 increase in the other non-major governmental funds was mostly due to increased investment earnings of approximately \$300,000 and a decrease of approximately \$400,000 in capital project expenditures in the Mayor/Council Capital Projects Fund.

**General Fund Budgetary Highlights.** The FY 2023 budget was revised on multiple occasions throughout the year, resulting in an overall increase of \$13,654,110. This increase was funded through multiple sources, including an appropriation of fund balance totaling \$11,005,928, increased revenues in the amount of \$2,530,397 and transfers from other funds equaling \$117,785.

Almost half of appropriated fund balance totaling \$6,326,708 was the result of additional appropriations, including: \$1,750,000 for two fire trucks; \$1,640,380 for sidewalk projects; \$870,000 to purchase UPS and server equipment; \$550,000 to purchase the former Salvation Army Boys & Girls Club for the future Marietta Street Park; \$512,000 for public safety mobile data terminal replacements; \$340,000 to replace the Garland Center roof; \$275,000 to purchase new vehicles for Technology Services; \$191,889 to match North Carolina Department of Transportation State Maintenance Assistance Program (SMAP) funds and \$197,439 for various other purposes. Fund balance was also appropriated to carryover purchase orders from FY 2022 totaling \$780,820 along with unspent prior year amounts including: \$2,305,361 for FUSE; asset forfeiture funding totaling \$490,153; \$464,084 in Powell Bill funds; \$317,815 for the Conference Center; \$181,768 for Solid Waste Disposal Tax and \$139,219 for various other purposes.

Increased revenues are the result of various sources totaling \$2,461,795, including: \$1,245,225 for GASB 96 implementation; \$624,000 in additional interest earnings; \$200,000 from museum fees; \$157,311 in asset forfeiture funds; \$108,668 from insurance proceeds; \$73,643 in miscellaneous police grants and \$52,948 from other miscellaneous sources. In addition, \$68,602 was carried forward from prior year for police grant funds not yet received. Transfers from other funds increased the budget a total of \$117,785, including \$100,000 for FUSE operations and \$17,785 related to police grants.

**Proprietary Funds.** The City of Gastonia's proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

Net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$231,987,867; the Electric Fund amounted to \$117,563,948; the Stormwater Fund amounted to \$34,133,353; and the other nonmajor funds, Transit, Municipal Golf Course, and Solid Waste, amounted to \$3,547,370. Factors concerning the finances of these funds have already been addressed in the discussion of the City of Gastonia's business-type activities.

## Capital Asset and Debt Administration

**Capital Assets.** The City of Gastonia's investment in capital assets for its governmental and business-type activities as of June 30, 2023 totals \$533,931,325 (net of accumulated depreciation/amortization). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, vehicles, water and sewer infrastructure, electric distribution system, and stormwater infrastructure, as well as intangible right to use assets. Additions and dispositions totaled \$42,511,854 and \$1,242,075, respectively, and the net effect of depreciation and amortization of \$27,963,898 resulted in an overall increase of \$13,305,881.

Major capital asset transactions during the year include the additions and disposals below:

- Construction in progress for southeast sewer expansion projects and other various water and sewer infrastructure improvements in the amount of \$9,723,038. Construction in progress water and sewer infrastructure improvements placed in service totaled \$5,677,433. Various other water and sewer capital asset improvements of \$2,829,074 were incurred, along with the purchase of \$584,683 of machinery and equipment.
- Construction in progress of \$2,173,803 in governmental-type activities, which was mostly related to 2023 Transportation Bond projects in the amount of \$281,459, Airport projects in the amount of \$396,169, Salvation Army Boys & Girls Club project in the amount of \$428,023, FUSE projects in the amount of \$873,687, and the Public Works Campus project in the amount of \$180,398.
- Various general infrastructure additions and other improvements of \$3,114,637 in the governmental-type activities.
- Construction in progress for Electric Fund capital asset improvements of \$9,552,494 and \$362,275 placed in service.
- Construction in progress for Stormwater infrastructure of \$116,189 and \$935,893 placed in service.
- Electric Fund distribution capital additions of \$2,222,547.27 for new line construction.
- Internal Service Fund capital assets of \$2,964,656.34, which included various vehicles and equipment. Entity-wide disposals mainly consisted of various surplus vehicles and equipment.

### City of Gastonia's Capital Assets

**Figure 4**

|  | Governmental Activities |                | Business-Type Activities |                | Total          |                |
|--|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
|  | 2023                    | 2022           | 2023                     | 2022           | 2023           | 2022           |
| Land, land improvements, and buildings         | \$ 137,915,872          | \$ 134,146,917 | \$ 30,485,452            | \$ 96,944,296  | \$ 168,401,324 | \$ 231,091,213 |
| Machinery/equipment/vehicles                   | 70,175,273              | 67,757,263     | 26,754,948               | 25,957,445     | 96,930,221     | 93,714,708     |
| General infrastructure                         | 305,531,563             | 302,416,926    | -                        | -              | 305,531,563    | 302,416,926    |
| Lease and subscription assets                  | 3,276,356               | 454,168        | 247,121                  | 207,296        | 3,523,477      | 661,464        |
| Water and sewer treatment facilities           | -                       | -              | 137,621,238              | 69,672,879     | 137,621,238    | 69,672,879     |
| Water and sewer system                         | -                       | -              | 225,762,232              | 218,519,292    | 225,762,232    | 218,519,292    |
| Electrical distribution                        | -                       | -              | 108,853,362              | 107,099,624    | 108,853,362    | 107,099,624    |
| Stormwater infrastructure                      | -                       | -              | 55,003,827               | 54,067,933     | 55,003,827     | 54,067,933     |
| Construction in progress                       | 4,718,266               | 3,198,716      | 41,331,330               | 28,415,715     | 46,049,596     | 31,614,431     |
| Total  | 521,617,330             | 507,973,990    | 626,059,510              | 600,884,480    | 1,147,676,840  | 1,108,858,470  |
| Less accumulated depreciation and amortization | 351,298,031             | 338,044,148    | 262,447,484              | 250,188,878    | 613,745,515    | 588,233,026    |
| Capital assets, net                            | \$ 170,319,299          | \$ 169,929,842 | \$ 363,612,026           | \$ 350,695,602 | \$ 533,931,325 | \$ 520,625,444 |

Additional information on the City's capital assets can be found in note 2.A. of the basic financial statements.

Additional information on the City's capital assets can be found in note 2.A. of the basic financial statements.

**Long-Term Debt.** As of June 30, 2023, the City of Gastonia had total financing debt outstanding of \$147,395,792. Of this, \$47,837,000 is debt backed by the full faith and credit of the City. The remainder of the City's financing debt represents bonds and installment purchases secured solely by buildings, equipment, or specified revenue sources (i.e. revenue bonds), and lease and subscription agreements for the right to use capital and intangible assets of others.

### City of Gastonia's Financing Outstanding Debt

Figure 5

|  | Governmental Activities |                      | Business-Type Activities |                      | Total                |                      |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|  | 2023                    | 2022                 | 2023                     | 2022                 | 2023                 | 2022                 |
| General obligation bonds               | \$ 47,600,573           | \$ 16,548,288        | \$ 236,427               | \$ 283,712           | \$ 47,837,000        | \$ 16,832,000        |
| Limited obligation bonds               | 21,330,000              | 22,665,000           | -                        | -                    | 21,330,000           | 22,665,000           |
| Direct placement installment purchases | 16,067,305              | 20,644,732           | -                        | -                    | 16,067,305           | 20,644,732           |
| Lease liabilities                      | 120,048                 | 287,950              | 124,388                  | 165,032              | 244,436              | 452,982              |
| Subscription liabilities               | 2,231,151               | -                    | 25,175                   | -                    | 2,256,326            | -                    |
| State revolving loans                  | -                       | -                    | 36,236,184               | 34,021,483           | 36,236,184           | 34,021,483           |
| Revenue bonds                          | -                       | -                    | 17,428,000               | 19,477,000           | 17,428,000           | 19,477,000           |
| Bond premiums                          | 4,547,966               | -                    | 1,448,575                | 1,614,384            | 5,996,541            | 1,614,384            |
| Total                                  | <u>\$ 91,897,043</u>    | <u>\$ 60,145,970</u> | <u>\$ 55,498,749</u>     | <u>\$ 55,561,611</u> | <u>\$147,395,792</u> | <u>\$115,707,581</u> |

The City of Gastonia's total financing debt obligations increased from \$115,707,581 to \$147,395,792 during the current fiscal year, an increase of \$31,688,211 (27.4%). The key factors in this increase were the overall scheduled debt retirements of \$13,213,260, while the City incurred \$44,901,471 of new financing debt obligations. New debt obligations consisted of \$37,737,966 general obligation transportation bonds and premium, various lease and subscription obligations of \$2,726,563, and \$4,396,942 of a North Carolina State Revolving loan.

As mentioned in the financial highlights section of this document, the current credit ratings for general obligation debt are: Standard and Poor's Corporation AA, Moody's Investor Service Aa2, and Fitch AA. The current credit ratings for revenue bond debt are: Standard and Poor's Corporation AA-, Moody's Investor Service Aa2, and Fitch AA+.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. At June 30, 2023, the City had a legal debt margin of approximately \$490,000,000. Additional information regarding the City of Gastonia's long-term debt can be found in note 2.B. of this report.

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

#### Economic Factors

- Unemployment in the City was 3.7% at fiscal year-end June 30, 2023, higher than the County rate of 3.4%, higher than the state rate of 3.6%, and lower than the national average of 3.8%. Unemployment in the City was 3.8% as of July 2023. The prior year rates for the City were 4.4% and 4.1% for the months ended June 2022 and July 2022, respectively. These are not seasonally adjusted.
- Estimated population growth since the 2010 census is approximately 16.4%. The most current population estimate per the North Carolina Office of State Budget and Management is 83,488. This estimate is up by 11,747 from the 2010 Census number of 71,741.



- The North Carolina economic outlook based on University of North Carolina Charlotte economist John Connaughton's most recent quarterly forecast is as follows:

Connaughton indicated that if the Federal Reserve continues to increase interest rates, and Congress and the President continue to stimulate the economy with fiscal policy deficit spending, there is a 50/50 chance that the North Carolina's economy may enter into a recession in 2024. There may be a mild recession or a return to inflation. The return of inflation would be led by government spending rather than by consumers and business.

The annual N.C. real (inflation-adjusted) Gross Domestic Product (GDP) is expected to increase by 2.4% in 2024.

All 15 economic sectors in North Carolina will experience output growth in 2024, with Information, Mining, Business and Professional Services, and Hospitality and Leisure Services experiencing the largest increases.

North Carolina employment is expected to reach 5,003,800 by December 2024, an increase of 1.1% over December 2023.

Connaughton is projecting that the North Carolina economy is expected to add 53,400 net jobs in 2024, reducing the unemployment rate to around 4.0% by December 2023.

- The City of Gastonia is located within the Charlotte, North Carolina, Metropolitan area, one of the fastest growing and most affluent areas in the country. The Charlotte-Metropolitan area is the second largest financial center in the United States.

### **Budget Highlights for the Fiscal Year Ending June 30, 2024**

**Governmental Activities.** The FY 2024 budget was balanced with achieving strategic objectives and priorities established by the City Council and while implementing a five-cent decrease to the City's property tax rate, going from \$0.52 to \$0.47 per \$100 valuation as a result of Gaston County's real property revaluation that took place during calendar year 2023. This revaluation resulted in an average increase of 41.84% in values, including a factor that anticipates appeals. However, revenues for motor vehicles and personal property have decreased, so the net revenues for all property tax categories are projected to increase by 32.18%. An appropriation of General Fund fund balance was not adopted with this budget. The Covid-19 pandemic created unprecedented times and circumstances that resulted in the City receiving significant one-time funding. While the budget for those funds was recognized in prior years, they will continue to carry forward until depleted. These funds played an important factor in the City's FY 2024 budget.

The American Rescue Plan Act of 2021 (ARPA) is a \$1.9 trillion economic stimulus bill passed by Congress in March 2021, of which the City received \$15,661,923. While there are restrictions regarding the use of these funds, they will enable the City to fund projects and make improvements that would otherwise not happen, be delayed or impose greater tax burden on the citizens.

Approximately two-thirds of the funds, \$10 million, have been designated as revenue replacement. Projects earmarked from this funding source include: Police tasers, body cameras and the necessary server storage at a cost of \$1,275,942; three-year resurfacing project totaling \$1.5 million; \$1 million grant match for Linwood Springs; \$850,000 for pickleball courts at T. Jeffers Community Center; a partnership with Gaston County schools in the amount of \$750,000 for athletic facilities; a one-time \$500,000 transfer to the General

Fund to assist with balancing the FY 2023 budget; \$117,000 towards traffic preemption devices for Fire vehicles in partnership with NCDOT; \$97,165 towards contractual improvements at the Franklin Urban Sports & Entertainment (FUSE) stadium; and the remaining amount of \$3,909,893 going towards upgrading a Public Works facility.

The other funds totaling \$5,661,923 must be spent on projects or items that fall within four categories identified by the US Treasury. Completed projects include: miscellaneous Covid-19 public health items totaling \$453,914; new playgrounds at four community centers totaling \$492,224; and \$192,738 for a bridge repair. Projects currently underway include: \$1.5 million for pool and pool house renovations at the Erwin Community Center; \$500,000 earmarked for an ARPA grants position to assist with processing and reporting; technology upgrades in the amount of \$232,000; a new gym floor at the Erwin Community Center at a cost of \$130,000; and \$75,000 each for an advertising campaign and wayfinding signs. Council has approved the following projects that were not started prior to FY 2024: \$652,835 towards contractual improvements at the Franklin Urban Sports & Entertainment (FUSE) stadium; \$545,260 to be used for affordable housing projects; \$400,000 for lighting upgrades and repairs at the Gastonia Conference Center; a potential partnership with a local non-profit for workforce development in the amount of \$250,000; \$95,173 for security cameras at Martha Rivers Community Center; and \$60,000 for a fence at the Erwin Community Center baseball field.

The FY 2024 adopted budget includes funding for a 4.0% across the board increase in compensation, effective July 1, 2023, as well as an additional 1.0% for a newly created career development program. The latter encourages employees to participate in professional development activities, along with wellness and diversity, equity and inclusion (DEI) programs. This 1.0% increase is effective January 1, 2024 or any date thereafter that the employee successfully completes the career development program prior to the end of the fiscal year. The budget maintains the annual \$350 holiday bonus for eligible employees, as well as the 5.0% 401(k) contribution for all full-time employees. In addition, the budget continues to provide funding for the Educational Assistance Reimbursement Program, but at an increased amount. Employees who obtain prior approval are eligible to receive a maximum of \$2,000 annually, an increase from \$1,000 in prior years.

Like other public and private organizations, controlling health care costs remains a budgetary challenge that will continue for the foreseeable future, but the FY 2024 budget was adopted with a less than 1.0% increase in these costs. The budget continues to include a \$750 payment in July to the Health Savings Account of each employee covered by the City's health insurance program. In addition, the FY 2024 adopted budget maintains \$2,000,000 in a reserve account to cover any unexpected costs to prevent supplementary transfers from other funds, as needed in prior years.

Debt service makes up just over 6.0% of the total General Fund expenditures with an adopted budget amount for FY 2024 that more than doubled from prior year, increasing from \$2.43 million to \$5.45 million. This is due to the issuance of \$33.19 million in General Obligation Transportation Bonds in April 2023.

**Business-Type Activities.** No rate increases were adopted with the FY 2024 budget for any of the enterprise funds, including Water & Sewer, Electric, Solid Waste and Stormwater. However, all funds saw an increase in adopted budget from prior year. A large part of this increase is related to personnel costs. The FY 2024 adopted budget provides funding for a 4.0% across the board increase effective July 1, 2023. In addition, a 1.0% increase for a newly created career development program effective January 1, 2024 was adopted with the FY 2024 budget, as discussed in the Governmental Activities section previously. The same \$350 holiday bonus for eligible employees, 5.0% 401(k) contribution for full-time employees, \$2,000 Educational Assistance Reimbursement Program and \$750 Health Savings Account contribution all mentioned in the Governmental Activities section apply to the business-type activity funds as well.

Both the Water & Sewer and Electric funds saw further increases in the FY 2024 adopted budget due to vehicle and equipment purchases. In addition, transfers to capital project funds for both current and future projects continue to make up substantial portions of the total budgets for each fund, \$3.8 million and \$13.1 million respectively. The Water & Sewer fund also saw a \$2,900,000 increase in debt service, largely related to the issuance of revenue bonds totaling \$37,055,000 for utility system improvements. Also the Electric budget maintained a \$2,000,000 transfer to the General Fund, which continues to keep the City under the maximum transfer level of 3.0% of gross electric capital assets, as established by the Local Government Commission.

The FY 2024 Transit adopted budget saw a significant increase from prior year. This is related to the \$6,500,000 received from the Coronavirus Aid, Relief and Economic Security (CARES) Act in FY 2020, in addition to \$956,194 in American Rescue Plan Act (ARPA) funds received during FY 2022. Funds have continued to carry forward each year until fully depleted and required no match from the City. As such, the City was able to drastically decrease the transfer from the General Fund in prior years. However, these funds are expected to be fully depleted in the near future. Therefore, the City had to start providing match funds again, 50% for operating expenditures and 20% for capital, resulting in a \$1,200,000 increase from prior year in the General Fund transfer to Transit.

### **Requests for Information**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Financial Services, City of Gastonia, 181 South Street, Gastonia, North Carolina 28052.



## **FINANCIAL STATEMENTS**

The Financial Statements provide a summary overview of the financial position of all funds as well as the operating results of all funds. They also serve as a condensed introduction to the more detailed statements and schedules that follow.



CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2023

|  | Primary Government      |                          |                | Component Units            |  |
|--|-------------------------|--------------------------|----------------|----------------------------|--|
|  | Governmental Activities | Business-Type Activities | Total          | City of Gastonia ABC Board | Gastonia Tourism Development Authority |
|  |                         |                          |                |                            |  |
| <b>Assets:</b>                                 |                         |                          |                |                            |  |
| Cash and cash equivalents                      | \$ 60,944,497           | \$ 80,928,767            | \$ 141,873,264 | \$ 3,620,942               | \$ 1,469,027                           |
| Taxes receivable, net                          | 866,602                 | -                        | 866,602        | -                          | -                                      |
| Accounts receivable, net                       | 3,114,212               | 14,238,120               | 17,352,332     | 370                        | -                                      |
| Long-term receivable                           | 1,755,202               | -                        | 1,755,202      | -                          | -                                      |
| Leases receivable                              | 6,202,632               | 257,899                  | 6,460,531      | -                          | -                                      |
| Interest receivable                            | 175,756                 | -                        | 175,756        | -                          | -                                      |
| Due from other governments                     | 8,200,996               | 629,353                  | 8,830,349      | -                          | 188,359                                |
| Internal balances                              | (3,548,544)             | 3,548,544                | -              | -                          | -                                      |
| Inventories                                    | 1,775,852               | 2,460,610                | 4,236,462      | 1,627,758                  | -                                      |
| Prepaid items                                  | 94,173                  | -                        | 94,173         | 119,964                    | -                                      |
| Cash and cash equivalents, restricted          | 60,132,762              | 9,433,822                | 69,566,584     | -                          | -                                      |
| Capital assets:                                |                         |                          |                |                            |  |
| Non-depreciable capital assets                 | 20,224,177              | 55,126,029               | 75,350,206     | 688,637                    | -                                      |
| Depreciable capital assets, net                | 129,480,466             | 308,336,125              | 437,816,591    | 677,117                    | -                                      |
| Right to use assets, net                       | 20,614,656              | 149,872                  | 20,764,528     | 165,277                    | -                                      |
| Total assets                                   | 310,033,439             | 475,109,141              | 785,142,580    | 6,900,065                  | 1,657,386                              |
| <b>Deferred Outflows of Resources:</b>         |                         |                          |                |                            |  |
| OPEB deferrals                                 | 11,358,091              | 3,203,563                | 14,561,654     | -                          | -                                      |
| Pension deferrals                              | 22,840,468              | 5,699,935                | 28,540,403     | 441,284                    | -                                      |
| Total deferred outflows                        | 34,198,559              | 8,903,498                | 43,102,057     | 441,284                    | -                                      |
| <b>Liabilities:</b>                            |                         |                          |                |                            |  |
| Current liabilities:                           |                         |                          |                |                            |  |
| Accounts payable                               | 4,340,050               | 8,264,798                | 12,604,848     | 1,298,298                  | -                                      |
| Accrued salaries and benefits                  | 2,133,511               | 627,540                  | 2,761,051      | -                          | -                                      |
| Accrued interest                               | 414,558                 | 119,191                  | 533,749        | -                          | -                                      |
| Prepaid fees                                   | -                       | 56,482                   | 56,482         | -                          | -                                      |
| Advances from grantors                         | 12,927,291              | -                        | 12,927,291     | -                          | -                                      |
| Liabilities to be paid from restricted assets: |                         |                          |                |                            |  |
| Accounts payable                               | 960,066                 | -                        | 960,066        | -                          | -                                      |
| Customer deposits                              | -                       | 1,954,061                | 1,954,061      | -                          | -                                      |
| Non-current liabilities:                       |                         |                          |                |                            |  |
| Due within one year                            | 13,104,070              | 6,212,614                | 19,316,684     | 41,556                     | -                                      |
| Due in more than one year                      | 179,674,869             | 71,999,816               | 251,674,685    | 666,264                    | -                                      |
| Total liabilities                              | 213,554,415             | 89,234,502               | 302,788,917    | 2,006,118                  | -                                      |
| <b>Deferred Inflows of Resources:</b>          |                         |                          |                |                            |  |
| Lease deferrals                                | 6,074,913               | 252,515                  | 6,327,428      | -                          | -                                      |
| OPEB deferrals                                 | 12,877,076              | 3,631,996                | 16,509,072     | -                          | -                                      |
| Pension deferrals                              | 3,247,797               | 112,544                  | 3,360,341      | 2,288                      | -                                      |
| Total deferred inflows of resources            | 22,199,786              | 3,997,055                | 26,196,841     | 2,288                      | -                                      |

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

**CITY OF GASTONIA, NORTH CAROLINA**

**STATEMENT OF NET POSITION  
JUNE 30, 2023**

|   | <b>Primary Government</b>          |                                     |                       | <b>Component Units</b>                    |   |
|---|------------------------------------|-------------------------------------|-----------------------|---|---|
|   | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>          | <b>City of<br/>Gastonia<br/>ABC Board</b> | <b>Gastonia<br/>Tourism<br/>Development<br/>Authority</b> |
| <b>Net Position:</b>                      |                                    |                                     |                       |   |   |
| Net investment in capital assets          | 118,025,799                        | 308,114,234                         | 426,140,033           | 1,365,754                                 | -   |
| Restricted for:                           |                                    |                                     |                       |   |   |
| Stabilization by state statute            | 29,480,361                         | -                                   | 29,480,361            | -   | 188,359   |
| General government                        | 1,385,551                          | -                                   | 1,385,551             | -   | -   |
| Public safety                             | 1,372,712                          | -                                   | 1,372,712             | -   | -   |
| Public works - Powell Bill                | 1,602,358                          | -                                   | 1,602,358             | -   | -   |
| Community development and<br>improvements | 4,349,660                          | -                                   | 4,349,660             | -   | -   |
| Culture and recreation                    | 156,585                            | -                                   | 156,585               | -   | -   |
| Tourism promotion                         | -                                  | -                                   | -                     | -   | 1,469,027   |
| Working capital                           | -                                  | -                                   | -                     | 538,772                                   | -   |
| Unrestricted                              | (47,895,229)                       | 82,666,848                          | 34,771,619            | 3,428,417                                 | -   |
| <b>Total net position</b>                 | <b>\$ 108,477,797</b>              | <b>\$ 390,781,082</b>               | <b>\$ 499,258,879</b> | <b>\$ 5,332,943</b>                       | <b>\$ 1,657,386</b>                                       |

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





CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

|                                   |                | Program Revenues     |                                    |                                  |
|-----------------------------------|----------------|----------------------|------------------------------------|----------------------------------|
| Functions/Programs                | Expenses       | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government:               |                |                      |                                    |                                  |
| Governmental Activities:          |                |                      |                                    |                                  |
| General government                | \$ 20,397,442  | \$ 10,280,258        | \$ 568,739                         | \$ 3,418,642                     |
| Public safety                     | 41,094,864     | 1,470,691            | 226,302                            | -                                |
| Public works and cemeteries       | 18,781,394     | 63,464               | 2,737,361                          | 3,114,637                        |
| Cultural and recreation           | 9,697,218      | 1,037,282            | 252,386                            | -                                |
| Economic and physical development | 4,499,411      | 51,540               | 3,303,672                          | 593,599                          |
| Interest on long-term debt        | 1,456,634      | -                    | -                                  | -                                |
| Total governmental activities     | 95,926,963     | 12,903,235           | 7,088,460                          | 7,126,878                        |
| Business-Type Activities:         |                |                      |                                    |                                  |
| Water and sewer                   | 45,972,202     | 47,699,411           | -                                  | 5,531,769                        |
| Electric                          | 64,477,252     | 76,144,472           | -                                  | 5,000                            |
| Transit                           | 3,453,132      | 122,441              | -                                  | 2,512,464                        |
| Golf                              | 34,195         | -                    | -                                  | -                                |
| Stormwater                        | 3,226,963      | 4,165,222            | -                                  | 935,894                          |
| Solid waste                       | 6,900,048      | 3,952,209            | -                                  | -                                |
| Total business-type activities    | 124,063,792    | 132,083,755          | -                                  | 8,985,127                        |
| Total primary government          | \$ 219,990,755 | \$ 144,986,990       | \$ 7,088,460                       | \$ 16,112,005                    |
| Component Units:                  |                |                      |                                    |                                  |
| ABC Board                         | \$ 17,519,863  | \$ 18,255,755        | \$ -                               | \$ -                             |
| Tourism Development Authority     | 847,980        | -                    | -                                  | -                                |
| Total component units             | \$ 18,367,843  | \$ 18,255,755        | \$ -                               | \$ -                             |

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

| Functions/Programs                          | Net (Expense) Revenue and Changes in Net Position |                          |                       |                            |  |
|---|---|--------------------------|-----------------------|----------------------------|--|
|   | Primary Government                                |                          |                       | Component Units            |  |
|   | Governmental Activities                           | Business-Type Activities | Total                 | City of Gastonia ABC Board | Gastonia Tourism Development Authority |
| <b>Primary Government:</b>                  |   |                          |                       |                            |  |
| <b>Governmental Activities:</b>             |   |                          |                       |                            |  |
| General government                          | \$ (6,129,803)                                    | \$ -                     | \$ (6,129,803)        |                            |  |
| Public safety                               | (39,397,871)                                      | -                        | (39,397,871)          |                            |  |
| Public works and cemeteries                 | (12,865,932)                                      | -                        | (12,865,932)          |                            |  |
| Cultural and recreation                     | (8,407,550)                                       | -                        | (8,407,550)           |                            |  |
| Economic and physical development           | (550,600)   | -                        | (550,600)             |                            |  |
| Interest on long-term debt                  | (1,456,634)                                       | -                        | (1,456,634)           |                            |  |
| Total governmental activities               | <u>(68,808,390)</u>                               | <u>-</u>                 | <u>(68,808,390)</u>   |                            |  |
| <b>Business-Type Activities:</b>            |   |                          |                       |                            |  |
| Water and sewer                             | -   | 7,258,978                | 7,258,978             |                            |  |
| Electric                                    | -   | 11,672,220               | 11,672,220            |                            |  |
| Transit                                     | -   | (818,227)                | (818,227)             |                            |  |
| Golf  | -   | (34,195)                 | (34,195)              |                            |  |
| Stormwater                                  | -   | 1,874,153                | 1,874,153             |                            |  |
| Solid waste                                 | -   | (2,947,839)              | (2,947,839)           |                            |  |
| Total business-type activities              | <u>-</u>  | <u>17,005,090</u>        | <u>17,005,090</u>     |                            |  |
| Total primary government                    | <u>(68,808,390)</u>                               | <u>17,005,090</u>        | <u>(51,803,300)</u>   |                            |  |
| <b>Component Units:</b>                     |   |                          |                       |                            |  |
| ABC Board                                   |   |                          |                       | \$ 735,892                 | \$ -                                   |
| Tourism Development Authority               |   |                          |                       | -                          | (847,980)                              |
| Total component units                       |   |                          |                       | <u>735,892</u>             | <u>(847,980)</u>                       |
| <b>General Revenues:</b>                    |   |                          |                       |                            |  |
| Taxes:                                      |   |                          |                       |                            |  |
| Ad valorem taxes                            | 38,954,815  | -                        | 38,954,815            | -                          | -                                      |
| Sales taxes                                 | 18,161,325  | -                        | 18,161,325            | -                          | -                                      |
| Payments in lieu of taxes                   | 4,951,086   | -                        | 4,951,086             | -                          | -                                      |
| Franchise taxes                             | 23,152  | -                        | 23,152                | -                          | -                                      |
| Other taxes                                 | 7,516,137   | -                        | 7,516,137             | -                          | 926,517                                |
| Interest earned on investments              | <u>3,866,177</u>                                  | <u>2,648,864</u>         | <u>6,515,041</u>      | <u>5,119</u>               | <u>42,839</u>                          |
| Total general revenues, excluding transfers | <u>73,472,692</u>                                 | <u>2,648,864</u>         | <u>76,121,556</u>     | <u>5,119</u>               | <u>969,356</u>                         |
| <b>Transfers</b>                            | <u>(899,318)</u>                                  | <u>899,318</u>           | <u>-</u>              | <u>-</u>                   | <u>-</u>                               |
| Total general revenues and transfers        | <u>72,573,374</u>                                 | <u>3,548,182</u>         | <u>76,121,556</u>     | <u>5,119</u>               | <u>969,356</u>                         |
| Change in net position                      | 3,764,984   | 20,553,272               | 24,318,256            | 741,011                    | 121,376                                |
| <b>Net Position:</b>                        |   |                          |                       |                            |  |
| Beginning of year - July 1                  | <u>104,712,813</u>                                | <u>370,227,810</u>       | <u>474,940,623</u>    | <u>4,591,932</u>           | <u>1,536,010</u>                       |
| End of year - June 30                       | <u>\$ 108,477,797</u>                             | <u>\$ 390,781,082</u>    | <u>\$ 499,258,879</u> | <u>\$ 5,332,943</u>        | <u>\$ 1,657,386</u>                    |

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



CITY OF GASTONIA, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2023

|   | Major                |                      |                      | Other Nonmajor       |                       |
|---|----------------------|----------------------|----------------------|----------------------|-----------------------|
|   | General              | Streets              | American             | Governmental         | Total                 |
|   | Fund                 | Capital              | Rescue               | Funds                |                       |
|   |                      | Project Fund         | Plan Fund            |                      |                       |
| <b>Assets:</b>  |                      |                      |                      |                      |                       |
| Cash and cash equivalents   | \$ 41,116,143        | \$ 1,153,140         | \$ 605,659           | \$ 5,337,780         | \$ 48,212,722         |
| Taxes receivable, net   | 857,892              | -                    | -                    | 8,710                | 866,602               |
| Accounts receivable, net  | 2,439,344            | -                    | -                    | 386,449              | 2,825,793             |
| Long-term receivable  | -                    | -                    | -                    | 1,755,202            | 1,755,202             |
| Leases receivable   | 2,989,688            | -                    | -                    | 3,212,944            | 6,202,632             |
| Interest receivable   | 175,756              | -                    | -                    | -                    | 175,756               |
| Prepaid items   | 68,463               | -                    | -                    | 25,710               | 94,173                |
| Property acquired for rehabilitation and re-sale                      | -                    | -                    | -                    | 944,140              | 944,140               |
| Inventory   | 831,712              | -                    | -                    | -                    | 831,712               |
| Cash and investments, restricted                                      | 4,735,765            | 38,470,350           | 11,725,737           | 4,067,717            | 58,999,569            |
| Due from other funds  | 1,217,065            | -                    | -                    | -                    | 1,217,065             |
| Due from other governments  | 7,617,900            | -                    | -                    | 583,096              | 8,200,996             |
| Total assets  | <u>\$ 62,049,728</u> | <u>\$ 39,623,490</u> | <u>\$ 12,331,396</u> | <u>\$ 16,321,748</u> | <u>\$ 130,326,362</u> |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b> |                      |                      |                      |                      |                       |
| <b>Liabilities:</b>   |                      |                      |                      |                      |                       |
| Accounts payable and accrued liabilities                              | \$ 1,410,202         | \$ 1,027,581         | \$ -                 | \$ 767,035           | \$ 3,204,818          |
| Accrued salaries and benefits   | 2,024,801            | -                    | -                    | -                    | 2,024,801             |
| Due to other funds  | 3,637,542            | -                    | 9,131                | 906,879              | 4,553,552             |
| Advances from grantors  | -                    | -                    | 10,756,540           | 2,170,751            | 12,927,291            |
| Liabilities payable from restricted assets:                           |                      |                      |                      |                      |                       |
| Accounts payable  | -                    | -                    | 960,066              | -                    | 960,066               |
| Total liabilities   | <u>7,072,545</u>     | <u>1,027,581</u>     | <u>11,725,737</u>    | <u>3,844,665</u>     | <u>23,670,528</u>     |
| <b>Deferred Inflows of Resources:</b>                                 |                      |                      |                      |                      |                       |
| Lease deferrals   | 2,930,575            | -                    | -                    | 3,144,338            | 6,074,913             |
| Property taxes receivable   | 857,892              | -                    | -                    | 8,710                | 866,602               |
| Unavailable revenue   | 414,507              | -                    | -                    | -                    | 414,507               |
| Total deferred inflows of resources                                   | <u>4,202,974</u>     | <u>-</u>             | <u>-</u>             | <u>3,153,048</u>     | <u>7,356,022</u>      |
| <b>Fund Balances:</b>   |                      |                      |                      |                      |                       |
| Non-spendable:  |                      |                      |                      |                      |                       |
| Leases  | 59,113               | -                    | -                    | 68,606               | 127,719               |
| Inventories   | 831,712              | -                    | -                    | -                    | 831,712               |
| Prepays   | 68,463               | -                    | -                    | 25,710               | 94,173                |
| Restricted:   |                      |                      |                      |                      |                       |
| Stabilization by state statute  | 13,965,842           | 11,608,473           | -                    | 3,906,046            | 29,480,361            |
| Restricted, all other   | 4,517,206            | 38,470,350           | -                    | 4,349,660            | 47,337,216            |
| Committed   | -                    | -                    | 605,659              | -                    | 605,659               |
| Assigned  | 74,827               | -                    | -                    | 2,170,163            | 2,244,990             |
| Unassigned  | 31,257,046           | (11,482,914)         | -                    | (1,196,150)          | 18,577,982            |
| Total fund balances   | <u>50,774,209</u>    | <u>38,595,909</u>    | <u>605,659</u>       | <u>9,324,035</u>     | <u>99,299,812</u>     |
| Total liabilities, deferred inflows of resources, and fund balances   | <u>\$ 62,049,728</u> | <u>\$ 39,623,490</u> | <u>\$ 12,331,396</u> | <u>\$ 16,321,748</u> | <u>\$ 130,326,362</u> |

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

**CITY OF GASTONIA, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

|   | <u><b>Total</b></u>          |
|---|------------------------------|
| <b>Reconciliation with Net Position of Governmental Activities - Government-Wide (Exhibit A):</b>   |                              |
| Total fund balances - modified accrual (see above)  | \$ 99,299,812                |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.   | 156,872,505                  |
| Net pension liability LGERS   | (28,447,330)                 |
| Total pension liability LEOSSA  | (21,078,480)                 |
| Total OPEB liability  | (45,493,073)                 |
| Pension related deferrals   | 19,592,671                   |
| OPEB related deferrals  | (1,518,985)                  |
| Internal service funds are used by management to charge the costs of equipment and vehicles to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. | 19,072,152                   |
| Internal service funds are considered predominantly governmental activities. However, a portion of the change in net assets is attributable to the business-type funds via an internal balance.   | (3,548,544)                  |
| Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.   | (82,624,583)                 |
| The governmental activities net position includes an accrual for interest on long-term debt.  | (381,491)                    |
| Unamortized bond premium is a revenue source in the governmental funds statement and a deferred liability in the governmental activities Statement of Net Position.   | (4,547,966)                  |
| Deferred inflows of resources in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.         | <u>1,281,109</u>             |
| Net position of governmental activities - government-wide (Exhibit A)   | <u><u>\$ 108,477,797</u></u> |

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

## CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

|  | Major                |                      |                   | Other Nonmajor      |                      |
|--|----------------------|----------------------|-------------------|---------------------|----------------------|
|  | General              | Streets              | American          | Governmental        | Total                |
|  | Fund                 | Capital              | Rescue            | Funds               |                      |
|  |                      | Project Fund         | Plan Fund         |                     |                      |
| <b>Revenues:</b>   |                      |                      |                   |                     |                      |
| Ad valorem taxes   | \$ 38,685,568        | \$ -                 | \$ -              | \$ 185,945          | \$ 38,871,513        |
| Other taxes and licenses   | 29,725,183           | -                    | -                 | 926,517             | 30,651,700           |
| Unrestricted intergovernmental revenues  | 1,823,441            | -                    | -                 | -                   | 1,823,441            |
| Restricted intergovernmental revenues  | 3,185,418            | -                    | 3,918,642         | 3,589,624           | 10,693,684           |
| Permits and fees   | 777,358              | -                    | -                 | -                   | 777,358              |
| Sales and services   | 4,500,193            | -                    | -                 | 51,540              | 4,551,733            |
| Investment earnings  | 1,881,925            | 442,715              | 588,518           | 386,845             | 3,300,003            |
| Miscellaneous  | 766,768              | -                    | 56                | 461,075             | 1,227,899            |
| Total revenues   | <u>81,345,854</u>    | <u>442,715</u>       | <u>4,507,216</u>  | <u>5,601,546</u>    | <u>91,897,331</u>    |
| <b>Expenditures:</b>   |                      |                      |                   |                     |                      |
| Current:   |                      |                      |                   |                     |                      |
| General government   | 13,122,197           | -                    | 3,371,126         | -                   | 16,493,323           |
| Public safety  | 41,053,964           | -                    | -                 | -                   | 41,053,964           |
| Public works and cemeteries  | 8,520,573            | -                    | -                 | -                   | 8,520,573            |
| Cultural and recreation  | 8,613,326            | -                    | -                 | 322,204             | 8,935,530            |
| Economic and physical development  | -                    | -                    | -                 | 3,890,112           | 3,890,112            |
| Capital outlay   | -                    | 2,910,469            | -                 | 1,438,225           | 4,348,694            |
| Debt service:  |                      |                      |                   |                     |                      |
| Principal repayments   | 4,255,050            | -                    | 282,060           | -                   | 4,537,110            |
| Interest   | 1,041,296            | -                    | 40,226            | -                   | 1,081,522            |
| Total expenditures   | <u>76,606,406</u>    | <u>2,910,469</u>     | <u>3,693,412</u>  | <u>5,650,541</u>    | <u>88,860,828</u>    |
| Revenues over (under) expenditures   | <u>4,739,448</u>     | <u>(2,467,754)</u>   | <u>813,804</u>    | <u>(48,995)</u>     | <u>3,036,503</u>     |
| <b>Other Financing Sources (Uses):</b>   |                      |                      |                   |                     |                      |
| Issuance of long-term debt   | -                    | 33,190,000           | -                 | -                   | 33,190,000           |
| Issuance of debt-premium   | -                    | 4,547,966            | -                 | -                   | 4,547,966            |
| Subscription liabilities issued  | 1,608,299            | -                    | 612,054           | -                   | 2,220,353            |
| Transfers from other funds   | 2,657,397            | 1,478,000            | -                 | 771,908             | 4,907,305            |
| Transfers to other funds   | (7,164,318)          | -                    | (837,284)         | (157,397)           | (8,158,999)          |
| Total other financing sources (uses)   | <u>(2,898,622)</u>   | <u>39,215,966</u>    | <u>(225,230)</u>  | <u>614,511</u>      | <u>36,706,625</u>    |
| Net change in fund balances  | 1,840,826            | 36,748,212           | 588,574           | 565,516             | 39,743,128           |
| <b>Fund Balances:</b>  |                      |                      |                   |                     |                      |
| Beginning of year - July 1   | 48,893,850           | 1,847,697            | 17,085            | 8,773,878           | 59,532,510           |
| Increase (decrease) in inventories and property/<br>land acquired redevelopment/rehabilitation | <u>39,533</u>        | <u>-</u>             | <u>-</u>          | <u>(15,359)</u>     | <u>24,174</u>        |
| End of year - June 30  | <u>\$ 50,774,209</u> | <u>\$ 38,595,909</u> | <u>\$ 605,659</u> | <u>\$ 9,324,035</u> | <u>\$ 99,299,812</u> |

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

## CITY OF GASTONIA, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

|   |                     |
|---|---------------------|
| Net change in fund balances - total governmental funds per Exhibit D  | \$ 39,743,128       |
| Property tax revenues in the governmental funds statement that represent cash basis revenues exceed accrual based property tax revenues in the government-wide Statement of Activities.   | 83,302              |
| Miscellaneous revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.   | 117,939             |
| Increase (decrease) in inventories is reported as a reduction of operating expense in the Statement of Activities and is reported as a component of fund balance in the governmental funds statement.   | 24,174              |
| Expenses related to compensated absences, pension, and other post-employment benefits that do not require current financial resources are not reported as expenditures in the governmental funds statement.   | (3,824,735)         |
| Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets and right-to-use assets.                                |                     |
| Capital outlay for capital assets   | 6,592,673           |
| Capital outlay for right-to-use assets  | 2,315,803           |
| Depreciation expense allocates the costs of capital assets over their useful lives. Amortization expense allocates the cost of right to use assets over the terms of the agreements. They are not reported as expenditures in the governmental funds statement. |                     |
| Depreciation expense  | (11,570,758)        |
| Amortization expense  | (444,496)           |
| Contributions of capital assets are reported as capital grants and contributions revenue in the Statement of Activities and are not reported in the governmental funds statement.   | 3,114,637           |
| Principal repayments and bond refunding payments on long-term debt are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities. | 4,537,110           |
| Gain (loss) on disposal of capital assets is reported in the Statement of Activities; however, proceeds from the sale of assets are not affected by gain (loss) in the governmental funds statement.  | (260,355)           |
| Bond premium received is reported as a deferred item in the Statement of Activities, rather than a revenue in the fund financial statements. Amortization of bond premium is a reduction of interest expense in the Statement of Activities.                    | (4,547,966)         |
| Proceeds from issuance of debt and leases are reported as revenues in the governmental funds statement. However, in the Statement of Activities, they are not a revenue, rather they are an increase in liabilities.  | (35,410,353)        |
| Interest on long-term debt incurred, but not paid, is reported as an expense in the governmental activities statements.   | (214,376)           |
| Portion of Internal Service Fund activities change in net position allocable to the governmental activities are reported with governmental activities.  | <u>3,509,257</u>    |
| Change in net position of governmental activities per Exhibit B   | <u>\$ 3,764,984</u> |

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



## CITY OF GASTONIA, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023

|  | Budgeted Amounts   |                    | Actual               | Variance with              |
|--|--------------------|--------------------|----------------------|----------------------------|
|  | Original           | Final              | Amounts              | Final Budget<br>Over/Under |
| <b>Revenues:</b>   |                    |                    |                      |                            |
| Ad valorem taxes   | \$ 37,080,560      | \$ 37,080,560      | \$ 38,685,568        | \$ 1,605,008               |
| Other taxes and licenses   | 27,567,711         | 27,567,711         | 29,725,183           | 2,157,472                  |
| Unrestricted intergovernmental revenues  | 1,399,000          | 1,399,000          | 1,823,441            | 424,441                    |
| Restricted intergovernmental revenues  | 2,681,487          | 2,978,768          | 3,185,418            | 206,650                    |
| Permits and fees   | 1,969,427          | 1,979,427          | 777,358              | (1,202,069)                |
| Sales and services   | 3,924,299          | 4,114,299          | 4,500,193            | 385,894                    |
| Interest earned on investments   | 14,829             | 638,829            | 1,881,925            | 1,243,096                  |
| Miscellaneous  | 653,551            | 895,828            | 766,768              | (129,060)                  |
| Total revenues   | <u>75,290,864</u>  | <u>76,654,422</u>  | <u>81,345,854</u>    | <u>4,691,432</u>           |
| <b>Expenditures:</b>   |                    |                    |                      |                            |
| General government   | 13,614,424         | 14,445,905         | 13,122,197           | 1,323,708                  |
| Public safety  | 39,928,351         | 43,916,099         | 41,053,964           | 2,862,135                  |
| Public works and cemeteries  | 9,579,409          | 10,743,420         | 8,520,573            | 2,222,847                  |
| Cultural and recreation  | 8,486,675          | 9,726,338          | 8,613,326            | 1,113,012                  |
| Debt service:  |                    |                    |                      |                            |
| Principal  | 4,032,715          | 6,389,613          | 4,255,050            | 2,134,563                  |
| Interest and fees  | 1,034,424          | 1,147,462          | 1,041,296            | 106,166                    |
| Total expenditures   | <u>76,675,998</u>  | <u>86,368,837</u>  | <u>76,606,406</u>    | <u>9,762,431</u>           |
| Revenues over (under) expenditures   | <u>(1,385,134)</u> | <u>(9,714,415)</u> | <u>4,739,448</u>     | <u>14,453,863</u>          |
| <b>Other Financing Sources (Uses):</b>   |                    |                    |                      |                            |
| Subscription liabilities issued  | -                  | 1,245,225          | 1,608,299            | 363,074                    |
| Transfers from other funds   | 2,540,000          | 2,657,397          | 2,657,397            | -                          |
| Transfers (to) other funds   | (3,141,716)        | (7,180,985)        | (7,164,318)          | 16,667                     |
| Appropriated fund balance  | 1,986,850          | 12,992,778         | -                    | (12,992,778)               |
| Total other financing sources (uses)   | <u>1,385,134</u>   | <u>9,714,415</u>   | <u>(2,898,622)</u>   | <u>(12,613,037)</u>        |
| Net change in fund balance   | <u>\$ -</u>        | <u>\$ -</u>        | <u>1,840,826</u>     | <u>\$ 1,840,826</u>        |
| <b>Fund Balance:</b>   |                    |                    |                      |                            |
| Beginning of year - July 1   |                    |                    | 48,893,850           |                            |
| Increase (decrease) in inventories and property/<br>land acquired redevelopment/rehabilitation |                    |                    | <u>39,533</u>        |                            |
| End of year - June 30  |                    |                    | <u>\$ 50,774,209</u> |                            |

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

## CITY OF GASTONIA, NORTH CAROLINA

AMERICAN RESCUE PLAN FUND  
 ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023

|  | Budgeted Amounts |                    | Actual<br>Amounts | Variance with<br>Final Budget<br>Over/Under |
|--|------------------|--------------------|-------------------|---|
|  | Original         | Final              |                   |   |
| <b>Revenues:</b>                       |                  |                    |                   |   |
| Restricted intergovernmental revenues  | \$ 594,666       | \$ 14,675,180      | \$ 3,918,642      | \$ (10,756,538)                             |
| Investment earnings                    | -                | 240,000            | 588,518           | 348,518                                     |
| Miscellaneous                          | -                | -                  | 56                | 56  |
| Total revenues                         | <u>594,666</u>   | <u>14,915,180</u>  | <u>4,507,216</u>  | <u>(10,407,964)</u>                         |
| <b>Expenditures:</b>                   |                  |                    |                   |   |
| General government                     | 94,666           | 12,970,256         | 3,371,126         | 9,599,130                                   |
| Debt service:                          |                  |                    |                   |   |
| Principal                              | -                | 452,589            | 282,060           | 170,529                                     |
| Interest and fees                      | -                | 44,874             | 40,226            | 4,648                                       |
| Total expenditures                     | <u>94,666</u>    | <u>13,467,719</u>  | <u>3,693,412</u>  | <u>9,774,307</u>                            |
| Revenues over (under) expenditures     | <u>500,000</u>   | <u>1,447,461</u>   | <u>813,804</u>    | <u>(633,657)</u>                            |
| <b>Other Financing Sources (Uses):</b> |                  |                    |                   |   |
| Subscription liabilities issued        | -                | 488,432            | 612,054           | 123,622                                     |
| Transfers to other funds               | <u>(500,000)</u> | <u>(1,935,893)</u> | <u>(837,284)</u>  | <u>1,098,609</u>                            |
| Total other financing sources (uses)   | <u>(500,000)</u> | <u>(1,447,461)</u> | <u>(225,230)</u>  | <u>1,222,231</u>                            |
| Net change in fund balance             | <u>\$ -</u>      | <u>\$ -</u>        | 588,574           | <u>\$ 588,574</u>                           |
| <b>Fund Balance:</b>                   |                  |                    |                   |   |
| Beginning of year - July 1             |                  |                    | <u>17,085</u>     |   |
| End of year - June 30                  |                  |                    | <u>\$ 605,659</u> |   |

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023

|  | Business-Type Activities |               |                      |               | Governmental Activities |
|--|--------------------------|---------------|----------------------|---------------|-------------------------|
|  | Water and Sewer Fund     | Electric Fund | Other Nonmajor Funds | Total         | Internal Service Funds  |
| <b>Assets:</b>                                 |                          |               |                      |               |                         |
| Current assets:                                |                          |               |                      |               |                         |
| Cash, cash equivalents, and investments        | \$ 23,392,748            | \$ 52,578,609 | \$ 4,957,410         | \$ 80,928,767 | \$ 12,731,775           |
| Accounts receivable, net                       | 5,193,909                | 8,158,848     | 885,363              | 14,238,120    | 288,419                 |
| Inventory                                      | 407,782                  | 2,052,828     | -                    | 2,460,610     | -                       |
| Due from other governments                     | -                        | -             | 629,353              | 629,353       | -                       |
| Due from other funds                           | -                        | -             | -                    | -             | 3,646,673               |
| Leases receivable, current                     | -                        | 13,003        | -                    | 13,003        | -                       |
| Cash and cash equivalents, restricted          | 7,988,600                | 1,445,222     | -                    | 9,433,822     | 1,133,193               |
| Total current assets                           | 36,983,039               | 64,248,510    | 6,472,126            | 107,703,675   | 17,800,060              |
| Non-current assets:                            |                          |               |                      |               |                         |
| Leases receivable                              | -                        | 244,896       | -                    | 244,896       | -                       |
| Capital assets:                                |                          |               |                      |               |                         |
| Non-depreciable capital assets                 | 37,166,396               | 17,252,339    | 707,294              | 55,126,029    | -                       |
| Depreciable capital assets, net                | 225,786,438              | 48,988,364    | 33,561,323           | 308,336,125   | 13,056,315              |
| Right to use assets, net                       | 130,084                  | 1,016         | 18,772               | 149,872       | 390,479                 |
| Total capital assets, net                      | 263,082,918              | 66,241,719    | 34,287,389           | 363,612,026   | 13,446,794              |
| Total non-current assets                       | 263,082,918              | 66,486,615    | 34,287,389           | 363,856,922   | 13,446,794              |
| Total assets                                   | 300,065,957              | 130,735,125   | 40,759,515           | 471,560,597   | 31,246,854              |
| <b>Deferred Outflows of Resources:</b>         |                          |               |                      |               |                         |
| OPEB deferrals                                 | 1,893,015                | 873,699       | 436,849              | 3,203,563     | -                       |
| Pension deferrals                              | 3,469,524                | 1,486,940     | 743,471              | 5,699,935     | -                       |
| Total deferred outflows                        | 5,362,539                | 2,360,639     | 1,180,320            | 8,903,498     | -                       |
| <b>Liabilities:</b>                            |                          |               |                      |               |                         |
| Current liabilities:                           |                          |               |                      |               |                         |
| Accounts payable                               | 1,533,061                | 6,282,421     | 449,316              | 8,264,798     | 1,135,232               |
| Accrued salaries and benefits                  | 313,249                  | 171,602       | 142,689              | 627,540       | 108,710                 |
| Compensated absences                           | 523,369                  | 305,032       | 210,400              | 1,038,801     | 204,000                 |
| Accrued interest                               | 119,191                  | -             | -                    | 119,191       | 33,067                  |
| Current portion of long-term debt              | 5,107,085                | 48,159        | 18,569               | 5,173,813     | 3,429,668               |
| Due to other funds                             | -                        | -             | -                    | -             | 310,186                 |
| Prepaid fees                                   | 56,482                   | -             | -                    | 56,482        | -                       |
| Liabilities to be paid from restricted assets: |                          |               |                      |               |                         |
| Customer deposits                              | 508,839                  | 1,445,222     | -                    | 1,954,061     | -                       |
| Total current liabilities                      | 8,161,276                | 8,252,436     | 820,974              | 17,234,686    | 5,220,863               |
| Non-current liabilities:                       |                          |               |                      |               |                         |
| Non-current portion of compensated absences    | 174,456                  | 101,677       | 70,113               | 346,246       | 68,109                  |
| Non-current portion of long-term debt          | 50,135,794               | 189,142       | -                    | 50,324,936    | 6,885,730               |
| Net pension liability                          | 5,172,241                | 2,216,675     | 1,108,338            | 8,497,254     | -                       |
| Total OPEB liability                           | 7,582,178                | 3,499,467     | 1,749,735            | 12,831,380    | -                       |
| Total non-current liabilities                  | 63,064,669               | 6,006,961     | 2,928,186            | 71,999,816    | 6,953,839               |
| Total liabilities                              | 71,225,945               | 14,259,397    | 3,749,160            | 89,234,502    | 12,174,702              |

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023

|  | Business-Type Activities |                       |                       | Governmental Activities |
|--|--------------------------|-----------------------|-----------------------|-------------------------|
|  | Water and Sewer Fund     | Electric Fund         | Other Nonmajor Funds  | Internal Service Funds  |
| <b>Deferred Inflows of Resources:</b>  |                          |                       |                       |                         |
| Lease deferrals  | -                        | 252,515               | -                     | -                       |
| OPEB deferrals   | 2,146,179                | 990,544               | 495,273               | -                       |
| Pension deferrals  | 68,505                   | 29,360                | 14,679                | -                       |
| Total deferred inflows   | <u>2,214,684</u>         | <u>1,272,419</u>      | <u>509,952</u>        | <u>-</u>                |
| <b>Net Position:</b>   |                          |                       |                       |                         |
| Net investment in capital assets   | 207,840,996              | 66,004,418            | 34,268,820            | 4,264,589               |
| Unrestricted   | <u>24,146,871</u>        | <u>51,559,530</u>     | <u>3,411,903</u>      | <u>14,807,563</u>       |
| Total net position   | <u>\$ 231,987,867</u>    | <u>\$ 117,563,948</u> | <u>\$ 37,680,723</u>  | <u>\$ 19,072,152</u>    |
| Total net position - proprietary funds presentation  |                          |                       | \$ 387,232,538        |                         |
| Portion of profit generated by Internal Service Fund allocated to business-type activities - history to date |                          |                       | <u>3,548,544</u>      |                         |
| Net position of business-type activities - government-wide   |                          |                       | <u>\$ 390,781,082</u> |                         |

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

## CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

|   | Business-Type Activities   |                  |                            |                | Governmental<br>Activities   |
|---|----------------------------|------------------|----------------------------|----------------|------------------------------|
|   | Water and<br>Sewer<br>Fund | Electric<br>Fund | Other<br>Nonmajor<br>Funds | Total          | Internal<br>Service<br>Funds |
| <b>Operating Revenues:</b>  |                            |                  |                            |                |                              |
| Charges for services  | \$ 45,000,105              | \$ 73,267,225    | \$ 8,080,333               | \$ 126,347,663 | \$ 23,503,375                |
| Utilities for City use  | 939,220                    | 2,070,869        | 93,150                     | 3,103,239      | -                            |
| Other operating revenues  | 882,772                    | 806,378          | 66,389                     | 1,755,539      | 1,513,578                    |
| Total operating revenues  | 46,822,097                 | 76,144,472       | 8,239,872                  | 131,206,441    | 25,016,953                   |
| <b>Operating Expenses:</b>  |                            |                  |                            |                |                              |
| Water treatment/electric and other purchases  | 5,415,976                  | 48,691,692       | -                          | 54,107,668     | -                            |
| Administration  | 12,022,568                 | 7,670,870        | 3,567,119                  | 23,260,557     | -                            |
| Facility maintenance  | 2,159,421                  | -                | -                          | 2,159,421      | -                            |
| Payseur Mountain resource recovery  | 1,905,148                  | -                | -                          | 1,905,148      | -                            |
| Sewage treatment  | 8,514,756                  | -                | -                          | 8,514,756      | -                            |
| Substation operations   | -                          | 751,886          | -                          | 751,886        | -                            |
| Maintenance   | 6,331,700                  | 3,645,499        | 394,592                    | 10,371,791     | -                            |
| ADA/Para-transit expenses   | -                          | -                | 262,560                    | 262,560        | -                            |
| Operations area   | -                          | -                | 8,137,821                  | 8,137,821      | 20,205,384                   |
| Street lights   | -                          | 575,883          | -                          | 575,883        | -                            |
| Depreciation and amortization   | 8,549,670                  | 2,615,679        | 1,252,211                  | 12,417,560     | 3,531,084                    |
| Total operating expenses  | 44,899,239                 | 63,951,509       | 13,614,303                 | 122,465,051    | 23,736,468                   |
| Operating income (loss)   | 1,922,858                  | 12,192,963       | (5,374,431)                | 8,741,390      | 1,280,485                    |
| <b>Non-Operating Revenues (Expenses):</b>   |                            |                  |                            |                |                              |
| Miscellaneous   | -                          | -                | -                          | -              | 313                          |
| Investment earnings   | 1,085,706                  | 1,403,318        | 159,840                    | 2,648,864      | 566,174                      |
| Gain (loss) on disposal of capital assets   | (454,781)                  | (514,713)        | -                          | (969,494)      | 347,959                      |
| Interest on long-term debt  | (618,182)                  | (11,030)         | (35)                       | (629,247)      | (160,736)                    |
| Total non-operating revenues (expenses)   | 12,743                     | 877,575          | 159,805                    | 1,050,123      | 753,710                      |
| Income (loss) before capital contributions<br>and transfers                                 | 1,935,601                  | 13,070,538       | (5,214,626)                | 9,791,513      | 2,034,195                    |
| <b>Capital Contributions:</b>   |                            |                  |                            |                |                              |
| Federal and state grants  | 424,528                    | 5,000            | 2,512,464                  | 2,941,992      | -                            |
| Local contributions   | 2,829,074                  | -                | 935,894                    | 3,764,968      | -                            |
| Development fee   | 2,278,167                  | -                | -                          | 2,278,167      | -                            |
| <b>Transfers:</b>   |                            |                  |                            |                |                              |
| Transfers from other funds  | -                          | -                | 3,479,318                  | 3,479,318      | 2,352,376                    |
| Transfers to other funds  | (275,500)                  | (2,232,000)      | (72,500)                   | (2,580,000)    | -                            |
| Change in net position  | 7,191,870                  | 10,843,538       | 1,640,550                  | 19,675,958     | 4,386,571                    |
| <b>Net Position:</b>  |                            |                  |                            |                |                              |
| Beginning of year - July 1  | 224,795,997                | 106,720,410      | 36,040,173                 | 367,556,580    | 14,685,581                   |
| End of year - June 30   | \$ 231,987,867             | \$ 117,563,948   | \$ 37,680,723              | \$ 387,232,538 | \$ 19,072,152                |
| <b>Reconciliation with Exhibit B Change in Net Position -<br/>Business-Type Activities:</b> |                            |                  |                            |                |                              |
| Change in net position - fund perspective   |                            |                  |                            | \$ 19,675,958  |                              |
| Internal Service Fund profits allocated to business-type activities                         |                            |                  |                            | 877,314        |                              |
| Change in net position - entity-wide perspective - Exhibit B                                |                            |                  |                            | \$ 20,553,272  |                              |

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

|  | Business-Type Activities |                      |                      |                      | Governmental Activities |
|--|--------------------------|----------------------|----------------------|----------------------|-------------------------|
|  | Water and Sewer Fund     | Electric Fund        | Other Nonmajor Funds | Total                | Internal Service Funds  |
| <b>Cash Flows from Operating Activities:</b>                         |                          |                      |                      |                      |                         |
| Cash received from customers and users                               | \$ 48,254,972            | \$ 77,541,850        | \$ 8,154,293         | \$ 133,951,115       | \$ 25,292,917           |
| Cash paid to suppliers   | (25,354,198)             | (56,568,188)         | (6,481,025)          | (88,403,411)         | (18,738,213)            |
| Cash paid to employees   | (10,471,053)             | (5,916,768)          | (5,610,376)          | (21,998,197)         | (1,178,493)             |
| Net cash provided (used) by operating activities                     | <u>12,429,721</u>        | <u>15,056,894</u>    | <u>(3,937,108)</u>   | <u>23,549,507</u>    | <u>5,376,211</u>        |
| <b>Cash Flows from Non-Capital Financing Activities:</b>             |                          |                      |                      |                      |                         |
| Changes in due to/from other funds                                   | -                        | -                    | -                    | -                    | (1,961,029)             |
| Transfers from other funds   | -                        | -                    | 3,479,318            | 3,479,318            | 2,352,376               |
| Transfers to other funds   | (275,500)                | (2,232,000)          | (72,500)             | (2,580,000)          | -                       |
| Net cash provided (used) by non-capital financing activities         | <u>(275,500)</u>         | <u>(2,232,000)</u>   | <u>3,406,818</u>     | <u>899,318</u>       | <u>391,347</u>          |
| <b>Cash Flows from Capital and Related Financing Activities:</b>     |                          |                      |                      |                      |                         |
| Federal and state grants   | 424,528                  | 5,000                | 2,133,268            | 2,562,796            | -                       |
| Expansion fee  | 2,278,167                | -                    | -                    | 2,278,167            | -                       |
| Proceeds from issuance of debt                                       | 4,396,942                | -                    | -                    | 4,396,942            | -                       |
| Principal paid on long-term debt                                     | (4,268,149)              | (48,153)             | (17,518)             | (4,333,820)          | (4,176,521)             |
| Proceeds from sale of capital assets                                 | -                        | 6,687                | -                    | 6,687                | 353,498                 |
| Acquisition and construction of capital assets                       | (14,046,147)             | (12,121,385)         | (352,740)            | (26,520,272)         | (3,672,191)             |
| Interest paid on long-term debt                                      | (795,711)                | (11,030)             | (35)                 | (806,776)            | (172,934)               |
| Net cash provided (used) by capital and related financing activities | <u>(12,010,370)</u>      | <u>(12,168,881)</u>  | <u>1,762,975</u>     | <u>(22,416,276)</u>  | <u>(7,668,148)</u>      |
| <b>Cash Flows from Investing Activities:</b>                         |                          |                      |                      |                      |                         |
| Interest on investments  | <u>1,085,706</u>         | <u>1,403,318</u>     | <u>159,840</u>       | <u>2,648,864</u>     | <u>566,174</u>          |
| Net increase (decrease) in cash and cash equivalents                 | <u>1,229,557</u>         | <u>2,059,331</u>     | <u>1,392,525</u>     | <u>4,681,413</u>     | <u>(1,334,416)</u>      |
| <b>Cash and Cash Equivalents:</b>                                    |                          |                      |                      |                      |                         |
| Beginning of year - July 1   | <u>30,151,791</u>        | <u>51,964,500</u>    | <u>3,564,885</u>     | <u>85,681,176</u>    | <u>15,199,384</u>       |
| End of year - June 30  | <u>\$ 31,381,348</u>     | <u>\$ 54,023,831</u> | <u>\$ 4,957,410</u>  | <u>\$ 90,362,589</u> | <u>\$ 13,864,968</u>    |

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

|   | Business-Type Activities |                      |                       | Total                | Governmental Activities |
|---|--------------------------|----------------------|-----------------------|----------------------|-------------------------|
|   | Water and Sewer Fund     | Electric Fund        | Other Nonmajor Funds  |                      | Internal Service Funds  |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b> |                          |                      |                       |                      |                         |
| Operating income (loss)   | \$ 1,922,858             | \$ 12,192,963        | \$ (5,374,431)        | \$ 8,741,390         | \$ 1,280,485            |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                          |                      |                       |                      |                         |
| Depreciation and amortization   | 8,549,670                | 2,615,679            | 1,252,211             | 12,417,560           | 3,531,084               |
| Non-operating revenues (expenses)   | -                        | -                    | -                     | -                    | 313                     |
| Change in assets and liabilities:   |                          |                      |                       |                      |                         |
| (Increase) decrease in accounts receivables   | 1,415,329                | 1,270,962            | (85,579)              | 2,600,712            | 275,651                 |
| (Increase) decrease in leases receivable  | -                        | 12,707               | -                     | 12,707               | -                       |
| (Increase) decrease in deferred outflows - pension  | (1,297,828)              | (556,212)            | (278,106)             | (2,132,146)          | -                       |
| (Increase) decrease in deferred outflows - OPEB   | 573,926                  | 264,889              | 132,445               | 971,260              | -                       |
| Increase (decrease) in deferred inflows - OPEB  | 382,301                  | 176,446              | 88,224                | 646,971              | -                       |
| Increase (decrease) in net pension liability  | 3,780,470                | 1,620,201            | 810,101               | 6,210,772            | -                       |
| Increase (decrease) deferred inflows - pension  | (1,994,262)              | (854,684)            | (427,342)             | (3,276,288)          | -                       |
| Increase (decrease) deferred inflows - leases   | -                        | (15,255)             | -                     | (15,255)             | -                       |
| (Increase) decrease in inventories  | (162,322)                | (632,116)            | -                     | (794,438)            | -                       |
| Increase (decrease) in accounts payable   | 82,703                   | (811,962)            | 113,028               | (616,231)            | 263,136                 |
| Increase (decrease) in accrued salaries   | 11,747                   | (1,440)              | 7,355                 | 17,662               | -                       |
| Increase (decrease) in compensated absences   | 107,342                  | 88,717               | 46,469                | 242,528              | 25,542                  |
| Increase (decrease) in other post-employment benefits   | (959,759)                | (442,965)            | (221,483)             | (1,624,207)          | -                       |
| Increase (decrease) in customer deposits  | 17,597                   | 128,964              | -                     | 146,561              | -                       |
| Increase (decrease) in deferred revenues  | (51)                     | -                    | -                     | (51)                 | -                       |
| Net cash provided (used) by operating activities  | <u>\$ 12,429,721</u>     | <u>\$ 15,056,894</u> | <u>\$ (3,937,108)</u> | <u>\$ 23,549,507</u> | <u>\$ 5,376,211</u>     |
| <b>Supplemental Disclosure of Noncash Activity:</b>   |                          |                      |                       |                      |                         |
| Right-to-use assets acquired/obligations issued   | <u>\$ 12,695</u>         | <u>\$ -</u>          | <u>\$ 27,130</u>      | <u>\$ 39,825</u>     | <u>\$ 506,385</u>       |
| Local developer contributions   | <u>\$ 2,829,074</u>      | <u>\$ -</u>          | <u>\$ 935,894</u>     | <u>\$ 3,764,968</u>  | <u>\$ -</u>             |

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





# **CITY OF GASTONIA, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

### **1. Summary of Significant Accounting Policies**

The accounting policies of the City of Gastonia (the “City”), and its discretely presented component units, conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

#### **A. Reporting Entity**

The City is a municipal corporation which is governed by an elected Mayor and a six-member Council. As required by generally accepted accounting principles, these financial statements present the City, and its component units, legally separate entities for which the City is financially accountable. The blended component unit, although it is a legally separate entity, is in substance part of the City’s operations. The two discretely presented component units presented below are reported in separate columns in the City’s financial statements in order to emphasize that they are legally separate from the City.

##### **Blended Component Unit**

###### **Gastonia/Gaston County HOME Consortium**

Gastonia/Gaston County HOME Consortium (the “Consortium”) exists to provide access to the HOME program for the residents of the City and Gaston County. By agreement, the City has been designated as the lead entity for the HOME program and shall assume overall responsibility for ensuring the program is carried out in compliance with federal regulations. The City’s Council also serves as the governing board for the Consortium. The Consortium is included in the Community Development Block Grant Program Fund, a Special Revenue Fund, in the City’s financial statements. The Consortium does not issue separate financial statements. The basis for the blended component is the component unit’s governing body is substantively the same as the governing body of the primary government, and management of the primary government has operational responsibility for the component unit.

##### **Discretely Presented Component Units**

###### **City of Gastonia ABC Board**

The five members of the ABC Board’s governing board are appointed by the City. In addition, the ABC Board is required by state statute to distribute its surpluses to the General Fund of the City. The ABC Board has a June 30 year-end, and complete financial statements for the ABC Board may be obtained from the entity’s administrative offices at the City of Gastonia ABC Board, 1840 South York Road, Gastonia, North Carolina 28052. The ABC Board is presented as if it were a proprietary fund (discrete presentation).

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### **Gastonia Tourism Development Authority**

The seven members of the Gastonia Tourism Development Authority's governing board are appointed by the City. The City levies a three percent (3.0%) room occupancy tax, pursuant to Session Law 2001-439 of the North Carolina General Assembly, and remits on a monthly basis the net proceeds of the tax to the Gastonia Tourism Development Authority. The Gastonia Tourism Development Authority has a June 30 year-end, and complete financial statements for the Gastonia Tourism Development Authority may be obtained from the Director of Financial Services of the City of Gastonia, who serves, ex-officio, as the Finance Director of the Authority, at 186 West Franklin Street, Gastonia, North Carolina 28052. The Gastonia Tourism Development Authority is a discretely presented component unit.

### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (Exhibit A - Statement of Net Position and Exhibit B - Statement of Activities) report information about the primary government and its component units. These financial statements include the financial activities of the overall government. The effect of interfund activity has been removed from these statements in all material areas. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The City has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The City reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, other taxes and licenses, state-shared revenues, sales and services, and transfers from the enterprise funds. The primary expenditures are for public safety, public works and cemeteries, cultural and recreation, economic and physical development, and general government services.

**Streets Capital Project Fund.** The Streets Capital Project Fund is used to account for street improvement projects to be funded by a combination of grants, City funds, and \$75,000,000 of transportation general obligation bonds to enhance the City's infrastructure and make conditions safer.

**American Rescue Plan Fund.** The American Rescue Plan Fund is used to account for the City's portion of the American Rescue Plan (ARP) funding. In March 2021, the United States government passed a \$1.88 trillion ARP, providing relief for previous and future expenditures related to the COVID-19 pandemic. The City of Gastonia was awarded a total of \$15,661,923 with half being received in May 2021 and the other half received in May 2022. These funds can only be spent for eligible uses including, (1) to respond to the public health emergency or its negative economic impacts; (2) provide premium pay to eligible employees for essential work up to \$13 per hour; (3) to address revenue reductions; and (4) infrastructure investments in water, sewer or broadband.

The City reports the following major enterprise funds:

**Water and Sewer Fund.** The Water and Sewer Fund includes the accounts of the Water and Sewer Operation Fund and the Water and Sewer Capital Projects Fund. The Capital Expansion Fund and Renewal and Replacement Fund are also separately budgeted funds within the Water and Sewer Fund, which are presented within the Operation Fund for financial reporting purposes. Financing of the Water and Sewer Operation Fund comes principally from charges from the users, and the Capital Expansion Fund is funded through transfers from the Water and Sewer Operation Fund. The Capital Projects Fund is financed mainly from revenue bonds as well as transfers from the Capital Expansion Fund.

**Electric Fund.** The Electric Fund includes the accounts of the Electric Operation Fund and the Electric Capital Projects Fund. The Renewal and Replacement Fund and Power Agency Settlement Fund are also separately budgeted funds within the Electric Fund, which are presented within the Operation Fund for financial reporting purposes. Financing of these funds, except for the Power Agency Settlement Fund, comes principally from charges to the users. Financing of the Power Agency Settlement Fund was from allocations from the North Carolina Electric Agency related to a contract settlement with the power generation plant's management company.

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The basis of accounting determines when the revenues and expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported

# **CITY OF GASTONIA, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All funds of the City are accounted for during the year using the modified accrual basis of accounting in accordance with the North Carolina General Statutes. The financial statements are reported at year-end as discussed below.

The government-wide, proprietary fund, and component units' financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Net position is segregated into (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. Operating statements for these funds present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both 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 City considers revenues, except for property tax revenue and other taxes and licenses, to be available if they are collected within 90 days of June 30, 2023. Property tax revenue and other taxes and licenses, except for local option sales tax and utility franchise tax, are recognized when collected. Local option sales tax and utility franchise tax are recognized if collected within 90 days and 60 days of June 30 year-end, respectively. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and acquisitions under leases and IT subscriptions are reported as other financing sources. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes, other taxes and licenses, and utility franchise tax. Ad valorem taxes receivable and other taxes and licenses receivables, except for local option sales tax and utility franchise tax, are not accrued as revenue because the amount is not considered susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the state of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes

# **CITY OF GASTONIA, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes collected and held by the state at year-end, on behalf of the City, are recognized as revenue. Sales taxes are considered a shared revenue for the City of Gastonia because the tax is levied by Gaston County and then remitted to and distributed by the state. Certain intergovernmental revenues, such as utility franchise tax and sales and services, are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenditures are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

The effect of interfund activity has been eliminated from the government-wide financial statements, with the exception of payments-in-lieu-of-taxes and other charges between the City's enterprise funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish between operating revenues/expenses and non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the enterprise funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### **D. Basis of Presentation – Fund Accounting**

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues and expenses or expenditures, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The City has the following fund categories:

**Governmental Funds.** Governmental funds are those used to account for the City's expendable financial resources and related liabilities (except those accounted for in proprietary funds). The following are the City's governmental fund types:

**General Fund.** The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund for fund financial statement reporting purposes.

**Special Revenue Funds.** Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or designated by Council to specified purposes. The City maintains six special revenue funds: American Rescue Plan Fund, State Grants Fund, Community Development Block Grant Fund, Occupancy Tax Fund, Uptown Municipal Tax District Fund, and the Economic Stimulus Grants Fund. The American Rescue Plan Fund is a major fund.

**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 (other than those financed by proprietary funds). The City maintains six capital project funds: Mayor/Council Fund, Streets Capital Project Fund, Developer Sidewalk Fund, Airport Fund, Downtown Revitalization Fund, and Infrastructure Rehabilitation Fund. The Streets Capital Project Fund is a major fund.

**Proprietary Fund Types.** Proprietary funds are used to account for activities that are similar to those often found in the private sector. The following are the proprietary funds of the City:

**Enterprise Funds.** Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains six enterprise funds: Water and Sewer Fund, Electric Fund, Transit System Fund, Municipal Golf Course Fund, Solid Waste Fund, and Stormwater Fund. The Water and Sewer Fund and the Electric Fund are major funds.

**Internal Service Funds.** Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursed basis. The City has four internal service funds: the Vehicle Replacement Fund, which owns certain City vehicles and equipment; the Information Technology Fund, which provides computer support and other technology services; the Medical Self-Insurance Fund, which provides medical coverage to the City employees; and the Dental Self-Insurance Fund, which provides dental coverage to the City employees.

# **CITY OF GASTONIA, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

### **E. Budgetary Data**

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general, special revenue, capital project, and enterprise funds. The annual appropriations of the General Fund, Occupancy Tax Fund, and the enterprise operating funds lapse at fiscal year-end. The unexpended annual appropriations of the governmental capital project funds, enterprise capital project funds, State Grants, Uptown Municipal Service District Fund, American Rescue Plan Fund, Community Development Block Grant Fund, Infrastructure Rehabilitation Fund, Economic Stimulus Grants Fund, and the internal service funds are reappropriated at the beginning of each fiscal year. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the function level for all annually budgeted funds and at the project level for the capital project funds. The Budget Administrator may approve line-item transfers within a budget appropriation or transfers between appropriations if it does not involve salary or travel and is less than \$10,000. A monthly report of budget transfers approved by the Budget Administrator shall be submitted to the City Manager. The City Manager, or his designee, may approve budget ordinance amendments greater than \$10,000, transferring funds from one appropriation to another within the same fund, provided that the City Council is notified of such amendments. The City Manager may authorize modifications between individual sub-accounts (line items) appropriations, provided that the modifications do not exceed the total expenditures authorized by the budget ordinance. All budget ordinance amendments between funds must be authorized by the City Council. Also, any change in budgeted revenue estimates, including changes to the amounts appropriated from fund balance, must be approved by the City Council except for the following: (1) grant funding not depleted during the prior fiscal year may be carried over with the City Manager's approval, and (2) trust and agency funding not depleted during the prior fiscal year may be carried over with the City Manager's approval. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing body must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Also, as required by state law, the City's Vehicle and Equipment Renewal and Replacement Fund, Information Technology Fund, Medical Self-Insurance Fund, Dental Self-Insurance Fund, and internal service funds operate under financial plans. The City's Vehicle and Equipment Renewal and Replacement Fund, Information Technology Fund, Medical Self-Insurance Fund, and Dental Self-Insurance Fund financial plans were adopted by the governing board at the time the City's budget ordinance was approved. The financial plans also were entered into the minutes of the governing board. During the year, several changes to the original financial plans were necessary, the effects of which were not material.

### **F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity**

#### **Deposits and Investments**

All deposits of the City and its component units are made in Council-designated official depositories and are secured as required by state law (G.S. 159-31). The City and its component units may designate, as an official depository, any bank or savings and loan

# **CITY OF GASTONIA, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

association whose principal office is located in North Carolina. Also, the City and its component units may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30] authorizes the City and its component units to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the state of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The City's and its component units' investments are generally reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, an SEC-registered (2a-7) external investment pool, is measured at amortized cost, which approximates fair value, and is the NCCMT's share price. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than six months.

The City's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. Money market investments that have a remaining maturity at the time of purchase of one year or less, and non-participating interest earnings and investment contracts are reported at amortized cost.

In accordance with state law, the City has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

### **Cash, Cash Equivalents, and Investments**

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. A substantial portion of the City's and its component units' cash and investments is essentially demand deposits and, thus, considered cash and cash equivalents. The City and its component units also consider all highly liquid investments (including restricted assets) with a maturity of three months or less, when purchased, to be cash and cash equivalents.

### **Restricted Assets**

Unexpended debt proceeds are presented as restricted cash as their use is completely restricted to the purposes for which the funds were received or designated for by an outside third party. IRS regulatory funds for section 125 withholdings, grant funds restricted, and conference center management agreement funds are classified as restricted assets in the General Fund because their use is restricted for IRS specified disbursements or by revenue source for specific expenditures. Advances from grantors in the American Rescue Plan Fund and other governmental funds are classified as restricted because their use is completely restricted for the purpose for which the grant funding was awarded. G.S. 160A-414 restricts the expenditure of building inspection fees and permits to those expenditures incurred for the



# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

support of the administration and activities of the inspection department and for no other purpose. Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. System development fees are collected to recover the costs associated with capital improvements made by a utility system to make service available to future users of the system, and are restricted to this purpose.

### **Governmental Activities:**

#### **General Fund:**

|   |              |
|---|--------------|
| Unspent building permit revenues            | \$ 1,385,551 |
| IRS regulatory section 125 restricted       | 218,559      |
| Unspent grant and other restricted revenues | 1,372,712    |
| Conference center management agreement      | 156,585      |
| Public works - Powell Bill                  | 1,602,358    |

#### **Internal Service Fund:**

#### **Vehicle Renewal and Replacement Fund:**

|                          |           |
|--------------------------|-----------|
| Unexpended bond proceeds | 1,133,193 |
|--------------------------|-----------|

#### **Other Nonmajor Governmental Funds:**

|  |           |
|--|-----------|
| Advances from grantors, including interest | 4,067,717 |
|--|-----------|

#### **Streets Capital Project Fund:**

|                          |            |
|--------------------------|------------|
| Unexpended bond proceeds | 38,470,350 |
|--------------------------|------------|

#### **American Rescue Plan Fund:**

|                        |                   |
|------------------------|-------------------|
| Advances from grantors | <u>11,725,737</u> |
|------------------------|-------------------|

|                               |                   |
|-------------------------------|-------------------|
| Total governmental activities | <u>60,132,762</u> |
|-------------------------------|-------------------|

### **Business-Type Activities:**

#### **Electric Fund:**

|                   |           |
|-------------------|-----------|
| Customer deposits | 1,445,222 |
|-------------------|-----------|

#### **Water and Sewer Fund:**

|                                |                  |
|--------------------------------|------------------|
| Unexpended bond proceeds       | 957              |
| System development fees        | 7,478,804        |
| Customer deposits              | <u>508,839</u>   |
| Total business-type activities | <u>9,433,822</u> |

|                       |                             |
|-----------------------|-----------------------------|
| Total restricted cash | <u><u>\$ 69,566,584</u></u> |
|-----------------------|-----------------------------|

## **CITY OF GASTONIA, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

#### **Ad Valorem Taxes Receivable**

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the City ad valorem taxes, except for ad valorem taxes on certain vehicles, are levied by the Gaston County Tax Collector on July 1<sup>st</sup>, the beginning of the fiscal year. These taxes are due on September 1<sup>st</sup>; however, no interest or penalties are assessed until the following January 6<sup>th</sup>, when property taxes attach as enforceable liens. The taxes levied are based on the assessed values as of January 1, 2022. Collections of City taxes are made by the County and remitted to the City as collected.

#### **Allowances for Doubtful Accounts**

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. These amounts are estimated based upon the age of the receivable and management's conservative collectability estimates. Utility account receivables and miscellaneous receivables billed through the utility system are considered uncollectible after 60 days. Code enforcement receivables, inspections receivables, and other miscellaneous account receivables are considered uncollectible after one year.

#### **Leases Receivable**

The City's leases receivable are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreements, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

Deferred inflows of resources are recorded at the initiation of each lease in an amount equal to the initial recording of the lease receivable. The deferred inflows of resources are amortized on a straight-line basis over the term of each lease.

#### **Inventories and Prepaid Items**

Inventories in the City's governmental funds are carried at cost. Costing methods used are moving average, FIFO, and specific cost. The City's General Fund inventories consist of expendable supplies that are recognized as expenditures when purchased. If significant, the amount of inventory on hand at year end is reported on the balance sheet in the governmental funds. However, in the Government-wide Statement Activities the cost of these inventories is expensed as the items are used. The City's special revenue funds' inventories consist of real property acquired for redevelopment and rehabilitation that is recorded as expenditures when the property is purchased or improvements are made.

The enterprise funds' inventories of the City, and its component units, are valued at the lower of cost or market. The inventories of the City's enterprise funds and those of the City of Gastonia ABC Board consist of material and supplies held for consumption and/or purchases for resale. The cost of these inventories is recorded as an expense as the inventories are consumed.

## **CITY OF GASTONIA, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

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

#### **Capital Assets**

Capital assets are defined by the government as assets with an initial individual cost of more than a certain cost and an estimated useful life in excess of one year. Minimum capitalization costs are as follows: land, \$5,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; general governmental infrastructure, \$100,000; furniture and equipment, \$5,000; and vehicles, \$5,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost.

General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

The City's capital assets also include certain has right to use IT subscription assets related to subscription-based information technology arrangements (SBITAs) as a result of implementing GASB 96. The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus payments made to the SBITA vendor before commencement of the subscription term, plus capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The right to use IT subscription assets are amortized on a straight-line basis over the life of the related SBITA.

## CITY OF GASTONIA, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Capital assets are depreciated on the straight-line basis, applying the following useful lives to the cost of the assets:

|  | <u>Years</u> |
|--|--------------|
| General governmental infrastructure – road network | 45           |
| General governmental infrastructure – bridges      | 50           |
| Buildings  | 45           |
| Machinery, equipment, and furniture                | 3 to 15      |
| Vehicles   | 6            |
| Water and sewer infrastructure                     | 65           |
| Electrical distribution system                     | 28 to 35     |
| Stormwater system                                  | 70           |
| Computer hardware and software                     | 3            |

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criteria, pension deferrals and OPEB deferrals. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criteria for this category - lease deferrals, pension deferrals and OPEB deferrals as presented on the Statement of Net Position, and property taxes receivable and other unavailable revenues additionally reported on the Balance Sheet – Governmental Funds.

#### **Compensated Absences**

The vacation policies of the City provide for the accumulation of earned vacation leave up to 52 times an employee's bi-weekly accrual rate, with such leave being fully vested when earned. Any excess vacation leave can be carried over to the employees' sick leave balance. All vacation pay is accrued when incurred in the government-wide, proprietary, and Internal Service Fund financial statements.

The City's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City has no obligation for the accumulated sick leave until it is actually taken, no accrual of sick leave has been made.

#### **Long-Term Debt**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type

# **CITY OF GASTONIA, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

### **Defined Benefit Cost-Sharing Plans**

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

### **Reimbursements for Pandemic-Related Expenditures**

During the 2021 fiscal year, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The City was allocated \$15,661,923 of fiscal recovery funds, which were paid in two equal installments. The first installment of \$7,830,962 was received in May 2021, and the second equal installment was received in June 2022. The City elected to use the standard allowance of \$10,000,000 for revenue replacement, which will include various projects such as public works upgrade, street resurfacing, and police equipment. The remaining balance will be used for COVID-19 direct expenses. \$3,918,642 was spent during fiscal year 2023. Revenue replacement funds will be transferred to the appropriate funds as the City determines the specific use of the funds.

### **Net Position/Fund Balances**

#### **Net Position**

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

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### **Fund Balances**

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

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

### **Non-Spendable Fund Balance**

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

*Leases* – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

*Inventories* – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

*Prepays* – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid items, which are not spendable resources.

### **Restricted Fund Balance**

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

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

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

*Restricted for General Government* – portion of fund balance representing unspent building permit revenue, which is restricted by revenue source for future building inspection activities.

*Restricted for Public Safety - Law Enforcement Expenditures* – portion of fund balance that is available for appropriation, but legally restricted by revenue source for law enforcement expenditures.

*Restricted for Public Works - Powell Bill* – portion of fund balance that is available for appropriation, but legally segregated for street construction and maintenance expenditures. The amount represents the balance of the total unexpended Powell Bill funds less amounts to be paid from restricted assets.

*Restricted for Cultural and Recreational - Conference Center Equipment* – portion of fund balance that is available for appropriation, but legally restricted by revenue source for conference center equipment expenditures.

*Restricted for Community Development and Improvement* – portion of fund balance restricted by revenue source for future development and capital activities. This classification consists primarily of unexpended debt proceeds.

*Restricted for Capital Outlay* – portion of fund balance restricted by revenue source, transportation general obligation bonds, for street improvement projects.

Restricted fund balance at June 30, 2023 is as follows:

| <b>Purpose</b>                        | <b>General Fund</b> | <b>Streets Capital Project Fund</b> | <b>Other Governmental Funds</b> |
|---------------------------------------|---------------------|-------------------------------------|---------------------------------|
| <b>Restricted, All Other:</b>         |                     |                                     |                                 |
| General government                    | \$ 1,385,551        | \$ -                                | \$ -                            |
| Public safety                         | 1,372,712           | -                                   | -                               |
| Public works - Powell Bill            | 1,602,358           | -                                   | -                               |
| Cultural and recreation               | 156,585             | -                                   | -                               |
| Community development and improvement | -                   | -                                   | 4,349,660                       |
| Capital outlay                        | -                   | 38,470,350                          | -                               |
| <b>Total</b>                          | <b>\$ 4,517,206</b> | <b>\$ 38,470,350</b>                | <b>\$ 4,349,660</b>             |

Restricted fund balance/net position on Exhibit A varies from Exhibit C by the amount of unexpended bond proceeds of \$38,470,350 at June 30, 2023.

### Committed Fund Balance

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the

## CITY OF GASTONIA, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Committed for General Government - ARPA* – portion of fund balance committed by Council for future projects in the American Rescue Plan Fund.

#### **Assigned Fund Balance**

Assigned fund balance is the portion of fund balance that the City of Gastonia intends to use for specific purposes. The City's governing body has the authority to assign fund balance. The Manager and Director of Financial Services, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

*Assigned for Subsequent Year's Expenditures* – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body (Council) approves the appropriation; however, the budget ordinance authorizes the Manager and Finance Officer to make certain modifications without requiring Board approval.

*Assigned for Economic and Physical Development* – portion of fund balance budgeted by Council for future economic and physical development activities.

*Assigned for Capital Outlays* – portion of fund balance budgeted by Council for future capital activities.

Assigned fund balance at June 30, 2023 is as follows:

| <b>Purpose</b>                    | <b>General<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> |
|-----------------------------------|-------------------------|---|
| Subsequent year's expenditures    | \$ 74,827               | \$ -                                    |
| Economic and physical development | -                       | 87,129                                  |
| Capital outlays                   | -                       | 2,083,034                               |
| Total                             | <u>\$ 74,827</u>        | <u>\$ 2,170,163</u>                     |

#### **Unassigned Fund Balance**

Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted or committed, to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.



# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The City of Gastonia has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Director of Financial Services will use resources in the following order: bond/debt proceeds, federal funds, state funds, local non-City funds, and City funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Director of Financial Services has the authority to deviate from this policy if it is in the best interest of the City or when required by grant or other contractual agreements.

The City Council has established a fund balance goal of 25 percent of budgeted expenditures for the General Fund.

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

|                                   |                             |
|-----------------------------------|-----------------------------|
| Total fund balance - General Fund | \$ 50,774,209               |
| Less:                             |                             |
| Leases                            | 59,113                      |
| Inventories                       | 831,712                     |
| Prepays                           | 68,463                      |
| Stabilization by state statute    | <u>13,965,842</u>           |
| Total available fund balance      | <u><u>\$ 35,849,079</u></u> |

Outstanding encumbrances represent amounts needed to pay commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances at June 30, 2023 are detailed as follows:

|                                     | <u>Encumbrances</u>         |
|-------------------------------------|-----------------------------|
| <b>General Fund</b>                 | \$ 2,930,284                |
| <b>Streets Capital Project Fund</b> | 11,608,473                  |
| <b>Nonmajor Governmental Funds:</b> |                             |
| <b>Special revenue funds:</b>       |                             |
| CDBG Program Fund                   | 175,682                     |
| CDBG Rehabilitation Fund            | 107,244                     |
| CDBG Home Investment Trust Fund     | 445,990                     |
| Uptown Municipal Tax District Fund  | 8,539                       |
| <b>Capital project funds:</b>       |                             |
| Mayor/Council Capital Project Fund  | 439,408                     |
| Downtown Revitalization Fund        | <u>4,436</u>                |
| Total                               | <u><u>\$ 15,720,056</u></u> |

# **CITY OF GASTONIA, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

### **Interfund Transactions**

Interfund services provided and used transactions are accounted for as revenue or expenses in the government-wide financial statements, since they would be treated as such if they involved organizations external to the City. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except services provided and used and reimbursements, are reported as transfers. During the year, the Electric Fund provided substantial financial support to the General Fund in the form of cash transfers.

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts, unbilled receivables, and depreciation lives.

### **Comparative Data/Reclassifications**

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the City's financial position and operations.

Comparative totals have not been included on the statements where their inclusion would not provide enhanced understanding of the City's financial position and operations or would cause the statements to be unduly complex or difficult to understand. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

## **2. Detailed Notes On All Funds**

### **A. Assets**

#### **Deposits**

All the deposits of the City are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent.

Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all Pooling Method financial institutions. The City relies on the State Treasurer to monitor those financial institutions. The City analyzes the financial soundness of any other financial institution used by the City. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The City has no policy regarding custodial credit risk for deposits.

At June 30, 2023, the City's deposits had a carrying amount of \$12,123,602 and a bank balance of \$13,090,607. Of the bank balance, \$750,000 was covered by federal depository insurance and the remaining bank balance is insured under the Pooling Method. The City had \$28,320 cash on hand as of June 30, 2023.

### Investments

At June 30, 2023, the City had the following investments and maturities:

| <u>Investment Type</u>                              | <u>Valuation<br/>Measurement<br/>Method</u> | <u>Book<br/>Value<br/>at 6/30/2023</u> | <u>Maturity</u> | <u>S&amp;P/Moody's<br/>Ratings</u> |
|---|---|--|-----------------|------------------------------------|
| Credit Agricole CIB NY CP                           | Fair Value - Level 2                        | \$ 1,924,364                           | 7/28/2023       | A1/P1                              |
| Royal Bank of Canada CP                             | Fair Value - Level 2                        | 1,927,547                              | 7/10/2023       | A1+/P1                             |
| US Treasury Bill                                    | Fair Value - Level 1                        | 975,480                                | 8/24/2023       | AA+/Aaa                            |
| US Treasury Bill                                    | Fair Value - Level 1                        | 983,978                                | 9/12/2023       | AA+/Aaa                            |
| US Treasury Bill                                    | Fair Value - Level 1                        | 973,749                                | 10/5/2023       | AA+/Aaa                            |
| Credit Agricole CIB NY CP                           | Fair Value - Level 2                        | 1,937,733                              | 11/9/2023       | A1/P1                              |
| Toyota Motor Cr CP                                  | Fair Value - Level 2                        | 974,990                                | 11/13/2023      | A1+/P1                             |
| NC Capital Management Trust<br>Government Portfolio | Fair Value - Level 1                        | 189,590,085                            | N/A             | AAAm/AAA-mf                        |
| Total   |   | <u>\$ 199,287,926</u>                  |                 |                                    |

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

Level of Fair Value Hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

*Interest Rate Risk.* The City has a formal investment policy that addresses the minimization of interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and/or identified capital needs and investing operating funds primarily in shorter-term securities and deposits, staggering maturities to avoid undue concentration of assets in a single maturity range, and limits all securities to a maturity of no more than five years from the date of purchase.

*Credit Risk.* State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The City has a formal investment policy that addresses the minimization of credit risk by limiting the City's investments to the provisions of North Carolina G.S. 159-30 and pre-qualifying the financial institutions, broker-dealers, intermediaries, and the advisors. Investments in the N.C. Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investors Service as of June 30, 2023. The investments in commercial paper carried credit ratings of A1 and A1+ by Standard & Poor's and P1 by Moody's Investors Service. The investment in U.S. treasuries are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

*Concentration of Credit Risk.* The City has a formal investment policy that addresses the minimization of concentration of credit risk by requiring the diversification of the investment portfolio so that the impact of potential losses from any one type of security or from any one issuer will be minimized. The combined total investments in commercial paper and bankers' acceptances cannot exceed fifty percent (50%) of the total portfolio, no more than ten percent (10%) of the portfolio may be invested in a specific company's commercial paper, and no more than twenty-five percent (25%) of the City's investments may be invested in any one US Agency's securities. However, the City places no limit on the amount that the City may invest in investments of the N.C. Capital Management Trust.

### Receivables

The amounts presented in Exhibit A, the Statement of Net Position, are net of the following allowances for doubtful accounts as of June 30, 2023:

#### General Fund:

|                   |            |
|-------------------|------------|
| Property taxes    | \$ 118,115 |
| Other receivables | 1,623,496  |

#### Enterprise Funds:

|  |           |
|--|-----------|
| Water and Sewer Fund - utility receivables | 601,305   |
| Electric Fund - utility receivables        | 1,405,579 |
| Stormwater Fund - utility receivables      | 113,440   |
| Solid Waste Fund - customer receivables    | 116,352   |

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Due from other governments at the government-wide level at June 30, 2023:

### **Governmental Funds:**

#### **General Fund:**

|                                 |                  |
|---------------------------------|------------------|
| Sales and use tax distribution  | \$ 4,728,662     |
| Taxes and other due from County | 576,448          |
| Sales tax refund                | 1,688,600        |
| Due from ABC Board              | 558,687          |
| Federal and state grants        | <u>65,503</u>    |
| Total General Fund              | <u>7,617,900</u> |

#### **Other Governmental Funds:**

|                                |                |
|--------------------------------|----------------|
| Occupancy tax                  | 166,174        |
| Federal and state grants       | <u>416,922</u> |
| Total other governmental funds | <u>583,096</u> |

|                          |                            |
|--------------------------|----------------------------|
| Total governmental funds | <u><u>\$ 8,200,996</u></u> |
|--------------------------|----------------------------|

### **Business-Type Funds:**

#### **Transit System Fund:**

|                          |                   |
|--------------------------|-------------------|
| Federal and state grants | <u>\$ 629,353</u> |
|--------------------------|-------------------|

|                           |                          |
|---------------------------|--------------------------|
| Total business-type funds | <u><u>\$ 629,353</u></u> |
|---------------------------|--------------------------|

### **Long-Term Receivables**

The City entered into a long-term receivable with a developer in 2017 for \$324,800 for the sale of property for redevelopment. The terms of the loan required the developer to pay a 5% deposit of \$16,240. The balance to be paid in monthly payments, with the first 12 months being interest only payments. The annual interest rate is 3.75%. The monthly payments after the first 12 months is \$5,648, with the balance due in full in 6 years from the execution of the agreement. The balance of the long-term receivable at June 30, 2023 is \$57,813 and is recorded in a capital project fund of the City.

The City has long-term receivables recorded in the City's special revenue funds. The long-term receivables have various principal payment and interest rate requirements, as they are with several different investors. The purpose of these receivables is for the economic development within the City, per the guidelines of the loan pool by the grantor. The balance of these long-term receivables at June 30, 2023 is \$1,697,389.

## **CITY OF GASTONIA, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

#### **Leases Receivable**

Details of the City's leases receivable at June 30, 2023 are as follows:

On the implementation date of July 1, 2021, the City was the lessor of a 151-month lease for the use of land. An initial lease receivable was recorded in the amount of \$308,577. As of June 30, 2023, the value of the lease receivable and the deferred inflow of resources was \$270,033 and \$259,726, respectively. The lessee is required to make annual fixed payments of \$23,603, including interest at a rate of 1.836%. The City recognized lease revenue of \$24,426 during the fiscal year. The lessee has two options to extend the lease for 60 months each.

On the implementation date of July 1, 2021, the City was the lessor of a 241-month lease for the use of land. An initial lease receivable was recorded in the amount of \$1,328,756. As of June 30, 2023, the value of the lease receivable and the deferred inflow of resources was \$1,220,587 and \$1,196,432, respectively. The lessee is required to make monthly fixed payments of \$6,926, including interest at a rate of 2.378%. The City recognized lease revenue of \$66,162 during the fiscal year. The lessee has three options to extend the lease for 60 months each.

On the implementation date of July 1, 2021, the City was the lessor of a 241-month lease for the use of land. An initial lease receivable was recorded in the amount of \$1,887,020. As of June 30, 2023, the value of the lease receivable and the deferred inflow of resources was \$1,733,404 and \$1,699,101, respectively. The lessee is required to make monthly fixed payments of \$9,836, including interest at a rate of 2.378%. The City recognized lease revenue of \$93,960 during the fiscal year. The lessee has three options to extend the lease for 60 months each.

On the implementation date of July 1, 2021, the City was the lessor of a 250-month lease for the use of land. An initial lease receivable was recorded in the amount of \$394,630. As of June 30, 2023, the value of the lease receivable and the deferred inflow of resources was \$366,765 and \$356,841, respectively. The lessee is required to make monthly fixed payments of \$1,749, including interest at a rate of 2.398%. The City recognized lease revenue of \$18,894 during the fiscal year. The lessee has four options to extend the lease for 60 months each.

On the implementation date of July 1, 2021, the City was the lessor of a 238-month lease for the use of land. An initial lease receivable was recorded in the amount of \$670,242. As of June 30, 2023, the value of the lease receivable and the deferred inflow of resources was \$614,836 and \$602,655, respectively. The lessee is required to make monthly variable payments of \$3,528 based on a CPI index, including interest at a rate of 2.378%. The City recognized lease revenue of \$33,794 during the fiscal year. The lessee has three options to extend the lease for 60 months each.

On the implementation date of July 1, 2021, the City was the lessor of a 276-month lease for the use of land. An initial lease receivable was recorded in the amount of \$324,849. As of June 30, 2023, the value of the lease receivable and the deferred inflow of resources was \$308,953 and \$296,669, respectively. The lessee is required to make monthly fixed payments

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

of \$1,200, including interest at a rate of 2.440%. The City recognized lease revenue of \$14,090 during the fiscal year. The lessee has four options to extend the lease for 60 months each.

On the implementation date of July 1, 2021, the City was the lessor of a 241-month lease for the use of land. An initial lease receivable was recorded in the amount of \$1,196,000. As of June 30, 2023, the value of the lease receivable and the deferred inflow of resources was \$1,099,131 and \$1,077,290, respectively. The lessee is required to make monthly fixed payments of \$6,214, including interest at a rate of 2.378%. The City recognized lease revenue of \$59,355 during the fiscal year.

On the implementation date of July 1, 2021, the City was the lessor of a 222-month lease for the fiber optic strands. An initial lease receivable was recorded in the amount of \$283,025. As of June 30, 2023, the value of the lease receivable and the deferred inflow of resources was \$257,899 and \$252,515, respectively. The lessee is required to make monthly fixed payments of \$1,567, including interest at a rate of 2.300%. The City recognized lease revenue of \$15,255 during the fiscal year. The lessee has one option to extend the lease for 60 months.

On the implementation date of July 1, 2021, the City was the lessor of a 227-month lease for the use of land. An initial lease receivable was recorded in the amount of \$523,202. As of June 30, 2023, the value of the lease receivable and the deferred inflow of resources was \$474,832 and \$468,063, respectively. The lessee is required to make annual fixed payments of \$35,808, including interest at a rate of 2.300%. The City recognized lease revenue of \$27,569 during the fiscal year.

On October 1, 2021, the City entered into a 96-month lease as the lessor for the use of land. An initial lease receivable was recorded in the amount of \$151,213. As of June 30, 2023, the value of the lease receivable and the deferred inflow of resources was \$114,091 and \$118,136, respectively. The lessee is required to make annual fixed payments of \$20,000, including interest at a rate of 1.462%. The City recognized lease revenue of \$18,902 during the fiscal year.

Future minimum lease payments receivable as of June 30, 2023 were as follows:

| <b>Year Ending</b> |                     |                     |                     |
|--------------------|---------------------|---------------------|---------------------|
| <b>June 30</b>     | <b>Principal</b>    | <b>Interest</b>     | <b>Total</b>        |
| 2024               | \$ 308,091          | \$ 148,145          | \$ 456,236          |
| 2025               | 315,899             | 141,044             | 456,943             |
| 2026               | 323,908             | 133,765             | 457,673             |
| 2027               | 332,651             | 126,302             | 458,953             |
| 2028               | 342,160             | 118,623             | 460,783             |
| 2029-2033          | 1,766,106           | 472,571             | 2,238,677           |
| 2034-2038          | 1,854,708           | 259,364             | 2,114,072           |
| 2039-2043          | 1,192,239           | 50,812              | 1,243,051           |
| 2044-2045          | 24,769              | 354                 | 25,123              |
| Total              | <u>\$ 6,460,531</u> | <u>\$ 1,450,980</u> | <u>\$ 7,911,511</u> |

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Capital Assets

A summary of changes in the City's governmental capital assets follows:

|   | <u>Balance</u><br><u>July 1, 2022</u> | <u>Additions</u>  | <u>Retirements</u> | <u>Transfers</u> | <u>Balance</u><br><u>June 30, 2023</u> |
|---|---------------------------------------|-------------------|--------------------|------------------|--|
| <b>Non-Depreciable Capital Assets:</b>                |                                       |                   |                    |                  |  |
| Land  | \$ 15,077,780                         | \$ -              | \$ -               | \$ 428,131       | \$ 15,505,911                          |
| Construction in progress                              | 3,198,716                             | 2,173,805         | (151,045)          | (503,210)        | 4,718,266                              |
| Total non-depreciable capital assets                  | <u>18,276,496</u>                     | <u>2,173,805</u>  | <u>(151,045)</u>   | <u>(75,079)</u>  | <u>20,224,177</u>                      |
| <b>Depreciable and Right to Use Capital Assets:</b>   |                                       |                   |                    |                  |  |
| Other improvements                                    | 64,637,012                            | 542,586           | -                  | (35,459,576)     | 29,720,022                             |
| Buildings   | 54,304,493                            | 2,090,702         | -                  | 35,459,576       | 91,854,771                             |
| Building - Internal Service Fund                      | 127,632                               | 707,536           | -                  | -                | 835,168                                |
| Equipment   | 14,083,782                            | 1,785,580         | (300,999)          | 75,079           | 15,643,442                             |
| Equipment - Internal Service Fund                     | 53,673,481                            | 2,964,655         | (2,106,305)        | -                | 54,531,831                             |
| Right to use leased building                          | 313,630                               | -                 | -                  | -                | 313,630                                |
| Right to use leased equipment                         | 131,821                               | -                 | -                  | -                | 131,821                                |
| Right to use leased equipment - Internal Service Fund | 8,717                                 | -                 | -                  | -                | 8,717                                  |
| Right to use IT subscriptions                         | -                                     | 2,315,803         | -                  | -                | 2,315,803                              |
| Right to use IT subscriptions - Internal Service Fund | -                                     | 506,385           | -                  | -                | 506,385                                |
| General infrastructure                                | <u>302,416,926</u>                    | <u>3,114,637</u>  | <u>-</u>           | <u>-</u>         | <u>305,531,563</u>                     |
| Total depreciable and right to use capital assets     | <u>489,697,494</u>                    | <u>14,027,884</u> | <u>(2,407,304)</u> | <u>75,079</u>    | <u>501,393,153</u>                     |
| <b>Less Accumulated Depreciation/Amortization:</b>    |                                       |                   |                    |                  |  |
| Other improvements                                    | 19,840,514                            | 1,095,635         | -                  | (1,949,771)      | 18,986,378                             |
| Buildings   | 30,339,904                            | 3,063,335         | -                  | 1,949,771        | 35,353,010                             |
| Building - Internal Service Fund                      | 63,983                                | 4,166             | -                  | -                | 68,149                                 |
| Equipment   | 10,565,580                            | 663,736           | (191,689)          | -                | 11,037,627                             |
| Equipment - Internal Service Fund                     | 40,938,340                            | 3,404,961         | (2,100,766)        | -                | 42,242,535                             |
| Right to use leased building                          | 120,059                               | 120,059           | -                  | -                | 240,118                                |
| Right to use leased equipment                         | 40,811                                | 40,811            | -                  | -                | 81,622                                 |
| Right to use leased equipment - Internal Service Fund | 2,666                                 | 2,666             | -                  | -                | 5,332                                  |
| Right to use IT subscriptions                         | -                                     | 283,626           | -                  | -                | 283,626                                |
| Right to use IT subscriptions - Internal Service Fund | -                                     | 119,291           | -                  | -                | 119,291                                |
| General infrastructure                                | <u>236,132,291</u>                    | <u>6,748,052</u>  | <u>-</u>           | <u>-</u>         | <u>242,880,343</u>                     |
| Total accumulated depreciation/amortization           | <u>338,044,148</u>                    | <u>15,546,338</u> | <u>(2,292,455)</u> | <u>-</u>         | <u>351,298,031</u>                     |
| Capital assets, net                                   | <u>\$ 169,929,842</u>                 |                   |                    |                  | <u>\$ 170,319,299</u>                  |



# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Depreciation/Amortization Allocation

The City's internal service funds capital assets are reported with the governmental capital assets in the government-wide financial statements. Depreciation/amortization expense was charged to functions/programs in the government-wide Statement of Activities as follows:

|                                 | Governmental<br>Funds | Internal Service<br>Funds | Total                |
|---------------------------------|-----------------------|---------------------------|----------------------|
| <b>Governmental Activities:</b> |                       |                           |                      |
| General government              | \$ 2,042,592          | \$ 600,284                | \$ 2,642,876         |
| Public safety                   | 600,763               | 176,554                   | 777,317              |
| Public works                    | 7,689,763             | 2,259,894                 | 9,949,657            |
| Cultural and recreation         | 1,682,136             | 494,352                   | 2,176,488            |
| Total                           | <u>\$ 12,015,254</u>  | <u>\$ 3,531,084</u>       | <u>\$ 15,546,338</u> |

### Enterprise Fund Capital Assets

The capital assets for the major enterprise funds of the City at June 30, 2023 are as follows:

|   | Balance<br>July 1, 2022 | Additions        | Retirements      | Transfers          | Balance<br>June 30, 2023 |
|---|-------------------------|------------------|------------------|--------------------|--------------------------|
| <b>Water and Sewer Fund:</b>                            |                         |                  |                  |                    |                          |
| <b>Non-Depreciable Capital Assets:</b>                  |                         |                  |                  |                    |                          |
| Land  | \$ 12,409,353           | \$ -             | \$ -             | \$ -               | \$ 12,409,353            |
| Construction in progress                                | 21,123,295              | 9,723,039        | (411,857)        | (5,677,434)        | 24,757,043               |
| Total non-depreciable capital assets                    | <u>33,532,648</u>       | <u>9,723,039</u> | <u>(411,857)</u> | <u>(5,677,434)</u> | <u>37,166,396</u>        |
| <b>Depreciable and Right to Use<br/>Capital Assets:</b> |                         |                  |                  |                    |                          |
| Land improvements                                       | 71,683,649              | -                | -                | (66,585,596)       | 5,098,053                |
| Buildings   | 69,672,879              | -                | -                | 67,948,359         | 137,621,238              |
| Machinery, equipment, and vehicles                      | 15,584,511              | 584,683          | (18,224)         | -                  | 16,150,970               |
| Water and sewer system                                  | 218,519,292             | 2,979,074        | (50,805)         | 4,314,671          | 225,762,232              |
| Right to use leased building                            | 165,494                 | -                | -                | -                  | 165,494                  |
| Right to use leased equipment                           | 25,727                  | -                | -                | -                  | 25,727                   |
| Right to use IT subscriptions                           | -                       | 12,695           | -                | -                  | 12,695                   |
| Total depreciable and right to use<br>capital assets    | <u>375,651,552</u>      | <u>3,576,452</u> | <u>(69,029)</u>  | <u>5,677,434</u>   | <u>384,836,409</u>       |
| <b>Less Accumulated Depreciation/<br/>Amortization:</b> |                         |                  |                  |                    |                          |
| Land improvements                                       | 9,735,592               | 131,704          | -                | (6,610,325)        | 3,256,971                |
| Buildings   | 42,806,376              | 4,647,826        | -                | 6,610,325          | 54,064,527               |
| Machinery, equipment, and vehicles                      | 11,721,502              | 501,849          | (18,224)         | -                  | 12,205,127               |
| Water and sewer system                                  | 86,097,401              | 3,229,910        | (7,881)          | -                  | 89,319,430               |
| Right to use leased building                            | 27,582                  | 27,582           | -                | -                  | 55,164                   |
| Right to use leased equipment                           | 7,869                   | 7,869            | -                | -                  | 15,738                   |
| Right to use IT subscriptions                           | -                       | 2,930            | -                | -                  | 2,930                    |
| Total accumulated depreciation/<br>amortization         | <u>150,396,322</u>      | <u>8,549,670</u> | <u>(26,105)</u>  | <u>-</u>           | <u>158,919,887</u>       |
| Capital assets, net                                     | <u>\$ 258,787,878</u>   |                  |                  |                    | <u>\$ 263,082,918</u>    |

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

|   | Balance<br>July 1, 2022     | Additions        | Retirements      | Transfers        | Balance<br>June 30, 2023    |
|---|-----------------------------|------------------|------------------|------------------|-----------------------------|
| <b>Electric Fund:</b>                               |                             |                  |                  |                  |                             |
| <b>Non-Depreciable Capital Assets:</b>              |                             |                  |                  |                  |                             |
| Land  | \$ 862,920                  | \$ -             | \$ -             | \$ 111,178       | \$ 974,098                  |
| Construction in progress                            | 7,112,564                   | 9,552,494        | (24,542)         | (362,275)        | 16,278,241                  |
| Total non-depreciable capital assets                | <u>7,975,484</u>            | <u>9,552,494</u> | <u>(24,542)</u>  | <u>(251,097)</u> | <u>17,252,339</u>           |
| <b>Depreciable and Right to Use Capital Assets:</b> |                             |                  |                  |                  |                             |
| Land improvements                                   | 6,859,185                   | -                | -                | (6,838,781)      | 20,404                      |
| Buildings   | 124,818                     | -                | -                | 6,838,781        | 6,963,599                   |
| Electrical distribution                             | 107,099,624                 | 2,222,548        | (588,087)        | 119,277          | 108,853,362                 |
| Machinery, equipment, and vehicles                  | 4,371,227                   | 37,347           | (41,620)         | 131,820          | 4,498,774                   |
| Right to use leased equipment                       | <u>2,617</u>                | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>2,617</u>                |
| Total depreciable and right to use capital assets   | <u>118,457,471</u>          | <u>2,259,895</u> | <u>(629,707)</u> | <u>251,097</u>   | <u>120,338,756</u>          |
| <b>Less Accumulated Depreciation/Amortization:</b>  |                             |                  |                  |                  |                             |
| Land improvements                                   | 419,372                     | 326              | -                | (399,699)        | 19,999                      |
| Buildings   | 92,201                      | 347,349          | -                | 399,699          | 839,249                     |
| Electrical distribution                             | 64,441,267                  | 2,141,848        | (91,229)         | -                | 66,491,886                  |
| Machinery, equipment, and vehicles                  | 3,912,906                   | 125,355          | (41,620)         | -                | 3,996,641                   |
| Right to use leased equipment                       | <u>800</u>                  | <u>801</u>       | <u>-</u>         | <u>-</u>         | <u>1,601</u>                |
| Total accumulated depreciation/amortization         | <u>68,866,546</u>           | <u>2,615,679</u> | <u>(132,849)</u> | <u>-</u>         | <u>71,349,376</u>           |
| Capital assets, net                                 | <u><u>\$ 57,566,409</u></u> |                  |                  |                  | <u><u>\$ 66,241,719</u></u> |

The capital assets for the nonmajor enterprise funds of the City at June 30, 2023 are as follows:

|   | Balance<br>July 1, 2022 | Additions        | Retirements | Transfers   | Balance<br>June 30, 2023 |
|---|-------------------------|------------------|-------------|-------------|--------------------------|
| <b>Nonmajor Enterprise Funds:</b>                   |                         |                  |             |             |                          |
| <b>Non-Depreciable Capital Assets:</b>              |                         |                  |             |             |                          |
| Land  | \$ 411,248              | \$ -             | \$ -        | \$ -        | \$ 411,248               |
| Construction in progress                            | 179,856                 | 116,190          | -           | -           | 296,046                  |
| Total non-depreciable capital assets                | <u>591,104</u>          | <u>116,190</u>   | <u>-</u>    | <u>-</u>    | <u>707,294</u>           |
| <b>Depreciable and Right to Use Capital Assets:</b> |                         |                  |             |             |                          |
| Land improvements                                   | 2,924,138               | -                | -           | (1,351,618) | 1,572,520                |
| Buildings   | 1,668,985               | 15,574           | -           | 1,351,618   | 3,036,177                |
| Stormwater infrastructure                           | 54,067,933              | 935,894          | -           | -           | 55,003,827               |
| Machinery, equipment, and vehicles                  | 6,001,707               | 103,497          | -           | -           | 6,105,204                |
| Right to use leased equipment                       | 13,458                  | -                | -           | -           | 13,458                   |
| Right to use IT subscriptions                       | <u>-</u>                | <u>27,130</u>    | <u>-</u>    | <u>-</u>    | <u>27,130</u>            |
| Total depreciable and right to use capital assets   | <u>64,676,221</u>       | <u>1,082,095</u> | <u>-</u>    | <u>-</u>    | <u>65,758,316</u>        |

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

|   | Balance<br>July 1, 2022 | Additions        | Retirements | Transfers | Balance<br>June 30, 2023 |
|---|-------------------------|------------------|-------------|-----------|--------------------------|
| <b>Nonmajor Enterprise Funds</b>                |                         |                  |             |           |                          |
| <b>(continued):</b>                             |                         |                  |             |           |                          |
| <b>Less Accumulated Depreciation/</b>           |                         |                  |             |           |                          |
| <b>Amortization:</b>                            |                         |                  |             |           |                          |
| Land improvements                               | 1,106,710               | 52,142           | -           | (139,615) | 1,019,237                |
| Buildings                                       | 1,038,812               | 106,560          | -           | 139,615   | 1,284,987                |
| Stormwater infrastructure                       | 24,017,185              | 738,168          | -           | -         | 24,755,353               |
| Machinery, equipment, and vehicles              | 4,759,187               | 337,641          | -           | -         | 5,096,828                |
| Right to use leased equipment                   | 4,116                   | 4,116            | -           | -         | 8,232                    |
| Right to use IT subscriptions                   | -                       | 13,584           | -           | -         | 13,584                   |
| Total accumulated depreciation/<br>amortization | <u>30,926,010</u>       | <u>1,252,211</u> | <u>-</u>    | <u>-</u>  | <u>32,178,221</u>        |
| Capital assets, net                             | <u>\$ 34,341,315</u>    |                  |             |           | <u>\$ 34,287,389</u>     |

### Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2023 is composed of the following elements:

|                                  | Governmental<br>Activities | Business-Type<br>Activities |
|----------------------------------|----------------------------|-----------------------------|
| Capital assets, net              | \$ 170,319,299             | \$ 363,612,026              |
| Long-term debt                   | (91,897,043)               | (55,498,749)                |
| Unspent debt proceeds            | 39,603,543                 | 957                         |
| Net investment in capital assets | <u>\$ 118,025,799</u>      | <u>\$ 308,114,234</u>       |

## B. Liabilities

### Pension Plan Obligations

#### Local Governmental Employees' Retirement System

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

## CITY OF GASTONIA, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Gastonia employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Gastonia's contractually required contribution rate for the year ended June 30, 2023, was 13.10% of compensation for law enforcement officers and 12.10% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Gastonia were \$6,920,267 for the year ended June 30, 2023.

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

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

At June 30, 2023, the City reported a liability of \$36,944,584 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023, the City's proportion was 0.6549% (measured as of June 30, 2022), which was an increase of 0.0067% from its proportion as of June 30, 2022 (measured as of June 30, 2021.)

For the year ended June 30, 2023, the City recognized pension expense of \$10,408,690. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Differences between expected and actual experience  | \$ 1,591,908                                  | \$ 156,078                                   |
| Changes of assumptions  | 3,686,241                                     | -  |
| Net difference between projected and actual earnings on pension plan investments                          | 12,210,572                                    | -  |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 373,320                                       | 333,239                                      |
| City contributions subsequent to the measurement date   | 6,920,267                                     | -  |
| Total   | <u>\$ 24,782,308</u>                          | <u>\$ 489,317</u>                            |

\$6,920,267 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year Ending<br/>June 30</b> | <b>Amount</b>        |
|--------------------------------|----------------------|
| 2024                           | \$ 5,399,072         |
| 2025                           | 4,657,334            |
| 2026                           | 1,498,974            |
| 2027                           | 5,817,344            |
| 2028                           | -                    |
| Thereafter                     | -                    |
| Total                          | <u>\$ 17,372,724</u> |

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

**Actuarial Assumptions.** The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Inflation                 | 2.50 percent  |
| Salary increase           | 3.25 to 8.25 percent, including inflation and productivity factor         |
| Investment rate of return | 6.50 percent, net of pension plan investment expense, including inflation |

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

The actuarial assumptions and methods used in the December 31, 2021 actuarial valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

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

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

These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

| <u>Asset Class</u>         | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real</u> |
|----------------------------|------------------------------|------------------------------------|
|                            |                              | <u>Rate of Return</u>              |
| Fixed income               | 33.0%                        | 0.9%                               |
| Global equity              | 38.0%                        | 6.5%                               |
| Real estate                | 8.0%                         | 5.9%                               |
| Alternatives               | 8.0%                         | 8.2%                               |
| Opportunistic fixed income | 7.0%                         | 5.0%                               |
| Inflation sensitive        | 6.0%                         | 2.7%                               |
| Total                      | <u>100.0%</u>                |                                    |

## CITY OF GASTONIA, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

**Discount Rate.** The discount rate used to measure the total pension liability was 6.50%. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

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

|  | 1%<br>Decrease<br>(5.50%) | Discount<br>Rate<br>(6.50%) | 1%<br>Increase<br>(7.50%) |
|--|---------------------------|-----------------------------|---------------------------|
| City's proportionate share of the<br>net pension liability (asset) | \$ 66,680,216             | \$ 36,944,584               | \$ 12,440,696             |

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the state of North Carolina.

#### **Law Enforcement Officers' and Firefighters' Special Separation Allowance**

**Plan Description.** The City administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The City has also elected to provide this benefit to all qualified firefighters. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the covered employee for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

## CITY OF GASTONIA, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

|  |                   |
|--|-------------------|
| Retirees receiving benefits  | 118               |
| Terminated plan members entitled to, but not yet receiving, benefits | -                 |
| Active plan members  | <u>308</u>        |
| Total  | <u><u>426</u></u> |

A separate report was not issued for the plan.

#### Summary of Significant Accounting Policies

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

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

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

|                             |                     |
|-----------------------------|---------------------|
| Discount rate*              | 4.31 percent        |
| Projected salary increases* |                     |
| Law enforcement officers    | 3.25 - 7.75 percent |
| Firefighters                | 3.25 - 8.00 percent |
| *Includes inflation at      | 2.50 percent        |
| Cost-of-living adjustments  | N/A                 |

The discount rate used to measure the TPL is the S&P Municipal Bond 20-Year High Grade Rate Index.

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

**Mortality Assumption:** All mortality rates use Pub-2010 amount-weighted tables.

**Mortality Projection:** All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.



# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

**Deaths After Retirement (Healthy):** Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and set forward by one year.

**Deaths After Retirement (Disabled Members at Retirement):** Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are set back three years for all ages.

**Deaths After Retirement (Survivors of Deceased Members):** Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are set forward three years. Rates for female members are set forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

**Deaths Prior to Retirement:** Mortality rates are based on the Safety Mortality Table for Employees.

**Contributions.** The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$1,900,163 as benefits came due for the reporting period.

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

At June 30, 2023, the City reported a total pension liability of \$21,078,480. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the City recognized pension expense of \$1,837,337.

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience                                 | \$ 1,077,459                                  | \$ -   |
| Changes of assumptions and other inputs  | 1,689,404                                     | 2,871,024                                    |
| Benefit payments and administrative expenses<br>subsequent to the measurement date | 991,232                                       | -  |
| Total  | <u>\$ 3,758,095</u>                           | <u>\$ 2,871,024</u>                          |

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The City paid \$991,232 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year Ending<br/>June 30</b> | <b>Amount</b>       |
|--------------------------------|---------------------|
| 2024                           | \$ 668,294          |
| 2025                           | 114,492             |
| 2026                           | (559,408)           |
| 2027                           | (327,539)           |
| 2028                           | -                   |
| Thereafter                     | -                   |
| <b>Total</b>                   | <b>\$ (104,161)</b> |

*Sensitivity of the City's Total Pension Liability to Changes in the Discount Rate.* The following presents the City's total pension liability calculated using the discount rate of 4.31 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

|                         | <b>1%<br/>Decrease<br/>(3.31%)</b> | <b>Discount<br/>Rate<br/>(4.31%)</b> | <b>1%<br/>Increase<br/>(5.31%)</b> |
|-------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Total pension liability | <u>\$ 22,582,330</u>               | <u>\$ 21,078,480</u>                 | <u>\$ 19,712,323</u>               |

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

|   |                             |
|---|-----------------------------|
| Beginning balance                                 | <u>\$ 24,212,812</u>        |
| Service cost                                      | 753,551                     |
| Interest  | 523,411                     |
| Difference between expected and actual experience | 749,755                     |
| Changes of assumptions and other inputs           | (3,260,886)                 |
| Benefit payments                                  | <u>(1,900,163)</u>          |
| Net change in total pension liability             | <u>(3,134,332)</u>          |
| Ending balance of total pension liability         | <u><u>\$ 21,078,480</u></u> |

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

*Changes of Assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 2.25 percent at December 31, 2021 to 4.31 percent at December 31, 2022.

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

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

|  | <u>LGERS</u>  | <u>LEOSSA</u> | <u>Total</u>  |
|--|---------------|---------------|---------------|
| Pension expense                                  | \$ 10,408,690 | \$ 1,837,337  | \$ 12,246,027 |
| Pension liability                                | 36,944,584    | 21,078,480    | 58,023,064    |
| Proportionate share of the net pension liability | 0.6549%       | N/A           | -             |

|   | <u>LGERS</u>         | <u>LEOSSA</u>       | <u>Total</u>         |
|---|----------------------|---------------------|----------------------|
| <b>Deferred of Outflows of Resources:</b>   |                      |                     |                      |
| Differences between expected and actual experience  | \$ 1,591,908         | \$ 1,077,459        | \$ 2,669,367         |
| Changes of assumptions  | 3,686,241            | 1,689,404           | 5,375,645            |
| Net difference between projected and actual earnings on pension   | 12,210,572           | -                   | 12,210,572           |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 373,320              | -                   | 373,320              |
| Benefit payments and administrative costs paid subsequent to the measurement date                             | <u>6,920,267</u>     | <u>991,232</u>      | <u>7,911,499</u>     |
| Total   | <u>\$ 24,782,308</u> | <u>\$ 3,758,095</u> | <u>\$ 28,540,403</u> |

|   |                   |                     |                     |
|---|-------------------|---------------------|---------------------|
| <b>Deferred of Inflows of Resources:</b>  |                   |                     |                     |
| Differences between expected and actual experience  | \$ 156,078        | \$ -                | \$ 156,078          |
| Changes of assumptions  | -                 | 2,871,024           | 2,871,024           |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | <u>333,239</u>    | <u>-</u>            | <u>333,239</u>      |
| Total   | <u>\$ 489,317</u> | <u>\$ 2,871,024</u> | <u>\$ 3,360,341</u> |

### **Supplemental Retirement Income Plan for Law Enforcement Officers**

**Plan Description.** The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the state of North Carolina. The state's Annual Comprehensive Financial Report includes the Pension Trust Fund financial statements for the

# **CITY OF GASTONIA, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The City made contributions of \$595,332 for the reporting year. No amounts were forfeited.

### **Supplemental Retirement Income Plan for Firefighters**

**Plan Description.** Prior to July 1, 2007, the City contributed to a 401(a) Money Purchase Plan, a defined contribution pension plan administered by ICMA Retirement Corporation. The Plan provided retirement benefits to firefighters employed by the City. As of July 1, 2007, the City contributes to the North Carolina 401(k) Plan administered by Prudential Retirement. The Plan provides retirement benefits to firefighters employed by the City. Participants have the option of leaving their 401(a) balances, as of June 30, 2007, in the Plan or transferring them to the 401(k) plan account. The City Council has the authority to establish and amend benefit provisions and contribution requirements of the Plan.

**Funding Policy.** The City contributes on a bi-weekly basis an amount equal to five percent of each fireman's salary and all amounts are vested immediately. Also, the firefighters may make voluntary contributions to the Plan. The City made contributions of \$458,656 for the reporting year. No amounts were forfeited.

### **Supplemental Retirement Income Plan**

**Plan Description.** Prior to July 1, 2007, the City contributed to a 401(a) Money Purchase Plan, a defined contribution plan administered by ICMA Retirement Corporation. The Plan provided benefits to all full-time employees of the City, excluding law enforcement officers and firefighters. As of July 1, 2007, the City contributes to the North Carolina 401(k) Plan administered by Prudential Retirement. The Plan provides retirement benefits to all full-time employees of the City, excluding law enforcement officers and firefighters. Participants have the option of leaving their 401(a) balances as of June 30, 2007 in the plan or transferring them to the 401(k) plan account. The City Council has the authority to establish and amend benefit provisions and contribution requirements of the Plan.

**Funding Policy.** The City contributes to the North Carolina 401(k) Plan on a bi-weekly basis an amount equal to five percent of each employee's salary, and all amounts are vested immediately. Also, the employees may make voluntary contributions to the plans. The City made contributions of \$1,777,479 for the reporting year.

### **Deferred Compensation Plan**

City employees can elect to participate in a City-sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457 and administered by ICMA Retirement Corporation. The Plan permits employees to defer a portion of their salary until

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

future years. The deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency. The City contributes to the Plan five percent of the City Attorney's and City Manager's salaries. Contributions to the 457 Plan for the year ended June 30, 2023 were \$85,865, which consisted of \$23,249 from the City and \$62,616 from the employees.

### Other Post-Employment Benefits

#### Healthcare Benefits

**Plan Description.** According to a City resolution, the City provides a single-employer defined benefit post-retirement healthcare benefits to retirees of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the City and have not become eligible for Medicare. The City pays the full cost of coverage for these benefits for employees hired prior to September 1, 2000 and a percentage of the premium cost based on years of service for employees hired on or after September 1, 2000. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. There is a small premium required for retirees who elect the PPO Plan. Also, the City's retirees can purchase coverage for their dependents at the City's group rates. For the fiscal year ended June 30, 2023, the City made payments for post-retirement health benefit premiums of \$2,162,122. As of July 1, 2006, the City became self-insured, and these premium payments are made to the City's Medical Self-Insurance Internal Service Fund.

The City also provides life insurance coverage for all retirees. For employees hired prior to September 1, 2000, the City will provide a paid-up life insurance policy from retirement to the date of death to the extent of 50 percent of the coverage in effect at the time of retirement, up to a maximum of \$20,000. The City pays the full cost of coverage for these retirees. For employees hired on or after September 1, 2000, the City will provide a paid-up life insurance policy to the extent of 50 percent of the coverage in effect at the time of retirement until age 70, up to a maximum of \$20,000. At age 70, the amount of the insurance coverage will then be reduced to \$2,000. For these employees, the City pays an established percentage of the premium cost based on years of service. For the fiscal year ended June 30, 2023, the City made payments for post-retirement life insurance benefit premiums of \$65,647.

The City will pay the following percentage cost of post-retirement healthcare and life insurance premiums for members hired on or after September 1, 2000:

| <b>Years of<br/>Service</b> | <b>Percentage of<br/>Premium Paid<br/>By The City</b> |
|-----------------------------|---|
| Up to 15                    | 0.00%   |
| 15-19                       | 25.00%  |
| 20-24                       | 50.00%  |
| 25 or more                  | 100.00%   |
| Disability retirement       | 100.00%   |

## CITY OF GASTONIA, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The City Council may amend the benefits provisions. A separate report was not issued for the Plan. The Plan is a single-employer defined benefit plan.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statements 75.

Membership of the healthcare plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

| <b><u>Healthcare Membership</u></b>                                 |                     |
|---|---------------------|
| Inactive employees or beneficiaries<br>currently receiving benefits | 590                 |
| Active employees  | <u>776</u>          |
| Total   | <u><u>1,366</u></u> |

#### **Total OPEB Liability**

The City's total OPEB liability of \$58,324,453 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

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

|  |  |
|--|--|
| Inflation                                      | 2.50 percent   |
| Real wage growth                               | 0.75 percent   |
| Wage inflation                                 | 3.25 percent   |
| Salary increases, including<br>wage inflation: |  |
| General employees                              | 3.25 - 8.41 percent  |
| Firefighters                                   | 3.25 - 8.15 percent  |
| Law enforcement officers                       | 3.25 - 7.90 percent  |
| Municipal bond index rate:                     |  |
| Prior measurement date                         | 2.16 percent   |
| Measurement date                               | 3.54 percent   |
| Healthcare cost trend rates,                   |  |
| Pre-Medicare medical and<br>prescription drug  | 7.00 percent for 2021 decreasing to an ultimate<br>rate of 4.50 percent by 2031  |
| Medicare medical and<br>prescription drug      | 5.125 percent for 2021 decreasing to an ultimate<br>rate of 4.50 percent by 2024 |

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Changes in the Total OPEB Liability

|  | <b>Total<br/>OPEB<br/>Liability</b> |
|--|-------------------------------------|
| Balance at July 1, 2022                            | \$ 65,707,214                       |
| Changes for the year:                              |                                     |
| Service cost                                       | 2,203,079                           |
| Interest   | 1,420,814                           |
| Differences between expected and actual experience | 1,525,843                           |
| Changes in assumptions                             | (8,245,842)                         |
| Benefit payments                                   | (4,286,655)                         |
| Net changes  | (7,382,761)                         |
| Balance at June 30, 2023                           | \$ 58,324,453                       |

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 2.16% to 3.54%.

The City selected a Municipal Bond Index Rate equal to the June average of the Bond Buyer 20-Year General Obligation Bond Index published weekly by The Bond Buyer, and the discount rate used to measure the TOL is the Municipal Bond Index Rate as of the measurement date.

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

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

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

|                      | <b>1%<br/>Decrease<br/>(2.54%)</b> | <b>Discount<br/>Rate<br/>(3.54%)</b> | <b>1%<br/>Increase<br/>(4.54%)</b> |
|----------------------|------------------------------------|--------------------------------------|------------------------------------|
| Total OPEB liability | \$ 64,138,084                      | \$ 58,324,453                        | \$ 53,253,396                      |

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

|                      | <b>1%</b>            |                      | <b>1%</b>            |
|----------------------|----------------------|----------------------|----------------------|
|                      | <b>Decrease</b>      | <b>Current</b>       | <b>Increase</b>      |
| Total OPEB liability | <u>\$ 53,204,767</u> | <u>\$ 58,324,453</u> | <u>\$ 64,337,644</u> |

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$2,806,758. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience                                 | \$ 3,497,318                                  | \$ 9,587,741                                 |
| Changes of assumptions and other inputs  | 8,230,416                                     | 6,921,331                                    |
| Benefit payments and administrative expenses<br>subsequent to the measurement date | <u>2,833,920</u>                              | <u>-</u>                                     |
| Total  | <u>\$ 14,561,654</u>                          | <u>\$ 16,509,072</u>                         |

\$2,833,920 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

| <b>Year Ending<br/>June 30</b> | <b>Amount</b>         |
|--------------------------------|-----------------------|
| 2024                           | \$ (317,955)          |
| 2025                           | (466,486)             |
| 2026                           | (1,971,000)           |
| 2027                           | (1,705,898)           |
| 2028                           | (319,999)             |
| Thereafter                     | <u>-</u>              |
| Total                          | <u>\$ (4,781,338)</u> |



# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Other Employment Benefits

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

### Deferred Outflows and Inflows of Resources

The balance in deferred outflows of resources is composed of the following elements:

|  | <u>Amount</u>               |
|--|-----------------------------|
| (Pensions) - Differences between expected and actual experience  | \$ 2,669,367                |
| (Pensions) - Changes of assumptions  | 5,375,645                   |
| (Pensions) - Net difference between projected and actual earnings on pension plan investments                              | 12,210,572                  |
| (Pensions) - Changes in proportion and differences between employer contributions and proportionate share of contributions | 373,320                     |
| (OPEB) - Differences between expected and actual experience  | 3,497,318                   |
| (OPEB) - Changes of assumptions  | 8,230,416                   |
| Benefit payments for the OPEB plan paid subsequent to the measurement date   | 2,833,920                   |
| Contributions to pension plan subsequent to measurement date (LGERS)   | 6,920,267                   |
| Benefit payments and administrative costs paid subsequent to the measurement date (LEOSSA)                                 | <u>991,232</u>              |
| Total  | <u><u>\$ 43,102,057</u></u> |

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The balance in deferred inflows of resources is composed of the following elements:

|  | <u>Fund Level</u>   | <u>Government-<br/>Wide Level</u> |
|--|---------------------|-----------------------------------|
| (Pensions) - Differences between expected and actual experience  | \$ -                | \$ 156,078                        |
| (Pensions) - Changes of assumptions  | -                   | 2,871,024                         |
| (Pensions) - Changes in proportion and differences between employer contributions and proportionate share of contributions | -                   | 333,239                           |
| (OPEB) - Differences between expected and actual experience  | -                   | 9,587,741                         |
| (OPEB) - Changes of assumptions  | -                   | 6,921,331                         |
| Taxes receivable, net (General Fund)   | 857,892             | -                                 |
| Lease deferrals  | 6,074,913           | 6,327,428                         |
| Other receivables, net   | 414,507             | -                                 |
| Taxes receivable, net (SRF)  | 8,710               | -                                 |
| Total  | <u>\$ 7,356,022</u> | <u>\$ 26,196,841</u>              |

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Commitments

The City had the following outstanding or planned projects as of June 30, 2023. These projects are evidenced by contractual obligations. The projects are funded by a combination of City monies and long-term debt.

| <b>Governmental Activities Projects</b>   | <b>Remaining<br/>Commitment</b> |
|---|---------------------------------|
| <b>General Government - General Fund</b>  |                                 |
| Purchase of fire trucks   | \$ 1,750,000                    |
| Design services for FUSE parking lot  | 175,649                         |
| Law enforcement body armor purchases  | 66,500                          |
| Various building and grounds projects   | 559,418                         |
| Total   | <u>2,551,567</u>                |
| <b>General Government - Airport Capital Projects Fund</b>                                     |                                 |
| Various airport improvements  | <u>370,749</u>                  |
| <b>General Government - Streets Capital Projects Fund</b>                                     |                                 |
| Various street projects   | <u>11,683,597</u>               |
| <b>General Government - Mayor/Council Capital Projects Fund</b>                               |                                 |
| Public Works campus project   | <u>140,542</u>                  |
| <b>General Government - General Fund and Community<br/>Development Special Revenue Funds:</b> |                                 |
| ARPA funded projects  | 1,686,246                       |
| State grants funded projects  | 504,962                         |
| Various community development projects  | 641,823                         |
| Total   | <u>2,833,031</u>                |
| <b>General Government - Medical Self-Insurance Internal Service Fund</b>                      |                                 |
| Architectural services for City clinic  | <u>59,050</u>                   |
| <b>General Government - Information Technology Internal Service Fund</b>                      |                                 |
| Various equipment, hardware and software purchases  | <u>2,555,467</u>                |
| <b>General Government - Vehicle Replacement Internal Service Fund</b>                         |                                 |
| Various equipment and vehicle purchases   | <u>2,045,021</u>                |
| Total commitments - governmental activities   | <u>\$ 22,239,024</u>            |
| <b>Business-Type Activities Projects</b>  |                                 |
| Water and sewer capital projects  | \$ 4,636,580                    |
| Electric capital projects   | 2,979,173                       |
| Water and sewer operations  | 896,916                         |
| Electric operations   | 2,777,284                       |
| Stormwater operations   | 395,650                         |
| Transit operations  | <u>131,566</u>                  |
| Total commitments - business-type activities  | <u>\$ 11,817,169</u>            |

## **CITY OF GASTONIA, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

In August 2020, the City entered into an agreement with a conference center management company to continue to manage and operate the City of Gastonia Conference Center.

The agreement is for an initial term beginning August 25, 2020 and extending through June 30, 2025, with renewals for additional one-year terms. The agreement calls for a monthly management fee of \$7,917 with certain annual incentives based on gross revenues generated. The agreement also requires the City to fund all annual net operating losses. The City intends to manage these losses through strict annual budget requirements and City approvals for going over budgeted expenditures. Funded losses for the 2023 and 2022 fiscal years were \$74,882 and \$173,740, respectively.

#### **Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtains insurance through multiple commercial companies. The current coverage includes general liability coverage of five million per occurrence, auto liability coverage of five million per single limit coverage with a five million aggregate limit, police liability coverage of five million per occurrence with a five million aggregate limit, public official's liability coverage of five million per occurrence with a five million aggregate limit. The deductible on the liability coverages mentioned above is \$100,000 per occurrence. The City also purchases a separate Airport Liability insurance policy with a limit of \$25,000,000.

The City purchases property coverage up to the total insured values of the property which is \$505,176,577 for the 2022/23 coverage year. This coverage includes earthquake and flood coverage of five million. The City also purchases a fine arts policy covering articles at the Schiele Museum and Military Museum in the amount of \$5,734,968 as well as an inland marine policy in the amount of \$5,978,338 to cover various types of contractor equipment and \$9,493,500 for computer equipment. The deductible on the property coverages is \$50,000 per incident. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three years.

The City obtains a self-insurance retention policy for workers' compensation coverage with statutory limits. This policy has a self-insurance retention of \$750,000 per incident.

The City self-insures the health insurance plan. The City purchases specific stop-loss coverage for any claim that exceeds \$210,000. The City does not carry aggregate stop-loss coverage. The dental insurance is also self-insured. The liability is limited to \$1,000 per covered person per year, so no stop-loss coverage is purchased.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more of the City's funds at any given time are covered under the liability coverage for \$250,000. The Finance Officer is individually bonded for \$1,000,000.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Reconciliation of Claims Liability

Changes in the City's claims liability balance during fiscal year 2023 are as follows:

|  | <b>Dental<br/>Self-Insurance<br/>Fund</b> | <b>Medical<br/>Self-Insurance<br/>Fund</b> | <b>Total</b>      |
|--|---|--|-------------------|
| Balance, June 30, 2021   | \$ -                                      | \$ 996,732                                 | \$ 996,732        |
| Add incurred claims<br>(including IBNRs) and<br>changes in estimates | 306,060                                   | 8,629,589                                  | 8,935,649         |
| Deduct claims payments   | (306,060)                                 | (9,160,974)                                | (9,467,034)       |
| Balance, June 30, 2022   | <u>\$ -</u>                               | <u>\$ 465,347</u>                          | <u>\$ 465,347</u> |
| Add incurred claims<br>(including IBNRs) and<br>changes in estimates | 336,698                                   | 9,745,377                                  | 10,082,075        |
| Deduct claims payments   | (336,698)                                 | (9,294,519)                                | (9,631,217)       |
| Balance, June 30, 2023   | <u>\$ -</u>                               | <u>\$ 916,205</u>                          | <u>\$ 916,205</u> |

### Claims and Judgments

At June 30, 2023, the City was a defendant in various matters of litigation. While any litigation contains an element of uncertainty, attorneys engaged by the City's insurance carrier believe that the outcome of any lawsuit or claim, which is pending, or all of them combined, will not have a material adverse effect on the City's financial position. These matters are generally covered by insurance.

### Long-Term Obligations

#### \$8,640,000 Installment Financing Agreement

In April 2020, the City entered into a direct placement loan agreement with a bank. The \$8,640,000 installment financing agreement was used to refund the remaining outstanding principal balances of the Series 2010A and Series 2010B Limited Obligation Bonds, the purpose of which was the acquisition/construction of a conference center, parking deck, improvements to the Schiele Museum, and other City projects. The mortgaged properties are pledged as collateral for the debt while it is outstanding. The loan agreement calls for annual principal installments ranging from \$560,000 to \$1,000,000 from April 1, 2021 to April 1, 2033, with semi-annual interest payments at 1.66%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2023 is \$6,105,000. The loan is being serviced by the General Fund.

## CITY OF GASTONIA, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Debt service requirements to maturity on the installment financing are as follows:

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>    | <b>Interest</b>   | <b>Total</b>        |
|--------------------------------|---------------------|-------------------|---------------------|
| 2024                           | \$ 570,000          | \$ 101,343        | \$ 671,343          |
| 2025                           | 580,000             | 91,881            | 671,881             |
| 2026                           | 590,000             | 82,253            | 672,253             |
| 2027                           | 600,000             | 72,459            | 672,459             |
| 2028                           | 600,000             | 62,499            | 662,499             |
| 2029-2033                      | 3,165,000           | 159,360           | 3,324,360           |
| Total                          | <u>\$ 6,105,000</u> | <u>\$ 569,795</u> | <u>\$ 6,674,795</u> |

#### **\$2,955,000 Installment Financing Agreement**

On October 25, 2018, the City entered into a direct placement financing agreement with a bank for the acquisition of various vehicles and equipment. Total loan proceeds received by the City amounted to \$2,955,000. The vehicles and equipment are pledged as collateral for the debt while it is outstanding. The terms of the agreement call for semi-annual payments of \$320,415 from April 25, 2019 through September 25, 2023, including interest at 3.0078%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2023 is \$316,450. The loan is being carried in the Internal Service Fund.

Debt service requirements to maturity as of June 30, 2023 are as follows:

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>  | <b>Interest</b> | <b>Total</b>      |
|--------------------------------|-------------------|-----------------|-------------------|
| 2024                           | <u>\$ 316,450</u> | <u>\$ 3,966</u> | <u>\$ 320,416</u> |

#### **\$3,110,000 Installment Financing Agreement**

On October 25, 2019, the City entered into a direct placement financing agreement with a bank for the acquisition of various vehicles and equipment. Total loan proceeds received by the City amounted to \$3,110,000. The vehicles and equipment are pledged as collateral for the debt while it is outstanding. The terms of the agreement call for semi-annual payments of \$326,921 from April 25, 2020 through September 25, 2024, including interest at 1.8418%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2023 is \$963,457. The loan is being carried in the Internal Service Fund.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Debt service requirements to maturity as of June 30, 2023 are as follows:

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>  | <b>Interest</b>  | <b>Total</b>      |
|--------------------------------|-------------------|------------------|-------------------|
| 2024                           | \$ 639,026        | \$ 14,816        | \$ 653,842        |
| 2025                           | 324,431           | 2,490            | 326,921           |
| Total                          | <u>\$ 963,457</u> | <u>\$ 17,306</u> | <u>\$ 980,763</u> |

### **\$3,360,000 Installment Financing Agreement**

On November 10, 2020, the City entered into a direct placement financing agreement with a bank for the acquisition of various vehicles and equipment. Total loan proceeds received by the City amounted to \$3,360,000. The vehicles and equipment are pledged as collateral for the debt while it is outstanding. The terms of the agreement call for semi-annual payments of \$344,207 from May 10, 2021 through October 10, 2025, including interest at 0.88%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2023 is \$1,698,063. The loan is being carried in the Internal Service Fund.

Debt service requirements to maturity as of June 30, 2023 are as follows:

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>    | <b>Interest</b>  | <b>Total</b>        |
|--------------------------------|---------------------|------------------|---------------------|
| 2024                           | \$ 674,945          | \$ 13,470        | \$ 688,415          |
| 2025                           | 680,914             | 7,501            | 688,415             |
| 2026                           | 342,204             | 1,251            | 343,455             |
| Total                          | <u>\$ 1,698,063</u> | <u>\$ 22,222</u> | <u>\$ 1,720,285</u> |

### **\$3,220,000 Installment Financing Agreement**

On October 21, 2021, the City entered into a direct placement financing agreement with a bank for the acquisition of equipment. Total loan proceeds received by the City amounted to \$3,220,000. The equipment is pledged as collateral for the debt while it is outstanding. The terms of the agreement call for semi-annual payments of \$328,715 from March 21, 2022 through September 21, 2026, including interest at 0.7778%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2023 is \$2,265,625. The loan is being carried in the Internal Service Fund.

## CITY OF GASTONIA, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Debt service requirements to maturity as of June 30, 2023 are as follows:

| <b>Year Ending</b> |                     |                  |                     |  |
|--------------------|---------------------|------------------|---------------------|--|
| <b>June 30</b>     | <b>Principal</b>    | <b>Interest</b>  | <b>Total</b>        |  |
| 2024               | \$ 641,052          | \$ 16,378        | \$ 657,430          |  |
| 2025               | 646,048             | 11,382           | 657,430             |  |
| 2026               | 651,083             | 6,347            | 657,430             |  |
| 2027               | 327,442             | 1,273            | 328,715             |  |
| Total              | <u>\$ 2,265,625</u> | <u>\$ 35,380</u> | <u>\$ 2,301,005</u> |  |

#### **\$5,860,000 Installment Financing Agreement**

On March 9, 2022, the City entered into a direct placement financing agreement with a bank for the acquisition of various vehicles and equipment. Total loan proceeds received by the City amounted to \$5,860,000. The vehicles and equipment are pledged as collateral for the debt while it is outstanding. The terms of the agreement call for semi-annual payments of \$608,215 from September 1, 2022 through February 1, 2027, including interest at 1.38%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2023 is \$4,718,710. The loan is being carried in the Internal Service Fund.

Debt service requirements to maturity as of June 30, 2023 are as follows:

| <b>Year Ending</b> |                     |                   |                     |  |
|--------------------|---------------------|-------------------|---------------------|--|
| <b>June 30</b>     | <b>Principal</b>    | <b>Interest</b>   | <b>Total</b>        |  |
| 2024               | \$ 1,155,284        | \$ 61,146         | \$ 1,216,430        |  |
| 2025               | 1,171,282           | 45,148            | 1,216,430           |  |
| 2026               | 1,187,502           | 28,929            | 1,216,431           |  |
| 2027               | 1,204,642           | 11,789            | 1,216,431           |  |
| Total              | <u>\$ 4,718,710</u> | <u>\$ 147,012</u> | <u>\$ 4,865,722</u> |  |

#### **\$159,077 Water and Sewer State Revolving Loan**

In 2009, the City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources for improvements to the sewer system infrastructure. The loan is payable solely from the revenues of the project or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan agreement calls for \$79,538 of principal to be forgiven. The loan agreement calls for 20 annual principal installments of \$3,977, each on May 1 of each year. The first principal payment was due May 1, 2010. The loan bears no interest. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal immediately due and payable. The amount outstanding at June 30, 2023 is \$23,861. The loan is being carried in the Water and Sewer Fund.



# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Debt service requirements to maturity are as follows:

| Year Ending<br>June 30 | Principal        | Interest    | Total            |
|------------------------|------------------|-------------|------------------|
| 2024                   | \$ 3,977         | \$ -        | \$ 3,977         |
| 2025                   | 3,977            | -           | 3,977            |
| 2026                   | 3,977            | -           | 3,977            |
| 2027                   | 3,977            | -           | 3,977            |
| 2028                   | 3,977            | -           | 3,977            |
| 2029                   | 3,976            | -           | 3,976            |
| Total                  | <u>\$ 23,861</u> | <u>\$ -</u> | <u>\$ 23,861</u> |

### **\$30,000,000 Water and Sewer State Revolving Loan**

In 2015, the City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources for improvements to the water system infrastructure. The loan is payable solely from the revenues of the project or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan is due in annual principal installments of \$1,500,000 from May 1, 2019 through May 1, 2038. Debt service will not begin until the project is complete. The loan bears no interest. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal immediately due and payable. The amount outstanding at June 30, 2023 is \$22,500,000. The loan is being carried in the Water and Sewer Fund.

Debt service requirements to maturity are as follows:

| Year Ending<br>June 30 | Principal            | Interest    | Total                |
|------------------------|----------------------|-------------|----------------------|
| 2024                   | \$ 1,500,000         | \$ -        | \$ 1,500,000         |
| 2025                   | 1,500,000            | -           | 1,500,000            |
| 2026                   | 1,500,000            | -           | 1,500,000            |
| 2027                   | 1,500,000            | -           | 1,500,000            |
| 2028                   | 1,500,000            | -           | 1,500,000            |
| 2029-2033              | 7,500,000            | -           | 7,500,000            |
| 2034-2038              | 7,500,000            | -           | 7,500,000            |
| Total                  | <u>\$ 22,500,000</u> | <u>\$ -</u> | <u>\$ 22,500,000</u> |

### **\$5,000,000 Water and Sewer State Revolving Loan**

In 2015, the City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources for improvements to the water system infrastructure. The loan is payable solely from the revenues of the project or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

of the City. The loan is due in annual principal installments of \$250,000 from May 1, 2018 through May 1, 2037. Debt service will not begin until the project is complete. The loan bears no interest. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal immediately due and payable. The amount outstanding at June 30, 2023 is \$3,500,000. The loan is being carried in the Water and Sewer Fund.

Debt service requirements to maturity are as follows:

| Year Ending<br>June 30 | Principal           | Interest    | Total               |
|------------------------|---------------------|-------------|---------------------|
| 2024                   | \$ 250,000          | \$ -        | \$ 250,000          |
| 2025                   | 250,000             | -           | 250,000             |
| 2026                   | 250,000             | -           | 250,000             |
| 2027                   | 250,000             | -           | 250,000             |
| 2028                   | 250,000             | -           | 250,000             |
| 2029-2033              | 1,250,000           | -           | 1,250,000           |
| 2034-2037              | 1,000,000           | -           | 1,000,000           |
| Total                  | <u>\$ 3,500,000</u> | <u>\$ -</u> | <u>\$ 3,500,000</u> |

### **\$5,325,518 Water and Sewer State Revolving Loan**

The City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources. The loan is payable solely from the revenues of the transferred system or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan is due in annual principal installments of \$266,276 from May 1, 2012 through May 1, 2027; semi-annual interest payments at 2.305% from November 1, 2011 through May 1, 2027. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2023 is \$1,065,104. The loan was assumed from the Town of Cramerton, North Carolina, in relation to the transfer of the Town's water and sewer system operations and related infrastructure to the City of Gastonia. The loan is being carried in the Water and Sewer Fund.

Debt service requirements to maturity are as follows:

| Year Ending<br>June 30 | Principal           | Interest         | Total               |
|------------------------|---------------------|------------------|---------------------|
| 2024                   | \$ 266,276          | \$ 18,413        | \$ 284,689          |
| 2025                   | 266,276             | 12,275           | 278,551             |
| 2026                   | 266,276             | 12,275           | 278,551             |
| 2027                   | 266,276             | 6,138            | 272,414             |
| Total                  | <u>\$ 1,065,104</u> | <u>\$ 49,101</u> | <u>\$ 1,114,205</u> |

## CITY OF GASTONIA, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

#### **\$479,851 Water and Sewer State Revolving Loan**

The City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources. The loan is payable solely from the revenues of the transferred system or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan agreement calls for \$239,926 of principal to be forgiven. The loan agreement calls for 20 annual principal installments of \$11,996, each on May 1 of each year. The first principal payment was due May 1, 2010. The loan bears no interest. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal immediately due and payable. The amount outstanding at June 30, 2023 is \$83,974. The loan was assumed from the Town of Cramerton, North Carolina, in relation to the transfer of the Town's water and sewer system operations and related infrastructure to the City of Gastonia. The loan is being carried in the Water and Sewer Fund.

Debt service requirements to maturity are as follows:

| <b>Year Ending</b> |                  |                 |                  |  |
|--------------------|------------------|-----------------|------------------|--|
| <b>June 30</b>     | <b>Principal</b> | <b>Interest</b> | <b>Total</b>     |  |
| 2024               | \$ 11,996        | \$ -            | \$ 11,996        |  |
| 2025               | 11,996           | -               | 11,996           |  |
| 2026               | 11,996           | -               | 11,996           |  |
| 2027               | 11,996           | -               | 11,996           |  |
| 2028               | 11,996           | -               | 11,996           |  |
| 2029-2030          | 23,994           | -               | 23,994           |  |
| Total              | <u>\$ 83,974</u> | <u>\$ -</u>     | <u>\$ 83,974</u> |  |

#### **\$2,999,839 Water and Sewer State Revolving Loan**

The City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources for improvements to the sewer system infrastructure. The loan is payable solely from the revenues of the project or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan calls for drawdowns as the South Fork Sewer expansion project is completed and debt service does not begin until the project is complete. The loan agreement calls for 20 annual principal installments of \$149,992, each on May 1 of each year, starting May 1, 2039. The first principal payment was due May 1, 2020. The loan bears no interest. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal immediately due and payable. The amount outstanding at June 30, 2023 is \$2,149,508. The loan is being carried in the Water and Sewer Fund.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Debt service requirements to maturity are as follows:

| <b>Year Ending</b> |                     |                 |                     |  |
|--------------------|---------------------|-----------------|---------------------|--|
| <b>June 30</b>     | <b>Principal</b>    | <b>Interest</b> | <b>Total</b>        |  |
| 2024               | \$ 149,991          | \$ -            | \$ 149,991          |  |
| 2025               | 149,991             | -               | 149,991             |  |
| 2026               | 149,991             | -               | 149,991             |  |
| 2027               | 149,991             | -               | 149,991             |  |
| 2028               | 149,991             | -               | 149,991             |  |
| 2029-2033          | 749,960             | -               | 749,960             |  |
| 2034-2038          | 499,600             | -               | 499,600             |  |
| 2039               | 149,993             | -               | 149,993             |  |
| Total              | <u>\$ 2,149,508</u> | <u>\$ -</u>     | <u>\$ 2,149,508</u> |  |

### \$15,400,000 Water and Sewer State Revolving Loan

The City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources for a water treatment plan renovation project. The loan is payable solely from the revenues of the project or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan calls for drawdowns as the project is completed and debt service does not begin until the project is complete. The loan agreement calls for 20 annual principal installments of \$770,000, each on May 1 of each year, projected to start May 1, 2024. Interest is due semi-annually with a beginning date of November 1, 2023, carrying an interest rate of 1.10%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal immediately due and payable. Draws on the loan totaled \$6,913,737 at June 30, 2023. The loan is being carried in the Water and Sewer Fund.

Anticipated debt service requirements to maturity based on draws-to-date are as follows:

| <b>Year Ending</b> |                     |                     |                     |  |
|--------------------|---------------------|---------------------|---------------------|--|
| <b>June 30</b>     | <b>Principal</b>    | <b>Interest</b>     | <b>Total</b>        |  |
| 2024               | \$ 770,000          | \$ 219,292          | \$ 989,292          |  |
| 2025               | 770,000             | 160,930             | 930,930             |  |
| 2026               | 770,000             | 152,460             | 922,460             |  |
| 2027               | 770,000             | 143,990             | 913,990             |  |
| 2028               | 770,000             | 135,520             | 905,520             |  |
| 2029-2033          | 3,063,737           | 550,550             | 3,614,287           |  |
| 2034-2038          | -                   | 338,800             | 338,800             |  |
| 2039-2043          | -                   | 127,050             | 127,050             |  |
| Total              | <u>\$ 6,913,737</u> | <u>\$ 1,828,592</u> | <u>\$ 8,742,329</u> |  |

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### General Obligation and Revenue Bond Indebtedness

The City's general obligation bonds serviced by the governmental funds are reported in the government-wide Statement of Net Position. The general obligation bonds issued to finance the construction of facilities and distribution systems utilized in the operations of the water and sewer system and the electric system, which are being retired by its resources, are reported as long-term debt in the Water and Sewer Fund and the Electric Fund, respectively. All general obligation bonds are collateralized by the full faith credit and taxing power of the City. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2023 are comprised of the following individual issues:

#### General Obligation Bonds

##### Serviced by the General Fund:

\$1,455,000 Series 2008A public improvements serial bonds, due in annual principal installments from \$160,000 to \$165,000 from June 1, 2020 through June 1, 2028; interest payable beginning December 1, 2008 and semi-annually thereafter at 3.80% to 4.00% (70.4467% general government and 29.5533% Electric Enterprise Fund). Proceeds are scheduled for various recreational and general infrastructure projects. \$ 563,573

\$17,872,000 Series 2020 general obligation bonds (direct placement), due in annual principal installments of \$1,622,000 to \$2,025,000 from September 1, 2021 through September 1, 2030; interest payable semi-annually beginning March 1, 2021 at a rate of 1.54%. Proceeds used for current refunding of the 2010C Street GOB. 13,847,000

\$33,190,000 Series 2023 transportation general obligation bonds, due in annual principal installments of \$1,660,000 to \$1,655,000 from April 1, 2024 through April 1, 2043; interest payable semi-annually beginning October 1, 2023 at rates of 4.00% to 5.00%. Proceeds used for street projects. 33,190,000

Total general obligation bonds - governmental activities 47,600,573

##### Serviced by the Electric Fund:

\$1,455,000 Series 2008A public improvements serial bonds, due in annual principal installments from \$160,000 to \$165,000 from June 1, 2020 through June 1, 2028; interest payable beginning December 1, 2008 and semi-annually thereafter at 3.80% to 4.00% ( 70.4467% general government and 29.5533% Electric Enterprise Fund ). Proceeds are scheduled for downtown underground electric utility projects. 236,427

Total general obligation bonds - business-type activities 236,427

Total general obligation bonds - governmental and business-type activities \$ 47,837,000

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Refunding Bonds

On August 31, 2020, the City issued \$17,872,000 of general obligation current refunding bonds to provide resources to refund the remaining balances of the Series 2010C Taxable Obligation Street and Sidewalk Improvement Bonds (Build America Bonds). As a result, the refunded bonds are defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$67,000. This refunding was undertaken to reduce total debt service payments (net of expected rebates) by \$1,626,101 and resulted in an economic gain of \$1,321,957.

### Revenue Bonds:

#### Serviced by the Water and Sewer Fund:

|   |                             |
|---|-----------------------------|
| \$20,130,000 2015 combined utility system revenue bonds, series 2015, due in annual principal installments from \$660,000 to \$1,455,000 from May 1, 2017 through May 1, 2036, with semi-annual interest payments from May 1, 2016 through May 1, 2036 at rates ranging from 3.00% to 5.00%.                                  | \$ 14,915,000               |
| \$4,318,000 combined utility system revenue bonds, series 2011, due in annual principal installments from \$11,000 to \$642,000 from May 1, 2012 through May 1, 2025, with semi-annual interest payments from May 1, 2012 at a rate of 2.91%. Bond proceeds were used to refund \$4,230,000 of the Series 2001 revenue bonds. | 1,263,000                   |
| \$5,895,000 combined enterprise system refunding bonds, series 2013, due in annual principal installments of \$55,000 to \$630,000 from May 1, 2014 through May 1, 2025; interest payable semi-annually beginning November 1, 2013 at 2.15%   | <u>1,250,000</u>            |
| Total revenue bonds   | <u><u>\$ 17,428,000</u></u> |

The \$4,318,000 Series 2011 and \$5,895,000 Series 2013 revenue bonds are direct placement bonds. The pledged security, events of default, remedies for default, and bond covenants are governed by the same trust agreement as the publicly offered revenue bonds. For all revenues bonds, the trust agreement denotes certain events of default and upon the occurrence of any event of default the trustee may declare the entire outstanding principal immediately due and payable.

At June 30, 2023, the City had a legal debt margin of approximately \$490,000,000.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Revenue Bond Covenants

The City, pursuant to the bond and related agreements, must maintain certain debt covenants. Net revenues available for debt service cannot be less than one hundred twenty percent (120%) of the long-term debt service requirement for parity indebtedness, and no less than one hundred percent (100%) of parity and subordinated indebtedness, as defined in the agreement. The debt service coverage ratio calculation for the year ended June 30, 2023 is as follows:

|   |                      |
|---|----------------------|
| Gross revenues available for debt service                                     | \$ 46,453,983        |
| Expenses, as defined in the covenants   | <u>33,153,616</u>    |
| Income available for debt service   | <u>\$ 13,300,367</u> |
| <br>  |                      |
| Debt service, principal and interest, parity indebtedness                     | <u>\$ 2,803,850</u>  |
| Debt service coverage ratio   | <u>474.36%</u>       |
| <br>  |                      |
| Debt service, principal and interest, parity and<br>subordinated indebtedness | <u>\$ 5,016,779</u>  |
| Debt service coverage ratio   | <u>265.12%</u>       |

At June 30, 2023, the City was in compliance with the requirements described above.

The City has pledged future water and sewer revenues, net of specified operating expenses, to repay \$53,664,184 in combined utility system revenue bonds and state revolving loans issued from 2009 to 2023. Proceeds from the bonds were used to finance capital improvements to the water and sewer infrastructure or to advance refund previously issued bonds. The bonds are payable from water and sewer customer net revenues and are payable through 2039. Annual principal and interest requirements are expected to require less than 13 percent of water and sewer customer net revenues. Total principal and interest remaining to be paid on the bonds and state revolving loans is \$60,747,605. Principal and interest paid for the current year, and total customer gross revenues, were \$5,016,779 and \$46,453,983, respectively.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Annual debt service requirements to maturity for general obligation bonds as of June 30, 2023 are as follows:

### Governmental Activities:

| Year Ending<br>June 30 | Principal            | Interest             | Total                |
|------------------------|----------------------|----------------------|----------------------|
| 2024                   | \$ 3,595,715         | \$ 1,708,088         | \$ 5,303,803         |
| 2025                   | 3,577,715            | 1,699,290            | 5,277,005            |
| 2026                   | 3,552,715            | 1,584,346            | 5,137,061            |
| 2027                   | 3,523,715            | 1,469,762            | 4,993,477            |
| 2028                   | 3,491,713            | 1,355,680            | 4,847,393            |
| 2029-2033              | 13,264,000           | 5,175,667            | 18,439,667           |
| 2034-2038              | 8,300,000            | 2,987,000            | 11,287,000           |
| 2039-2043              | 8,295,000            | 1,011,600            | 9,306,600            |
| Total                  | <u>\$ 47,600,573</u> | <u>\$ 16,991,433</u> | <u>\$ 64,592,006</u> |

### Business-Type Activities:

| Year Ending<br>June 30 | Principal         | Interest         | Total             |
|------------------------|-------------------|------------------|-------------------|
| 2024                   | \$ 47,285         | \$ 9,221         | \$ 56,506         |
| 2025                   | 47,285            | 7,424            | 54,709            |
| 2026                   | 47,285            | 5,603            | 52,888            |
| 2027                   | 47,285            | 3,759            | 51,044            |
| 2028                   | 47,287            | 3,759            | 51,046            |
| Total                  | <u>\$ 236,427</u> | <u>\$ 29,766</u> | <u>\$ 266,193</u> |

Annual debt service requirements to maturity for revenue bonds as of June 30, 2023 are as follows:

### Business-Type Activities:

| Year Ending<br>June 30 | Principal            | Interest            | Total                |
|------------------------|----------------------|---------------------|----------------------|
| 2024                   | \$ 2,116,000         | \$ 690,665          | \$ 2,806,665         |
| 2025                   | 2,192,000            | 615,515             | 2,807,515            |
| 2026                   | 955,000              | 546,488             | 1,501,488            |
| 2027                   | 995,000              | 508,288             | 1,503,288            |
| 2028                   | 1,040,000            | 508,288             | 1,548,288            |
| 2029-2033              | 5,970,000            | 1,769,286           | 7,739,286            |
| 2034-2036              | 4,160,000            | 567,200             | 4,727,200            |
| Total                  | <u>\$ 17,428,000</u> | <u>\$ 5,205,729</u> | <u>\$ 22,633,729</u> |



# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Limited Obligation Bond Indebtedness

The City's limited obligation bonds serviced by the governmental funds are reported in the government-wide Statement of Net Position. Limited obligation bonds are collateralized by a Deed of Trust granting, among other things, a lien of record on the mortgaged properties. Principal and interest requirements are appropriated when due.

#### Limited Obligation Bonds Serviced by the General Fund:

\$24,000,000 Series 2019 taxable limited obligation bonds, due in annual principal installments of \$1,330,000 to \$1,335,000 from June 1, 2022 through June 1, 2039, with semi-annual interest payments beginning December 1, 2019 at rates ranging from 2.310% to 3.460%.

\$ 21,330,000

Annual debt service requirements to maturity for limited obligation bonds as of June 30, 2023 are as follows:

#### Governmental Activities:

| Year Ending |                      |                     |                      |  |
|-------------|----------------------|---------------------|----------------------|--|
| June 30     | Principal            | Interest            | Total                |  |
| 2024        | \$ 1,335,000         | \$ 637,445          | \$ 1,972,445         |  |
| 2025        | 1,335,000            | 605,405             | 1,940,405            |  |
| 2026        | 1,335,000            | 571,363             | 1,906,363            |  |
| 2027        | 1,335,000            | 536,653             | 1,871,653            |  |
| 2028        | 1,330,000            | 501,409             | 1,831,409            |  |
| 2029-2033   | 6,665,000            | 1,938,003           | 8,603,003            |  |
| 2034-2038   | 6,665,000            | 908,716             | 7,573,716            |  |
| 2039        | 1,330,000            | 46,018              | 1,376,018            |  |
| Total       | <u>\$ 21,330,000</u> | <u>\$ 5,745,012</u> | <u>\$ 27,075,012</u> |  |

### Lease Liabilities

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

## **CITY OF GASTONIA, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

Details of the City's leases liabilities at June 30, 2023 are as follows:

On the implementation date of July 1, 2021, the City was the lessee of a 232-month lease for the use of a building. An initial lease liability was recorded in the amount of \$15,485. As of June 30, 2023, the value of the lease liability was \$13,940. The City is required to make annual fixed payments of \$1,000, including interest at a rate of 2.300%. As a result of the lease, the City has recorded a right to use asset with a net book value of \$13,883 at June 30, 2023. The City has one extension option for 120 months.

On the implementation date of July 1, 2021, the City was the lessee of a 72-month lease for the use of a building. An initial lease liability was recorded in the amount of \$165,494. As of June 30, 2023, the value of the lease liability was \$110,428. The City is required to make annual fixed payments of \$28,452, including interest at a rate of 1.217%. As a result of the lease, the City has recorded a right to use asset with a net book value of \$110,330 at June 30, 2023. The City has the option to purchase the building for \$483,436, and has one extension option for 36 months.

On the implementation date of July 1, 2021, the City was the lessee of an 18-month lease for the use of a building. An initial lease liability was recorded in the amount of \$298,145. As of June 30, 2023, the value of the lease liability was \$59,910. The City is required to make annual fixed payments of \$120,000, including interest at a rate of 0.514%. As a result of the lease, the City has recorded a right to use asset with a net book value of \$59,629 at June 30, 2023. The City has also entered into a sublease agreement with the lessor of the building. To the extent that the lessor collects rent payments from other tenants, the City receives a portion. These variable payments are contingent on future sublease tenant payments and have not been included in the measurement of the City's lease liability. The City recognized rent revenues of approximately \$52,978 under this arrangement during the year ended June 30, 2023.

On the implementation date of July 1, 2021, the City was the lessee of a 34-month lease for the use of postage equipment. An initial lease liability was recorded in the amount of \$12,413. As of June 30, 2023, the value of the lease liability was \$3,407. The City is required to make quarterly fixed payments of \$1,140, including interest at a rate of 0.727%. As a result of the lease, the City has recorded a right to use asset with a net book value of \$3,836 at June 30, 2023.

On the implementation date of July 1, 2021, the City was the lessee of a 39-month lease for the use of copier equipment. An initial lease liability was recorded in the amount of \$169,927. As of June 30, 2023, the value of the lease liability was \$56,751. The City is required to make annual fixed payments of \$57,165, including interest at a rate of 0.727%. As a result of the lease, the City has recorded a right to use asset with a net book value of \$65,979 at June 30, 2023.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023 were as follows:

| Year Ending<br>June 30 | Governmental Activities |                 |                   | Business-Type Activities |                 |                   |
|------------------------|-------------------------|-----------------|-------------------|--------------------------|-----------------|-------------------|
|                        | Principal               | Interest        | Total             | Principal                | Interest        | Total             |
| 2024                   | \$ 106,788              | \$ 734          | \$ 107,522        | \$ 41,069                | \$ 1,445        | \$ 42,514         |
| 2025                   | 695                     | 305             | 1,000             | 27,438                   | 1,014           | 28,452            |
| 2026                   | 711                     | 289             | 1,000             | 27,772                   | 680             | 28,452            |
| 2027                   | 727                     | 273             | 1,000             | 28,109                   | 342             | 28,451            |
| 2028                   | 744                     | 256             | 1,000             | -                        | -               | -                 |
| 2029-2033              | 3,985                   | 1,015           | 5,000             | -                        | -               | -                 |
| 2034-2038              | 4,465                   | 535             | 5,000             | -                        | -               | -                 |
| 2039-2041              | 1,933                   | 67              | 2,000             | -                        | -               | -                 |
| Total                  | <u>\$ 120,048</u>       | <u>\$ 3,474</u> | <u>\$ 123,522</u> | <u>\$ 124,388</u>        | <u>\$ 3,481</u> | <u>\$ 127,869</u> |

### Subscription Liabilities

The City has entered into subscription-based information technology arrangements (SBITAs). The SBITAs qualify as other than short-term SBITAs under GASB 96 and, therefore, have been recorded at the present value of the future minimum subscription payments as of the date of their inception.

On the implementation date of July 1, 2022, the City was party to 52-month subscription for the use of software. An initial subscription liability of \$38,085 was recorded at the present value of future minimum subscription payments using the City's incremental borrowing rate 1.710%. At June 30, 2023, the value of the subscription liability was \$33,302. The City is required to make annual fixed payments of \$5,000. The related right to use asset has a carrying value of \$29,296. The City has one extension option for 36 months.

On November 1, 2022, the City entered into a 33-month subscription for the use of software. An initial subscription liability of \$240,476 was recorded at the present value of future minimum subscription payments using the City's incremental borrowing rate 3.238%. At June 30, 2023, the value of the subscription liability was \$172,976. The City is required to make annual fixed payments of \$67,500. The related right to use asset has a carrying value of \$182,179.

On the implementation date of July 1, 2022, the City was party to a 118-month subscription for the use of software. An initial subscription liability of \$2,040,181 was recorded at the present value of future minimum subscription payments using the City's incremental borrowing rate 2.366%. At June 30, 2023, the value of the subscription liability was \$1,758,121. The City is required to make annual fixed payments of \$322,286. The related right to use asset has a carrying value of \$1,832,705. The City has one extension option for 60 months.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On the implementation date of July 1, 2022, the City was party to a 31-month subscription for the use of software. An initial subscription liability of \$22,229 was recorded at the present value of future minimum subscription payments using the City's incremental borrowing rate 2.184%. At June 30, 2023, the value of the subscription liability was \$13,941. The City is required to make monthly fixed payments of \$712. The related right to use asset has a carrying value of \$13,624.

On the implementation date of July 1, 2022, the City was party to a 44-month subscription for the use of software. An initial subscription liability of \$145,252 was recorded at the present value of future minimum subscription payments using the City's incremental borrowing rate 2.275%. At June 30, 2023, the value of the subscription liability was \$97,808. The City is required to make annual fixed payments of \$49,840. The related right to use asset has a carrying value of \$176,084.

On the implementation date of July 1, 2022, the City was party to a 24-month subscription for the use of software. An initial subscription liability of \$27,130 was recorded at the present value of future minimum subscription payments using the City's incremental borrowing rate 2.024%. At June 30, 2023, the value of the subscription liability was \$14,075. The City is required to make annual fixed payments of \$13,055. The related right to use asset has a carrying value of \$13,546.

On October 31, 2022, the City entered into a 36-month subscription for the use of software. An initial subscription liability of \$253,210 was recorded at the present value of future minimum subscription payments using the City's incremental borrowing rate 3.238%. At June 30, 2023, the value of the subscription liability was \$166,103. The City is required to make annual fixed payments of \$87,108. The related right to use asset has a carrying value of \$195,148.

The future minimum subscription obligations and the net present value of these minimum subscription payments as of June 30, 2023 were as follows:

| Year Ending<br>June 30 | Governmental Activities |                   |                     | Business-Type Activities |               |                  |
|------------------------|-------------------------|-------------------|---------------------|--------------------------|---------------|------------------|
|                        | Principal               | Interest          | Total               | Principal                | Interest      | Total            |
| 2024                   | \$ 510,810              | \$ 54,001         | \$ 564,811          | \$ 17,219                | \$ 475        | \$ 17,694        |
| 2025                   | 199,433                 | 41,963            | 241,396             | 3,698                    | 136           | 3,834            |
| 2026                   | (27,263)                | 35,929            | 8,666               | 4,258                    | 73            | 4,331            |
| 2027                   | 295,325                 | 36,630            | 331,955             | -                        | -             | -                |
| 2028                   | 302,312                 | 29,642            | 331,954             | -                        | -             | -                |
| 2029-2031              | 950,534                 | 45,330            | 995,864             | -                        | -             | -                |
| Total                  | <u>\$ 2,231,151</u>     | <u>\$ 243,495</u> | <u>\$ 2,474,646</u> | <u>\$ 25,175</u>         | <u>\$ 684</u> | <u>\$ 25,859</u> |

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Changes in Long-Term Liabilities

During the year ended June 30, 2023, the following changes occurred in long-term liabilities:

|                                  | <u>Balance</u><br><u>July 1, 2022</u> | <u>Additions</u>     | <u>Retirements</u>   | <u>Balance</u><br><u>June 30, 2023</u> | <u>Due</u><br><u>Within</u><br><u>One Year</u> |
|----------------------------------|---------------------------------------|----------------------|----------------------|--|--|
| <b>Governmental Activities:</b>  |                                       |                      |                      |  |  |
| <b>General Fund:</b>             |                                       |                      |                      |  |  |
| General obligation bonds         | \$ 16,548,288                         | \$ 33,190,000        | \$ 2,137,715         | \$ 47,600,573                          | \$ 3,595,715                                   |
| Limited obligation bonds         | 22,665,000                            | -                    | 1,335,000            | 21,330,000                             | 1,335,000                                      |
| Bond premium                     | -                                     | 4,547,966            | -                    | 4,547,966                              | -  |
| Lease liabilities                | 282,148                               | -                    | 165,011              | 117,137                                | 103,877  |
| Subscription liabilities         | -                                     | 2,220,353            | 339,384              | 1,880,969                              | 340,137  |
| Compensated absences             | 4,227,534                             | 4,020,578            | 2,657,208            | 5,590,904                              | 3,355,000                                      |
| Net pension (LGERS)              | 7,654,747                             | 20,792,583           | -                    | 28,447,330                             | -  |
| Total pension (LEO)              | 24,212,812                            | -                    | 3,134,332            | 21,078,480                             | -  |
| Total OPEB liability             | 51,251,627                            | -                    | 5,758,554            | 45,493,073                             | -  |
| Direct placement                 |                                       |                      |                      |  |  |
| installment purchases            | 6,665,000                             | -                    | 560,000              | 6,105,000                              | 570,000  |
| <b>Internal Service Funds:</b>   |                                       |                      |                      |  |  |
| Direct placement                 |                                       |                      |                      |  |  |
| installment purchases            | 13,979,732                            | -                    | 4,017,427            | 9,962,305                              | 3,426,757                                      |
| Lease liabilities                | 5,802                                 | -                    | 2,891                | 2,911                                  | 2,911  |
| Subscription liabilities         | -                                     | 506,385              | 156,203              | 350,182                                | 170,673  |
| Compensated absences             | 246,567                               | 170,350              | 144,808              | 272,109                                | 204,000  |
| Governmental activity            |                                       |                      |                      |  |  |
| long-term liabilities            | <u>\$ 147,739,257</u>                 | <u>\$ 65,448,215</u> | <u>\$ 20,408,533</u> | <u>\$ 192,778,939</u>                  | <u>\$ 13,104,070</u>                           |
|                                  |                                       |                      |                      |  |  |
|                                  | <u>Balance</u><br><u>July 1, 2022</u> | <u>Additions</u>     | <u>Retirements</u>   | <u>Balance</u><br><u>June 30, 2023</u> | <u>Due</u><br><u>Within</u><br><u>One Year</u> |
| <b>Business-Type Activities:</b> |                                       |                      |                      |  |  |
| <b>Electric Fund:</b>            |                                       |                      |                      |  |  |
| General obligation bonds         | \$ 283,712                            | \$ -                 | \$ 47,285            | \$ 236,427                             | \$ 47,285                                      |
| Lease liabilities                | 1,742                                 | -                    | 868                  | 874                                    | 874  |
| Net pension (LGERS)              | 596,474                               | 1,620,201            | -                    | 2,216,675                              | -  |
| Compensated absences             | 317,992                               | 360,237              | 271,520              | 406,709                                | 305,032  |
| Total OPEB liability             | 3,942,432                             | -                    | 442,965              | 3,499,467                              | -  |
| Electric Fund                    |                                       |                      |                      |  |  |
| long-term liabilities            | <u>\$ 5,142,352</u>                   | <u>\$ 1,980,438</u>  | <u>\$ 762,638</u>    | <u>\$ 6,360,152</u>                    | <u>\$ 353,191</u>                              |

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

|   | Balance<br>July 1, 2022 | Additions           | Retirements         | Balance<br>June 30, 2023 | Due<br>Within<br>One Year |
|---|-------------------------|---------------------|---------------------|--------------------------|---------------------------|
| <b>Water and Sewer Fund:</b>                  |                         |                     |                     |                          |                           |
| Compensated absences                          | \$ 590,483              | \$ 513,066          | \$ 405,724          | \$ 697,825               | \$ 523,369                |
| Total OPEB liability                          | 8,541,937               | -                   | 959,759             | 7,582,178                | -                         |
| Net pension (LGERS)                           | 1,391,771               | 3,780,470           | -                   | 5,172,241                | -                         |
| Revenue bonds                                 | 19,477,000              | -                   | 2,049,000           | 17,428,000               | 2,116,000                 |
| Bond premium                                  | 1,614,384               | -                   | 165,809             | 1,448,575                | -                         |
| Lease liabilities                             | 154,333                 | -                   | 35,313              | 119,020                  | 35,701                    |
| Subscription liabilities                      | -                       | 12,695              | 1,595               | 11,100                   | 3,144                     |
| State revolving loans                         | 34,021,483              | 4,396,942           | 2,182,241           | 36,236,184               | 2,952,240                 |
| Water and Sewer Fund<br>long-term liabilities | <u>\$ 65,791,391</u>    | <u>\$ 8,703,173</u> | <u>\$ 5,799,441</u> | <u>\$ 68,695,123</u>     | <u>\$ 5,630,454</u>       |

|  | Balance<br>July 1, 2022 | Additions           | Retirements       | Balance<br>June 30, 2023 | Due<br>Within<br>One Year |
|--|-------------------------|---------------------|-------------------|--------------------------|---------------------------|
| <b>Nonmajor Business-Type<br/>Activities:</b>              |                         |                     |                   |                          |                           |
| Compensated absences                                       | \$ 234,044              | \$ 256,844          | \$ 210,375        | \$ 280,513               | \$ 210,400                |
| Net pension (LGERS)  | 298,237                 | 810,101             | -                 | 1,108,338                | -                         |
| Lease liabilities  | 8,957                   | -                   | 4,463             | 4,494                    | 4,494                     |
| Subscription liabilities                                   | -                       | 27,130              | 13,055            | 14,075                   | 14,075                    |
| Total OPEB liability                                       | 1,971,218               | -                   | 221,483           | 1,749,735                | -                         |
| Nonmajor business-type<br>activities long-term liabilities | <u>\$ 2,512,456</u>     | <u>\$ 1,094,075</u> | <u>\$ 449,376</u> | <u>\$ 3,157,155</u>      | <u>\$ 228,969</u>         |

The Internal Service Fund predominantly services the governmental funds. Accordingly, long-term liabilities for it are included as part of the above totals for governmental activities.

For the governmental activities, compensated absences, net pension obligations, and net other post-employment benefit obligations are generally liquidated by the General Fund.

### 3. Jointly Governed Organizations

#### North Carolina Electric Agency

The City, in conjunction with 18 other local governments, is a member of the North Carolina Municipal Power Agency Number 1 (Agency). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one representative to the Agency's governing board of commissioners. The 19 members who receive power from the Agency have signed power sales agreements to purchase a specified share of power generated by the Agency. Except for the power sales purchase requirements, no local government participant has

# **CITY OF GASTONIA, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

any obligation, entitlement, or residual interest. The City's purchases of power for the fiscal year ended June 30, 2023 were \$47,488,753. These expenses are reflected in the Electric Fund's operations. Complete financial statements for the Agency can be obtained from the Agency's administrative offices at P.O. Box 29513, Raleigh, NC 27626-0513.

### **Centralina Council of Governments**

The Centralina Council of Governments is a voluntary association of eight County governments and 60 municipalities. The Council was established by the participating governments to coordinate funding from federal and state agencies. Each participating government appoints one member to the Council's governing board, whose responsibilities include approving the budget and designating the management of the Council. The City paid membership dues of \$19,574 during the fiscal year ended June 30, 2023.

#### **4. Joint Venture**

The City and the members of the City's fire department each appoint two members to the five-member local Board of Trustees for the Firefighters' Relief Fund. The State Insurance Commissioner appoints one additional member to the local Board of Trustees. The Firefighters' Relief Fund is funded by a portion of the fire and lightning insurance premiums, which insurers remit to the state.

The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2022. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local Board of Trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

#### **5. Related Organization**

The five-member Board of the City of Gastonia Housing Authority's governing board is appointed by the Mayor and Council of the City. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Authority. The City does not approve or modify the Authority's budget and does not select its management. The City does not finance any of the Authority's deficits and is not entitled to any surpluses. The City is not obligated in any manner for the Authority's debt. The City is also disclosed as a related organization in the notes to the financial statements for the Authority.

#### **6. Summary Disclosure of Significant Contingencies**

##### **Federal and State-Assisted Programs**

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

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 7. Related Party Transactions

In 2023, the City's Electric Fund provided services to the general government and did not charge the fund a fee for these services. The fair market value of these services is estimated at:

| <u>Service</u>  | <u>General Fund</u> |
|---|---------------------|
| Electricity   | \$ 577,102          |
| Electricity for street lights                                   | 787,592             |
| Electricity charges for street lights billed by outside parties | 260,817             |
| Total   | <u>\$ 1,625,511</u> |

At June 30, 2023, the City owed the Gastonia Tourism Development Authority (TDA) \$188,359 for occupancy taxes collected on its behalf, \$166,174 reported in the Occupancy Tax Fund and \$22,185 reported in the General Fund. The City of Gastonia ABC Board owed the City \$550,000 in profit distributions and \$8,687 in service reimbursements. During the year, the City collected and remitted \$926,517 of occupancy taxes to the TDA. The TDA paid \$841,447 to the City for tourism support. During the year, the ABC Board paid \$1,000,000 in profit distributions and \$68,700 in service reimbursements to the City.

### 8. Interfund Balances and Activity

| <b>Transfers From/To Other Funds:</b> | <u>Amount</u>    | <u>Purpose</u>                    |
|---------------------------------------|------------------|-----------------------------------|
| From General Fund to:                 |                  |                                   |
| Transit System Fund                   | \$ 576,431       | To underwrite operations          |
| Solid Waste Fund                      | 2,902,887        | To underwrite operations          |
| Information Technology Fund           | 1,657,000        | To purchase data center equipment |
| Streets Capital Project Fund          | 1,478,000        | To fund capital projects          |
| Nonmajor capital project fund         | 550,000          | To fund capital projects          |
|                                       | <u>7,164,318</u> |                                   |
| From ARPA Fund to:                    |                  |                                   |
| General Fund                          | 500,000          | To reimburse grant expenditures   |
| Internal Service Fund                 | 115,376          | To reimburse grant expenditures   |
| Nonmajor special revenue fund         | 41,510           | To reimburse grant expenditures   |
| Nonmajor capital project fund         | 180,398          | To reimburse grant expenditures   |
|                                       | <u>837,284</u>   |                                   |
| From Water and Sewer Fund to:         |                  |                                   |
| Information Technology Fund           | <u>275,500</u>   | To purchase data center equipment |



# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

From Electric Fund to:

|                             |                  |   |
|-----------------------------|------------------|---|
| General Fund                | 2,000,000        | To distribute profits to general government |
| Information Technology Fund | <u>232,000</u>   | To purchase data center equipment           |
|                             | <u>2,232,000</u> |   |

From Nonmajor Special Revenue Funds to:

|              |               |   |
|--------------|---------------|---|
| General Fund | 17,397        | To reimburse LLEBG expenses                 |
| General Fund | <u>40,000</u> | To assist with conference center operations |
|              | <u>57,397</u> |   |

From Nonmajor Capital Project Funds to:

|              |                |                              |
|--------------|----------------|------------------------------|
| General Fund | <u>100,000</u> | To assist with FUSE expenses |
|--------------|----------------|------------------------------|

From Nonmajor Enterprise Funds to:

|                             |               |                                   |
|-----------------------------|---------------|-----------------------------------|
| Information Technology Fund | <u>72,500</u> | To purchase data center equipment |
|-----------------------------|---------------|-----------------------------------|

Total interfund transfers \$ 10,738,999

### Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2023 is as follows:

#### Due To/From Other Funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u>            | <u>Amount</u>              |
|------------------------|--------------------------------|----------------------------|
| General Fund           | Nonmajor special revenue funds | \$ 747,774                 |
|                        | Nonmajor capital project funds | 159,105                    |
|                        | Internal service funds         | 310,186                    |
| Internal service funds | General Fund                   | 3,637,542                  |
|                        | ARPA Fund                      | <u>9,131</u>               |
| Total                  |                                | <u><u>\$ 4,863,738</u></u> |

The City uses a single central depository account to simplify banking and maximize the return on assets. Each fund has an equity interest in the pooled account equal to the amount of cash that is being held on behalf of the fund. Certain special revenue funds, capital project funds, and enterprise funds have overdrawn their account in the pool and, thus, report a current liability (a “due to”) to the General Fund central depository. The due to internal service funds from the General Fund and the ARPA Fund are for their portions of the dental and medical insurance at year-end.

## **CITY OF GASTONIA, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

#### **9. Subsequent Events**

On August 9, 2023, the City issued \$37,055,000 of Combined Utilities System Revenue Bonds, Series 2023. The bonds sold at a premium of \$4,344,361. The proceeds will finance the cost of system sewer expansion and pay certain costs of issuance. The bonds are due in annual principal installments from \$1,320,000 to \$2,970,000 from May 1, 2026 to May 1, 2043, with semi-annual interest payments from November 1, 2023 to May 1, 2043 at rates from 4.00% to 5.00%.

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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

- Schedule of Changes in Total Pension Liability for Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll for the Law Enforcement Officers' and Firefighters' Special Separation Allowance
- Schedule of Changes in the Total OPEB Liability and Related Ratios
- Local Governmental Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability (Asset) and its Contributions

**CITY OF GASTONIA, NORTH CAROLINA**

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY  
LAW ENFORCEMENT OFFICERS' AND FIREFIGHTERS'  
SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST SEVEN FISCAL YEARS**

|   | <b>Law Enforcement Officers' and Firefighters' Special Separation Allowance</b> |                      |                      |                      |
|---|---|----------------------|----------------------|----------------------|
|   | <b>2023</b>   | <b>2022</b>          | <b>2021</b>          | <b>2020</b>          |
| Beginning balance                                 | \$ 24,212,812   | \$ 24,878,526        | \$ 20,320,317        | \$ 19,972,541        |
| Service cost                                      | 753,551   | 787,730              | 547,059              | 508,284              |
| Interest on the total pension liability           | 523,411   | 462,624              | 634,663              | 698,690              |
| Changes in assumptions or other inputs            | (3,260,886)   | (561,632)            | 4,533,803            | 510,478              |
| Difference between expected and actual experience | 749,755   | 462,350              | 546,962              | 185,848              |
| Benefit payments                                  | (1,900,163)   | (1,816,786)          | (1,704,278)          | (1,555,524)          |
| Ending balance of the total pension liability     | <u>\$ 21,078,480</u>  | <u>\$ 24,212,812</u> | <u>\$ 24,878,526</u> | <u>\$ 20,320,317</u> |

The amounts presented for each fiscal year were determined as of the prior year ending December 31.

Pension schedules are intended to show information for ten years, additional years' information will be displayed as it comes available.

**CITY OF GASTONIA, NORTH CAROLINA**

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY  
LAW ENFORCEMENT OFFICERS' AND FIREFIGHTERS'  
SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST SEVEN FISCAL YEARS**

|  | <b>Law Enforcement Officers' and Firefighters' Special Separation Allowance</b> |                      |                      |
|--|---|----------------------|----------------------|
|  | <b>2019</b>   | <b>2018</b>          | <b>2017</b>          |
| Beginning balance                                    | \$ 21,000,133   | \$ 19,498,226        | \$ 20,191,374        |
| Service cost   | 520,225   | 445,690              | 455,233              |
| Interest on the total pension liability              | 638,878   | 721,936              | 694,796              |
| Changes in assumptions or other inputs               | (648,461)   | 985,226              | (384,595)            |
| Difference between expected and<br>actual experience | 26,694  | 939,506              | -                    |
| Benefit payments                                     | (1,564,928)   | (1,590,451)          | (1,458,582)          |
| Ending balance of the total pension liability        | <u>\$ 19,972,541</u>  | <u>\$ 21,000,133</u> | <u>\$ 19,498,226</u> |

**CITY OF GASTONIA, NORTH CAROLINA**

**SCHEDULE OF TOTAL PENSION LIABILITY  
AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL  
LAW ENFORCEMENT OFFICERS' AND FIREFIGHTERS'  
SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST SEVEN FISCAL YEARS**

| <b>Law Enforcement Officers' and Firefighters' Special Separation Allowance</b> |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
|   | <b>2023</b>   | <b>2022</b>   | <b>2021</b>   | <b>2020</b>   |
| Total pension liability   | \$ 21,078,480 | \$ 24,212,812 | \$ 24,878,526 | \$ 20,320,317 |
| Covered-employee payroll  | 18,746,582    | 18,255,271    | 18,187,883    | 18,277,474    |
| Total pension liability as a percentage<br>of covered-employee payroll          | 112.44%       | 132.63%       | 136.79%       | 111.18%       |

**Notes to Schedules:**

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

Pension schedules are intended to show information for ten years.

Additional years' information will be displayed as it comes available.

**CITY OF GASTONIA, NORTH CAROLINA**

**SCHEDULE OF TOTAL PENSION LIABILITY  
AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL  
LAW ENFORCEMENT OFFICERS' AND FIREFIGHTERS'  
SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST SEVEN FISCAL YEARS**

| <b>Law Enforcement Officers' and Firefighters' Special Separation Allowance</b> |               |               |               |
|---|---------------|---------------|---------------|
|   | <b>2019</b>   | <b>2018</b>   | <b>2017</b>   |
| Total pension liability   | \$ 19,972,541 | \$ 21,000,133 | \$ 19,498,226 |
| Covered-employee payroll  | 17,197,034    | 17,295,292    | 16,621,291    |
| Total pension liability as a percentage<br>of covered-employee payroll          | 116.14%       | 121.42%       | 117.31%       |

# CITY OF GASTONIA, NORTH CAROLINA

## SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS LAST SIX FISCAL YEARS

|   | Other Post-Employment Benefits |                      |                      |
|---|--------------------------------|----------------------|----------------------|
|   | 2023                           | 2022                 | 2021                 |
| Service cost  | \$ 2,203,079                   | \$ 2,906,690         | \$ 2,140,481         |
| Interest  | 1,420,814                      | 1,640,660            | 2,248,799            |
| Differences between expected<br>and actual experience               | 1,525,843                      | (14,725,987)         | (973,416)            |
| Changes in assumptions  | (8,245,842)                    | 5,782,134            | 8,160,332            |
| Benefit payments  | (4,286,655)                    | (2,441,843)          | (2,263,646)          |
| Net change in total OPEB liability                                  | (7,382,761)                    | (6,838,346)          | 9,312,550            |
| Total OPEB liability - beginning                                    | 65,707,214                     | 72,545,560           | 63,233,010           |
| Total OPEB liability - ending                                       | <u>\$ 58,324,453</u>           | <u>\$ 65,707,214</u> | <u>\$ 72,545,560</u> |
| Covered-employee payroll  | \$ 39,207,812                  | \$ 39,207,812        | \$ 42,663,989        |
| Total OPEB liability as a percentage<br>of covered-employee payroll | 148.76%                        | 167.59%              | 170.04%              |

### Notes to Schedule:

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

| Fiscal Year | Rate  |
|-------------|-------|
| 2023        | 3.54% |
| 2022        | 2.16% |
| 2021        | 2.21% |
| 2020        | 3.50% |
| 2019        | 3.89% |
| 2018        | 3.56% |

The City of Gastonia has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

Pension schedules are intended to show information for ten years, additional years' information will be displayed as it comes available.



## CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST SIX FISCAL YEARS

|   | Other Post-Employment Benefits |                      |                      |
|---|--------------------------------|----------------------|----------------------|
|   | 2020                           | 2019                 | 2018                 |
| Service cost  | \$ 1,831,593                   | \$ 1,891,872         | \$ 2,042,691         |
| Interest  | 2,013,627                      | 1,854,318            | 1,638,209            |
| Differences between expected<br>and actual experience               | 6,871,822                      | 763,715              | (321,457)            |
| Changes in assumptions  | 2,228,953                      | (1,660,646)          | (2,912,550)          |
| Benefit payments  | (2,926,414)                    | (3,416,925)          | (2,166,610)          |
| Net change in total OPEB liability                                  | 10,019,581                     | (567,666)            | (1,719,717)          |
| Total OPEB liability - beginning                                    | 53,213,429                     | 53,781,095           | 55,500,812           |
| Total OPEB liability - ending                                       | <u>\$ 63,233,010</u>           | <u>\$ 53,213,429</u> | <u>\$ 53,781,095</u> |
| Covered-employee payroll  | \$ 42,663,989                  | \$ 39,707,373        | \$ 39,707,373        |
| Total OPEB liability as a percentage<br>of covered-employee payroll | 148.21%                        | 134.01%              | 135.44%              |

**CITY OF GASTONIA, NORTH CAROLINA**

**CITY OF GASTONIA'S PROPORTIONATE SHARE  
OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN FISCAL YEARS\***

|  | <b>Local Governmental Employees' Retirement System</b> |               |               |               |               |
|--|--|---------------|---------------|---------------|---------------|
|  | <b>2023</b>  | <b>2022</b>   | <b>2021</b>   | <b>2020</b>   | <b>2019</b>   |
| City of Gastonia's proportion of the net pension liability (asset) (%)   | 0.6549%  | 0.6482%       | 0.6779%       | 0.6919%       | 0.6917%       |
| City of Gastonia's proportion of the net pension liability (asset) (\$)  | \$ 36,944,584  | \$ 9,941,229  | \$ 24,225,327 | \$ 18,894,431 | \$ 16,409,491 |
| City of Gastonia's covered payroll   | \$ 53,581,396  | \$ 48,364,744 | \$ 47,985,430 | \$ 46,766,460 | \$ 44,801,218 |
| City of Gastonia's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 68.95%   | 20.55%        | 50.48%        | 40.40%        | 36.63%        |
| Plan fiduciary net position as a percentage of the total pension liability**                                       | 84.14%   | 95.51%        | 88.61%        | 90.86%        | 91.63%        |

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

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

**CITY OF GASTONIA, NORTH CAROLINA**

**CITY OF GASTONIA'S PROPORTIONATE SHARE  
OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN FISCAL YEARS\***

|  | <b>Local Governmental Employees' Retirement System</b> |               |               |                |               |
|--|--|---------------|---------------|----------------|---------------|
|  | <b>2018</b>  | <b>2017</b>   | <b>2016</b>   | <b>2015</b>    | <b>2014</b>   |
| City of Gastonia's proportion of the net pension liability (asset) (%)   | 0.6954%  | 0.6933%       | 0.6904%       | 0.7117%        | 0.7447%       |
| City of Gastonia's proportion of the net pension liability (asset) (\$)  | \$ 10,624,397  | \$ 14,713,087 | \$ 3,098,250  | \$ (4,196,931) | \$ 8,976,495  |
| City of Gastonia's covered payroll   | \$ 44,613,473  | \$ 42,022,437 | \$ 40,219,591 | \$ 40,354,967  | \$ 39,442,754 |
| City of Gastonia's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 23.81%   | 35.01%        | 7.70%         | ( 10.40%)      | 22.76%        |
| Plan fiduciary net position as a percentage of the total pension liability**                                       | 94.18%   | 91.47%        | 98.09%        | 102.64%        | 94.35%        |

**CITY OF GASTONIA, NORTH CAROLINA****CITY OF GASTONIA'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN FISCAL YEARS**

| <b>Local Governmental Employees' Retirement System</b>                  |                    |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | <b><u>2023</u></b> | <b><u>2022</u></b> | <b><u>2021</u></b> | <b><u>2020</u></b> | <b><u>2019</u></b> |
| Contractually required contribution                                     | \$ 6,920,267       | \$ 6,103,813       | \$ 4,933,515       | \$ 4,327,515       | \$ 3,661,487       |
| Contributions in relation to the<br>contractually required contribution | <u>6,920,267</u>   | <u>6,103,813</u>   | <u>4,933,515</u>   | <u>4,327,515</u>   | <u>3,661,487</u>   |
| Contribution deficiency (excess)  | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        |
| City of Gastonia's covered payroll                                      | \$ 56,754,929      | \$ 53,581,396      | \$ 48,364,744      | \$ 47,985,430      | \$ 46,766,460      |
| Contributions as a percentage<br>of covered payroll                     | 12.19%             | 11.39%             | 10.20%             | 9.02%              | 7.83%              |

**CITY OF GASTONIA, NORTH CAROLINA****CITY OF GASTONIA'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN FISCAL YEARS**

| <b>Local Governmental Employees' Retirement System</b>                  |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|
|   | <b>2018</b>      | <b>2017</b>      | <b>2016</b>      | <b>2015</b>      | <b>2014</b>      |
| Contractually required contribution                                     | \$ 3,391,208     | \$ 3,268,644     | \$ 2,811,948     | \$ 2,850,955     | \$ 2,841,669     |
| Contributions in relation to the<br>contractually required contribution | <u>3,391,208</u> | <u>3,268,644</u> | <u>2,811,948</u> | <u>2,850,955</u> | <u>2,841,669</u> |
| Contribution deficiency (excess)  | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| City of Gastonia's covered payroll                                      | \$ 44,801,218    | \$ 44,613,473    | \$ 42,022,437    | \$ 40,219,591    | \$ 40,354,967    |
| Contributions as a percentage<br>of covered payroll                     | 7.57%            | 7.33%            | 6.69%            | 7.09%            | 7.04%            |

## CITY OF GASTONIA, NORTH CAROLINA

## NONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET

JUNE 30, 2023

|   | <b>Nonmajor</b>                      |                                      |                      |
|---|--------------------------------------|--------------------------------------|----------------------|
|   | <b>Special<br/>Revenue<br/>Funds</b> | <b>Capital<br/>Project<br/>Funds</b> | <b>Total</b>         |
| <b>Assets:</b>  |                                      |                                      |                      |
| Cash, cash equivalents, and investments                                   | \$ -                                 | \$ 5,337,780                         | \$ 5,337,780         |
| Taxes receivable, net   | 8,710                                | -                                    | 8,710                |
| Accounts receivable, net  | 382,817                              | 3,632                                | 386,449              |
| Due from other governments  | 186,927                              | 396,169                              | 583,096              |
| Long-term receivable  | 1,697,389                            | 57,813                               | 1,755,202            |
| Leases receivable   | -                                    | 3,212,944                            | 3,212,944            |
| Prepaid items   | 25,710                               | -                                    | 25,710               |
| Cash and cash equivalents, restricted                                     | 3,191,568                            | 876,149                              | 4,067,717            |
| Property acquired for rehabilitation and resale                           | 944,140                              | -                                    | 944,140              |
| Total assets  | <u>\$ 6,437,261</u>                  | <u>\$ 9,884,487</u>                  | <u>\$ 16,321,748</u> |
| <b>Liabilities, Deferred Inflows of<br/>Resources, and Fund Balances:</b> |                                      |                                      |                      |
| <b>Liabilities:</b>   |                                      |                                      |                      |
| Accounts payable and accrued liabilities                                  | \$ 553,113                           | \$ 213,922                           | \$ 767,035           |
| Advances from grantors  | 1,728,529                            | 442,222                              | 2,170,751            |
| Due to General Fund   | 747,774                              | 159,105                              | 906,879              |
| Total liabilities   | <u>3,029,416</u>                     | <u>815,249</u>                       | <u>3,844,665</u>     |
| <b>Deferred Inflows of Resources:</b>                                     |                                      |                                      |                      |
| Lease deferrals   | -                                    | 3,144,338                            | 3,144,338            |
| Unavailable taxes   | 8,710                                | -                                    | 8,710                |
| Total deferred inflows of resources                                       | <u>8,710</u>                         | <u>3,144,338</u>                     | <u>3,153,048</u>     |
| <b>Fund Balances:</b>   |                                      |                                      |                      |
| Non-spendable:  |                                      |                                      |                      |
| Leases  | -                                    | 68,606                               | 68,606               |
| Prepays   | 25,710                               | -                                    | 25,710               |
| Restricted:   |                                      |                                      |                      |
| Stabilization by state statute  | 3,004,588                            | 901,458                              | 3,906,046            |
| Restricted, all other   | 1,190,917                            | 3,158,743                            | 4,349,660            |
| Assigned  | 87,129                               | 2,083,034                            | 2,170,163            |
| Unassigned  | (909,209)                            | (286,941)                            | (1,196,150)          |
| Total fund balances (deficits)  | <u>3,399,135</u>                     | <u>5,924,900</u>                     | <u>9,324,035</u>     |
| Total liabilities, deferred inflows of<br>resources, and fund balances    | <u>\$ 6,437,261</u>                  | <u>\$ 9,884,487</u>                  | <u>\$ 16,321,748</u> |

## CITY OF GASTONIA, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|  | <b>Nonmajor</b>                      |                                      |                     |
|--|--------------------------------------|--------------------------------------|---------------------|
|  | <b>Special<br/>Revenue<br/>Funds</b> | <b>Capital<br/>Project<br/>Funds</b> | <b>Total</b>        |
| <b>Revenues:</b>   |                                      |                                      |                     |
| Ad valorem taxes   | \$ 185,945                           | \$ -                                 | \$ 185,945          |
| Other taxes and licenses   | 926,517                              | -                                    | 926,517             |
| Restricted intergovernmental   | 2,996,025                            | 593,599                              | 3,589,624           |
| Sales and services   | 51,540                               | -                                    | 51,540              |
| Investment earnings  | 105,647                              | 281,198                              | 386,845             |
| Miscellaneous  | 4,325                                | 456,750                              | 461,075             |
| Total revenues   | <u>4,269,999</u>                     | <u>1,331,547</u>                     | <u>5,601,546</u>    |
| <b>Expenditures:</b>   |                                      |                                      |                     |
| Economic and physical development  | 3,890,112                            | -                                    | 3,890,112           |
| Cultural and recreation  | 322,204                              | -                                    | 322,204             |
| Capital outlay   | -                                    | 1,438,225                            | 1,438,225           |
| Total expenditures   | <u>4,212,316</u>                     | <u>1,438,225</u>                     | <u>5,650,541</u>    |
| Revenues over (under) expenditures   | <u>57,683</u>                        | <u>(106,678)</u>                     | <u>(48,995)</u>     |
| <b>Other Financing Sources (Uses):</b>   |                                      |                                      |                     |
| Transfers from other funds   | 41,510                               | 730,398                              | 771,908             |
| Transfers to other funds   | (57,397)                             | (100,000)                            | (157,397)           |
| Total other financing sources (uses)   | <u>(15,887)</u>                      | <u>630,398</u>                       | <u>614,511</u>      |
| Net change in fund balances  | 41,796                               | 523,720                              | 565,516             |
| <b>Fund Balances:</b>  |                                      |                                      |                     |
| Beginning of year - July 1   | 3,372,698                            | 5,401,180                            | 8,773,878           |
| Increase (decrease) in inventories and property/<br>land acquired redevelopment/rehabilitation | <u>(15,359)</u>                      | <u>-</u>                             | <u>(15,359)</u>     |
| End of year - June 30  | <u>\$ 3,399,135</u>                  | <u>\$ 5,924,900</u>                  | <u>\$ 9,324,035</u> |

## CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2023

| <u>Fiscal Year</u>  | <u>Balance<br/>July 1, 2022</u> | <u>Additions and<br/>Adjustments</u> | <u>Collections<br/>and Credits</u> | <u>Balance<br/>June 30, 2023</u> |
|---|---------------------------------|--------------------------------------|------------------------------------|----------------------------------|
| 2022-2023   | \$ -                            | \$ 37,688,223                        | \$ 37,338,127                      | \$ 350,096                       |
| 2021-2022   | 288,146                         | 3,859                                | 169,111                            | 122,894                          |
| 2020-2021   | 112,416                         | 3,859                                | 33,408                             | 82,867                           |
| 2019-2020   | 104,932                         | 3,164                                | 17,661                             | 90,435                           |
| 2018-2019   | 82,460                          | -                                    | 7,498                              | 74,962                           |
| 2017-2018   | 77,178                          | -                                    | 6,693                              | 70,485                           |
| 2016-2017   | 55,080                          | -                                    | 4,677                              | 50,403                           |
| 2015-2016   | 48,190                          | -                                    | 3,883                              | 44,307                           |
| 2014-2015   | 51,915                          | -                                    | 5,035                              | 46,880                           |
| 2013-2014   | 46,102                          | -                                    | 3,424                              | 42,678                           |
| 2012-2013   | 40,119                          | -                                    | 40,119                             | -                                |
| Total   | <u>\$ 906,538</u>               | <u>\$ 37,699,105</u>                 | <u>\$ 37,629,636</u>               | <u>976,007</u>                   |
| Less: Allowance for uncollectible ad valorem taxes receivable |                                 |                                      |                                    | <u>(118,115)</u>                 |
| Ad valorem taxes receivable - net                             |                                 |                                      |                                    | <u>\$ 857,892</u>                |
| <b>Reconciliation with Revenues:</b>                          |                                 |                                      |                                    |                                  |
| Taxes - ad valorem  |                                 |                                      |                                    | \$ 38,685,568                    |
| Reconciling items:  |                                 |                                      |                                    |                                  |
| Penalties and interest  |                                 |                                      |                                    | (156,257)                        |
| Last list fees  |                                 |                                      |                                    | 56,935                           |
| Amounts written off for tax year 2012-2013                    |                                 |                                      |                                    | 38,715                           |
| Prior year NCVTS motor vehicle collections                    |                                 |                                      |                                    | (996,269)                        |
| Prior year releases and adjustments of uncollected taxes      |                                 |                                      |                                    | (4,313)                          |
| Miscellaneous adjustments                                     |                                 |                                      |                                    | <u>5,257</u>                     |
| Total collections and credits                                 |                                 |                                      |                                    | <u>\$ 37,629,636</u>             |



## CITY OF GASTONIA, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY  
FOR THE YEAR ENDED JUNE 30, 2023

|   | City-Wide               |           |                      | Total Levy   |                                 |
|---|-------------------------|-----------|----------------------|--|---------------------------------|
|   | Property<br>Valuation   | Rate      | Total<br>Levy        | Property<br>Excluding<br>Registered<br>Motor<br>Vehicles | Registered<br>Motor<br>Vehicles |
| <b>Original Levy:</b>                     |                         |           |                      |  |                                 |
| Property taxed at current year's rate     | \$ 7,217,172,192        | \$ 0.0052 | \$ 37,529,295        | \$ 34,478,826  | \$ 3,050,469                    |
| <b>Discoveries:</b>                       |                         |           |                      |  |                                 |
| Current year taxes                        | 38,662,925              | 0.0052    | 201,047              | 94,075   | 106,972                         |
| <b>Abateements:</b>                       |                         |           |                      |  |                                 |
| Current year taxes                        | (8,099,862)             |           | (42,119)             | (34,782)   | (7,337)                         |
| Total property valuation                  | <u>\$ 7,247,735,255</u> |           |                      |  |                                 |
| <b>Net Levy</b>                           |                         |           | 37,688,223           | 34,538,119   | 3,150,104                       |
| Uncollected taxes at June 30, 2023        |                         |           | 350,096              | 292,358  | 57,738                          |
| Current year's tax collections            |                         |           | <u>\$ 37,338,127</u> | <u>\$ 34,245,761</u>                                     | <u>\$ 3,092,366</u>             |
| <b>Current Levy Collection Percentage</b> |                         |           | <u>99.07%</u>        | <u>99.15%</u>  | <u>98.17%</u>                   |
| <b>Prior Year Collection Percentage</b>   |                         |           | <u>99.21%</u>        | <u>99.18%</u>  | <u>99.50%</u>                   |



## **GENERAL FUND**

The primary purpose of the General Fund is to account for all of the City's operating revenues and other financial resources and their uses in conducting the general operations of the City, except for those resources required to be accounted for in another fund.

This fund receives the major portion of the ad valorem tax revenue, local option sales taxes, federal and State shared revenues, licenses, permits and fees. The major operating activities include general government, public safety, public works, recreation, museum and other governmental service functions.

The fund is accounted for on the modified accrual basis of accounting.



CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

|   | 2023            |               |                        | 2022          |
|---|-----------------|---------------|------------------------|---------------|
|   | Final<br>Budget | Actual        | Variance<br>Over/Under | Actual        |
| <b>Revenues:</b>                                |                 |               |                        |               |
| <b>Ad Valorem Taxes:</b>                        |                 |               |                        |               |
| Current year                                    | \$ 35,823,560   | \$ 37,282,931 | \$ 1,459,371           | \$ 35,982,839 |
| Prior year                                      | 1,121,000       | 1,246,380     | 125,380                | 1,223,018     |
| Penalties and interest                          | 136,000         | 156,257       | 20,257                 | 179,279       |
| Total   | 37,080,560      | 38,685,568    | 1,605,008              | 37,385,136    |
| <b>Other Taxes and Licenses:</b>                |                 |               |                        |               |
| Local option sales tax                          | 16,170,000      | 18,161,325    | 1,991,325              | 16,972,083    |
| Utility sales tax                               | 4,494,000       | 4,667,585     | 173,585                | 4,468,324     |
| Payments in lieu of taxes                       | 4,951,086       | 4,951,086     | -                      | 4,863,005     |
| Utility franchise tax                           | 4,500           | 23,152        | 18,652                 | 7,136         |
| Penalties and interest                          | 25              | 34            | 9                      | 34            |
| Auto tag fee                                    | 1,868,100       | 1,811,301     | (56,799)               | 1,771,389     |
| Rental vehicle tax                              | 80,000          | 110,700       | 30,700                 | 96,781        |
| Total   | 27,567,711      | 29,725,183    | 2,157,472              | 28,178,752    |
| <b>Unrestricted Intergovernmental Revenues:</b> |                 |               |                        |               |
| Beer and wine                                   | 330,000         | 373,362       | 43,362                 | 324,098       |
| City of Gastonia ABC Board                      | 600,000         | 1,000,000     | 400,000                | 1,300,000     |
| Court costs                                     | 10,000          | 11,900        | 1,900                  | 15,363        |
| Video franchise tax                             | 459,000         | 438,179       | (20,821)               | 473,089       |
| Total   | 1,399,000       | 1,823,441     | 424,441                | 2,112,550     |
| <b>Restricted Intergovernmental Revenues:</b>   |                 |               |                        |               |
| Powell Bill allocation                          | 2,023,631       | 2,359,984     | 336,353                | 2,362,945     |
| Section 104(f) - federal grant                  | 307,000         | 297,868       | (9,132)                | 185,856       |
| Brownfield EPA grant                            | -               | 7,125         | 7,125                  | 140,737       |
| Coronavirus grant - BJA                         | -               | -             | -                      | 163,408       |
| Section 5303 - federal/state                    | 108,908         | 45,880        | (63,028)               | 56,719        |
| Federal asset forfeitures                       | 78,196          | 80,211        | 2,015                  | 102,162       |
| State asset forfeitures                         | 79,115          | 80,579        | 1,464                  | 52,367        |
| FEMA reimbursement                              | -               | -             | -                      | 49,739        |
| State grants                                    | 13,517          | 5,550         | (7,967)                | 36,542        |
| Miscellaneous federal and state grants          | 249,265         | 210,735       | (38,530)               | 258,824       |
| Gaston County                                   | 46,328          | 31,974        | (14,354)               | 294,460       |
| US DOJ JAG grant                                | 72,808          | 60,056        | (12,752)               | 69,552        |
| Federal grants - vest                           | -               | 5,456         | 5,456                  | 11,111        |
| Total   | 2,978,768       | 3,185,418     | 206,650                | 3,784,422     |

**CITY OF GASTONIA, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|                                    | 2023            |            |                        | 2022       |
|------------------------------------|-----------------|------------|------------------------|------------|
|                                    | Final<br>Budget | Actual     | Variance<br>Over/Under | Actual     |
| <b>Permits</b>                     | 1,979,427       | 777,358    | (1,202,069)            | 2,383,201  |
| <b>Sales, Services, and Rents:</b> |                 |            |                        |            |
| Administration fees                | 750,000         | 762,918    | 12,918                 | 724,475    |
| NC DOT reimbursement for services  | 415,000         | 377,377    | (37,623)               | 414,127    |
| Airport fees and rents             | 125,000         | 127,478    | 2,478                  | 120,907    |
| Commercial waste disposal fee      | 50,000          | 63,464     | 13,464                 | 61,115     |
| Decorative street lights           | -               | 1,000      | 1,000                  | -          |
| Fire protection charges            | -               | 4,100      | 4,100                  | -          |
| Hanson surcharge                   | 55,000          | 23,852     | (31,148)               | 98,855     |
| Museum                             | 586,000         | 673,181    | 87,181                 | 548,448    |
| Reconnection fees                  | 180,000         | 234,555    | 54,555                 | 243,995    |
| Recreation                         | 336,100         | 364,101    | 28,001                 | 382,063    |
| Reimbursement for services         | 1,264,391       | 1,443,795  | 179,404                | 1,186,534  |
| Rents                              | 251,408         | 306,227    | 54,819                 | 266,598    |
| Report copies                      | 1,400           | 615        | (785)                  | 702        |
| Sale of property                   | 10,000          | 36,841     | 26,841                 | 26,030     |
| Skeet, trap, and pistol/rifle fees | 90,000          | 80,689     | (9,311)                | 77,949     |
| Total                              | 4,114,299       | 4,500,193  | 385,894                | 4,151,798  |
| <b>Investment Earnings:</b>        |                 |            |                        |            |
| Regular investments                | 638,829         | 1,853,219  | 1,214,390              | 155,180    |
| Federal asset forfeitures          | -               | 12,644     | 12,644                 | 633        |
| State asset forfeitures            | -               | 6,939      | 6,939                  | 290        |
| Police Memorial - Fund 75          | -               | (196)      | (196)                  | (9)        |
| Block Grant - Fund 76              | -               | 4,336      | 4,336                  | 150        |
| Hanson surcharge                   | -               | 4,983      | 4,983                  | 259        |
| Total                              | 638,829         | 1,881,925  | 1,243,096              | 156,503    |
| <b>Miscellaneous:</b>              |                 |            |                        |            |
| Donations                          | 75,615          | 60,614     | (15,001)               | 42,255     |
| Parking violations                 | 500             | 25         | (475)                  | 71         |
| Discounts earned                   | 500             | 365        | (135)                  | -          |
| Other                              | 710,545         | 697,094    | (13,451)               | 789,951    |
| Insurance proceeds                 | 108,668         | 8,670      | (99,998)               | 430        |
| Total                              | 895,828         | 766,768    | (129,060)              | 832,707    |
| Total revenues                     | 76,654,422      | 81,345,854 | 4,691,432              | 78,985,069 |

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

|   | 2023            |             |                        | 2022      |
|---|-----------------|-------------|------------------------|-----------|
|   | Final<br>Budget | Actual      | Variance<br>Over/Under | Actual    |
| <b>Expenditures:</b>  |                 |             |                        |           |
| <b>General Government:</b>  |                 |             |                        |           |
| <b>Mayor and Council:</b>   |                 |             |                        |           |
| Salaries and employee benefits  | 161,500         | 161,365     | 135                    | 145,766   |
| Operating expenditures  | 346,606         | 295,571     | 51,035                 | 314,529   |
| Overhead allocated to other funds   | (163,131)       | (163,002)   | (129)                  | (167,353) |
| Total   | 344,975         | 293,934     | 51,041                 | 292,942   |
| <b>Miscellaneous Grants and Donations:</b>  |                 |             |                        |           |
| Operating expenditures  | 1,225           | -           | 1,225                  | -         |
| <b>Communications and Marketing:</b>  |                 |             |                        |           |
| Salaries and employee benefits  | 314,788         | 303,433     | 11,355                 | 300,614   |
| Operating expenditures  | 55,381          | 52,503      | 2,878                  | 51,276    |
| Overhead allocated to other funds   | (270,954)       | (283,298)   | 12,344                 | (269,921) |
| Total   | 99,215          | 72,638      | 26,577                 | 81,969    |
| <b>City Manager:</b>  |                 |             |                        |           |
| Salaries and employee benefits  | 769,922         | 740,051     | 29,871                 | 702,353   |
| Operating expenditures  | 103,550         | 92,613      | 10,937                 | 78,361    |
| Overhead allocated to other funds   | (330,971)       | (331,943)   | 972                    | (368,187) |
| Total   | 542,501         | 500,721     | 41,780                 | 412,527   |
| <b>Assistant City Manager - Director of<br/>Human Resources and Administration:</b> |                 |             |                        |           |
| Salaries and employee benefits  | 330,891         | 330,612     | 279                    | 257,301   |
| Operating expenditures  | 26,183          | 21,494      | 4,689                  | 20,165    |
| Overhead allocated to other funds   | (70,579)        | (89,200)    | 18,621                 | (225,190) |
| Total   | 286,495         | 262,906     | 23,589                 | 52,276    |
| <b>Assistant City Manager - Public Infrastructure:</b>                              |                 |             |                        |           |
| Salaries and employee benefits  | 205,999         | 205,929     | 70                     | 194,742   |
| Operating expenditures  | 12,609          | 12,056      | 553                    | 12,971    |
| Overhead allocated to other funds   | (79,731)        | (112,616)   | 32,885                 | (196,603) |
| Total   | 138,877         | 105,369     | 33,508                 | 11,110    |
| <b>Human Resources:</b>   |                 |             |                        |           |
| Salaries and employee benefits  | 2,784,492       | 2,768,392   | 16,100                 | 2,665,372 |
| Operating expenditures  | 2,153,108       | 2,315,731   | (162,623)              | 1,817,816 |
| Overhead allocated to other funds   | (1,110,423)     | (1,237,479) | 127,056                | (703,872) |
| Total   | 3,827,177       | 3,846,644   | (19,467)               | 3,779,316 |

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

|   | 2023            |           |                        | 2022      |
|---|-----------------|-----------|------------------------|-----------|
|   | Final<br>Budget | Actual    | Variance<br>Over/Under | Actual    |
| <b>Technology Services:</b>               |                 |           |                        |           |
| <b>Admin Apps:</b>                        |                 |           |                        |           |
| Operating expenditures                    | 45,145          | 38,489    | 6,656                  | 36,198    |
| <b>Financial Services:</b>                |                 |           |                        |           |
| <b>Accounting Division:</b>               |                 |           |                        |           |
| Salaries and employee benefits            | 635,310         | 634,069   | 1,241                  | 616,229   |
| Operating expenditures                    | 126,647         | 469,536   | (342,889)              | 95,331    |
| Overhead allocated to other funds         | (222,000)       | (232,330) | 10,330                 | (237,071) |
| Total                                     | 539,957         | 871,275   | (331,318)              | 474,489   |
| <b>Budget Division:</b>                   |                 |           |                        |           |
| Salaries and employee benefits            | 237,261         | 234,694   | 2,567                  | 239,160   |
| Operating expenditures                    | 71,128          | 66,023    | 5,105                  | 107,982   |
| Overhead allocated to other funds         | (196,587)       | (192,296) | (4,291)                | (205,784) |
| Capital outlay                            | 199,360         | 253,397   | (54,037)               | -         |
| Total                                     | 311,162         | 361,818   | (50,656)               | 141,358   |
| <b>Accounts Receivable Division:</b>      |                 |           |                        |           |
| Salaries and employee benefits            | 556,267         | 555,176   | 1,091                  | 519,906   |
| Operating expenditures                    | 291,094         | 272,234   | 18,860                 | 230,722   |
| Overhead allocated to other funds         | (32,239)        | (34,114)  | 1,875                  | (204,308) |
| Total                                     | 815,122         | 793,296   | 21,826                 | 546,320   |
| <b>Purchasing Division:</b>               |                 |           |                        |           |
| Salaries and employee benefits            | 288,684         | 288,046   | 638                    | 276,424   |
| Operating expenditures                    | 41,442          | 41,210    | 232                    | 34,269    |
| Overhead allocated to other funds         | (108,971)       | (109,332) | 361                    | (151,244) |
| Total                                     | 221,155         | 219,924   | 1,231                  | 159,449   |
| <b>Warehouse Division:</b>                |                 |           |                        |           |
| Salaries and employee benefits            | 156,890         | 154,569   | 2,321                  | 119,144   |
| Operating expenditures                    | 133,998         | 129,803   | 4,195                  | 85,307    |
| Overhead allocated to other funds         | (147,471)       | (155,393) | 7,922                  | (146,090) |
| Total                                     | 143,417         | 128,979   | 14,438                 | 58,361    |
| <b>Financial Services Administration:</b> |                 |           |                        |           |
| Salaries and employee benefits            | 297,551         | 259,884   | 37,667                 | 281,068   |
| Operating expenditures                    | 22,226          | 20,480    | 1,746                  | 15,709    |
| Overhead allocated to other funds         | (182,073)       | (152,774) | (29,299)               | (105,008) |
| Total                                     | 137,704         | 127,590   | 10,114                 | 191,769   |



CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

|   | 2023            |             |                        | 2022        |
|---|-----------------|-------------|------------------------|-------------|
|   | Final<br>Budget | Actual      | Variance<br>Over/Under | Actual      |
| <b>Garage Parts Room:</b>                         |                 |             |                        |             |
| Salaries and employee benefits                    | 172,403         | 170,296     | 2,107                  | 159,852     |
| Operating expenditures                            | 15,884          | 1,213       | 14,671                 | 68,186      |
| Overhead allocated to other funds                 | (58,277)        | (58,140)    | (137)                  | (47,746)    |
| Total   | 130,010         | 113,369     | 16,641                 | 180,292     |
| <b>Revenue Administration:</b>                    |                 |             |                        |             |
| Salaries and employee benefits                    | 298,198         | 298,162     | 36                     | 274,955     |
| Operating expenditures                            | 13,722          | 11,613      | 2,109                  | 13,043      |
| Overhead allocated to other funds                 | (230,639)       | (222,043)   | (8,596)                | (270,718)   |
| Total   | 81,281          | 87,732      | (6,451)                | 17,280      |
| <b>Customer Service:</b>                          |                 |             |                        |             |
| Salaries and employee benefits                    | 802,024         | 792,697     | 9,327                  | 726,431     |
| Operating expenditures                            | 766,533         | 651,746     | 114,787                | 678,937     |
| Overhead allocated to other funds                 | (789,550)       | (759,847)   | (29,703)               | (1,002,372) |
| Total   | 779,007         | 684,596     | 94,411                 | 402,996     |
| <b>Meter Services:</b>                            |                 |             |                        |             |
| Salaries and employee benefits                    | 985,732         | 969,739     | 15,993                 | 851,334     |
| Operating expenditures                            | 150,790         | 146,120     | 4,670                  | 177,635     |
| Overhead allocated to other funds                 | (1,134,958)     | (1,112,393) | (22,565)               | (1,028,969) |
| Total   | 1,564           | 3,466       | (1,902)                | -           |
| Total financial services                          | 3,160,379       | 3,392,045   | (231,666)              | 2,172,314   |
| <b>City Attorney:</b>                             |                 |             |                        |             |
| Operating expenditures                            | 6,195           | 4,310       | 1,885                  | -           |
| <b>City Attorney:</b>                             |                 |             |                        |             |
| Salaries and employee benefits                    | 655,567         | 629,323     | 26,244                 | 499,798     |
| Operating expenditures                            | 57,309          | 44,270      | 13,039                 | 47,365      |
| Overhead allocated to other funds                 | (391,380)       | (373,650)   | (17,730)               | (104,248)   |
| Capital outlay                                    | -               | 14,822      | (14,822)               | -           |
| Total   | 321,496         | 314,765     | 6,731                  | 442,915     |
| <b>Special Project and Strategic Development:</b> |                 |             |                        |             |
| Operating expenditures                            | 185,640         | 114,317     | 71,323                 | 360,259     |

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

|                                   | 2023            |           |                        | 2022        |
|-----------------------------------|-----------------|-----------|------------------------|-------------|
|                                   | Final<br>Budget | Actual    | Variance<br>Over/Under | Actual      |
| <b>Development Services:</b>      |                 |           |                        |             |
| <b>Planning:</b>                  |                 |           |                        |             |
| Salaries and employee benefits    | 899,497         | 877,915   | 21,582                 | 733,300     |
| Operating expenditures            | 273,072         | 241,334   | 31,738                 | 226,601     |
| Overhead allocated to other funds | (128,596)       | (123,029) | (5,567)                | (105,771)   |
| Total                             | 1,043,973       | 996,220   | 47,753                 | 854,130     |
| <b>Zoning:</b>                    |                 |           |                        |             |
| Operating expenditures            | 1,160           | 1,125     | 35                     | 971         |
| <b>Economic Development:</b>      |                 |           |                        |             |
| Salaries and employee benefits    | 314,420         | 295,665   | 18,755                 | 314,412     |
| Operating expenditures            | 614,460         | 580,589   | 33,871                 | 1,069,848   |
| Capital outlay                    | -               | -         | -                      | 267,810     |
| Overhead allocated to other funds | (707,538)       | (575,114) | (132,424)              | (1,242,690) |
| Total                             | 221,342         | 301,140   | (79,798)               | 409,380     |
| <b>Transportation Planning:</b>   |                 |           |                        |             |
| Salaries and employee benefits    | 390,147         | 388,973   | 1,174                  | 341,869     |
| Operating expenditures            | 282,929         | 188,813   | 94,116                 | 200,115     |
| Total                             | 673,076         | 577,786   | 95,290                 | 541,984     |
| <b>Building Services:</b>         |                 |           |                        |             |
| Salaries and employee benefits    | 761,108         | 298,784   | 462,324                | 887,105     |
| Operating expenditures            | 247,282         | 32,805    | 214,477                | 217,455     |
| Capital outlay                    | -               | -         | -                      | 86,967      |
| Total                             | 1,008,390       | 331,589   | 676,801                | 1,191,527   |
| <b>Neighborhoods and Housing:</b> |                 |           |                        |             |
| Salaries and employee benefits    | 203,066         | 202,161   | 905                    | 101,734     |
| Operating expenditures            | 66,743          | 57,530    | 9,213                  | 52,317      |
| Overhead allocated to other funds | -               | -         | -                      | (91,509)    |
| Total                             | 269,809         | 259,691   | 10,118                 | 62,542      |
| <b>Keep Gastonia Beautiful:</b>   |                 |           |                        |             |
| Salaries and employee benefits    | 212,570         | 182,678   | 29,892                 | 187,902     |
| Operating expenditures            | 32,734          | 31,129    | 1,605                  | 38,907      |
| Total                             | 245,304         | 213,807   | 31,497                 | 226,809     |

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

|  | 2023            |           |                        | 2022      |
|--|-----------------|-----------|------------------------|-----------|
|  | Final<br>Budget | Actual    | Variance<br>Over/Under | Actual    |
| <b>Diversity, Equity, and Inclusion:</b>     |                 |           |                        |           |
| Salaries and employee benefits               | 140,858         | 140,116   | 742                    | 134,172   |
| Operating expenditures                       | 66,181          | 26,418    | 39,763                 | 31,535    |
| Total  | 207,039         | 166,534   | 40,505                 | 165,707   |
| <b>Uptown Development:</b>                   |                 |           |                        |           |
| Operating expenditures                       | -               | -         | -                      | 7,219     |
| <b>Neighborhood and Community Resources:</b> |                 |           |                        |           |
| Salaries and employee benefits               | 107,055         | 105,638   | 1,417                  | 99,613    |
| Operating expenditures                       | 15,524          | 8,586     | 6,938                  | 14,501    |
| Total  | 122,579         | 114,224   | 8,355                  | 114,114   |
| <b>Code Enforcement:</b>                     |                 |           |                        |           |
| Salaries and employee benefits               | 357,432         | 351,435   | 5,997                  | 308,123   |
| Operating expenditures                       | 168,103         | 146,751   | 21,352                 | 107,850   |
| Total  | 525,535         | 498,186   | 27,349                 | 415,973   |
| <b>Sister Cities:</b>                        |                 |           |                        |           |
| Salaries and employee benefits               | 33,830          | 27,893    | 5,937                  | 17,041    |
| Operating expenditures                       | 4,548           | 4,547     | 1                      | 2,951     |
| Total  | 38,378          | 32,440    | 5,938                  | 19,992    |
| <b>Community Improvement - Downtown:</b>     |                 |           |                        |           |
| Salaries and employee benefits               | 145,302         | 142,579   | 2,723                  | 145,822   |
| Operating expenditures                       | 31,725          | 29,730    | 1,995                  | 26,131    |
| Overhead allocated to other funds            | (5,313)         | (15,943)  | 10,630                 | (12,948)  |
| Total  | 171,714         | 156,366   | 15,348                 | 159,005   |
| <b>Neighborhood Stabilization Program:</b>   |                 |           |                        |           |
| Operating expenditures                       | 53,188          | 50,400    | 2,788                  | 48,245    |
| Total development services                   | 4,581,487       | 3,699,508 | 881,979                | 4,217,598 |
| <b>Customer Care Center:</b>                 |                 |           |                        |           |
| Salaries and employee benefits               | 13,442          | 12,528    | 914                    | -         |
| Operating expenditures                       | 20,350          | 12,211    | 8,139                  | -         |
| Capital outlay                               | 95,000          | -         | 95,000                 | -         |
| Overhead allocated to other funds            | (115,855)       | (22,266)  | (93,589)               | -         |
| Total  | 12,937          | 2,473     | 10,464                 | -         |

**CITY OF GASTONIA, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|                                | 2023            |            |                        | 2022       |
|--------------------------------|-----------------|------------|------------------------|------------|
|                                | Final<br>Budget | Actual     | Variance<br>Over/Under | Actual     |
| <b>City Hall Renovations:</b>  |                 |            |                        |            |
| Operating expenditures         | 68,608          | 68,580     | 28                     | 71,167     |
| Capital outlay                 | 42,125          | 25,943     | 16,182                 | 10,070     |
| Total                          | 110,733         | 94,523     | 16,210                 | 81,237     |
| <b>General Administration:</b> |                 |            |                        |            |
| Operating expenditures         | 379,556         | 379,555    | 1                      | 214,343    |
| Capital outlay                 | 50,000          | -          | 50,000                 | 425,718    |
| Total                          | 429,556         | 379,555    | 50,001                 | 640,061    |
| <b>Non-Departmental:</b>       |                 |            |                        |            |
| Operating expenditures         | 351,872         | -          | 351,872                | -          |
| Total general government       | 14,445,905      | 13,122,197 | 1,323,708              | 12,580,722 |
| <b>Public Safety:</b>          |                 |            |                        |            |
| <b>Police Department:</b>      |                 |            |                        |            |
| <b>Administration:</b>         |                 |            |                        |            |
| Salaries and employee benefits | 906,242         | 904,959    | 1,283                  | 683,136    |
| Operating expenditures         | 1,846,652       | 1,837,546  | 9,106                  | 1,637,426  |
| Capital outlay                 | -               | 7,407      | (7,407)                | -          |
| Total                          | 2,752,894       | 2,749,912  | 2,982                  | 2,320,562  |
| <b>Recruiting:</b>             |                 |            |                        |            |
| Salaries and employee benefits | 34,936          | 34,476     | 460                    | -          |
| Operating expenditures         | 6,589           | 6,575      | 14                     | 4,393      |
| Total                          | 41,525          | 41,051     | 474                    | 4,393      |
| <b>Justice Funds:</b>          |                 |            |                        |            |
| Operating expenditures         | 199,123         | 25,390     | 173,733                | 166,238    |
| Capital outlay                 | 243,916         | 211,937    | 31,979                 | -          |
| Total                          | 443,039         | 237,327    | 205,712                | 166,238    |
| <b>Treasury Funds:</b>         |                 |            |                        |            |
| Operating expenditures         | 8,748           | -          | 8,748                  | -          |
| Capital outlay                 | 22              | -          | 22                     | -          |
| Total                          | 8,770           | -          | 8,770                  | -          |
| <b>Investigations:</b>         |                 |            |                        |            |
| Salaries and employee benefits | 4,293,191       | 4,114,540  | 178,651                | 3,995,881  |
| Operating expenditures         | 342,567         | 331,051    | 11,516                 | 290,894    |
| Total                          | 4,635,758       | 4,445,591  | 190,167                | 4,286,775  |

**CITY OF GASTONIA, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|                                  | 2023            |            |                        | 2022       |
|----------------------------------|-----------------|------------|------------------------|------------|
|                                  | Final<br>Budget | Actual     | Variance<br>Over/Under | Actual     |
| <b>Field Services:</b>           |                 |            |                        |            |
| Salaries and employee benefits   | 11,595,967      | 11,269,839 | 326,128                | 10,528,773 |
| Operating expenditures           | 1,452,718       | 1,401,164  | 51,554                 | 1,224,419  |
| Capital outlay                   | 1,009,708       | 1,436,627  | (426,919)              | 8,000      |
| Total                            | 14,058,393      | 14,107,630 | (49,237)               | 11,761,192 |
| <b>P.A.R.C.:</b>                 |                 |            |                        |            |
| Salaries and employee benefits   | 313,517         | 311,774    | 1,743                  | 299,781    |
| Operating expenditures           | 12,575          | 12,392     | 183                    | 11,780     |
| Total                            | 326,092         | 324,166    | 1,926                  | 311,561    |
| <b>Support Services:</b>         |                 |            |                        |            |
| Salaries and employee benefits   | 844,219         | 719,768    | 124,451                | 688,713    |
| Operating expenditures           | 262,486         | 252,624    | 9,862                  | 243,934    |
| Total                            | 1,106,705       | 972,392    | 134,313                | 932,647    |
| <b>ABC Enforcement:</b>          |                 |            |                        |            |
| Salaries and employee benefits   | 102,246         | 93,134     | 9,112                  | 95,003     |
| Operating expenditures           | 10,380          | 10,168     | 212                    | 9,421      |
| Total                            | 112,626         | 103,302    | 9,324                  | 104,424    |
| <b>Early Police Retirement:</b>  |                 |            |                        |            |
| Salaries and employee benefits   | 1,051,275       | 1,049,588  | 1,687                  | 1,007,037  |
| <b>Asset Forfeiture:</b>         |                 |            |                        |            |
| Operating expenditures           | 192,471         | 9,932      | 182,539                | 9,927      |
| Capital outlay                   | 53,359          | -          | 53,359                 | 47,778     |
| Total                            | 245,830         | 9,932      | 235,898                | 57,705     |
| <b>Police Foundation:</b>        |                 |            |                        |            |
| Operating expenditures           | 21,120          | 16,727     | 4,393                  | 21,988     |
| <b>Special Situations:</b>       |                 |            |                        |            |
| Operating expenditures           | 51,336          | 48,570     | 2,766                  | 44,047     |
| <b>Police Department Grants:</b> |                 |            |                        |            |
| Salaries and employee benefits   | 13,517          | 13,513     | 4                      | 78,556     |
| Operating expenditures           | 148,077         | 64,415     | 83,662                 | 84,905     |
| Capital outlay                   | -               | -          | -                      | 174,887    |
| Total                            | 161,594         | 77,928     | 83,666                 | 338,348    |

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

|                                   | 2023            |                |                        | 2022           |
|-----------------------------------|-----------------|----------------|------------------------|----------------|
|                                   | Final<br>Budget | Actual         | Variance<br>Over/Under | Actual         |
| <b>Police Records Bureau:</b>     |                 |                |                        |                |
| Salaries and employee benefits    | 923,220         | 834,055        | 89,165                 | 842,626        |
| Operating expenditures            | 11,156          | 11,156         | -                      | 12,817         |
| Total                             | 934,376         | 845,211        | 89,165                 | 855,443        |
| <br>Total police department       | <br>25,951,333  | <br>25,029,327 | <br>922,006            | <br>22,212,360 |
| <b>Fire Department:</b>           |                 |                |                        |                |
| <b>Administration:</b>            |                 |                |                        |                |
| Salaries and employee benefits    | 529,496         | 529,135        | 361                    | 520,551        |
| Operating expenditures            | 582,297         | 580,945        | 1,352                  | 518,116        |
| Total                             | 1,111,793       | 1,110,080      | 1,713                  | 1,038,667      |
| <br><b>Life Safety:</b>           |                 |                |                        |                |
| Salaries and employee benefits    | 560,681         | 560,214        | 467                    | 516,885        |
| Operating expenditures            | 54,143          | 50,502         | 3,641                  | 59,214         |
| Total                             | 614,824         | 610,716        | 4,108                  | 576,099        |
| <br><b>Operations:</b>            |                 |                |                        |                |
| Salaries and employee benefits    | 11,284,359      | 11,136,063     | 148,296                | 10,693,498     |
| Operating expenditures            | 1,993,642       | 1,975,099      | 18,543                 | 1,762,859      |
| Capital outlay                    | 1,782,678       | 22,928         | 1,759,750              | 10,026         |
| Total                             | 15,060,679      | 13,134,090     | 1,926,589              | 12,466,383     |
| <br><b>Training:</b>              |                 |                |                        |                |
| Salaries and employee benefits    | 232,488         | 225,407        | 7,081                  | 114,154        |
| Operating expenditures            | 12,231          | 12,039         | 192                    | 11,041         |
| Total                             | 244,719         | 237,446        | 7,273                  | 125,195        |
| <br><b>Early Fire Retirement:</b> |                 |                |                        |                |
| Salaries and employee benefits    | 932,751         | 932,305        | 446                    | 853,010        |
| <br>Total fire department         | <br>17,964,766  | <br>16,024,637 | <br>1,940,129          | <br>15,059,354 |
| <br>Total public safety           | <br>43,916,099  | <br>41,053,964 | <br>2,862,135          | <br>37,271,714 |

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

|                                   | 2023            |             |                        | 2022        |
|-----------------------------------|-----------------|-------------|------------------------|-------------|
|                                   | Final<br>Budget | Actual      | Variance<br>Over/Under | Actual      |
| <b>Public Works:</b>              |                 |             |                        |             |
| <b>Refuse Disposal:</b>           |                 |             |                        |             |
| Operating expenditures            | 231,768         | -           | 231,768                | -           |
| <b>Garage Inventory:</b>          |                 |             |                        |             |
| Operating expenditures            | 110,716         | 214,225     | (103,509)              | 441,558     |
| Overhead allocated to other funds | (28,951)        | (20,237)    | (8,714)                | (21,846)    |
| Total                             | 81,765          | 193,988     | (112,223)              | 419,712     |
| <b>Equipment Services:</b>        |                 |             |                        |             |
| Salaries and employee benefits    | 1,410,735       | 1,293,806   | 116,929                | 1,354,545   |
| Operating expenditures            | 249,406         | 181,151     | 68,255                 | 226,717     |
| Capital outlay                    | 9,175           | 660         | 8,515                  | 31,571      |
| Overhead allocated to other funds | (656,297)       | (601,614)   | (54,683)               | (610,126)   |
| Total                             | 1,013,019       | 874,003     | 139,016                | 1,002,707   |
| <b>Airport Operations:</b>        |                 |             |                        |             |
| Operating expenditures            | 188,907         | 169,180     | 19,727                 | 80,600      |
| Total enterprise services         | 1,515,459       | 1,237,171   | 278,288                | 1,503,019   |
| <b>Public Works:</b>              |                 |             |                        |             |
| <b>Building and Grounds:</b>      |                 |             |                        |             |
| Salaries and employee benefits    | 1,139,710       | 1,095,027   | 44,683                 | 966,604     |
| Operating expenditures            | 870,287         | 304,044     | 566,243                | 782,268     |
| Overhead allocated to other funds | (103,057)       | (137,370)   | 34,313                 | (140,576)   |
| Total                             | 1,906,940       | 1,261,701   | 645,239                | 1,608,296   |
| <b>Engineering:</b>               |                 |             |                        |             |
| Salaries and employee benefits    | 2,529,977       | 2,503,100   | 26,877                 | 2,416,201   |
| Operating expenditures            | 789,666         | 588,071     | 201,595                | 650,438     |
| Overhead allocated to other funds | (1,457,659)     | (1,509,940) | 52,281                 | (1,434,277) |
| Total                             | 1,861,984       | 1,581,231   | 280,753                | 1,632,362   |
| <b>Traffic Services:</b>          |                 |             |                        |             |
| Salaries and employee benefits    | 707,895         | 664,582     | 43,313                 | 673,999     |
| Operating expenditures            | 213,429         | 189,834     | 23,595                 | 218,087     |
| Capital outlay                    | -               | -           | -                      | 8,951       |
| Total                             | 921,324         | 854,416     | 66,908                 | 901,037     |

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

|  | 2023            |           |                        | 2022      |
|--|-----------------|-----------|------------------------|-----------|
|  | Final<br>Budget | Actual    | Variance<br>Over/Under | Actual    |
| <b>Street Department:</b>                |                 |           |                        |           |
| Supervision                              |                 |           |                        |           |
| Salaries and employee benefits           | 313,727         | 313,130   | 597                    | 300,013   |
| Operating expenditures                   | 42,912          | 38,457    | 4,455                  | 41,354    |
| Overhead allocated to other funds        | (75,513)        | (74,493)  | (1,020)                | (277,457) |
| Total                                    | 281,126         | 277,094   | 4,032                  | 63,910    |
| <b>Powell Bill Street Funds:</b>         |                 |           |                        |           |
| Salaries and employee benefits           | 812,505         | 437,382   | 375,123                | 1,629,282 |
| Operating expenditures                   | 1,813,870       | 842,954   | 970,916                | 2,386,127 |
| Capital outlay                           | 4,909           | 4,804     | 105                    | 46,439    |
| Overhead allocated to other funds        | -               | -         | -                      | (210,842) |
| Total                                    | 2,631,284       | 1,285,140 | 1,346,144              | 3,851,006 |
| <b>Non-Powell Activities:</b>            |                 |           |                        |           |
| Salaries and employee benefits           | 1,165,258       | 1,243,093 | (77,835)               | -         |
| Operating expenditures                   | 27,880          | 443,560   | (415,680)              | -         |
| Capital outlay                           | 35,391          | 34,271    | 1,120                  | -         |
| Total                                    | 1,228,529       | 1,720,924 | (492,395)              | -         |
| <b>Cemeteries:</b>                       |                 |           |                        |           |
| Salaries and employee benefits           | 315,960         | 227,847   | 88,113                 | 355,232   |
| Operating expenditures                   | 73,514          | 67,761    | 5,753                  | 52,239    |
| Capital outlay                           | 7,300           | 7,288     | 12                     | -         |
| Total                                    | 396,774         | 302,896   | 93,878                 | 407,471   |
| Total public works                       | 10,743,420      | 8,520,573 | 2,222,847              | 9,967,101 |
| <b>Cultural and Recreational:</b>        |                 |           |                        |           |
| <b>Recreational:</b>                     |                 |           |                        |           |
| <b>Administration:</b>                   |                 |           |                        |           |
| Salaries and employee benefits           | 630,403         | 629,775   | 628                    | 382,001   |
| Operating expenditures                   | 379,946         | 242,753   | 137,193                | 175,901   |
| Capital outlay                           | 2,943           | 2,571     | 372                    | -         |
| Total                                    | 1,013,292       | 875,099   | 138,193                | 557,902   |
| <b>Athletics and Special Facilities:</b> |                 |           |                        |           |
| Salaries and employee benefits           | 733,711         | 729,794   | 3,917                  | 522,971   |
| Operating expenditures                   | 441,139         | 398,812   | 42,327                 | 495,330   |
| Total                                    | 1,174,850       | 1,128,606 | 46,244                 | 1,018,301 |



**CITY OF GASTONIA, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|  | 2023            |           |                        | 2022      |
|--|-----------------|-----------|------------------------|-----------|
|  | Final<br>Budget | Actual    | Variance<br>Over/Under | Actual    |
| <b>Roland E. Bradley Community Center:</b> |                 |           |                        |           |
| Salaries and employee benefits             | 235,019         | 232,716   | 2,303                  | 225,171   |
| Operating expenditures                     | 28,980          | 22,012    | 6,968                  | 27,645    |
| Total                                      | 263,999         | 254,728   | 9,271                  | 252,816   |
| <b>Erwin Community Center:</b>             |                 |           |                        |           |
| Salaries and employee benefits             | 229,113         | 227,088   | 2,025                  | 227,685   |
| Operating expenditures                     | 127,750         | 102,516   | 25,234                 | 101,727   |
| Total                                      | 356,863         | 329,604   | 27,259                 | 329,412   |
| <b>Martha Rivers Park:</b>                 |                 |           |                        |           |
| Salaries and employee benefits             | 226,591         | 217,228   | 9,363                  | 246,277   |
| Operating expenditures                     | 159,161         | 156,534   | 2,627                  | 108,260   |
| Capital outlay                             | 6,624           | 6,623     | 1                      | 6,313     |
| Total                                      | 392,376         | 380,385   | 11,991                 | 360,850   |
| <b>Phillips Community Center:</b>          |                 |           |                        |           |
| Salaries and employee benefits             | 234,434         | 233,247   | 1,187                  | 208,953   |
| Operating expenditures                     | 121,415         | 32,812    | 88,603                 | 40,623    |
| Total                                      | 355,849         | 266,059   | 89,790                 | 249,576   |
| <b>Jeffers Community Center:</b>           |                 |           |                        |           |
| Salaries and employee benefits             | 218,356         | 213,657   | 4,699                  | 208,568   |
| Operating expenditures                     | 26,360          | 23,864    | 2,496                  | 88,446    |
| Total                                      | 244,716         | 237,521   | 7,195                  | 297,014   |
| <b>Maintenance and Development:</b>        |                 |           |                        |           |
| Salaries and employee benefits             | 1,052,824       | 1,047,720 | 5,104                  | 981,419   |
| Operating expenditures                     | 297,539         | 282,815   | 14,724                 | 245,760   |
| Capital outlay                             | 123,815         | 93,183    | 30,632                 | 63,953    |
| Overhead allocated to other funds          | -               | -         | -                      | (534,014) |
| Total                                      | 1,474,178       | 1,423,718 | 50,460                 | 757,118   |
| <b>Golf Course:</b>                        |                 |           |                        |           |
| Operating expenditures                     | -               | -         | -                      | 208       |
| <b>Adult Recreation Center:</b>            |                 |           |                        |           |
| Salaries and employee benefits             | 183,680         | 180,209   | 3,471                  | 183,144   |
| Operating expenditures                     | 90,003          | 64,632    | 25,371                 | 56,294    |
| Total                                      | 273,683         | 244,841   | 28,842                 | 239,438   |

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

|                                    | 2023            |           |                        | 2022      |
|------------------------------------|-----------------|-----------|------------------------|-----------|
|                                    | Final<br>Budget | Actual    | Variance<br>Over/Under | Actual    |
| <b>Sims Park:</b>                  |                 |           |                        |           |
| Operating expenditures             | 159,998         | 136,511   | 23,487                 | 37,140    |
| <b>Southeast Community Center:</b> |                 |           |                        |           |
| Operating expenditures             | 500             | 124       | 376                    | 1,804     |
| <b>Skeet/Trap Range:</b>           |                 |           |                        |           |
| Salaries and employee benefits     | 32,920          | 30,453    | 2,467                  | 23,684    |
| Operating expenditures             | 92,800          | 81,958    | 10,842                 | 50,251    |
| Capital outlay                     | 35,674          | 21,154    | 14,520                 | -         |
| Total                              | 161,394         | 133,565   | 27,829                 | 73,935    |
| <b>Lineberger Park:</b>            |                 |           |                        |           |
| Salaries and employee benefits     | 14,989          | 12,325    | 2,664                  | 15,544    |
| Operating expenditures             | 20,592          | 19,517    | 1,075                  | 9,198     |
| Total                              | 35,581          | 31,842    | 3,739                  | 24,742    |
| <b>Rankin Lake:</b>                |                 |           |                        |           |
| Salaries and employee benefits     | 101,590         | 97,261    | 4,329                  | 123,232   |
| Operating expenditures             | 47,266          | 44,265    | 3,001                  | 27,970    |
| Total                              | 148,856         | 141,526   | 7,330                  | 151,202   |
| <b>Greenways:</b>                  |                 |           |                        |           |
| Operating expenditures             | 19,918          | 19,129    | 789                    | 11,604    |
| Total                              | 19,918          | 19,129    | 789                    | 11,604    |
| <b>Linwood Springs:</b>            |                 |           |                        |           |
| Salaries and employee benefits     | 34,981          | 26,533    | 8,448                  | -         |
| Operating expenditures             | 5,447           | 3,395     | 2,052                  | -         |
| Total                              | 40,428          | 29,928    | 10,500                 | -         |
| <b>FUSE:</b>                       |                 |           |                        |           |
| Operating expenditures             | 320,640         | 198,778   | 121,862                | 167,538   |
| Capital outlay                     | 171,616         | -         | 171,616                | 15,485    |
| Total                              | 492,256         | 198,778   | 293,478                | 183,023   |
| <b>Special Events:</b>             |                 |           |                        |           |
| Operating expenditures             | 153,732         | 126,188   | 27,544                 | 110,060   |
| Total recreational                 | 6,762,469       | 5,958,152 | 804,317                | 4,656,145 |

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

|                                   | 2023            |           |                        | 2022      |
|-----------------------------------|-----------------|-----------|------------------------|-----------|
|                                   | Final<br>Budget | Actual    | Variance<br>Over/Under | Actual    |
| <b>Museum:</b>                    |                 |           |                        |           |
| <b>Collections/Research:</b>      |                 |           |                        |           |
| Salaries and employee benefits    | 220,998         | 220,154   | 844                    | 212,603   |
| Operating expenditures            | 7,810           | 7,744     | 66                     | 8,336     |
| Total                             | 228,808         | 227,898   | 910                    | 220,939   |
| <b>Education:</b>                 |                 |           |                        |           |
| Salaries and employee benefits    | 484,252         | 482,687   | 1,565                  | 355,575   |
| Operating expenditures            | 34,915          | 32,486    | 2,429                  | 38,020    |
| Total                             | 519,167         | 515,173   | 3,994                  | 393,595   |
| <b>Exhibits:</b>                  |                 |           |                        |           |
| Salaries and employee benefits    | 210,292         | 209,368   | 924                    | 165,760   |
| Operating expenditures            | 10,134          | 10,040    | 94                     | 18,990    |
| Capital outlay                    | 1,151           | 850       | 301                    | -         |
| Total                             | 221,577         | 220,258   | 1,319                  | 184,750   |
| <b>Administration:</b>            |                 |           |                        |           |
| Salaries and employee benefits    | 370,697         | 365,567   | 5,130                  | 345,771   |
| Operating expenditures            | 549,604         | 526,454   | 23,150                 | 427,906   |
| Total                             | 920,301         | 892,021   | 28,280                 | 773,677   |
| <b>Operations:</b>                |                 |           |                        |           |
| Salaries and employee benefits    | 335,231         | 334,102   | 1,129                  | 308,865   |
| Operating expenditures            | 195,885         | 186,848   | 9,037                  | 146,331   |
| Total                             | 531,116         | 520,950   | 10,166                 | 455,196   |
| <b>Programs:</b>                  |                 |           |                        |           |
| Salaries and employee benefits    | 113,580         | 109,271   | 4,309                  | 89,885    |
| Operating expenditures            | 23,434          | 23,365    | 69                     | 21,363    |
| Total                             | 137,014         | 132,636   | 4,378                  | 111,248   |
| <b>Special Projects:</b>          |                 |           |                        |           |
| Operating expenditures            | 4,000           | -         | 4,000                  | -         |
| Total museum                      | 2,561,983       | 2,508,936 | 53,047                 | 2,139,405 |
| <b>Farmer's Market Operations</b> |                 |           |                        |           |
| Operating expenditures            | 33,773          | 32,766    | 1,007                  | 10,966    |

**CITY OF GASTONIA, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|  | <b>2023</b>             |               |                                | <b>2022</b>   |
|--|-------------------------|---------------|--------------------------------|---------------|
|  | <b>Final<br/>Budget</b> | <b>Actual</b> | <b>Variance<br/>Over/Under</b> | <b>Actual</b> |
| <b>Webb Theatre:</b>                   |                         |               |                                |               |
| Operating expenditures                 | 120,000                 | -             | 120,000                        | -             |
| <b>Conference Center:</b>              |                         |               |                                |               |
| Operating expenditures                 | 248,113                 | 113,472       | 134,641                        | 222,710       |
| Total cultural and recreational        | 9,726,338               | 8,613,326     | 1,113,012                      | 7,029,226     |
| <b>Debt Service:</b>                   |                         |               |                                |               |
| Principal                              | 6,389,613               | 4,255,050     | 2,134,563                      | 4,589,541     |
| Interest                               | 1,085,162               | 1,038,996     | 46,166                         | 1,120,078     |
| Bond issuance costs                    | 62,300                  | 2,300         | 60,000                         | 2,000         |
| Total                                  | 7,537,075               | 5,296,346     | 2,240,729                      | 5,711,619     |
| Total expenditures                     | 86,368,837              | 76,606,406    | 9,762,431                      | 72,560,382    |
| Revenues over (under) expenditures     | (9,714,415)             | 4,739,448     | 14,453,863                     | 6,424,687     |
| <b>Other Financing Sources (Uses):</b> |                         |               |                                |               |
| Lease liabilities issued               | -                       | -             | -                              | 445,451       |
| Subscription liabilities issued        | 1,245,225               | 1,608,299     | 363,074                        | -             |
| Transfers from other funds:            |                         |               |                                |               |
| Electric Fund                          | 2,000,000               | 2,000,000     | -                              | 2,000,000     |
| Special revenue funds                  | 557,397                 | 557,397       | -                              | 367,026       |
| Capital project funds                  | 100,000                 | 100,000       | -                              | 275,504       |
| Transfers to other funds:              |                         |               |                                |               |
| Transit Fund                           | (576,431)               | (576,431)     | -                              | (663,404)     |
| Solid waste                            | (2,902,887)             | (2,902,887)   | -                              | (2,385,125)   |
| Internal service funds                 | (1,657,000)             | (1,657,000)   | -                              | -             |
| Capital project funds                  | (2,044,667)             | (2,028,000)   | 16,667                         | (458,567)     |
| Budgetary amounts:                     |                         |               |                                |               |
| Appropriated fund balance              | 12,992,778              | -             | (12,992,778)                   | -             |
| Total other financing sources (uses)   | 9,714,415               | (2,898,622)   | (12,613,037)                   | (419,115)     |

**CITY OF GASTONIA, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|  | <b>2023</b>             |                      |                                | <b>2022</b>          |
|--|-------------------------|----------------------|--------------------------------|----------------------|
|  | <b>Final<br/>Budget</b> | <b>Actual</b>        | <b>Variance<br/>Over/Under</b> | <b>Actual</b>        |
| Net change in fund balance   | <u>\$ -</u>             | <u>1,840,826</u>     | <u>\$ 1,840,826</u>            | <u>6,005,572</u>     |
| <b>Fund Balance:</b>   |                         |                      |                                |                      |
| Beginning of year - July 1   |                         | 48,893,850           |                                | 42,781,221           |
| Increase (decrease) in inventories and property/<br>land acquired for redevelopment/rehabilitation |                         | <u>39,533</u>        |                                | <u>107,057</u>       |
| End of year - June 30  |                         | <u>\$ 50,774,209</u> |                                | <u>\$ 48,893,850</u> |



## **SPECIAL REVENUE FUNDS**

The primary purpose of the Special Revenue Funds, which are accounted for on the modified accrual basis of accounting, are to account for the proceeds of specific revenue sources that are restricted by law or administrative action for particular purposes.

### **American Rescue Plan Fund**

The purpose of this fund is to account for the City's portion of the American Rescue Plan funding. The City was awarded a total of \$16,373,346.

### **State Grants Fund**

The purpose of this fund is to account for State Capital Infrastructure Fund grants awarded to the City.

### **Community Development Block Grant Program Fund**

The purpose of this fund is to account for grant revenues and related expenditures under various federal and State grants.

### **Occupancy Tax Fund**

The purpose of this fund is to account for occupancy tax assessed for tourism development purposes.

### **Uptown Municipal Tax District Fund**

The purpose of this fund is to account for special property taxes assessed for uptown improvements.

### **Economic Stimulus Grants Fund**

The purpose of this fund is to account for grant revenues and related expenditures of various federal economic stimulus grants.





## CITY OF GASTONIA, NORTH CAROLINA

**MAJOR SPECIAL REVENUE FUND - AMERICAN RESCUE PLAN  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023**

|  | <u>Budget</u>      | <u>Actual</u>     | <u>Variance<br/>Over/Under</u> |
|--|--------------------|-------------------|--------------------------------|
| <b>Revenues:</b>                       |                    |                   |                                |
| Restricted intergovernmental revenues  | \$ 14,675,180      | \$ 3,918,642      | \$ (10,756,538)                |
| Investment earnings                    | 240,000            | 588,518           | 348,518                        |
| Miscellaneous                          | -                  | 56                | 56                             |
| Total revenues                         | <u>14,915,180</u>  | <u>4,507,216</u>  | <u>(10,407,964)</u>            |
| <b>Expenditures:</b>                   |                    |                   |                                |
| General government:                    |                    |                   |                                |
| Salaries and employee benefits         | 476,259            | 67,373            | 408,886                        |
| Operating expenditures                 | 7,227,028          | 1,256,496         | 5,970,532                      |
| Capital outlay                         | 4,654,915          | 1,435,203         | 3,219,712                      |
| Capital outlay - subscriptions         | 612,054            | 612,054           | -                              |
| Debt service:                          |                    |                   |                                |
| Principal                              | 452,589            | 282,060           | 170,529                        |
| Interest                               | 44,874             | 40,226            | 4,648                          |
| Total expenditures                     | <u>13,467,719</u>  | <u>3,693,412</u>  | <u>9,774,307</u>               |
| Revenues over (under) expenditures     | <u>1,447,461</u>   | <u>813,804</u>    | <u>(633,657)</u>               |
| <b>Other Financing Sources (Uses):</b> |                    |                   |                                |
| Subscription liabilities issued        | 488,432            | 612,054           | 123,622                        |
| Transfers to other funds               | (1,935,893)        | (837,284)         | 1,098,609                      |
| Total other financing sources (uses)   | <u>(1,447,461)</u> | <u>(225,230)</u>  | <u>1,222,231</u>               |
| Net change in fund balance             | <u>\$ -</u>        | <u>588,574</u>    | <u>\$ 588,574</u>              |
| <b>Fund Balance:</b>                   |                    |                   |                                |
| Beginning of year - July 1             |                    | <u>17,085</u>     |                                |
| End of year - June 30                  |                    | <u>\$ 605,659</u> |                                |

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2023

|   | Community Development Block Grant |                   |                               |                        |                                  |                             |
|---|-----------------------------------|-------------------|-------------------------------|------------------------|----------------------------------|-----------------------------|
|   | State<br>Grants<br>Fund           | Program<br>Fund   | Affordable<br>Housing<br>Fund | Rehabilitation<br>Fund | Home<br>Investment<br>Trust Fund | 108 Loan/<br>Revitalization |
| <b>Assets:</b>  |                                   |                   |                               |                        |                                  |                             |
| Taxes receivable, net   | \$ -                              | \$ -              | \$ -                          | \$ -                   | \$ -                             | \$ -                        |
| Accounts receivable, net  | -                                 | 165,840           | -                             | -                      | 214,208                          | -                           |
| Prepaid items   | -                                 | 25,710            | -                             | -                      | -                                | -                           |
| Due from other governments  | 20,753                            | -                 | -                             | -                      | -                                | -                           |
| Cash and investments, restricted  | 1,904,839                         | -                 | 160,417                       | 684,110                | -                                | -                           |
| Long-term receivable  | -                                 | 29,089            | 84,306                        | -                      | 971,453                          | 12,870                      |
| Property acquired for<br>rehabilitation and resale                        | -                                 | 459,840           | -                             | 39,779                 | 397,171                          | -                           |
| Total assets  | <u>\$ 1,925,592</u>               | <u>\$ 680,479</u> | <u>\$ 244,723</u>             | <u>\$ 723,889</u>      | <u>\$ 1,582,832</u>              | <u>\$ 12,870</u>            |
| <b>Liabilities, Deferred Inflows of<br/>Resources, and Fund Balances:</b> |                                   |                   |                               |                        |                                  |                             |
| <b>Liabilities:</b>   |                                   |                   |                               |                        |                                  |                             |
| Accounts payable and accrued liabilities                                  | \$ 116,493                        | \$ 91,477         | \$ -                          | \$ -                   | \$ 140,571                       | \$ -                        |
| Due to General Fund   | -                                 | 474,929           | -                             | -                      | 260,253                          | 12,592                      |
| Deferred revenues   | -                                 | -                 | -                             | -                      | -                                | -                           |
| Advances from grantors  | 1,728,529                         | -                 | -                             | -                      | -                                | -                           |
| Total liabilities   | <u>1,845,022</u>                  | <u>566,406</u>    | <u>-</u>                      | <u>-</u>               | <u>400,824</u>                   | <u>12,592</u>               |
| <b>Deferred Inflows of Resources:</b>                                     |                                   |                   |                               |                        |                                  |                             |
| Property taxes receivable   | -                                 | -                 | -                             | -                      | -                                | -                           |
| <b>Fund Balances:</b>   |                                   |                   |                               |                        |                                  |                             |
| Non-spendable:  |                                   |                   |                               |                        |                                  |                             |
| Prepays   | -                                 | 25,710            | -                             | -                      | -                                | -                           |
| Restricted:   |                                   |                   |                               |                        |                                  |                             |
| Stabilization by state statute  | 20,753                            | 370,611           | 84,306                        | 107,244                | 1,631,651                        | 12,870                      |
| Restricted, all other   | 59,817                            | -                 | 160,417                       | 576,866                | -                                | -                           |
| Assigned  | -                                 | -                 | -                             | 39,779                 | -                                | -                           |
| Unassigned  | -                                 | (282,248)         | -                             | -                      | (449,643)                        | (12,592)                    |
| Total fund balances   | <u>80,570</u>                     | <u>114,073</u>    | <u>244,723</u>                | <u>723,889</u>         | <u>1,182,008</u>                 | <u>278</u>                  |
| Total liabilities, deferred inflows of<br>resources, and fund balances    | <u>\$ 1,925,592</u>               | <u>\$ 680,479</u> | <u>\$ 244,723</u>             | <u>\$ 723,889</u>      | <u>\$ 1,582,832</u>              | <u>\$ 12,870</u>            |

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2023

|   | CDBG (continued)      |                         |                          |                                     |                                     |              |
|---|-----------------------|-------------------------|--------------------------|-------------------------------------|-------------------------------------|--------------|
|   | 108 Loan/<br>Economic | Economic<br>Development | Occupancy<br>Tax<br>Fund | Uptown<br>Municipal<br>Tax District | Economic<br>Stimulus<br>Grants Fund | Total        |
| <b>Assets:</b>  |                       |                         |                          |                                     |                                     |              |
| Taxes receivable, net   | \$ -                  | \$ -                    | \$ -                     | \$ 8,710                            | \$ -                                | \$ 8,710     |
| Accounts receivable, net  | -                     | -                       | -                        | 2,769                               | -                                   | 382,817      |
| Prepaid items   | -                     | -                       | -                        | -                                   | -                                   | 25,710       |
| Due from other governments  | -                     | -                       | 166,174                  | -                                   | -                                   | 186,927      |
| Cash and investments, restricted  | 48,880                | 2                       | 1,448                    | 308,861                             | 83,011                              | 3,191,568    |
| Long-term receivable  | -                     | -                       | -                        | -                                   | 599,671                             | 1,697,389    |
| Property acquired for<br>rehabilitation and resale                        | 47,350                | -                       | -                        | -                                   | -                                   | 944,140      |
| Total assets  | \$ 96,230             | \$ 2                    | \$ 167,622               | \$ 320,340                          | \$ 682,682                          | \$ 6,437,261 |
| <b>Liabilities, Deferred Inflows of<br/>Resources, and Fund Balances:</b> |                       |                         |                          |                                     |                                     |              |
| <b>Liabilities:</b>   |                       |                         |                          |                                     |                                     |              |
| Accounts payable and accrued liabilities                                  | \$ -                  | \$ -                    | \$ 166,174               | \$ 35,804                           | \$ 2,594                            | \$ 553,113   |
| Due to General Fund   | -                     | -                       | -                        | -                                   | -                                   | 747,774      |
| Deferred revenues   | -                     | -                       | -                        | 8,710                               | -                                   | 8,710        |
| Advances from grantors  | -                     | -                       | -                        | -                                   | -                                   | 1,728,529    |
| Total liabilities   | -                     | -                       | 166,174                  | 35,804                              | 2,594                               | 3,029,416    |
| <b>Deferred Inflows of Resources:</b>                                     |                       |                         |                          |                                     |                                     |              |
| Property taxes receivable   | -                     | -                       | -                        | 8,710                               | -                                   | 8,710        |
| <b>Fund Balances:</b>   |                       |                         |                          |                                     |                                     |              |
| Non-spendable:  |                       |                         |                          |                                     |                                     |              |
| Prepays   | -                     | -                       | -                        | -                                   | -                                   | 25,710       |
| Restricted:   |                       |                         |                          |                                     |                                     |              |
| Stabilization by state statute  | -                     | -                       | 166,174                  | 11,308                              | 599,671                             | 3,004,588    |
| Restricted, all other   | 48,880                | 2                       | -                        | 264,518                             | 80,417                              | 1,190,917    |
| Assigned  | 47,350                | -                       | -                        | -                                   | -                                   | 87,129       |
| Unassigned  | -                     | -                       | (164,726)                | -                                   | -                                   | (909,209)    |
| Total fund balances   | 96,230                | 2                       | 1,448                    | 275,826                             | 680,088                             | 3,399,135    |
| Total liabilities, deferred inflows of<br>resources, and fund balances    | \$ 96,230             | \$ 2                    | \$ 167,622               | \$ 320,340                          | \$ 682,682                          | \$ 6,437,261 |

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2023

|  | State<br>Grants<br>Fund | Community Development Block Grant |                               |                        |                                  |                             |
|--|-------------------------|-----------------------------------|-------------------------------|------------------------|----------------------------------|-----------------------------|
|  |                         | Program<br>Fund                   | Affordable<br>Housing<br>Fund | Rehabilitation<br>Fund | Home<br>Investment<br>Trust Fund | 108 Loan/<br>Revitalization |
| <b>Revenues:</b>   |                         |                                   |                               |                        |                                  |                             |
| Ad valorem taxes   | \$ -                    | \$ -                              | \$ -                          | \$ -                   | \$ -                             | \$ -                        |
| Other taxes and licenses   | -                       | -                                 | -                             | -                      | -                                | -                           |
| Restricted intergovernmental   | 1,779,064               | 789,688                           | -                             | -                      | 427,273                          | -                           |
| Sales and services   | -                       | 29,784                            | 1,847                         | -                      | 19,631                           | 278                         |
| Investment earnings (loss)   | 106,042                 | (14,094)                          | 112                           | 8,677                  | (9,312)                          | -                           |
| Miscellaneous  | 26                      | 170                               | -                             | -                      | 152                              | -                           |
| Total revenues   | <u>1,885,132</u>        | <u>805,548</u>                    | <u>1,959</u>                  | <u>8,677</u>           | <u>437,744</u>                   | <u>278</u>                  |
| <b>Expenditures:</b>   |                         |                                   |                               |                        |                                  |                             |
| Economic and physical development  | 1,526,678               | 848,341                           | -                             | 35,748                 | 442,942                          | -                           |
| Cultural and recreation  | 322,204                 | -                                 | -                             | -                      | -                                | -                           |
| Total expenditures   | <u>1,848,882</u>        | <u>848,341</u>                    | <u>-</u>                      | <u>35,748</u>          | <u>442,942</u>                   | <u>-</u>                    |
| Revenues over (under) expenditures   | <u>36,250</u>           | <u>(42,793)</u>                   | <u>1,959</u>                  | <u>(27,071)</u>        | <u>(5,198)</u>                   | <u>278</u>                  |
| <b>Other Financing Sources (Uses):</b>   |                         |                                   |                               |                        |                                  |                             |
| Transfers from other funds   | 41,510                  | -                                 | -                             | -                      | -                                | -                           |
| Transfers (to) other funds   | -                       | -                                 | -                             | -                      | -                                | -                           |
| Total other financing sources (uses)   | <u>41,510</u>           | <u>-</u>                          | <u>-</u>                      | <u>-</u>               | <u>-</u>                         | <u>-</u>                    |
| Net change in fund balances  | <u>77,760</u>           | <u>(42,793)</u>                   | <u>1,959</u>                  | <u>(27,071)</u>        | <u>(5,198)</u>                   | <u>278</u>                  |
| <b>Fund Balances:</b>  |                         |                                   |                               |                        |                                  |                             |
| Beginning of year - July 1   | 2,810                   | 156,866                           | 242,764                       | 750,960                | 1,202,565                        | -                           |
| Increase (decrease) in inventories<br>and property/land acquired<br>redevelopment/rehabilitation | <u>-</u>                | <u>-</u>                          | <u>-</u>                      | <u>-</u>               | <u>(15,359)</u>                  | <u>-</u>                    |
| End of year - June 30  | <u>\$ 80,570</u>        | <u>\$ 114,073</u>                 | <u>\$ 244,723</u>             | <u>\$ 723,889</u>      | <u>\$ 1,182,008</u>              | <u>\$ 278</u>               |

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2023

|  | <u>CDBG (continued)</u>       |                                 | <u>Occupancy</u>    | <u>Uptown</u>                     | <u>Economic</u>                 |                     |
|--|-------------------------------|---------------------------------|---------------------|-----------------------------------|---------------------------------|---------------------|
|  | <u>108 Loan/<br/>Economic</u> | <u>Economic<br/>Development</u> | <u>Tax<br/>Fund</u> | <u>Municipal<br/>Tax District</u> | <u>Stimulus<br/>Grants Fund</u> | <u>Total</u>        |
| <b>Revenues:</b>   |                               |                                 |                     |                                   |                                 |                     |
| Ad valorem taxes   | \$ -                          | \$ -                            | \$ -                | \$ 185,945                        | \$ -                            | \$ 185,945          |
| Other taxes and licenses   | -                             | -                               | 926,517             | -                                 | -                               | 926,517             |
| Restricted intergovernmental   | -                             | -                               | -                   | -                                 | -                               | 2,996,025           |
| Sales and services   | -                             | -                               | -                   | -                                 | -                               | 51,540              |
| Investment earnings  | 1,552                         | -                               | -                   | 9,542                             | 3,128                           | 105,647             |
| Miscellaneous  | -                             | -                               | -                   | 3,977                             | -                               | 4,325               |
| Total revenues   | <u>1,552</u>                  | <u>-</u>                        | <u>926,517</u>      | <u>199,464</u>                    | <u>3,128</u>                    | <u>4,269,999</u>    |
| <b>Expenditures:</b>   |                               |                                 |                     |                                   |                                 |                     |
| Economic and physical development  | -                             | -                               | 926,517             | 109,886                           | -                               | 3,890,112           |
| Cultural and recreation  | -                             | -                               | -                   | -                                 | -                               | 322,204             |
| Total expenditures   | <u>-</u>                      | <u>-</u>                        | <u>926,517</u>      | <u>109,886</u>                    | <u>-</u>                        | <u>4,212,316</u>    |
| Revenues over (under) expenditures   | <u>1,552</u>                  | <u>-</u>                        | <u>-</u>            | <u>89,578</u>                     | <u>3,128</u>                    | <u>57,683</u>       |
| <b>Other Financing Sources (Uses):</b>   |                               |                                 |                     |                                   |                                 |                     |
| Transfers from other funds   | -                             | -                               | -                   | -                                 | -                               | 41,510              |
| Transfers (to) other funds   | -                             | -                               | -                   | (40,000)                          | (17,397)                        | (57,397)            |
| Total other financing sources (uses)   | <u>-</u>                      | <u>-</u>                        | <u>-</u>            | <u>(40,000)</u>                   | <u>(17,397)</u>                 | <u>(15,887)</u>     |
| Net change in fund balances  | <u>1,552</u>                  | <u>-</u>                        | <u>-</u>            | <u>49,578</u>                     | <u>(14,269)</u>                 | <u>41,796</u>       |
| <b>Fund Balances:</b>  |                               |                                 |                     |                                   |                                 |                     |
| Beginning of year - July 1   | 94,678                        | 2                               | 1,448               | 226,248                           | 694,357                         | 3,372,698           |
| Increase (decrease) in inventories<br>and property/land acquired<br>redevelopment/rehabilitation | <u>-</u>                      | <u>-</u>                        | <u>-</u>            | <u>-</u>                          | <u>-</u>                        | <u>(15,359)</u>     |
| End of year - June 30  | <u>\$ 96,230</u>              | <u>\$ 2</u>                     | <u>\$ 1,448</u>     | <u>\$ 275,826</u>                 | <u>\$ 680,088</u>               | <u>\$ 3,399,135</u> |

## CITY OF GASTONIA, NORTH CAROLINA

STATE GRANTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023

|  | <u>Budget</u>    | <u>Actual</u>    | <u>Variance<br/>Over/Under</u> |
|--|------------------|------------------|--------------------------------|
| <b>Revenues:</b>                       |                  |                  |                                |
| Restricted intergovernmental revenues  | \$ 3,986,839     | \$ 1,779,064     | \$ (2,207,775)                 |
| Investment earnings                    | 58,200           | 106,042          | 47,842                         |
| Miscellaneous                          | -                | 26               | 26                             |
| Total revenues                         | <u>4,045,039</u> | <u>1,885,132</u> | <u>(2,159,907)</u>             |
| <b>Expenditures:</b>                   |                  |                  |                                |
| Economic and physical development:     |                  |                  |                                |
| FUSE District                          | 1,385,839        | 1,390,149        | (4,310)                        |
| Airport security fencing               | 254,200          | 136,529          | 117,671                        |
| Cultural and recreation:               |                  |                  |                                |
| Greenways                              | 1,880,000        | 234,942          | 1,645,058                      |
| Recreation center signs                | 25,000           | 25,000           | -                              |
| Recreation grants                      | <u>1,500,000</u> | <u>62,262</u>    | <u>1,437,738</u>               |
| Total expenditures                     | <u>5,045,039</u> | <u>1,848,882</u> | <u>3,196,157</u>               |
| Revenues over (under) expenditures     | (1,000,000)      | 36,250           | 1,036,250                      |
| <b>Other Financing Sources (Uses):</b> |                  |                  |                                |
| Transfers from other funds             | <u>1,000,000</u> | <u>41,510</u>    | <u>(958,490)</u>               |
| Net change in fund balance             | <u>\$ -</u>      | <u>77,760</u>    | <u>\$ 77,760</u>               |
| <b>Fund Balance:</b>                   |                  |                  |                                |
| Beginning of year - July 1             |                  | <u>2,810</u>     |                                |
| End of year - June 30                  |                  | <u>\$ 80,570</u> |                                |

## CITY OF GASTONIA, NORTH CAROLINA

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
PROGRAM FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023**

|   | <b>Budget</b>    | <b>Actual</b>     | <b>Variance<br/>Over/Under</b> |
|---|------------------|-------------------|--------------------------------|
| <b>Revenues:</b>  |                  |                   |                                |
| Restricted intergovernmental revenues                                     | \$ 2,390,534     | \$ 789,688        | \$ (1,600,846)                 |
| Sales and services  | -                | 30,597            | 30,597                         |
| Investment earnings (loss)  | -                | (14,094)          | (14,094)                       |
| Miscellaneous   | -                | 170               | 170                            |
| Total revenues  | <u>2,390,534</u> | <u>806,361</u>    | <u>(1,584,173)</u>             |
| <b>Expenditures:</b>  |                  |                   |                                |
| Economic and physical development:  |                  |                   |                                |
| CV - public facilities  | 671,269          | 38,200            | 633,069                        |
| Administration  | 217,319          | 189,427           | 27,892                         |
| Housing rehabilitation  | 1,641,217        | 636,799           | 1,004,418                      |
| Fair housing  | <u>17,595</u>    | <u>6,460</u>      | <u>11,135</u>                  |
| Total expenditures  | <u>2,547,400</u> | <u>870,886</u>    | <u>1,676,514</u>               |
| Revenues over (under) expenditures  | (156,866)        | (64,525)          | 92,341                         |
| <b>Other Financing Sources (Uses):</b>                                    |                  |                   |                                |
| Appropriated fund balance   | <u>156,866</u>   | <u>-</u>          | <u>(156,866)</u>               |
| Net change in fund balance  | <u>\$ -</u>      | <u>(64,525)</u>   | <u>\$ (64,525)</u>             |
| <b>Reconciliation from Budgetary Basis to<br/>Modified Accrual Basis:</b> |                  |                   |                                |
| Current year loan increases   |                  | 22,545            |                                |
| Current year loan repayments  |                  | <u>(813)</u>      |                                |
| Net change in fund balance - modified accrual basis                       |                  | (42,793)          |                                |
| <b>Fund Balance:</b>  |                  |                   |                                |
| Beginning of year - July 1  |                  | <u>156,866</u>    |                                |
| End of year - June 30   |                  | <u>\$ 114,073</u> |                                |

## CITY OF GASTONIA, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
 AFFORDABLE HOUSING FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023

|   | <u>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Over/Under</u> |
|---|---------------|-------------------|--------------------------------|
| <b>Revenues:</b>  |               |                   |                                |
| Sales and services  | \$ 16,680     | \$ 16,680         | \$ -                           |
| Investment earnings   | -             | 112               | 112                            |
| Total revenues  | <u>16,680</u> | <u>16,792</u>     | <u>112</u>                     |
| <b>Expenditures:</b>  |               |                   |                                |
| Economic and physical development:  |               |                   |                                |
| Affordable housing  | <u>16,680</u> | <u>-</u>          | <u>16,680</u>                  |
| Net change in fund balance  | <u>\$ -</u>   | <u>16,792</u>     | <u>\$ 16,792</u>               |
| <b>Reconciliation from Budgetary Basis to<br/>Modified Accrual Basis:</b> |               |                   |                                |
| Current year loan repayments  |               | <u>(14,833)</u>   |                                |
| Net change in fund balance - modified accrual basis                       |               | 1,959             |                                |
| <b>Fund Balance:</b>  |               |                   |                                |
| Beginning of year - July 1  |               | <u>242,764</u>    |                                |
| End of year - June 30   |               | <u>\$ 244,723</u> |                                |



## CITY OF GASTONIA, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
 REHABILITATION FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023

|  | <u>Budget</u>  | <u>Actual</u>     | <u>Variance<br/>Over/Under</u> |
|--|----------------|-------------------|--------------------------------|
| <b>Revenues:</b>                       |                |                   |                                |
| Investment earnings                    | \$ -           | \$ 8,677          | \$ 8,677                       |
| <b>Expenditures:</b>                   |                |                   |                                |
| Economic and physical development:     |                |                   |                                |
| Affordable housing                     | <u>709,695</u> | <u>35,748</u>     | <u>673,947</u>                 |
| Revenues over (under) expenditures     | (709,695)      | (27,071)          | 682,624                        |
| <b>Other Financing Sources (Uses):</b> |                |                   |                                |
| Appropriated fund balance              | <u>709,695</u> | <u>-</u>          | <u>(709,695)</u>               |
| Net change in fund balance             | <u>\$ -</u>    | (27,071)          | <u>\$ (27,071)</u>             |
| <b>Fund Balance:</b>                   |                |                   |                                |
| Beginning of year - July 1             |                | <u>750,960</u>    |                                |
| End of year - June 30                  |                | <u>\$ 723,889</u> |                                |

## CITY OF GASTONIA, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
HOME INVESTMENT TRUST FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023

|   | <u>Budget</u>    | <u>Actual</u>       | <u>Variance<br/>Over/Under</u> |
|---|------------------|---------------------|--------------------------------|
| <b>Revenues:</b>  |                  |                     |                                |
| Restricted intergovernmental revenues   | \$ 3,340,550     | \$ 427,273          | \$ (2,913,277)                 |
| Sales and services  | 19,400           | 42,339              | 22,939                         |
| Investment earnings (loss)  | -                | (9,312)             | (9,312)                        |
| Miscellaneous   | -                | 152                 | 152                            |
| Total revenues  | <u>3,359,950</u> | <u>460,452</u>      | <u>(2,899,498)</u>             |
| <b>Expenditures:</b>  |                  |                     |                                |
| Economic and physical development:  |                  |                     |                                |
| Home program  | <u>3,427,860</u> | <u>442,942</u>      | <u>2,984,918</u>               |
| Revenues over (under) expenditures  | (67,910)         | 17,510              | 85,420                         |
| <b>Other Financing Sources (Uses):</b>  |                  |                     |                                |
| Appropriated fund balance   | <u>67,910</u>    | <u>-</u>            | <u>(67,910)</u>                |
| Net change in fund balance  | <u>\$ -</u>      | <u>17,510</u>       | <u>\$ 17,510</u>               |
| <b>Reconciliation from Budgetary Basis to<br/>Modified Accrual Basis:</b>                         |                  |                     |                                |
| Current year loan repayments  |                  | <u>(22,708)</u>     |                                |
| Net change in fund balance - modified accrual basis   |                  | (5,198)             |                                |
| <b>Fund Balance:</b>  |                  |                     |                                |
| Beginning of year - July 1  |                  | 1,202,565           |                                |
| Increase (decrease) in inventories and property/land<br>acquired for redevelopment/rehabilitation |                  | <u>(15,359)</u>     |                                |
| End of year - June 30   |                  | <u>\$ 1,182,008</u> |                                |

## CITY OF GASTONIA, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
 108 LOAN/REVITALIZATION  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023

|   | <u>Budget</u> | <u>Actual</u> | <u>Variance<br/>Over/Under</u> |
|---|---------------|---------------|--------------------------------|
| <b>Revenues:</b>  |               |               |                                |
| Sales and services  | \$ -          | \$ 1,111      | \$ 1,111                       |
| Net change in fund balance  | \$ -          | 1,111         | \$ 1,111                       |
| <b>Reconciliation from Budgetary Basis to<br/>Modified Accrual Basis:</b> |               |               |                                |
| Current year loan repayments  |               | (833)         |                                |
| Net change in fund balance - modified accrual basis                       |               | 278           |                                |
| <b>Fund Balance:</b>  |               |               |                                |
| Beginning of year - July 1  |               | -             |                                |
| End of year - June 30   |               | <u>\$ 278</u> |                                |

## CITY OF GASTONIA, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
 108 LOAN/ECONOMIC  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023

|                            | <u>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Over/Under</u> |
|----------------------------|---------------|------------------|--------------------------------|
| <b>Revenues:</b>           |               |                  |                                |
| Investment earnings        | \$ -          | \$ 1,552         | \$ 1,552                       |
| Net change in fund balance | <u>\$ -</u>   | 1,552            | <u>\$ 1,552</u>                |
| <b>Fund Balance:</b>       |               |                  |                                |
| Beginning of year - July 1 |               | <u>94,678</u>    |                                |
| End of year - June 30      |               | <u>\$ 96,230</u> |                                |

## CITY OF GASTONIA, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
 ECONOMIC DEVELOPMENT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023

|                                   | <u>Budget</u> | <u>Actual</u> | <u>Variance<br/>Over/Under</u> |
|-----------------------------------|---------------|---------------|--------------------------------|
| <b>Expenditures:</b>              |               |               |                                |
| Economic and physical development | \$ -          | \$ -          | \$ -                           |
| Net change in fund balance        | <u>\$ -</u>   | <u>-</u>      | <u>\$ -</u>                    |
| <b>Fund Balance:</b>              |               |               |                                |
| Beginning of year - July 1        |               | <u>2</u>      |                                |
| End of year - June 30             |               | <u>\$ 2</u>   |                                |

## CITY OF GASTONIA, NORTH CAROLINA

## OCCUPANCY TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023

|  | <u>Budget</u>    | <u>Actual</u>          | <u>Variance<br/>Over/Under</u> |
|--|------------------|------------------------|--------------------------------|
| <b>Revenues:</b>                       |                  |                        |                                |
| Other taxes and licenses               | \$ 1,000,000     | \$ 926,517             | \$ (73,483)                    |
| <b>Expenditures:</b>                   |                  |                        |                                |
| Economic and physical development:     |                  |                        |                                |
| Gastonia Tourism Development Authority | <u>1,000,000</u> | <u>926,517</u>         | <u>73,483</u>                  |
| Net change in fund balance             | <u>\$ -</u>      | <u>-</u>               | <u>\$ -</u>                    |
| <b>Fund Balance:</b>                   |                  |                        |                                |
| Beginning of year - July 1             |                  | <u>1,448</u>           |                                |
| End of year - June 30                  |                  | <u><u>\$ 1,448</u></u> |                                |

## CITY OF GASTONIA, NORTH CAROLINA

UPTOWN MUNICIPAL TAX DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023

|  | <u>Budget</u>    | <u>Actual</u>     | <u>Variance<br/>Over/Under</u> |
|--|------------------|-------------------|--------------------------------|
| <b>Revenues:</b>                       |                  |                   |                                |
| Ad valorem taxes                       | \$ 171,800       | \$ 185,945        | \$ 14,145                      |
| Investment earnings                    | -                | 9,542             | 9,542                          |
| Miscellaneous                          | 2,880            | 3,977             | 1,097                          |
| Total revenues                         | <u>174,680</u>   | <u>199,464</u>    | <u>24,784</u>                  |
| <b>Expenditures:</b>                   |                  |                   |                                |
| Economic and physical development:     |                  |                   |                                |
| Community improvement downtown         | <u>331,064</u>   | <u>109,886</u>    | <u>221,178</u>                 |
| Revenues over (under) expenditures     | <u>(156,384)</u> | <u>89,578</u>     | <u>245,962</u>                 |
| <b>Other Financing Sources (Uses):</b> |                  |                   |                                |
| Transfers to other funds               | (40,000)         | (40,000)          | -                              |
| Appropriated fund balance              | <u>196,384</u>   | <u>-</u>          | <u>(196,384)</u>               |
| Total other financing sources (uses)   | <u>156,384</u>   | <u>(40,000)</u>   | <u>(196,384)</u>               |
| Net change in fund balance             | <u>\$ -</u>      | <u>49,578</u>     | <u>\$ 49,578</u>               |
| <b>Fund Balance:</b>                   |                  |                   |                                |
| Beginning of year - July 1             |                  | <u>226,248</u>    |                                |
| End of year - June 30                  |                  | <u>\$ 275,826</u> |                                |

## CITY OF GASTONIA, NORTH CAROLINA

**ECONOMIC STIMULUS GRANTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|  | <u>Budget</u>   | <u>Actual</u>            | <u>Variance<br/>Over/Under</u> |
|--|-----------------|--------------------------|--------------------------------|
| <b>Revenues:</b>                       |                 |                          |                                |
| Investment earnings                    | \$ -            | \$ 3,128                 | \$ 3,128                       |
| Sale of property                       | <u>17,397</u>   | <u>-</u>                 | <u>(17,397)</u>                |
| Total revenues                         | <u>17,397</u>   | <u>3,128</u>             | <u>(14,269)</u>                |
| <b>Other Financing Sources (Uses):</b> |                 |                          |                                |
| Transfers to other funds               | <u>(17,397)</u> | <u>(17,397)</u>          | <u>-</u>                       |
| Net change in fund balance             | <u>\$ -</u>     | <u>(14,269)</u>          | <u>\$ (14,269)</u>             |
| <b>Fund Balance:</b>                   |                 |                          |                                |
| Beginning of year - July 1             |                 | <u>694,357</u>           |                                |
| End of year - June 30                  |                 | <u><u>\$ 680,088</u></u> |                                |



## **CAPITAL PROJECTS FUNDS**

The Capital Projects Funds provide budgetary accountability for financial resources used for the acquisition or construction of major capital improvements, other than those financed and accounted for in proprietary funds. Primary resources for these funds include proceeds of general obligation bonds and transfers from other funds. The financial statements of the Capital Projects Funds include the Streets Fund and the combined statements of, Mayor/Council Fund, Developer Sidewalk Fund, the Airport Fund, the Downtown Revitalization Fund, and the Infrastructure Rehabilitation Fund.

### **Streets Fund**

The Streets Fund is used to account for major improvements primarily financed with the proceeds of bond sales, interfund transfers, and reimbursements from the North Carolina Department of Transportation.

### **Mayor / Council Fund**

The Mayor/Council Fund is used to account for general improvements financed primarily by interfund transfers and bond proceeds. Projects include a downtown parking facility, a new police facility, culvert replacement programs, and renovations to general government buildings.

### **Developer Sidewalk Fund**

The Developer Sidewalk Fund is used to account for improvements financed primarily by payments in lieu for construction.

### **Airport Fund**

The Airport Fund is used to account for improvements primarily financed with reimbursements from the North Carolina Department of Transportation and interfund transfers.

### **Downtown Revitalization Fund**

The Downtown Revitalization Fund is used to account for improvements to the City's downtown area, primarily financed with debt proceeds.

## **CAPITAL PROJECTS FUNDS (cont)**

### Infrastructure Rehabilitation Fund

The purpose of this fund is to account for the accumulation of resources for infrastructure rehabilitation, construction, and improvements.

## CITY OF GASTONIA, NORTH CAROLINA

**MAJOR CAPITAL PROJECT FUND - STREETS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|  | <u>Budget</u>       | <u>Actual</u>        | <u>Variance<br/>Over/Under</u> |
|--|---------------------|----------------------|--------------------------------|
| <b>Revenues:</b>                       |                     |                      |                                |
| Restricted intergovernmental revenues  | \$ 8,839,908        | \$ -                 | \$ (8,839,908)                 |
| Investment earnings                    | -                   | 442,715              | 442,715                        |
| Total revenues                         | <u>8,839,908</u>    | <u>442,715</u>       | <u>(8,397,193)</u>             |
| <b>Expenditures:</b>                   |                     |                      |                                |
| Capital outlay:                        |                     |                      |                                |
| Joint Venture - street improvements    | 30,421              | 30,420               | 1                              |
| Transportation bonds, series 2023      | 39,432,061          | 2,577,891            | 36,854,170                     |
| Speed humps                            | 83,486              | 72,782               | 10,704                         |
| Traffic signal system improvements     | 235,698             | 15,000               | 220,698                        |
| General obligation bonds road widening | 410,996             | 214,376              | 196,620                        |
| General obligation bonds sidewalks     | 124,637             | -                    | 124,637                        |
| Bridge repairs and replacement         | 75,000              | -                    | 75,000                         |
| Transportation planning                | 9,423,400           | -                    | 9,423,400                      |
| Total expenditures                     | <u>49,815,699</u>   | <u>2,910,469</u>     | <u>46,905,230</u>              |
| Revenues over (under) expenditures     | <u>(40,975,791)</u> | <u>(2,467,754)</u>   | <u>38,508,037</u>              |
| <b>Other Financing Sources (Uses):</b> |                     |                      |                                |
| Transfers from other funds             | 1,478,000           | 1,478,000            | -                              |
| Issuance of debt                       | 33,190,000          | 33,190,000           | -                              |
| Issuance of debt-premium               | 4,547,966           | 4,547,966            | -                              |
| Appropriated fund balance              | 1,759,825           | -                    | (1,759,825)                    |
| Total other financing sources (uses)   | <u>40,975,791</u>   | <u>39,215,966</u>    | <u>(1,759,825)</u>             |
| Net change in fund balance             | <u>\$ -</u>         | <u>36,748,212</u>    | <u>\$ 36,748,212</u>           |
| <b>Fund Balance:</b>                   |                     |                      |                                |
| Beginning of year - July 1             |                     | <u>1,847,697</u>     |                                |
| End of year - June 30                  |                     | <u>\$ 38,595,909</u> |                                |

## CITY OF GASTONIA, NORTH CAROLINA

## NONMAJOR CAPITAL PROJECT FUNDS

## COMBINING BALANCE SHEET

JUNE 30, 2023

|   | Mayor/Council<br>Fund | Developer<br>Sidewalk<br>Fund | Airport<br>Fund   |
|---|-----------------------|-------------------------------|-------------------|
| <b>Assets:</b>  |                       |                               |                   |
| Cash and cash equivalents   | \$ 2,042,232          | \$ -                          | \$ -              |
| Cash and cash equivalents, restricted                                     | 755                   | 433,172                       | 442,222           |
| Accounts receivable   | 3,632                 | -                             | -                 |
| Long-term receivable  | -                     | -                             | -                 |
| Due from other governments  | -                     | -                             | 396,169           |
| Leases receivable   | -                     | -                             | -                 |
| Total assets  | <u>\$ 2,046,619</u>   | <u>\$ 433,172</u>             | <u>\$ 838,391</u> |
| <b>Liabilities, Deferred Inflows<br/>of Resources, and Fund Balances:</b> |                       |                               |                   |
| <b>Liabilities:</b>   |                       |                               |                   |
| Accounts payable and accrued liabilities                                  | \$ 86,086             | \$ -                          | \$ 127,836        |
| Due to General Fund   | -                     | -                             | 159,105           |
| Advances from grantors  | -                     | -                             | 442,222           |
| Total liabilities   | <u>86,086</u>         | <u>-</u>                      | <u>729,163</u>    |
| <b>Deferred Inflows of Resources:</b>                                     |                       |                               |                   |
| Lease deferrals   | -                     | -                             | -                 |
| <b>Fund Balances:</b>   |                       |                               |                   |
| Non-spendable:  |                       |                               |                   |
| Leases  | -                     | -                             | -                 |
| Restricted:   |                       |                               |                   |
| Stabilization by state statute  | 443,040               | -                             | 396,169           |
| Restricted, all other   | 1,517,493             | 433,172                       | -                 |
| Assigned  | -                     | -                             | -                 |
| Unassigned  | -                     | -                             | (286,941)         |
| Total fund balances   | <u>1,960,533</u>      | <u>433,172</u>                | <u>109,228</u>    |
| Total liabilities, deferred inflows<br>of resources, and fund balances    | <u>\$ 2,046,619</u>   | <u>\$ 433,172</u>             | <u>\$ 838,391</u> |

## CITY OF GASTONIA, NORTH CAROLINA

## NONMAJOR CAPITAL PROJECT FUNDS

## COMBINING BALANCE SHEET

JUNE 30, 2023

|   | <b>Downtown<br/>Revitalization<br/>Fund</b> | <b>Infrastructure<br/>Rehabilitation<br/>Fund</b> | <b>Total</b>        |
|---|---|---|---------------------|
| <b>Assets:</b>  |   |   |                     |
| Cash and cash equivalents   | \$ 1,212,514                                | \$ 2,083,034                                      | \$ 5,337,780        |
| Cash and cash equivalents, restricted                                     | -   | -   | 876,149             |
| Accounts receivable   | -   | -   | 3,632               |
| Long-term receivable  | -   | 57,813  | 57,813              |
| Due from other governments  | -   | -   | 396,169             |
| Leases receivable   | -   | 3,212,944   | 3,212,944           |
| Total assets  | <u>\$ 1,212,514</u>                         | <u>\$ 5,353,791</u>                               | <u>\$ 9,884,487</u> |
| <b>Liabilities, Deferred Inflows<br/>of Resources, and Fund Balances:</b> |   |   |                     |
| <b>Liabilities:</b>   |   |   |                     |
| Accounts payable and accrued liabilities                                  | \$ -  | \$ -  | \$ 213,922          |
| Due to General Fund   | -   | -   | 159,105             |
| Advances from grantors  | -   | -   | 442,222             |
| Total liabilities   | <u>-</u>                                    | <u>-</u>  | <u>815,249</u>      |
| <b>Deferred Inflows of Resources:</b>                                     |   |   |                     |
| Lease deferrals   | <u>-</u>                                    | <u>3,144,338</u>                                  | <u>3,144,338</u>    |
| <b>Fund Balances:</b>   |   |   |                     |
| Non-spendable:  |   |   |                     |
| Leases  | -   | 68,606  | 68,606              |
| Restricted:   |   |   |                     |
| Stabilization by state statute  | 4,436                                       | 57,813  | 901,458             |
| Restricted, all other   | 1,208,078                                   | -   | 3,158,743           |
| Assigned  | -   | 2,083,034   | 2,083,034           |
| Unassigned  | -   | -   | (286,941)           |
| Total fund balances   | <u>1,212,514</u>                            | <u>2,209,453</u>                                  | <u>5,924,900</u>    |
| Total liabilities, deferred inflows<br>of resources, and fund balances    | <u>\$ 1,212,514</u>                         | <u>\$ 5,353,791</u>                               | <u>\$ 9,884,487</u> |

# **CITY OF GASTONIA, NORTH CAROLINA**

## **NONMAJOR CAPITAL PROJECT FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2023**

|                                       | <b>Mayor/Council<br/>Fund</b> | <b>Developer<br/>Sidewalk<br/>Fund</b> | <b>Airport<br/>Fund</b> |
|---------------------------------------|-------------------------------|--|-------------------------|
| <b>Revenues:</b>                      |                               |  |                         |
| Payment in lieu of construction       | \$ -                          | \$ 189,364                             | \$ -                    |
| Restricted intergovernmental revenues | -                             | -                                      | 593,599                 |
| Investment earnings                   | 73,289                        | 13,161                                 | 11,598                  |
| Miscellaneous revenues                | 6,950                         | -                                      | -                       |
| Total revenues                        | <u>80,239</u>                 | <u>202,525</u>                         | <u>605,197</u>          |
| <b>Expenditures:</b>                  |                               |  |                         |
| Capital outlay                        | 833,720                       | -                                      | 593,940                 |
| Total expenditures                    | <u>833,720</u>                | <u>-</u>                               | <u>593,940</u>          |
| Revenues over (under) expenditures    | <u>(753,481)</u>              | <u>202,525</u>                         | <u>11,257</u>           |
| <b>Other Financing Sources (Uses)</b> |                               |  |                         |
| Transfers to other funds              | (100,000)                     | -                                      | -                       |
| Transfers from other funds            | 730,398                       | -                                      | -                       |
| Total other financing sources (uses)  | <u>630,398</u>                | <u>-</u>                               | <u>-</u>                |
| Net change in fund balances           | (123,083)                     | 202,525                                | 11,257                  |
| <b>Fund Balances:</b>                 |                               |  |                         |
| Beginning of year - July 1            | <u>2,083,616</u>              | <u>230,647</u>                         | <u>97,971</u>           |
| End of year - June 30                 | <u>\$ 1,960,533</u>           | <u>\$ 433,172</u>                      | <u>\$ 109,228</u>       |

## CITY OF GASTONIA, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2023**

|                                       | <b>Downtown<br/>Revitalization<br/>Fund</b> | <b>Infrastructure<br/>Rehabilitation<br/>Fund</b> | <b>Total</b>        |
|---------------------------------------|---|---|---------------------|
| <b>Revenues:</b>                      |   |   |                     |
| Payment in lieu of construction       | \$ -  | \$ -  | \$ 189,364          |
| Restricted intergovernmental revenues | -   | -   | 593,599             |
| Investment earnings                   | 39,395                                      | 143,755   | 281,198             |
| Miscellaneous revenues                | 6   | 260,430   | 267,386             |
| Total revenues                        | <u>39,401</u>                               | <u>404,185</u>                                    | <u>1,331,547</u>    |
| <b>Expenditures:</b>                  |   |   |                     |
| Capital outlay                        | <u>10,565</u>                               | -   | <u>1,438,225</u>    |
| Total expenditures                    | <u>10,565</u>                               | -   | <u>1,438,225</u>    |
| Revenues over (under) expenditures    | <u>28,836</u>                               | <u>404,185</u>                                    | <u>(106,678)</u>    |
| <b>Other Financing Sources (Uses)</b> |   |   |                     |
| Transfers to other funds              | -   | -   | (100,000)           |
| Transfers from other funds            | -   | -   | 730,398             |
| Total other financing sources (uses)  | <u>-</u>                                    | <u>-</u>  | <u>630,398</u>      |
| Net change in fund balances           | 28,836                                      | 404,185   | 523,720             |
| <b>Fund Balances:</b>                 |   |   |                     |
| Beginning of year - July 1            | <u>1,183,678</u>                            | <u>1,805,268</u>                                  | <u>5,401,180</u>    |
| End of year - June 30                 | <u>\$ 1,212,514</u>                         | <u>\$ 2,209,453</u>                               | <u>\$ 5,924,900</u> |

## CITY OF GASTONIA, NORTH CAROLINA

**CAPITAL PROJECT FUND - MAYOR / COUNCIL**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|   | <u>Budget</u>      | <u>Actual</u>       | <u>Variance with<br/>Final Budget<br/>Over/Under</u> |
|---|--------------------|---------------------|--|
| <b>Revenues:</b>                        |                    |                     |  |
| Restricted intergovernmental revenue    | \$ 1,068,204       | \$ -                | \$ (1,068,204)                                       |
| Investment earnings                     | -                  | 73,289              | 73,289   |
| Miscellaneous revenues                  | -                  | 6,950               | 6,950  |
| Total revenues                          | <u>1,068,204</u>   | <u>80,239</u>       | <u>(987,965)</u>                                     |
| <b>Expenditures:</b>                    |                    |                     |  |
| Capital outlay:                         |                    |                     |  |
| Mayor's youth council                   | 300                | -                   | 300  |
| Financial services - accounting         | 107,863            | -                   | 107,863  |
| Transportation planning                 | 1,212,326          | -                   | 1,212,326  |
| Public works - Powell Bill              | 286                | 285                 | 1  |
| Marth Rivers Park                       | 3,114              | -                   | 3,114  |
| 2010 LOBs - recreation projects         | 24                 | -                   | 24   |
| Greenways                               | 236,201            | 7,087               | 229,114  |
| Gastonia Optimist Club Park             | 33,719             | -                   | 33,719   |
| Recreation/Administration               | 573,001            | 455,473             | 117,528  |
| Public works campus                     | 320,942            | 180,398             | 140,544  |
| Planning/City planning                  | 507,019            | -                   | 507,019  |
| Downtown sports & entertainment complex | 847,533            | 190,477             | 657,056  |
| Debt service:                           |                    |                     |  |
| Interest / bond service charges         | 1,895              | -                   | 1,895  |
| Total expenditures                      | <u>3,844,223</u>   | <u>833,720</u>      | <u>3,010,503</u>                                     |
| Revenues over (under) expenditures      | <u>(2,776,019)</u> | <u>(753,481)</u>    | <u>2,022,538</u>                                     |
| <b>Other Financing Sources (Uses):</b>  |                    |                     |  |
| Transfers from other funds              | 870,517            | 730,398             | (140,119)  |
| Transfers to other funds                | (100,000)          | (100,000)           | -  |
| Appropriated fund balance               | 2,005,502          | -                   | (2,005,502)  |
| Total other financing sources (uses)    | <u>2,776,019</u>   | <u>630,398</u>      | <u>(2,145,621)</u>                                   |
| Net change in fund balance              | <u>\$ -</u>        | <u>(123,083)</u>    | <u>\$ (123,083)</u>                                  |
| <b>Fund Balance:</b>                    |                    |                     |  |
| Beginning of year - July 1              |                    | <u>2,083,616</u>    |  |
| End of year - June 30                   |                    | <u>\$ 1,960,533</u> |  |



## CITY OF GASTONIA, NORTH CAROLINA

**CAPITAL PROJECT FUND - DEVELOPER SIDEWALK  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023**

|                                 | <u>Budget</u> | <u>Actual</u>         | <u>Variance<br/>Over/Under</u> |
|---------------------------------|---------------|-----------------------|--------------------------------|
| <b>Revenues:</b>                |               |                       |                                |
| Payment in lieu of construction | \$ -          | \$ 189,364            | \$ 189,364                     |
| Investment earnings             | -             | 13,161                | 13,161                         |
| Total revenues                  | -             | <u>202,525</u>        | <u>202,525</u>                 |
| <br>Net change in fund balance  | <br>\$ -      | <br>202,525           | <br>\$ <u>202,525</u>          |
| <br><b>Fund Balance:</b>        |               |                       |                                |
| Beginning of year - July 1      |               | <u>230,647</u>        |                                |
| <br>End of year - June 30       |               | <br><u>\$ 433,172</u> |                                |

## CITY OF GASTONIA, NORTH CAROLINA

**CAPITAL PROJECT FUND - AIRPORT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|  | <u>Budget</u>    | <u>Actual</u>     | <u>Variance<br/>Over/Under</u> |
|--|------------------|-------------------|--------------------------------|
| <b>Revenues:</b>                       |                  |                   |                                |
| Restricted intergovernmental revenues  | \$ 1,730,410     | \$ 593,599        | \$ (1,136,811)                 |
| Investment earnings                    | -                | 11,598            | 11,598                         |
| Total revenues                         | <u>1,730,410</u> | <u>605,197</u>    | <u>(1,125,213)</u>             |
| <b>Expenditures:</b>                   |                  |                   |                                |
| Airport operations/non-routine         | <u>1,753,701</u> | <u>593,940</u>    | <u>1,159,761</u>               |
| Revenues over (under) expenditures     | <u>(23,291)</u>  | <u>11,257</u>     | <u>34,548</u>                  |
| <b>Other Financing Sources (Uses):</b> |                  |                   |                                |
| Transfers from other funds             | 16,667           | -                 | (16,667)                       |
| Appropriated fund balance              | <u>6,624</u>     | <u>-</u>          | <u>(6,624)</u>                 |
| Total other financing sources (uses)   | <u>23,291</u>    | <u>-</u>          | <u>(23,291)</u>                |
| Net change in fund balance             | <u>\$ -</u>      | <u>11,257</u>     | <u>\$ 11,257</u>               |
| <b>Fund Balance:</b>                   |                  |                   |                                |
| Beginning of year - July 1             |                  | <u>97,971</u>     |                                |
| End of year - June 30                  |                  | <u>\$ 109,228</u> |                                |

## CITY OF GASTONIA, NORTH CAROLINA

**CAPITAL PROJECT FUND - DOWNTOWN REVITALIZATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|  | <u>Budget</u> | <u>Actual</u> | <u>Variance<br/>Over/Under</u> |
|--|---------------|---------------|--------------------------------|
| <b>Revenues:</b>                       |               |               |                                |
| Miscellaneous revenues                 | \$ -          | \$ 6          | \$ 6                           |
| Investment earnings                    | -             | 39,395        | 39,395                         |
| Total revenues                         | -             | 39,401        | 39,401                         |
| <b>Expenditures:</b>                   |               |               |                                |
| Downtown plan                          | 1,122,081     | 10,565        | 1,111,516                      |
| Youth sports complex                   | 50,013        | -             | 50,013                         |
| Total expenditures                     | 1,172,094     | 10,565        | 1,161,529                      |
| Revenues over (under) expenditures     | (1,172,094)   | 28,836        | 1,200,930                      |
| <b>Other Financing Sources (Uses):</b> |               |               |                                |
| Appropriated fund balance              | 1,172,094     | -             | (1,172,094)                    |
| Net change in fund balance             | \$ -          | 28,836        | \$ 28,836                      |
| <b>Fund Balance:</b>                   |               |               |                                |
| Beginning of year - July 1             |               | 1,183,678     |                                |
| End of year - June 30                  |               | \$ 1,212,514  |                                |

## CITY OF GASTONIA, NORTH CAROLINA

**INFRASTRUCTURE REHABILITATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|   | <u>Budget</u>    | <u>Actual</u>       | <u>Variance<br/>Over/Under</u> |
|---|------------------|---------------------|--------------------------------|
| <b>Revenues:</b>  |                  |                     |                                |
| Investment earnings   | \$ 30,000        | \$ 143,755          | \$ 113,755                     |
| Miscellaneous   | 280,000          | 325,008             | 45,008                         |
| Total revenues  | <u>310,000</u>   | <u>468,763</u>      | <u>158,763</u>                 |
| <b>Expenditures:</b>  |                  |                     |                                |
| Economic and physical development   | 87,609           | -                   | 87,609                         |
| Capital project reserve   | 1,149,213        | -                   | 1,149,213                      |
| General obligation bonds properties                                       | <u>112,127</u>   | <u>-</u>            | <u>112,127</u>                 |
| Total expenditures  | <u>1,348,949</u> | <u>-</u>            | <u>1,348,949</u>               |
| Revenues over (under) expenditures  | (1,038,949)      | 468,763             | 1,507,712                      |
| <b>Other Financing Sources (Uses):</b>                                    |                  |                     |                                |
| Appropriated fund balance   | <u>1,038,949</u> | <u>-</u>            | <u>(1,038,949)</u>             |
| Net change in fund balance  | <u>\$ -</u>      | 468,763             | <u>\$ 468,763</u>              |
| <b>Reconciliation from Budgetary Basis to<br/>Modified Accrual Basis:</b> |                  |                     |                                |
| Current year loan repayments  |                  | <u>(64,578)</u>     |                                |
| Net change in fund balance - modified accrual basis                       |                  | 404,185             |                                |
| <b>Fund Balance:</b>  |                  |                     |                                |
| Beginning of year - July 1  |                  | <u>1,805,268</u>    |                                |
| End of year - June 30   |                  | <u>\$ 2,209,453</u> |                                |

## **ENTERPRISE FUNDS**

The Enterprise Funds are a subclassification of the Proprietary Fund Types and are used to account for revenues resulting primarily from charges for services provided to the general public and related cost of services. The financial statements of the Enterprise Funds represent the combined statements of the Water and Sewer Fund, the Electric Fund, the Transit System Fund, the Airport Fund, the Municipal Golf Course Fund, and the Stormwater Fund.

### Water and Sewer Fund

The Water and Sewer Fund includes the accounts of the Water and Sewer Operation Fund and a capital project fund. Financing of the operation fund comes principally from charges to the users. The capital project fund is financed mainly from the issuance of bonds as well as user charges.

### Electric Fund

The Electric Fund includes the accounts of the Electric Operation Fund and a capital project fund. Financing of these funds comes principally from charges to the users.

### Transit System Fund

The Transit System Fund includes the accounts of the municipal bus transportation system. Financing of this fund is derived from passenger revenues, operating grants, and General Fund subsidies.

### Municipal Golf Course Fund

The Municipal Golf Course Fund includes the accounts of the Golf Course operations.

### Solid Waste Fund

The Solid Waste Fund accounts for the operations of the County's collection and disposal of solid waste.

### Stormwater Fund

The Stormwater Fund includes the accounts of the Stormwater system and a capital project fund. Revenue sources are stormwater fees.



## CITY OF GASTONIA, NORTH CAROLINA

## NONMAJOR ENTERPRISE FUNDS

## COMBINING STATEMENT OF NET POSITION

JUNE 30, 2023

|   | <b>Transit<br/>System<br/>Fund</b> | <b>Municipal<br/>Golf Course<br/>Fund</b> | <b>Solid<br/>Waste<br/>Fund</b> | <b>Stormwater<br/>Fund</b> | <b>Total</b>         |
|---|------------------------------------|---|---------------------------------|----------------------------|----------------------|
| <b>Assets:</b>                          |                                    |   |                                 |                            |                      |
| Current assets:                         |                                    |   |                                 |                            |                      |
| Cash, cash equivalents, and investments | \$ 497,457                         | \$ 1,969                                  | \$ 1,087,930                    | \$ 3,370,054               | \$ 4,957,410         |
| Accounts receivable, net                | 1,552                              | -   | 426,347                         | 457,464                    | 885,363              |
| Due from other governments              | 629,353                            | -   | -                               | -                          | 629,353              |
| Total current assets                    | <u>1,128,362</u>                   | <u>1,969</u>                              | <u>1,514,277</u>                | <u>3,827,518</u>           | <u>6,472,126</u>     |
| Capital assets:                         |                                    |   |                                 |                            |                      |
| Right to use assets, net                | 3,649                              | -   | 15,123                          | -                          | 18,772               |
| Depreciable capital assets, net         | 2,075,369                          | 266,239                                   | 329,104                         | 30,890,611                 | 33,561,323           |
| Non-depreciable capital assets          | 290,786                            | 67,992                                    | -                               | 348,516                    | 707,294              |
| Total capital assets                    | <u>2,369,804</u>                   | <u>334,231</u>                            | <u>344,227</u>                  | <u>31,239,127</u>          | <u>34,287,389</u>    |
| Total assets                            | <u>3,498,166</u>                   | <u>336,200</u>                            | <u>1,858,504</u>                | <u>35,066,645</u>          | <u>40,759,515</u>    |
| <b>Deferred Outflows of Resources:</b>  |                                    |   |                                 |                            |                      |
| OPEB deferrals                          | 291,233                            | -   | -                               | 145,616                    | 436,849              |
| Pension deferrals                       | 495,647                            | -   | -                               | 247,824                    | 743,471              |
| Total deferred outflows of resources    | <u>786,880</u>                     | <u>-</u>                                  | <u>-</u>                        | <u>393,440</u>             | <u>1,180,320</u>     |
| <b>Liabilities:</b>                     |                                    |   |                                 |                            |                      |
| Current liabilities:                    |                                    |   |                                 |                            |                      |
| Accounts payable                        | 133,529                            | -   | 158,854                         | 156,933                    | 449,316              |
| Accrued salaries and benefits           | 33,986                             | -   | 93,282                          | 15,421                     | 142,689              |
| Current portion of long-term debt       | 3,138                              | -   | 15,431                          | -                          | 18,569               |
| Compensated absences                    | 56,600                             | -   | 130,000                         | 23,800                     | 210,400              |
| Total current liabilities               | <u>227,253</u>                     | <u>-</u>                                  | <u>397,567</u>                  | <u>196,154</u>             | <u>820,974</u>       |
| Non-current liabilities:                |                                    |   |                                 |                            |                      |
| Compensated absences, non-current       | 18,888                             | -   | 43,322                          | 7,903                      | 70,113               |
| Net pension liability                   | 738,892                            | -   | -                               | 369,446                    | 1,108,338            |
| Total OPEB liability                    | <u>1,166,489</u>                   | <u>-</u>                                  | <u>-</u>                        | <u>583,246</u>             | <u>1,749,735</u>     |
| Total non-current liabilities           | <u>1,924,269</u>                   | <u>-</u>                                  | <u>43,322</u>                   | <u>960,595</u>             | <u>2,928,186</u>     |
| Total liabilities                       | <u>2,151,522</u>                   | <u>-</u>                                  | <u>440,889</u>                  | <u>1,156,749</u>           | <u>3,749,160</u>     |
| <b>Deferred Inflows of Resources:</b>   |                                    |   |                                 |                            |                      |
| OPEB deferrals                          | 330,182                            | -   | -                               | 165,091                    | 495,273              |
| Pension deferrals                       | 9,787                              | -   | -                               | 4,892                      | 14,679               |
| Total deferred inflows of resources     | <u>339,969</u>                     | <u>-</u>                                  | <u>-</u>                        | <u>169,983</u>             | <u>509,952</u>       |
| <b>Net Position:</b>                    |                                    |   |                                 |                            |                      |
| Net investment in capital assets        | 2,366,666                          | 334,231                                   | 328,796                         | 31,239,127                 | 34,268,820           |
| Unrestricted                            | (573,111)                          | 1,969                                     | 1,088,819                       | 2,894,226                  | 3,411,903            |
| Total net position                      | <u>\$ 1,793,555</u>                | <u>\$ 336,200</u>                         | <u>\$ 1,417,615</u>             | <u>\$ 34,133,353</u>       | <u>\$ 37,680,723</u> |

## CITY OF GASTONIA, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|   | <b>Transit<br/>System<br/>Fund</b> | <b>Municipal<br/>Golf Course<br/>Fund</b> | <b>Solid<br/>Waste<br/>Fund</b> | <b>Stormwater<br/>Fund</b> | <b>Total</b>         |
|---|------------------------------------|---|---------------------------------|----------------------------|----------------------|
| <b>Operating Revenues:</b>                                  |                                    |   |                                 |                            |                      |
| Charges for services  | \$ 102,640                         | \$ -                                      | \$ 3,908,256                    | \$ 4,069,437               | \$ 8,080,333         |
| Utilities for City use                                      | -                                  | -   | -                               | 93,150                     | 93,150               |
| Other operating revenues                                    | 19,801                             | -   | 43,953                          | 2,635                      | 66,389               |
| Total operating revenues                                    | <u>122,441</u>                     | <u>-</u>                                  | <u>3,952,209</u>                | <u>4,165,222</u>           | <u>8,239,872</u>     |
| <b>Operating Expenses:</b>                                  |                                    |   |                                 |                            |                      |
| Administration  | 896,490                            | -   | 891,734                         | 1,778,895                  | 3,567,119            |
| Maintenance   | 316,741                            | -   | -                               | 77,851                     | 394,592              |
| ADA/Para-transit expenses                                   | 262,560                            | -   | -                               | -                          | 262,560              |
| Operations area   | 1,656,626                          | -   | 5,923,671                       | 557,524                    | 8,137,821            |
| Depreciation and amortization                               | 320,701                            | 34,195                                    | 84,622                          | 812,693                    | 1,252,211            |
| Total operating expenses                                    | <u>3,453,118</u>                   | <u>34,195</u>                             | <u>6,900,027</u>                | <u>3,226,963</u>           | <u>13,614,303</u>    |
| Operating income (loss)                                     | <u>(3,330,677)</u>                 | <u>(34,195)</u>                           | <u>(2,947,818)</u>              | <u>938,259</u>             | <u>(5,374,431)</u>   |
| <b>Non-Operating Revenues (Expenses):</b>                   |                                    |   |                                 |                            |                      |
| Investment earnings   | 27,910                             | -   | 34,465                          | 97,465                     | 159,840              |
| Interest expense  | (14)                               | -   | (21)                            | -                          | (35)                 |
| Total non-operating revenues (expenses)                     | <u>27,896</u>                      | <u>-</u>                                  | <u>34,444</u>                   | <u>97,465</u>              | <u>159,805</u>       |
| Income (loss) before capital<br>contributions and transfers | (3,302,781)                        | (34,195)                                  | (2,913,374)                     | 1,035,724                  | (5,214,626)          |
| <b>Capital Contributions:</b>                               |                                    |   |                                 |                            |                      |
| Federal and state grants                                    | 2,512,464                          | -   | -                               | -                          | 2,512,464            |
| Local capital contributions                                 | -                                  | -   | -                               | 935,894                    | 935,894              |
| <b>Transfers:</b>   |                                    |   |                                 |                            |                      |
| Transfers to other funds                                    | -                                  | -   | -                               | (72,500)                   | (72,500)             |
| Transfers from other funds                                  | 576,431                            | -   | 2,902,887                       | -                          | 3,479,318            |
| Change in net position                                      | (213,886)                          | (34,195)                                  | (10,487)                        | 1,899,118                  | 1,640,550            |
| <b>Net Position:</b>  |                                    |   |                                 |                            |                      |
| Beginning of year - July 1                                  | <u>2,007,441</u>                   | <u>370,395</u>                            | <u>1,428,102</u>                | <u>32,234,235</u>          | <u>36,040,173</u>    |
| End of year - June 30                                       | <u>\$ 1,793,555</u>                | <u>\$ 336,200</u>                         | <u>\$ 1,417,615</u>             | <u>\$ 34,133,353</u>       | <u>\$ 37,680,723</u> |



## CITY OF GASTONIA, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2023**

|  | <b>Transit<br/>System<br/>Fund</b> | <b>Municipal<br/>Golf Course<br/>Fund</b> | <b>Solid<br/>Waste<br/>Fund</b> | <b>Stormwater<br/>Fund</b> | <b>Total</b>   |
|--|------------------------------------|---|---------------------------------|----------------------------|----------------|
| <b>Cash Flows from Operating Activities:</b>   |                                    |   |                                 |                            |                |
| Cash received from customers and users   | \$ 122,441                         | \$ -                                      | \$ 3,899,912                    | \$ 4,131,940               | \$ 8,154,293   |
| Cash paid to suppliers   | (1,284,564)                        | -   | (3,205,966)                     | (1,990,495)                | (6,481,025)    |
| Cash paid to employees   | (1,654,947)                        | -   | (3,489,655)                     | (465,774)                  | (5,610,376)    |
| Net cash provided (used) by operating activities                                       | (2,817,070)                        | -   | (2,795,709)                     | 1,675,671                  | (3,937,108)    |
| <b>Cash Flows from Non-Capital Financing Activities:</b>                               |                                    |   |                                 |                            |                |
| Transfers from other funds   | 576,431                            | -   | 2,902,887                       | -                          | 3,479,318      |
| Transfers to other funds   | -                                  | -   | -                               | (72,500)                   | (72,500)       |
| Net cash provided (used) by non-capital financing activities                           | 576,431                            | -   | 2,902,887                       | (72,500)                   | 3,406,818      |
| <b>Cash Flows from Capital and Related<br/>Financing Activities:</b>                   |                                    |   |                                 |                            |                |
| Federal and state grants received  | 2,133,268                          | -   | -                               | -                          | 2,133,268      |
| Principal paid on long-term debt   | (3,116)                            | -   | (14,402)                        | -                          | (17,518)       |
| Interest paid on long-term debt  | (14)                               | -   | (21)                            | -                          | (35)           |
| Acquisition and construction of capital assets   | (5,903)                            | -   | (6,156)                         | (340,681)                  | (352,740)      |
| Net cash provided (used) by capital<br>and related financing activities                | 2,124,235                          | -   | (20,579)                        | (340,681)                  | 1,762,975      |
| <b>Cash Flows from Investing Activities:</b>   |                                    |   |                                 |                            |                |
| Interest on investments  | 27,910                             | -   | 34,465                          | 97,465                     | 159,840        |
| Net increase (decrease) in cash and cash equivalents                                   | (88,494)                           | -   | 121,064                         | 1,359,955                  | 1,392,525      |
| <b>Cash and Cash Equivalents:</b>  |                                    |   |                                 |                            |                |
| Beginning of year - July 1   | 585,951                            | 1,969                                     | 966,866                         | 2,010,099                  | 3,564,885      |
| End of year - June 30  | \$ 497,457                         | \$ 1,969                                  | \$ 1,087,930                    | \$ 3,370,054               | \$ 4,957,410   |
| <b>Reconciliation of Operating Income to<br/>Cash Flows from Operating Activities:</b> |                                    |   |                                 |                            |                |
| Operating income (loss)  | \$ (3,330,677)                     | \$ (34,195)                               | \$ (2,947,818)                  | \$ 938,259                 | \$ (5,374,431) |
| Depreciation and amortization  | 320,701                            | 34,195                                    | 84,622                          | 812,693                    | 1,252,211      |
| Change in assets and liabilities:  |                                    |   |                                 |                            |                |
| (Increase) decrease in deferred outflows - pension                                     | (185,404)                          | -   | -                               | (92,702)                   | (278,106)      |
| (Increase) decrease in deferred outflows OPEB  | 88,296                             | -   | -                               | 44,149                     | 132,445        |
| Increase (decrease) in deferred inflows OPEB   | 58,816                             | -   | -                               | 29,408                     | 88,224         |
| Increase (decrease) in net pension liability   | 540,067                            | -   | -                               | 270,034                    | 810,101        |
| Increase (decrease) in deferred inflows - pension                                      | (284,895)                          | -   | -                               | (142,447)                  | (427,342)      |
| (Increase) decrease in accounts receivables  | -                                  | -   | (52,297)                        | (33,282)                   | (85,579)       |
| Increase (decrease) in accounts payable  | 116,984                            | -   | 72,604                          | (76,560)                   | 113,028        |
| Increase (decrease) in accrued salaries  | (2,350)                            | -   | 11,589                          | (1,884)                    | 7,355          |
| Increase (decrease) in compensated absences  | 9,047                              | -   | 35,591                          | 1,831                      | 46,469         |
| Increase (decrease) in other post-employment benefits                                  | (147,655)                          | -   | -                               | (73,828)                   | (221,483)      |
| Net cash provided (used) by operating activities                                       | \$ (2,817,070)                     | \$ -                                      | \$ (2,795,709)                  | \$ 1,675,671               | \$ (3,937,108) |
| <b>Supplemental Disclosure of Noncash Activity:</b>                                    |                                    |   |                                 |                            |                |
| Right-to-use assets/obligations issued   | \$ -                               | \$ -                                      | \$ 27,130                       | \$ -                       | \$ 27,130      |
| Local developer contributions  | \$ -                               | \$ -                                      | \$ -                            | \$ 935,894                 | \$ 935,894     |

# CITY OF GASTONIA, NORTH CAROLINA

## WATER AND SEWER FUND

### SCHEDULE OF REVENUES AND EXPENDITURES

#### BUDGET AND ACTUAL (NON-GAAP)

#### FOR THE YEAR ENDED JUNE 30, 2023

#### WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

|                                       | 2023              |                   |                        | 2022              |
|---------------------------------------|-------------------|-------------------|------------------------|-------------------|
|                                       | Budget            | Actual            | Variance<br>Over/Under | Actual            |
| <b>Revenues:</b>                      |                   |                   |                        |                   |
| Operating revenues:                   |                   |                   |                        |                   |
| Water sales and sewer charges         | \$ 45,394,452     | \$ 44,560,885     | \$ (833,567)           | \$ 41,528,865     |
| Utilities for City use                | 1,185,800         | 939,220           | (246,580)              | 1,299,770         |
| Water and sewer taps                  | 370,000           | 483,158           | 113,158                | 614,078           |
| Other operating revenues              | 77,906            | 82,440            | 4,534                  | 92,113            |
| Pretreatment monitoring charge        | 72,000            | 60,025            | (11,975)               | 77,525            |
| Total                                 | <u>47,100,158</u> | <u>46,125,728</u> | <u>(974,430)</u>       | <u>43,612,351</u> |
| Non-operating revenues:               |                   |                   |                        |                   |
| Proceeds from sale of capital assets  | 15,000            | -                 | (15,000)               | 27,707            |
| Federal and state grants              | -                 | -                 | -                      | 4,678             |
| Investment earnings                   | 316,500           | 784,091           | 467,591                | 32,745            |
| Other non-operating revenues          | 103,000           | 126,799           | 23,799                 | 119,349           |
| Total                                 | <u>434,500</u>    | <u>910,890</u>    | <u>476,390</u>         | <u>184,479</u>    |
| Total revenues                        | <u>47,534,658</u> | <u>47,036,618</u> | <u>(498,040)</u>       | <u>43,796,830</u> |
| <b>Expenditures:</b>                  |                   |                   |                        |                   |
| Operating expenditures:               |                   |                   |                        |                   |
| Administration:                       |                   |                   |                        |                   |
| General services:                     |                   |                   |                        |                   |
| Salaries and employee benefits        | 1,170,015         | 1,106,617         | 63,398                 | 880,778           |
| Other operating expenditures          | 8,082,255         | 5,461,398         | 2,620,857              | 5,244,546         |
| Capital outlay                        | 200,000           | 162,695           | 37,305                 | 341,221           |
| Renewal and replacement               | 2,352,000         | -                 | 2,352,000              | -                 |
| Overhead charged by other departments | 4,469,296         | 4,294,078         | 175,218                | 4,975,535         |
| Total                                 | <u>16,273,566</u> | <u>11,024,788</u> | <u>5,248,778</u>       | <u>11,442,080</u> |
| Customer service:                     |                   |                   |                        |                   |
| Salaries and employee benefits        | 220,351           | 219,462           | 889                    | 204,691           |
| Other operating expenditures          | 868,214           | 629,925           | 238,289                | 883,965           |
| Capital outlay                        | 22,220            | 22,220            | -                      | -                 |
| Overhead charged by other departments | (500)             | -                 | (500)                  | -                 |
| Total                                 | <u>1,110,285</u>  | <u>871,607</u>    | <u>238,678</u>         | <u>1,088,656</u>  |
| Total administration                  | <u>17,383,851</u> | <u>11,896,395</u> | <u>5,487,456</u>       | <u>12,530,736</u> |

**CITY OF GASTONIA, NORTH CAROLINA**

**WATER AND SEWER FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES**

**BUDGET AND ACTUAL (NON-GAAP)**

**FOR THE YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|                                       | 2023      |           |                        | 2022      |
|---------------------------------------|-----------|-----------|------------------------|-----------|
|                                       | Budget    | Actual    | Variance<br>Over/Under | Actual    |
| Operations area:                      |           |           |                        |           |
| AM/FM GIS:                            |           |           |                        |           |
| Other operating expenditures          | 58,710    | 42,433    | 16,277                 | 71,129    |
| PW landscape:                         |           |           |                        |           |
| Salaries and employee benefits        | 260,424   | 254,451   | 5,973                  | 228,364   |
| Other operating expenditures          | 132,089   | 119,507   | 12,582                 | 66,685    |
| Total                                 | 392,513   | 373,958   | 18,555                 | 295,049   |
| Non-Powell Bill streets:              |           |           |                        |           |
| Salaries and employee benefits        | 313,405   | 113,100   | 200,305                | -         |
| Water and sewer street maintenance:   |           |           |                        |           |
| Salaries and employee benefits        | 248,151   | 122,637   | 125,514                | 165,719   |
| Other operating expenditures          | 497,138   | 158,866   | 338,272                | 143,717   |
| Total                                 | 745,289   | 281,503   | 463,786                | 309,436   |
| Water line maintenance:               |           |           |                        |           |
| Salaries and employee benefits        | 1,554,769 | 1,438,440 | 116,329                | 1,287,395 |
| Other operating expenditures          | 757,054   | 356,695   | 400,359                | 246,645   |
| Overhead charged by other departments | -         | -         | -                      | (43,759)  |
| Total                                 | 2,311,823 | 1,795,135 | 516,688                | 1,490,281 |
| Sewer line maintenance:               |           |           |                        |           |
| Salaries and employee benefits        | 1,765,001 | 1,340,473 | 424,528                | 1,382,444 |
| Other operating expenditures          | 649,884   | 620,900   | 28,984                 | 637,415   |
| Capital outlay                        | 540,163   | 330,790   | 209,373                | 69,073    |
| Sewer line extensions                 | 253,000   | -         | 253,000                | -         |
| Overhead charged by other departments | 21,750    | 18,550    | 3,200                  | (40,750)  |
| Total                                 | 3,229,798 | 2,310,713 | 919,085                | 2,048,182 |
| Total operations area                 | 7,051,538 | 4,916,842 | 2,134,696              | 4,214,077 |
| Water supply and treatment:           |           |           |                        |           |
| Salaries and employee benefits        | 1,940,952 | 1,765,833 | 175,119                | 1,801,291 |
| Other operating expenditures          | 4,277,452 | 3,601,457 | 675,995                | 3,199,590 |
| Capital outlay                        | 50,645    | 48,686    | 1,959                  | 115,506   |
| Total                                 | 6,269,049 | 5,415,976 | 853,073                | 5,116,387 |

**CITY OF GASTONIA, NORTH CAROLINA**

**WATER AND SEWER FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES**

**BUDGET AND ACTUAL (NON-GAAP)**

**FOR THE YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|  | 2023        |              |                        | 2022         |
|--|-------------|--------------|------------------------|--------------|
|  | Budget      | Actual       | Variance<br>Over/Under | Actual       |
| Facility maintenance:                  |             |              |                        |              |
| Salaries and employee benefits         | 1,187,821   | 1,076,012    | 111,809                | 1,072,724    |
| Other operating expenditures           | 1,092,749   | 938,143      | 154,606                | 758,090      |
| Capital outlay                         | 154,506     | 145,266      | 9,240                  | -            |
| Total                                  | 2,435,076   | 2,159,421    | 275,655                | 1,830,814    |
| Sewage treatment:                      |             |              |                        |              |
| Salaries and employee benefits         | 3,878,887   | 3,873,702    | 5,185                  | 3,604,097    |
| Other operating expenditures           | 4,972,881   | 4,619,747    | 353,134                | 4,111,952    |
| Capital outlay                         | 110,930     | 21,307       | 89,623                 | 27,030       |
| Total                                  | 8,962,698   | 8,514,756    | 447,942                | 7,743,079    |
| Payseur Mountain Resource Recovery:    |             |              |                        |              |
| Other operating expenditures           | 2,037,466   | 1,905,148    | 132,318                | 1,741,603    |
| Debt service:                          |             |              |                        |              |
| Debt principal                         | 4,267,973   | 4,268,149    | (176)                  | 4,206,130    |
| Interest and fees                      | 800,461     | 795,711      | 4,750                  | 864,367      |
| Total                                  | 5,068,434   | 5,063,860    | 4,574                  | 5,070,497    |
| Total expenditures                     | 49,208,112  | 39,872,398   | 9,335,714              | 38,247,193   |
| Revenues over (under) expenditures     | (1,673,454) | 7,164,220    | 8,837,674              | 5,549,637    |
| <b>Other Financing Sources (Uses):</b> |             |              |                        |              |
| Lease liabilities issued               | -           | -            | -                      | 191,221      |
| Subscription liabilities issued        | 50,000      | 12,695       | (37,305)               | -            |
| Intrafund transfers                    | (3,490,000) | (3,490,000)  | -                      | (3,949,428)  |
| Transfers to other funds               | (275,500)   | (275,500)    | -                      | -            |
| Transfers from other funds             | -           | -            | -                      | 1,290        |
| Appropriated fund balance              | 5,388,954   | -            | (5,388,954)            | -            |
| Total other financing sources (uses)   | 1,673,454   | (3,752,805)  | (5,426,259)            | (3,756,917)  |
| Net change in fund balance             | \$ -        | \$ 3,411,415 | \$ 3,411,415           | \$ 1,792,720 |

**CITY OF GASTONIA, NORTH CAROLINA**

**WATER AND SEWER FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES**

**BUDGET AND ACTUAL (NON-GAAP)**

**FOR THE YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|  | <u>2023</u>   |                     |                                | <u>2022</u>   |
|--|---------------|---------------------|--------------------------------|---------------|
|  | <u>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Over/Under</u> | <u>Actual</u> |
| <b>Reconciliation from Budgetary Basis</b>               |               |                     |                                |               |
| <b>to Full Accrual Basis:</b>                            |               |                     |                                |               |
| Net change in fund balance                               |               | \$ 3,411,415        |                                |               |
| Reconciling items:                                       |               |                     |                                |               |
| Depreciation and amortization                            |               | (8,549,670)         |                                |               |
| Amortization of debt premiums                            |               | 165,809             |                                |               |
| Proceeds from subscription liabilities issued            |               | (12,695)            |                                |               |
| Long-term debt principal repayments                      |               | 4,268,149           |                                |               |
| Increase (decrease) in deferred outflows - OPEB          |               | (573,926)           |                                |               |
| (Increase) decrease in deferred inflows - OPEB           |               | (382,301)           |                                |               |
| Loss on disposal of assets                               |               | (454,781)           |                                |               |
| Intrafund transfers to capital project funds             |               | 3,490,000           |                                |               |
| Capital project revenues                                 |               | 3,760,283           |                                |               |
| Capital project expenditures                             |               | (11,581,578)        |                                |               |
| Capital assets purchased/capitalized                     |               | 10,470,417          |                                |               |
| Contributed capital - developers                         |               | 2,829,074           |                                |               |
| Increase (decrease) in unbilled revenues receivable      |               | (186,403)           |                                |               |
| (Increase) decrease in accrued vacation pay              |               | (107,342)           |                                |               |
| Increase (decrease) deferred outflows - pension          |               | 1,297,828           |                                |               |
| Increase (decrease) in net pension liability             |               | (3,780,470)         |                                |               |
| (Increase) decrease deferred inflows - pension           |               | 1,994,262           |                                |               |
| Increase (decrease) in deferred revenues and inventories |               | 162,322             |                                |               |
| (Increase) decrease in accrued interest payable          |               | 11,718              |                                |               |
| (Increase) decrease in OPEB liability                    |               | <u>959,759</u>      |                                |               |
| Change in net position                                   |               | <u>\$ 7,191,870</u> |                                |               |

## CITY OF GASTONIA, NORTH CAROLINA

**WATER AND SEWER CAPITAL PROJECT FUNDS**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|  | <b>Budget</b>       | <b>Actual</b>      | <b>Variance<br/>Over/Under</b> |
|--|---------------------|--------------------|--------------------------------|
| <b>Revenues:</b>   |                     |                    |                                |
| Water and sewer system expansion fee   | \$ 2,800,000        | \$ 2,278,167       | \$ (521,833)                   |
| Restricted intergovernmental   | 19,453,475          | 424,528            | (19,028,947)                   |
| Investment earnings  | -                   | 301,615            | 301,615                        |
| Other  | 635,035             | 755,973            | 120,938                        |
| Total revenues   | <u>22,888,510</u>   | <u>3,760,283</u>   | <u>(19,128,227)</u>            |
| <b>Expenditures:</b>   |                     |                    |                                |
| Non-departmental   | 2,133               | -                  | 2,133                          |
| Regionalization  | 37,400              | 30,000             | 7,400                          |
| Crowders Creek   | 371,337             | 21,330             | 350,007                        |
| NCDOT Sewer Utility  | 320,737             | 320,737            | -                              |
| Municipal operations   | 69,999              | -                  | 69,999                         |
| Collection system  | 2,503,060           | 1,361,675          | 1,141,385                      |
| Special assessment   | 260,000             | -                  | 260,000                        |
| Pumpstation force main   | 1,301,270           | 435,788            | 865,482                        |
| Long Creek Wastewater Treatment Plant  | 1,236,694           | 27,500             | 1,209,194                      |
| Water improvements - NCDOT conflicts   | 46,484              | 46,484             | -                              |
| Water distribution   | 2,100,741           | 306,772            | 1,793,969                      |
| Water supply and treatment   | 2,077,519           | 808,955            | 1,268,564                      |
| South East sewer expansion   | 9,110,910           | 7,382,496          | 1,728,414                      |
| AMI meter project  | 8,000,000           | 115,170            | 7,884,830                      |
| Wastewater outfall project   | 4,425,000           | 72,264             | 4,352,736                      |
| SCADA project  | 5,579,000           | 329,554            | 5,249,446                      |
| AMI meter project inventory  | 1,037,335           | 197,378            | 839,957                        |
| Lakewood pump station  | 1,947,125           | 125,475            | 1,821,650                      |
| Develop fee reserves   | 1,600,000           | -                  | 1,600,000                      |
| Working reserves   | 100,000             | -                  | 100,000                        |
| Total expenditures   | <u>42,126,744</u>   | <u>11,581,578</u>  | <u>30,545,166</u>              |
| Revenues over (under) expenditures   | <u>(19,238,234)</u> | <u>(7,821,295)</u> | <u>11,416,939</u>              |
| <b>Other Financing Sources (Uses):</b>   |                     |                    |                                |
| Intrafund transfers  | 3,490,000           | 3,490,000          | -                              |
| Issuance of long-term debt   | 12,883,205          | 4,396,942          | (8,486,263)                    |
| Appropriated fund balance  | 2,865,029           | -                  | (2,865,029)                    |
| Total other financing sources (uses)   | <u>19,238,234</u>   | <u>7,886,942</u>   | <u>(11,351,292)</u>            |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | <u>\$ -</u>         | <u>\$ 65,647</u>   | <u>\$ 65,647</u>               |

**CITY OF GASTONIA, NORTH CAROLINA**

**ELECTRIC FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES**

**BUDGET AND ACTUAL (NON-GAAP)**

**FOR THE YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|                                       | <b>2023</b>   |               |                                | <b>2022</b>   |
|---------------------------------------|---------------|---------------|--------------------------------|---------------|
|                                       | <b>Budget</b> | <b>Actual</b> | <b>Variance<br/>Over/Under</b> | <b>Actual</b> |
| <b>Revenues:</b>                      |               |               |                                |               |
| Operating revenues:                   |               |               |                                |               |
| Electricity sales                     | \$ 78,036,000 | \$ 74,212,803 | \$ (3,823,197)                 | \$ 74,040,194 |
| Utilities for City use                | 2,208,700     | 2,070,869     | (137,831)                      | 1,856,692     |
| Other operating revenues              | 737,500       | 806,071       | 68,571                         | 726,841       |
| Total                                 | 80,982,200    | 77,089,743    | (3,892,457)                    | 76,623,727    |
| Non-operating revenues:               |               |               |                                |               |
| Investment earnings                   | 367,000       | 927,875       | 560,875                        | 55,114        |
| Federal and state grants              | -             | 5,000         | 5,000                          | 1,564         |
| Proceeds from sale of capital assets  | 7,000         | 6,687         | (313)                          | 14,621        |
| Total                                 | 374,000       | 939,562       | 565,562                        | 71,299        |
| Total revenues                        | 81,356,200    | 78,029,305    | (3,326,895)                    | 76,695,026    |
| <b>Expenditures:</b>                  |               |               |                                |               |
| Operating expenditures:               |               |               |                                |               |
| Administration:                       |               |               |                                |               |
| Salaries and employee benefits        | 1,466,839     | 1,393,486     | 73,353                         | 1,267,245     |
| Overhead charged by other departments | 2,846,894     | 2,690,249     | 156,645                        | 3,494,490     |
| Other operating expenditures          | 4,079,469     | 3,393,741     | 685,728                        | 3,169,525     |
| Capital outlay                        | 80,361        | 30,247        | 50,114                         | 59,360        |
| Total                                 | 8,473,563     | 7,507,723     | 965,840                        | 7,990,620     |
| Operations:                           |               |               |                                |               |
| AM/FM GIS:                            |               |               |                                |               |
| Other operating expenditures          | 85,339        | 81,162        | 4,177                          | 99,235        |
| Utility locator:                      |               |               |                                |               |
| Salaries and employee benefits        | 188,714       | 185,786       | 2,928                          | 182,699       |
| Other operating expenditures          | 53,727        | 38,767        | 14,960                         | 32,704        |
| Reimbursement for services            | (141,432)     | (134,646)     | (6,786)                        | (129,225)     |
| Total                                 | 101,009       | 89,907        | 11,102                         | 86,178        |

# CITY OF GASTONIA, NORTH CAROLINA

## ELECTRIC FUND

### SCHEDULE OF REVENUES AND EXPENDITURES

#### BUDGET AND ACTUAL (NON-GAAP)

#### FOR THE YEAR ENDED JUNE 30, 2023

#### WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

|                                | 2023             |                  |                        | 2022             |
|--------------------------------|------------------|------------------|------------------------|------------------|
|                                | Budget           | Actual           | Variance<br>Over/Under | Actual           |
| Electric service:              |                  |                  |                        |                  |
| Salaries and employee benefits | 1,120,737        | 1,054,899        | 65,838                 | 960,656          |
| Other operating expenditures   | 460,073          | 422,889          | 37,184                 | 235,154          |
| Capital outlay                 | -                | -                | -                      | 5,699            |
| Reimbursement of services      | -                | (885)            | 885                    | (375)            |
| Total                          | <u>1,580,810</u> | <u>1,476,903</u> | <u>103,907</u>         | <u>1,201,134</u> |
| Electric substation:           |                  |                  |                        |                  |
| Salaries and employee benefits | 499,050          | 496,309          | 2,741                  | 474,026          |
| Other operating expenditures   | <u>514,693</u>   | <u>255,577</u>   | <u>259,116</u>         | <u>265,694</u>   |
| Total                          | <u>1,013,743</u> | <u>751,886</u>   | <u>261,857</u>         | <u>739,720</u>   |
| Street lights:                 |                  |                  |                        |                  |
| Salaries and employee benefits | 219,803          | 206,168          | 13,635                 | 281,984          |
| Other operating expenditures   | <u>406,826</u>   | <u>369,715</u>   | <u>37,111</u>          | <u>349,577</u>   |
| Total                          | <u>626,629</u>   | <u>575,883</u>   | <u>50,746</u>          | <u>631,561</u>   |
| Electric line maintenance:     |                  |                  |                        |                  |
| Salaries and employee benefits | 713,500          | 706,947          | 6,553                  | 588,881          |
| Other operating expenditures   | 1,279,193        | 1,236,118        | 43,075                 | 1,143,340        |
| Reimbursement for services     | <u>(165,000)</u> | <u>(317,992)</u> | <u>152,992</u>         | <u>(171,210)</u> |
| Total                          | <u>1,827,693</u> | <u>1,625,073</u> | <u>202,620</u>         | <u>1,561,011</u> |
| Line construction:             |                  |                  |                        |                  |
| Salaries and employee benefits | 978,414          | 939,878          | 38,536                 | 990,186          |
| Other operating expenditures   | 270,147          | 262,001          | 8,146                  | 175,296          |
| Capital outlay                 | <u>75,590</u>    | <u>74,604</u>    | <u>986</u>             | <u>61,010</u>    |
| Total                          | <u>1,324,151</u> | <u>1,276,483</u> | <u>47,668</u>          | <u>1,226,492</u> |
| Underground line construction: |                  |                  |                        |                  |
| Salaries and employee benefits | 735,207          | 715,775          | 19,432                 | 458,250          |
| Other operating expenditures   | 154,019          | 140,347          | 13,672                 | 70,132           |
| Capital outlay                 | <u>293,584</u>   | <u>41,733</u>    | <u>251,851</u>         | <u>76,248</u>    |
| Total                          | <u>1,182,810</u> | <u>897,855</u>   | <u>284,955</u>         | <u>604,630</u>   |



CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2023

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

|  | 2023        |              |                        | 2022           |
|--|-------------|--------------|------------------------|----------------|
|  | Budget      | Actual       | Variance<br>Over/Under | Actual         |
| Financial services / warehouse:        |             |              |                        |                |
| Other operating expenditures           | 3,172,338   | 498,871      | 2,673,467              | 226,759        |
| Electric service - generators:         |             |              |                        |                |
| Other operating expenditures           | 206,453     | 150,114      | 56,339                 | 143,680        |
| Reimbursement for services             | (33,000)    | (32,294)     | (706)                  | (33,544)       |
| Total                                  | 173,453     | 117,820      | 55,633                 | 110,136        |
| Renewal and replacement                | 7,062,850   | -            | 7,062,850              | -              |
| Total operations                       | 18,150,825  | 7,391,843    | 10,758,982             | 6,486,856      |
| Reserves:                              |             |              |                        |                |
| Rate stabilization reserve             | 12,600,000  | -            | 12,600,000             | -              |
| Purchased power:                       |             |              |                        |                |
| Cost of electricity purchased          | 51,400,000  | 48,691,692   | 2,708,308              | 54,493,539     |
| Debt service:                          |             |              |                        |                |
| Debt principal                         | 48,187      | 48,153       | 34                     | 49,637         |
| Interest and fees                      | 11,037      | 11,030       | 7                      | 13,007         |
| Total                                  | 59,224      | 59,183       | 41                     | 62,644         |
| Total expenditures                     | 90,683,612  | 63,650,441   | 27,033,171             | 69,033,659     |
| Revenues over (under) expenditures     | (9,327,412) | 14,378,864   | 23,706,276             | 7,661,367      |
| <b>Other Financing Sources (Uses):</b> |             |              |                        |                |
| Transfers to other funds               | (2,232,000) | (2,232,000)  | -                      | (2,000,000)    |
| Transfers from other funds             | -           | -            | -                      | 7,651          |
| Intrafund transfer                     | (5,176,300) | (5,176,300)  | -                      | (14,700,600)   |
| Lease liabilities issued               | -           | -            | -                      | 2,617          |
| Subscription liabilities issued        | 50,000      | -            | (50,000)               | -              |
| Appropriated fund balance              | 16,685,712  | -            | (16,685,712)           | -              |
| Total other financing sources (uses)   | 9,327,412   | (7,408,300)  | (16,735,712)           | (16,690,332)   |
| Net change in fund balance             | \$ -        | \$ 6,970,564 | \$ 6,970,564           | \$ (9,028,965) |

**CITY OF GASTONIA, NORTH CAROLINA**

**ELECTRIC FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES**

**BUDGET AND ACTUAL (NON-GAAP)**

**FOR THE YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|  | <u>2023</u>   |                      | <u>2022</u>   |
|--|---------------|----------------------|---------------|
|  | <u>Budget</u> | <u>Actual</u>        | <u>Actual</u> |
|  |               | <u>Variance</u>      |               |
|  |               | <u>Over/Under</u>    |               |
| <b>Reconciliation from Budgetary Basis</b>               |               |                      |               |
| <b>to Full Accrual Basis:</b>                            |               |                      |               |
| Net change in fund balance                               |               | \$ 6,970,564         |               |
| Reconciling items:                                       |               |                      |               |
| Depreciation and amortization                            |               | (2,615,679)          |               |
| Long-term debt principal repayments                      |               | 48,153               |               |
| Increase (decrease) in deferred outflows - OPEB          |               | (264,889)            |               |
| (Increase) decrease in deferred inflows - OPEB           |               | (176,446)            |               |
| Intrafund transfers to capital project funds             |               | 5,176,300            |               |
| Capital project revenues                                 |               | 475,750              |               |
| Capital project expenditures                             |               | (9,892,685)          |               |
| Capital assets purchased/capitalized                     |               | 11,812,389           |               |
| Loss on disposal of assets                               |               | (521,400)            |               |
| Increase (decrease) in unbilled revenues receivable      |               | (945,578)            |               |
| (Increase) decrease deferred outflows - pension          |               | 556,212              |               |
| (Increase) decrease in net pension liability             |               | (1,620,201)          |               |
| (Increase) decrease in accrued vacation pay              |               | (88,717)             |               |
| (Increase) decrease deferred inflows - pension           |               | 854,684              |               |
| Increase (decrease) in deferred revenues and inventories |               | 632,116              |               |
| (Increase) decrease in other post-employment benefits    |               | <u>442,965</u>       |               |
| Change in net position                                   |               | <u>\$ 10,843,538</u> |               |

## CITY OF GASTONIA, NORTH CAROLINA

**ELECTRIC CAPITAL PROJECT FUNDS**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|  | <u>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Over/Under</u> |
|--|---------------|----------------|--------------------------------|
| <b>Revenues:</b>   |               |                |                                |
| Miscellaneous  | \$ -          | \$ 307         | \$ 307                         |
| Investment earnings  | -             | 475,443        | 475,443                        |
| Total revenues   | -             | 475,750        | 475,750                        |
| <b>Expenditures:</b>   |               |                |                                |
| Economic development   | 184,507       | -              | 184,507                        |
| Electric line construction   | 712,696       | 239,787        | 472,909                        |
| Electric service - generators  | 1,764,974     | 166,564        | 1,598,410                      |
| SCADA replacement  | 143,715       | 28,587         | 115,128                        |
| Long Creek generator project   | 811,991       | 15,038         | 796,953                        |
| City electrical tie lines  | 805,506       | 414,379        | 391,127                        |
| US 74 line extension   | 2,161,921     | 846,108        | 1,315,813                      |
| Electric development   | 621,112       | 600,765        | 20,347                         |
| Residential development  | 1,327,548     | 669,806        | 657,742                        |
| NCDOT city fiber   | 18,000        | 14,836         | 3,164                          |
| GO bonds project   | 21,638        | -              | 21,638                         |
| Municipal Operations Center  | 8,872,898     | 6,565,909      | 2,306,989                      |
| Advanced Metering Infra (AMI)  | 1,430,000     | -              | 1,430,000                      |
| Future projects transformer inventory  | 1,380,600     | -              | 1,380,600                      |
| West Franklin Streetscape  | 990,587       | 330,906        | 659,681                        |
| Total expenditures   | 21,247,693    | 9,892,685      | 11,355,008                     |
| Revenues over (under) expenditures   | (21,247,693)  | (9,416,935)    | 11,830,758                     |
| <b>Other Financing Sources (Uses):</b>   |               |                |                                |
| Intrafund transfers  | 5,176,300     | 5,176,300      | -                              |
| Appropriated fund balance  | 16,071,393    | -              | (16,071,393)                   |
| Total other financing sources (uses)   | 21,247,693    | 5,176,300      | (16,071,393)                   |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | \$ -          | \$ (4,240,635) | \$ (4,240,635)                 |

**CITY OF GASTONIA, NORTH CAROLINA**

**TRANSIT SYSTEM FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES**

**BUDGET AND ACTUAL (NON-GAAP)**

**FOR THE YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|                                       | <b>2023</b>      |                  |                                | <b>2022</b>      |
|---------------------------------------|------------------|------------------|--------------------------------|------------------|
|                                       | <b>Budget</b>    | <b>Actual</b>    | <b>Variance<br/>Over/Under</b> | <b>Actual</b>    |
| <b>Revenues:</b>                      |                  |                  |                                |                  |
| Operating revenues:                   |                  |                  |                                |                  |
| Bus user fees                         | \$ -             | \$ 102,640       | \$ 102,640                     | \$ -             |
| Restricted intergovernmental          | 3,952,123        | 2,512,464        | (1,439,659)                    | 2,921,230        |
| Miscellaneous                         | 9,725            | 19,801           | 10,076                         | 9,828            |
| Total operating revenues              | <u>3,961,848</u> | <u>2,634,905</u> | <u>(1,326,943)</u>             | <u>2,931,058</u> |
| Non-operating revenues:               |                  |                  |                                |                  |
| Investment earnings                   | <u>9,000</u>     | <u>27,910</u>    | <u>18,910</u>                  | <u>721</u>       |
| Total revenues                        | <u>3,970,848</u> | <u>2,662,815</u> | <u>(1,308,033)</u>             | <u>2,931,779</u> |
| <b>Expenditures:</b>                  |                  |                  |                                |                  |
| Fleet services                        | <u>-</u>         | <u>4,887</u>     | <u>(4,887)</u>                 | <u>27,311</u>    |
| Administration:                       |                  |                  |                                |                  |
| Salaries and benefits                 | 328,341          | 313,439          | 14,902                         | 252,988          |
| Other operating expenditures          | 136,265          | 68,494           | 67,771                         | 83,421           |
| Capital outlay                        | 25,000           | -                | 25,000                         | 9,397            |
| Overhead allocation from General Fund | <u>445,094</u>   | <u>445,331</u>   | <u>(237)</u>                   | <u>461,887</u>   |
| Total                                 | <u>934,700</u>   | <u>827,264</u>   | <u>107,436</u>                 | <u>807,693</u>   |
| Operations:                           |                  |                  |                                |                  |
| Salaries and benefits                 | 844,655          | 833,588          | 11,067                         | 833,012          |
| Other operating expenditures          | 1,391,681        | 809,105          | 582,576                        | 432,718          |
| Capital outlay                        | <u>511,350</u>   | <u>5,902</u>     | <u>505,448</u>                 | <u>394,790</u>   |
| Total                                 | <u>2,747,686</u> | <u>1,648,595</u> | <u>1,099,091</u>               | <u>1,660,520</u> |
| Maintenance:                          |                  |                  |                                |                  |
| Salaries and benefits                 | 293,789          | 280,659          | 13,130                         | 268,509          |
| Other operating expenditures          | 44,003           | 36,082           | 7,921                          | 31,866           |
| Capital outlay                        | <u>6,804</u>     | <u>-</u>         | <u>6,804</u>                   | <u>6,866</u>     |
| Total                                 | <u>344,596</u>   | <u>316,741</u>   | <u>27,855</u>                  | <u>307,241</u>   |
| ADA / Paratransit:                    |                  |                  |                                |                  |
| Salaries and benefits                 | 248,953          | 233,415          | 15,538                         | 242,357          |
| Other operating expenditures          | <u>367,611</u>   | <u>29,145</u>    | <u>338,466</u>                 | <u>24,307</u>    |
| Total                                 | <u>616,564</u>   | <u>262,560</u>   | <u>354,004</u>                 | <u>266,664</u>   |

**CITY OF GASTONIA, NORTH CAROLINA**

**TRANSIT SYSTEM FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES**

**BUDGET AND ACTUAL (NON-GAAP)**

**FOR THE YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|  | <b>2023</b>          |                       |                                | <b>2022</b>           |
|--|----------------------|-----------------------|--------------------------------|-----------------------|
|  | <b>Budget</b>        | <b>Actual</b>         | <b>Variance<br/>Over/Under</b> | <b>Actual</b>         |
| Debt service:                              |                      |                       |                                |                       |
| Debt principal                             | 3,113                | 3,116                 | (3)                            | 3,143                 |
| Interest and fees                          | 19                   | 14                    | 5                              | 18                    |
| Total                                      | <u>3,132</u>         | <u>3,130</u>          | <u>2</u>                       | <u>3,161</u>          |
| <br>Total expenditures                     | <br><u>4,646,678</u> | <br><u>3,063,177</u>  | <br><u>1,583,501</u>           | <br><u>3,072,590</u>  |
| <br>Revenues over (under) expenditures     | <br><u>(675,830)</u> | <br><u>(400,362)</u>  | <br><u>275,468</u>             | <br><u>(140,811)</u>  |
| <br><b>Other Financing Sources (Uses):</b> |                      |                       |                                |                       |
| Lease liabilities issued                   | -                    | -                     | -                              | 9,397                 |
| Subscription liabilities issued            | 25,000               | -                     | (25,000)                       | -                     |
| Transfers from other funds                 | 576,431              | 576,431               | -                              | 665,689               |
| Appropriated fund balance                  | <u>74,399</u>        | <u>-</u>              | <u>(74,399)</u>                | <u>-</u>              |
| Total other financing sources (uses)       | <u>675,830</u>       | <u>576,431</u>        | <u>(99,399)</u>                | <u>675,086</u>        |
| <br>Net change in fund balance             | <br><u>\$ -</u>      | <br><u>\$ 176,069</u> | <br><u>\$ 176,069</u>          | <br><u>\$ 534,275</u> |

**Reconciliation from Budgetary Basis  
to Full Accrual Basis:**

|   |                         |
|---|-------------------------|
| Net change in fund balance                            | \$ 176,069              |
| Reconciling items:                                    |                         |
| Depreciation and amortization                         | (320,701)               |
| Increase (decrease) deferred outflows - pension       | 185,404                 |
| (Increase) decrease in net pension liability          | (540,067)               |
| (Increase) decrease deferred inflows - pension        | 284,895                 |
| Capital outlay, capitalized                           | 5,902                   |
| Long-term debt and lease principal                    | 3,116                   |
| Increase (decrease) deferred outflows - OPEB          | (88,296)                |
| (Increase) decrease in other post-employment benefits | 147,655                 |
| (Increase) decrease deferred inflows - OPEB           | (58,816)                |
| (Increase) decrease in accrued vacation pay           | <u>(9,047)</u>          |
| <br>Change in net position                            | <br><u>\$ (213,886)</u> |

## CITY OF GASTONIA, NORTH CAROLINA

## MUNICIPAL GOLF COURSE FUND

## SCHEDULE OF REVENUES AND EXPENDITURES

## BUDGET AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2023

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

|   | 2023        |                    |                        | 2022             |
|---|-------------|--------------------|------------------------|------------------|
|   | Budget      | Actual             | Variance<br>Over/Under | Actual           |
| <b>Revenues:</b>  |             |                    |                        |                  |
| Non-operating revenues:   |             |                    |                        |                  |
| Miscellaneous   | \$ -        | \$ -               | \$ -                   | \$ 21,268        |
| Revenues over (under) expenditures                                    | <u>\$ -</u> | <u>\$ -</u>        | <u>\$ -</u>            | <u>\$ 21,268</u> |
| <b>Reconciliation from Budgetary Basis<br/>to Full Accrual Basis:</b> |             |                    |                        |                  |
| Revenues over (under) expenditures                                    |             | \$ -               |                        |                  |
| Reconciling items:  |             |                    |                        |                  |
| Depreciation  |             | <u>(34,195)</u>    |                        |                  |
| Change in net position  |             | <u>\$ (34,195)</u> |                        |                  |

**CITY OF GASTONIA, NORTH CAROLINA**

**SOLID WASTE FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES**

**BUDGET AND ACTUAL (NON-GAAP)**

**FOR THE YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|                               | <b>2023</b>   |               |                                | <b>2022</b>   |
|-------------------------------|---------------|---------------|--------------------------------|---------------|
|                               | <b>Budget</b> | <b>Actual</b> | <b>Variance<br/>Over/Under</b> | <b>Actual</b> |
| <b>Revenues:</b>              |               |               |                                |               |
| Operating revenues:           |               |               |                                |               |
| Collection and recycling fees | \$ 4,033,600  | \$ 3,917,007  | \$ (116,593)                   | \$ 3,110,837  |
| Other operating revenues      | 12,332        | 43,953        | 31,621                         | 19,232        |
| Total                         | 4,045,932     | 3,960,960     | (84,972)                       | 3,130,069     |
| Non-operating revenues:       |               |               |                                |               |
| Federal and state grants      | -             | -             | -                              | 5,121         |
| Investment earnings           | 18,000        | 34,465        | 16,465                         | 1,694         |
| Total                         | 18,000        | 34,465        | 16,465                         | 6,815         |
| Total revenues                | 4,063,932     | 3,995,425     | (68,507)                       | 3,136,884     |
| <b>Expenditures:</b>          |               |               |                                |               |
| Operating expenditures:       |               |               |                                |               |
| Administration:               |               |               |                                |               |
| Salaries and benefits         | 661,815       | 711,225       | (49,410)                       | 395,286       |
| Other operating expenditures  | 161,124       | 144,918       | 16,206                         | 234,137       |
| Total                         | 822,939       | 856,143       | (33,204)                       | 629,423       |
| Refuse collection:            |               |               |                                |               |
| Salaries and benefits         | 3,036,118     | 2,825,610     | 210,508                        | 2,502,542     |
| Other operating expenditures  | 3,233,641     | 3,092,631     | 141,010                        | 2,555,005     |
| Total                         | 6,269,759     | 5,918,241     | 351,518                        | 5,057,547     |
| Refuse disposal:              |               |               |                                |               |
| Other operating expenditures  | 13,946        | 5,430         | 8,516                          | 5,327         |
| Capital outlay                | 41,085        | 33,287        | 7,798                          | 164,520       |
| Debt service:                 |               |               |                                |               |
| Principal                     | 14,402        | 14,402        | -                              | 1,358         |
| Interest                      | 84            | 21            | 63                             | 72            |
| Total                         | 14,486        | 14,423        | 63                             | 1,430         |
| Total expenditures            | 7,162,215     | 6,827,524     | 334,691                        | 5,858,247     |

**CITY OF GASTONIA, NORTH CAROLINA**

**SOLID WASTE FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES**

**BUDGET AND ACTUAL (NON-GAAP)**

**FOR THE YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|  | <b>2023</b>   |               |                                | <b>2022</b>   |
|--|---------------|---------------|--------------------------------|---------------|
|  | <b>Budget</b> | <b>Actual</b> | <b>Variance<br/>Over/Under</b> | <b>Actual</b> |
| Revenues over (under) expenditures     | (3,098,283)   | (2,832,099)   | 266,184                        | (2,721,363)   |
| <b>Other Financing Sources (Uses):</b> |               |               |                                |               |
| Transfers from other funds             | 2,902,887     | 2,902,887     | -                              | 2,385,125     |
| Lease liabilities issued               | -             | -             | -                              | 4,061         |
| Subscription liabilities issued        | 28,000        | 27,130        | (870)                          | -             |
| Appropriated fund balance              | 167,396       | -             | (167,396)                      | -             |
| Total other financing sources (uses)   | 3,098,283     | 2,930,017     | 168,266                        | 2,389,186     |
| Net change in fund balance             | \$ -          | \$ 97,918     | \$ 97,918                      | \$ (332,177)  |

**Reconciliation from Budgetary Basis  
to Full Accrual Basis:**

|   |             |
|---|-------------|
| Net change in fund balance                          | \$ 97,918   |
| Reconciling items:                                  |             |
| Depreciation and amortization                       | (84,622)    |
| Capital outlay, capitalized                         | 33,287      |
| Proceeds from subscription liabilities issued       | (27,130)    |
| Principal paid on long-term debt                    | 14,402      |
| Increase (decrease) in unbilled revenues receivable | (8,751)     |
| (Increase) decrease in accrued vacation pay         | (35,591)    |
| Change in net position                              | \$ (10,487) |



**CITY OF GASTONIA, NORTH CAROLINA**

**STORMWATER FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES**

**BUDGET AND ACTUAL (NON-GAAP)**

**FOR THE YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|                                       | <b>2023</b>      |                  |                                | <b>2022</b>      |
|---------------------------------------|------------------|------------------|--------------------------------|------------------|
|                                       | <b>Budget</b>    | <b>Actual</b>    | <b>Variance<br/>Over/Under</b> | <b>Actual</b>    |
| <b>Revenues:</b>                      |                  |                  |                                |                  |
| Operating revenues:                   |                  |                  |                                |                  |
| Stormwater fees                       | \$ 4,108,240     | \$ 4,087,827     | \$ (20,413)                    | \$ 3,044,989     |
| Stormwater fees to other funds        | 95,690           | 93,150           | (2,540)                        | 69,387           |
| Other operating revenues              | 75               | 2,512            | 2,437                          | 916              |
| Total                                 | <u>4,204,005</u> | <u>4,183,489</u> | <u>(20,516)</u>                | <u>3,115,292</u> |
| Non-operating revenues:               |                  |                  |                                |                  |
| Investment earnings                   | <u>14,400</u>    | <u>42,141</u>    | <u>27,741</u>                  | <u>1,365</u>     |
| Total revenues                        | <u>4,218,405</u> | <u>4,225,630</u> | <u>7,225</u>                   | <u>3,116,657</u> |
| <b>Expenditures:</b>                  |                  |                  |                                |                  |
| Operating expenditures:               |                  |                  |                                |                  |
| Administration:                       |                  |                  |                                |                  |
| Salaries and benefits                 | 261,309          | 260,069          | 1,240                          | 235,697          |
| Other operating expenditures          | 474,191          | 436,536          | 37,655                         | 375,956          |
| Overhead allocation from General Fund | <u>1,111,842</u> | <u>1,080,460</u> | <u>31,382</u>                  | <u>1,247,019</u> |
| Total                                 | <u>1,847,342</u> | <u>1,777,065</u> | <u>70,277</u>                  | <u>1,858,672</u> |
| Operations:                           |                  |                  |                                |                  |
| Salaries and benefits                 | 440,157          | 240,266          | 199,891                        | 311,834          |
| Other operating expenditures          | 441,142          | 282,643          | 158,499                        | 216,908          |
| Capital outlay                        | <u>506,451</u>   | <u>223,201</u>   | <u>283,250</u>                 | <u>346,867</u>   |
| Total                                 | <u>1,387,750</u> | <u>746,110</u>   | <u>641,640</u>                 | <u>875,609</u>   |
| AM/FM/GIS:                            |                  |                  |                                |                  |
| Other operating expenditures          | <u>8,313</u>     | <u>5,982</u>     | <u>2,331</u>                   | <u>7,212</u>     |
| Total expenditures                    | <u>3,243,405</u> | <u>2,529,157</u> | <u>714,248</u>                 | <u>2,741,493</u> |
| Revenues over (under) expenditures    | <u>975,000</u>   | <u>1,696,473</u> | <u>721,473</u>                 | <u>375,164</u>   |

**CITY OF GASTONIA, NORTH CAROLINA**

**STORMWATER FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES**

**BUDGET AND ACTUAL (NON-GAAP)**

**FOR THE YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|  | <b>2023</b>      |                    |                                | <b>2022</b>         |
|--|------------------|--------------------|--------------------------------|---------------------|
|  | <b>Budget</b>    | <b>Actual</b>      | <b>Variance<br/>Over/Under</b> | <b>Actual</b>       |
| <b>Other Financing Sources (Uses):</b> |                  |                    |                                |                     |
| Transfers from other funds             | -                | -                  | -                              | 1,670               |
| Transfers to other funds               | (72,500)         | (72,500)           | -                              | -                   |
| Intrafund transfer                     | (1,000,000)      | (1,000,000)        | -                              | (490,720)           |
| Subscription liabilities issued        | 25,000           | -                  | (25,000)                       | -                   |
| Appropriated fund balance              | 72,500           | -                  | (72,500)                       | -                   |
| Total other financing sources (uses)   | <u>(975,000)</u> | <u>(1,072,500)</u> | <u>97,500</u>                  | <u>(489,050)</u>    |
| Net change in fund balance             | <u>\$ -</u>      | <u>\$ 623,973</u>  | <u>\$ 623,973</u>              | <u>\$ (113,886)</u> |

**Reconciliation from Budgetary Basis  
to Full Accrual Basis:**

|   |                     |
|---|---------------------|
| Net change in fund balance                            | \$ 623,973          |
| Reconciling items:                                    |                     |
| Depreciation  | (812,693)           |
| Capital project revenues                              | 55,447              |
| Non-capitalized project expenditures                  | (71,869)            |
| Intrafund transfer to Capital Project Fund            | 1,000,000           |
| Capital outlay, capitalized                           | 223,201             |
| Developer capital contributions                       | 935,894             |
| Increase (decrease) in deferred outflows - OPEB       | (44,149)            |
| (Increase) decrease in deferred inflows - OPEB        | (29,408)            |
| Increase (decrease) in unbilled revenues receivable   | (18,390)            |
| Increase (decrease) deferred outflows - pension       | 92,702              |
| (Increase) decrease in net pension liability          | (270,034)           |
| (Increase) decrease deferred inflows - pension        | 142,447             |
| (Increase) decrease in accrued vacation pay           | (1,831)             |
| (Increase) decrease in other post-employment benefits | <u>73,828</u>       |
| Change in net position                                | <u>\$ 1,899,118</u> |

## CITY OF GASTONIA, NORTH CAROLINA

**STORMWATER CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|  | <u>Budget</u> | <u>Actual</u> | <u>Variance<br/>Over/Under</u> |
|--|---------------|---------------|--------------------------------|
| <b>Revenues:</b>   |               |               |                                |
| Investment earnings  | \$ -          | \$ 55,324     | \$ 55,324                      |
| Miscellaneous revenues   | -             | 123           | 123                            |
| Total revenues   | -             | 55,447        | 55,447                         |
| <b>Expenditures:</b>   |               |               |                                |
| Stormwater system  | 517,725       | 29,691        | 488,034                        |
| Stormwater, non-capital  | 1,505,827     | 158,368       | 1,347,459                      |
| Total expenditures   | 2,023,552     | 188,059       | 1,835,493                      |
| Revenues over (under) expenditures   | (2,023,552)   | (132,612)     | 1,890,940                      |
| <b>Other Financing Sources (Uses):</b>   |               |               |                                |
| Intrafund transfer in  | 1,000,000     | 1,000,000     | -                              |
| Appropriated fund balance  | 1,023,552     | -             | (1,023,552)                    |
| Total other financing sources (uses)   | 2,023,552     | 1,000,000     | (1,023,552)                    |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | \$ -          | \$ 867,388    | \$ 867,388                     |



## **INTERNAL SERVICE FUNDS**

Internal Service Funds are a subclassification of the proprietary fund types and are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

### The Vehicle and Equipment Renewal and Replacement Fund

The Vehicle and Equipment Renewal and Replacement Fund is used to account for the accumulation and allocation of costs associated with the City's vehicle and equipment replacement.

### Information Technology Fund

The Information Technology Fund is used to account for computer support and other technology services.

### Dental Self-Insurance Fund

The Medical Self-Insurance Fund provides medical coverage to the City's employees and their dependents.

### Medical Self-Insurance Fund

The Medical Self-Insurance Fund provides medical coverage to the City's employees and their dependents.



## CITY OF GASTONIA, NORTH CAROLINA

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF NET POSITION  
 JUNE 30, 2023

|  | Vehicle<br>Replacement<br>Fund | Information<br>Technology<br>Fund | Dental<br>Self-Insurance<br>Fund | Medical<br>Self-Insurance<br>Fund | Total         |
|--|--------------------------------|-----------------------------------|----------------------------------|-----------------------------------|---------------|
| <b>Assets:</b>                             |                                |                                   |                                  |                                   |               |
| Current assets:                            |                                |                                   |                                  |                                   |               |
| Cash, cash equivalents,<br>and investments | \$ 2,701,972                   | \$ 4,829,320                      | \$ 329,592                       | \$ 4,870,891                      | \$ 12,731,775 |
| Accounts receivable, net                   | -                              | 287,219                           | 1,200                            | -                                 | 288,419       |
| Due from other funds                       | -                              | -                                 | 162,502                          | 3,484,171                         | 3,646,673     |
| Cash and cash equivalents, restricted      | 1,133,193                      | -                                 | -                                | -                                 | 1,133,193     |
| Total current assets                       | 3,835,165                      | 5,116,539                         | 493,294                          | 8,355,062                         | 17,800,060    |
| Capital assets:                            |                                |                                   |                                  |                                   |               |
| Right to use assets, net                   | 9,765                          | 380,714                           | -                                | -                                 | 390,479       |
| Depreciable capital assets, net            | 12,232,947                     | 117,142                           | -                                | 706,226                           | 13,056,315    |
| Total capital assets                       | 12,242,712                     | 497,856                           | -                                | 706,226                           | 13,446,794    |
| Total assets                               | 16,077,877                     | 5,614,395                         | 493,294                          | 9,061,288                         | 31,246,854    |
| <b>Liabilities:</b>                        |                                |                                   |                                  |                                   |               |
| Current liabilities:                       |                                |                                   |                                  |                                   |               |
| Accounts payable                           | 132,473                        | 48,923                            | -                                | 953,836                           | 1,135,232     |
| Accrued salaries and benefits              | -                              | 108,710                           | -                                | -                                 | 108,710       |
| Compensated absences, current              | -                              | 204,000                           | -                                | -                                 | 204,000       |
| Accrued interest                           | 33,067                         | -                                 | -                                | -                                 | 33,067        |
| Due to other funds                         | -                              | -                                 | 310,186                          | -                                 | 310,186       |
| Current portion of long-term debt          | 3,426,757                      | 2,911                             | -                                | -                                 | 3,429,668     |
| Total current liabilities                  | 3,592,297                      | 364,544                           | 310,186                          | 953,836                           | 5,220,863     |
| Non-current liabilities:                   |                                |                                   |                                  |                                   |               |
| Compensated absences, non-current          | -                              | 68,109                            | -                                | -                                 | 68,109        |
| Non-current portion of long-term debt      | 6,546,648                      | 339,082                           | -                                | -                                 | 6,885,730     |
| Total non-current liabilities              | 6,546,648                      | 407,191                           | -                                | -                                 | 6,953,839     |
| Total liabilities                          | 10,138,945                     | 771,735                           | 310,186                          | 953,836                           | 12,174,702    |
| <b>Net Position:</b>                       |                                |                                   |                                  |                                   |               |
| Net investment in capital assets           | 3,402,500                      | 155,863                           | -                                | 706,226                           | 4,264,589     |
| Unrestricted                               | 2,536,432                      | 4,686,797                         | 183,108                          | 7,401,226                         | 14,807,563    |
| Total net position                         | \$ 5,938,932                   | \$ 4,842,660                      | \$ 183,108                       | \$ 8,107,452                      | \$ 19,072,152 |

## CITY OF GASTONIA, NORTH CAROLINA

**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|   | <b>Vehicle<br/>Replacement<br/>Fund</b> | <b>Information<br/>Technology<br/>Fund</b> | <b>Dental<br/>Self-Insurance<br/>Fund</b> | <b>Medical<br/>Self-Insurance<br/>Fund</b> | <b>Total</b>         |
|---|---|--|---|--|----------------------|
| <b>Operating Revenues:</b>                |   |  |   |  |                      |
| Charges for services                      | \$ 4,627,403                            | \$ 6,168,001                               | \$ 388,954                                | \$ 12,319,017                              | \$ 23,503,375        |
| Other revenues                            | -                                       | 1,513,578                                  | -   | -  | 1,513,578            |
| Total                                     | <u>4,627,403</u>                        | <u>7,681,579</u>                           | <u>388,954</u>                            | <u>12,319,017</u>                          | <u>25,016,953</u>    |
| <b>Operating Expenses:</b>                |   |  |   |  |                      |
| Operations area                           | 353,945                                 | 7,043,522                                  | 366,598                                   | 12,441,319                                 | 20,205,384           |
| Depreciation and amortization             | 3,207,425                               | 322,349                                    | -   | 1,310                                      | 3,531,084            |
| Total                                     | <u>3,561,370</u>                        | <u>7,365,871</u>                           | <u>366,598</u>                            | <u>12,442,629</u>                          | <u>23,736,468</u>    |
| Operating income (loss)                   | <u>1,066,033</u>                        | <u>315,708</u>                             | <u>22,356</u>                             | <u>(123,612)</u>                           | <u>1,280,485</u>     |
| <b>Non-Operating Revenues (Expenses):</b> |   |  |   |  |                      |
| Miscellaneous                             | 313                                     | -  | -   | -  | 313                  |
| Investment earnings                       | 102,074                                 | 62,984                                     | 2,596                                     | 398,520                                    | 566,174              |
| Gain (loss) on disposal of capital assets | 347,959                                 | -  | -   | -  | 347,959              |
| Interest on long-term debt                | (160,303)                               | (433)                                      | -   | -  | (160,736)            |
| Total non-operating revenues (expenses)   | <u>290,043</u>                          | <u>62,551</u>                              | <u>2,596</u>                              | <u>398,520</u>                             | <u>753,710</u>       |
| Income (loss) before transfers            | 1,356,076                               | 378,259                                    | 24,952                                    | 274,908                                    | 2,034,195            |
| <b>Transfers:</b>                         |   |  |   |  |                      |
| Transfers from other funds                | -                                       | 2,237,000                                  | -   | 115,376                                    | 2,352,376            |
| Change in net position                    | 1,356,076                               | 2,615,259                                  | 24,952                                    | 390,284                                    | 4,386,571            |
| <b>Net Position:</b>                      |   |  |   |  |                      |
| Beginning of year - July 1                | <u>4,582,856</u>                        | <u>2,227,401</u>                           | <u>158,156</u>                            | <u>7,717,168</u>                           | <u>14,685,581</u>    |
| End of year - June 30                     | <u>\$ 5,938,932</u>                     | <u>\$ 4,842,660</u>                        | <u>\$ 183,108</u>                         | <u>\$ 8,107,452</u>                        | <u>\$ 19,072,152</u> |



CITY OF GASTONIA, NORTH CAROLINA

INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023

|  | <b><u>Vehicle<br/>Replacement<br/>Fund</u></b> | <b><u>Information<br/>Technology<br/>Fund</u></b> | <b><u>Dental<br/>Self-Insurance<br/>Fund</u></b> | <b><u>Medical<br/>Self-Insurance<br/>Fund</u></b> | <b><u>Total</u></b>  |
|--|--|---|--|---|----------------------|
| <b>Cash Flows from Operating Activities:</b>                         |  |   |  |   |                      |
| Cash received from customers and users                               | \$ 4,627,716                                   | \$ 7,722,204                                      | \$ 388,954                                       | \$ 12,554,043                                     | \$ 25,292,917        |
| Cash paid to suppliers   | (449,804)                                      | (5,936,657)                                       | (366,598)  | (11,985,154)                                      | (18,738,213)         |
| Cash paid to employees   | -  | (1,178,493)                                       | -  | -   | (1,178,493)          |
| Net cash provided (used) by operating activities                     | <u>4,177,912</u>                               | <u>607,054</u>                                    | <u>22,356</u>                                    | <u>568,889</u>                                    | <u>5,376,211</u>     |
| <b>Cash Flows from Non-Capital Financing Activities:</b>             |  |   |  |   |                      |
| Change in due to/from other funds                                    | -  | -   | (39,032)   | (1,921,997)                                       | (1,961,029)          |
| Transfers from other funds   | -  | 2,237,000   | -  | 115,376   | 2,352,376            |
| Net cash provided (used) by non-capital financing activities         | <u>-</u>                                       | <u>2,237,000</u>                                  | <u>(39,032)</u>                                  | <u>(1,806,621)</u>                                | <u>391,347</u>       |
| <b>Cash Flows from Capital and Related Financing Activities:</b>     |  |   |  |   |                      |
| Principal paid on long-term debt                                     | (4,019,022)                                    | (157,499)   | -  | -   | (4,176,521)          |
| Proceeds from sale of capital assets                                 | 353,498  | -   | -  | -   | 353,498              |
| Acquisition and construction of capital assets                       | (2,911,149)                                    | (53,506)  | -  | (707,536)   | (3,672,191)          |
| Interest paid on long-term debt                                      | <u>(172,501)</u>                               | <u>(433)</u>                                      | <u>-</u>   | <u>-</u>  | <u>(172,934)</u>     |
| Net cash provided (used) by capital and related financing activities | <u>(6,749,174)</u>                             | <u>(211,438)</u>                                  | <u>-</u>   | <u>(707,536)</u>                                  | <u>(7,668,148)</u>   |
| <b>Cash Flows from Investing Activities:</b>                         |  |   |  |   |                      |
| Interest on investments  | <u>102,074</u>                                 | <u>62,984</u>                                     | <u>2,596</u>                                     | <u>398,520</u>                                    | <u>566,174</u>       |
| Net increase (decrease) in cash and cash equivalents                 | (2,469,188)                                    | 2,695,600   | (14,080)   | (1,546,748)                                       | (1,334,416)          |
| <b>Cash and Cash Equivalents:</b>                                    |  |   |  |   |                      |
| Beginning of year - July 1   | <u>6,304,353</u>                               | <u>2,133,720</u>                                  | <u>343,672</u>                                   | <u>6,417,639</u>                                  | <u>15,199,384</u>    |
| End of year - June 30  | <u>\$ 3,835,165</u>                            | <u>\$ 4,829,320</u>                               | <u>\$ 329,592</u>                                | <u>\$ 4,870,891</u>                               | <u>\$ 13,864,968</u> |

CITY OF GASTONIA, NORTH CAROLINA

INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023

|   | <b>Vehicle<br/>Replacement<br/>Fund</b> | <b>Information<br/>Technology<br/>Fund</b> | <b>Dental<br/>Self-Insurance<br/>Fund</b> | <b>Medical<br/>Self-Insurance<br/>Fund</b> | <b>Total</b>        |
|---|---|--|---|--|---------------------|
| <b>Reconciliation of Operating Income (Loss) to<br/>Cash Flows from Operating Activities:</b> |   |  |   |  |                     |
| Operating income (loss)   | \$ 1,066,033                            | \$ 315,708                                 | \$ 22,356                                 | \$ (123,612)                               | \$ 1,280,485        |
| Depreciation and amortization   | 3,207,425                               | 322,349                                    | -   | 1,310                                      | 3,531,084           |
| Non-operating revenues (expenses)   | 313                                     | -  | -   | -  | 313                 |
| Change in assets and liabilities:   |   |  |   |  |                     |
| (Increase) decrease in accounts receivables   | -                                       | 40,625                                     | -   | 235,026                                    | 275,651             |
| Increase (decrease) in accounts payable   | (95,859)                                | (97,170)                                   | -   | 456,165                                    | 263,136             |
| Increase (decrease) in compensated absences   | -                                       | 25,542                                     | -   | -  | 25,542              |
| Net cash provided (used) by operating activities  | <u>\$ 4,177,912</u>                     | <u>\$ 607,054</u>                          | <u>\$ 22,356</u>                          | <u>\$ 568,889</u>                          | <u>\$ 5,376,211</u> |
| <b>Supplemental Disclosure of Noncash Activity:</b>   |   |  |   |  |                     |
| Right to use assets/long-term obligations issued  | <u>\$ 12,695</u>                        | <u>\$ 493,690</u>                          | <u>\$ -</u>                               | <u>\$ -</u>                                | <u>\$ 506,385</u>   |

**CITY OF GASTONIA, NORTH CAROLINA**

**VEHICLE AND EQUIPMENT RENEWAL AND REPLACEMENT FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES**

**FINANCIAL PLAN AND ACTUAL (NON-GAAP)**

**FOR THE YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|                                | <b>2023</b>  |               |                                | <b>2022</b>   |
|--------------------------------|--------------|---------------|--------------------------------|---------------|
|                                | <b>Plan</b>  | <b>Actual</b> | <b>Variance<br/>Over/Under</b> | <b>Actual</b> |
| <b>Operating Revenues:</b>     |              |               |                                |               |
| Vehicle and equipment rentals  | \$ 4,631,899 | \$ 4,627,403  | \$ (4,496)                     | \$ 3,435,402  |
| <b>Non-Operating Revenues:</b> |              |               |                                |               |
| Miscellaneous                  | -            | 313           | 313                            | 1,949         |
| Investment earnings            | 102,000      | 102,074       | 74                             | 11,430        |
| Total                          | 102,000      | 102,387       | 387                            | 13,379        |
| Total revenues                 | 4,733,899    | 4,729,790     | (4,109)                        | 3,448,781     |
| <b>Expenditures:</b>           |              |               |                                |               |
| Operating expenditures:        |              |               |                                |               |
| Budget division:               |              |               |                                |               |
| Capital outlay                 | 1,238        | -             | 1,238                          | 50,988        |
| Equipment manager:             |              |               |                                |               |
| Other operating expenditures   | 6,217        | 5,068         | 1,149                          | 4,106         |
| Capital outlay                 | 278,959      | 193,295       | 85,664                         | 127,575       |
| Total                          | 285,176      | 198,363       | 86,813                         | 131,681       |
| Equipment Manager 2021:        |              |               |                                |               |
| Other operating expenditures   | 864          | -             | 864                            | -             |
| Capital outlay                 | 164,351      | 72,154        | 92,197                         | 1,008,281     |
| Total                          | 165,215      | 72,154        | 93,061                         | 1,008,281     |
| Public Safety vehicle:         |              |               |                                |               |
| Capital outlay                 | -            | -             | -                              | 33,325        |
| Equipment manager 2022:        |              |               |                                |               |
| Other operating expenditures   | 4,750        | -             | 4,750                          | -             |
| Capital outlay                 | 1,427,764    | 407,247       | 1,020,517                      | 1,483,286     |
| Total                          | 1,432,514    | 407,247       | 1,025,267                      | 1,483,286     |
| Computer equipment 2022:       |              |               |                                |               |
| Other operating expenditures   | 30,500       | 30,500        | -                              | 183,197       |
| Capital outlay                 | 61,424       | 61,423        | 1                              | 17,790        |
| Total                          | 91,924       | 91,923        | 1                              | 200,987       |

**CITY OF GASTONIA, NORTH CAROLINA**

**VEHICLE AND EQUIPMENT RENEWAL AND REPLACEMENT FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES**

**FINANCIAL PLAN AND ACTUAL (NON-GAAP)**

**FOR THE YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|  | <b>2023</b> |                |                                | <b>2022</b>   |
|--|-------------|----------------|--------------------------------|---------------|
|  | <b>Plan</b> | <b>Actual</b>  | <b>Variance<br/>Over/Under</b> | <b>Actual</b> |
| Equipment manager 2022 additional loan:  |             |                |                                |               |
| Other operating expenditures             | 4,750       | -              | 4,750                          | -             |
| Capital outlay                           | 3,350,557   | 2,106,622      | 1,243,935                      | 1,829,340     |
| Total                                    | 3,355,307   | 2,106,622      | 1,248,685                      | 1,829,340     |
| Computer equipment 2022 additional loan: |             |                |                                |               |
| Other operating expenditures             | 506,409     | 346,567        | 159,842                        | 11,951        |
| Capital outlay                           | 57,727      | 42,218         | 15,509                         | 81,092        |
| Total                                    | 564,136     | 388,785        | 175,351                        | 93,043        |
| Total operating expenditures             | 5,895,510   | 3,265,094      | 2,630,416                      | 4,830,931     |
| Debt service:                            |             |                |                                |               |
| Principal repayments                     | 4,017,428   | 4,019,022      | (1,594)                        | 3,175,037     |
| Interest and fees                        | 168,335     | 168,322        | 13                             | 131,858       |
| Debt issuance costs                      | -           | -              | -                              | 30,500        |
| Other debt service costs                 | 6,347       | 4,179          | 2,168                          | 4,816         |
| Total                                    | 4,192,110   | 4,191,523      | 587                            | 3,342,211     |
| Total expenditures                       | 10,087,620  | 7,456,617      | 2,631,003                      | 8,173,142     |
| Revenues over (under) expenditures       | (5,353,721) | (2,726,827)    | 2,626,894                      | (4,724,361)   |
| <b>Other Financing Sources (Uses):</b>   |             |                |                                |               |
| Proceeds from sale of capital assets     | 269,205     | 353,498        | 84,293                         | 162,352       |
| Subscription liabilities issued          | -           | 12,695         | 12,695                         | -             |
| Issuance of long-term debt               | -           | -              | -                              | 9,080,000     |
| Appropriated fund balance                | 5,084,516   | -              | (5,084,516)                    | -             |
| Total other financing sources (uses)     | 5,353,721   | 366,193        | (4,987,528)                    | 9,242,352     |
| Net change in fund balance               | \$ -        | \$ (2,360,634) | \$ (2,360,634)                 | \$ 4,517,991  |

**CITY OF GASTONIA, NORTH CAROLINA**

**VEHICLE AND EQUIPMENT RENEWAL AND REPLACEMENT FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES**

**FINANCIAL PLAN AND ACTUAL (NON-GAAP)**

**FOR THE YEAR ENDED JUNE 30, 2023**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|   | <u>2023</u> |                     |                                | <u>2022</u>   |
|---|-------------|---------------------|--------------------------------|---------------|
|   | <u>Plan</u> | <u>Actual</u>       | <u>Variance<br/>Over/Under</u> | <u>Actual</u> |
| <b>Reconciliation from Budgetary Basis<br/>to Full Accrual Basis:</b> |             |                     |                                |               |
| Net change in fund balance  |             | \$ (2,360,634)      |                                |               |
| Reconciling items:  |             |                     |                                |               |
| Depreciation and amortization   |             | (3,207,425)         |                                |               |
| Book value of capital assets sold                                     |             | (5,539)             |                                |               |
| Proceeds from subscription liabilities issued                         |             | (12,695)            |                                |               |
| Principal paid on long-term debt                                      |             | 4,019,022           |                                |               |
| Capital outlay, capitalized   |             | 2,911,149           |                                |               |
| (Increase) decrease in accrued interest                               |             | <u>12,198</u>       |                                |               |
| Change in net position  |             | <u>\$ 1,356,076</u> |                                |               |

**CITY OF GASTONIA, NORTH CAROLINA**

**INFORMATION TECHNOLOGY FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
FINANCIAL PLAN AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2023  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|                                       | <b>2023</b>      |                  |                                | <b>2022</b>      |
|---------------------------------------|------------------|------------------|--------------------------------|------------------|
|                                       | <b>Plan</b>      | <b>Actual</b>    | <b>Variance<br/>Over/Under</b> | <b>Actual</b>    |
| <b>Operating Revenues:</b>            |                  |                  |                                |                  |
| Technology services                   | \$ 6,227,116     | \$ 6,168,001     | \$ (59,115)                    | \$ 5,548,565     |
| Other revenues                        | 1,316,928        | 1,513,578        | 196,650                        | 1,160,437        |
| Total                                 | <u>7,544,044</u> | <u>7,681,579</u> | <u>137,535</u>                 | <u>6,709,002</u> |
| <b>Non-Operating Revenues:</b>        |                  |                  |                                |                  |
| Federal and state grants              | -                | -                | -                              | 612              |
| Investment earnings                   | 24,000           | 62,984           | 38,984                         | 3,101            |
| Total                                 | <u>24,000</u>    | <u>62,984</u>    | <u>38,984</u>                  | <u>3,713</u>     |
| Total revenues                        | <u>7,568,044</u> | <u>7,744,563</u> | <u>176,519</u>                 | <u>6,712,715</u> |
| <b>Expenditures:</b>                  |                  |                  |                                |                  |
| Operating expenditures:               |                  |                  |                                |                  |
| Technology services - administration: |                  |                  |                                |                  |
| Salaries and employee benefits        | 322,946          | 317,933          | 5,013                          | 232,118          |
| Other operating expenditures          | 49,277           | 37,136           | 12,141                         | 20,691           |
| Capital outlay                        | 200,000          | -                | 200,000                        | 8,717            |
| Total                                 | <u>572,223</u>   | <u>355,069</u>   | <u>217,154</u>                 | <u>261,526</u>   |
| Admin - apps:                         |                  |                  |                                |                  |
| Salaries and employee benefits        | 278,454          | 224,811          | 53,643                         | 282,482          |
| Other operating expenditures          | 126,316          | 100,001          | 26,315                         | 123,025          |
| Total                                 | <u>404,770</u>   | <u>324,812</u>   | <u>79,958</u>                  | <u>405,507</u>   |
| Database administration:              |                  |                  |                                |                  |
| Salaries and employee benefits        | 267,378          | 266,687          | 691                            | 241,319          |
| Other operating expenditures          | 171,601          | 162,405          | 9,196                          | 55,763           |
| Capital outlay                        | 247,500          | 240,476          | 7,024                          | -                |
| Total                                 | <u>686,479</u>   | <u>669,568</u>   | <u>16,911</u>                  | <u>297,082</u>   |

## CITY OF GASTONIA, NORTH CAROLINA

## INFORMATION TECHNOLOGY FUND

## SCHEDULE OF REVENUES AND EXPENDITURES

## FINANCIAL PLAN AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2023

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

|                                       | 2023      |         |                        | 2022    |
|---------------------------------------|-----------|---------|------------------------|---------|
|                                       | Plan      | Actual  | Variance<br>Over/Under | Actual  |
| Geographic Information Systems AM/FM: |           |         |                        |         |
| Salaries and employee benefits        | 511,303   | 510,844 | 459                    | 366,019 |
| Other operating expenditures          | 67,885    | 50,678  | 17,207                 | 60,629  |
| Total                                 | 579,188   | 561,522 | 17,666                 | 426,648 |
| Tech services - website:              |           |         |                        |         |
| Other operating expenditures          | 78,241    | 111,501 | (33,260)               | 101,855 |
| Tech services - CIS apps:             |           |         |                        |         |
| Salaries and employee benefits        | 486,425   | 482,629 | 3,796                  | 464,750 |
| Other operating expenditures          | 441,587   | 285,043 | 156,544                | 222,843 |
| Total                                 | 928,012   | 767,672 | 160,340                | 687,593 |
| Communication division:               |           |         |                        |         |
| Salaries and employee benefits        | 330,047   | 324,550 | 5,497                  | 410,581 |
| Other operating expenditures          | 285,183   | 99,968  | 185,215                | 35,406  |
| Capital outlay                        | 110,000   | -       | 110,000                | -       |
| Total                                 | 725,230   | 424,518 | 300,712                | 445,987 |
| Tech services - 800Mhz system:        |           |         |                        |         |
| Other operating expenditures          | 322,082   | 322,043 | 39                     | 311,099 |
| Tech services - public safety:        |           |         |                        |         |
| Salaries and employee benefits        | 379,868   | 379,347 | 521                    | 347,481 |
| Other operating expenditures          | 889,508   | 360,058 | 529,450                | 272,306 |
| Total                                 | 1,269,376 | 739,405 | 529,971                | 619,787 |
| Telephone communications:             |           |         |                        |         |
| Salaries and employee benefits        | 95,207    | 94,806  | 401                    | 90,124  |
| Other operating expenditures          | 560,802   | 561,698 | (896)                  | 593,695 |
| Capital outlay                        | 216,216   | 253,214 | (36,998)               | 33,451  |
| Total                                 | 872,225   | 909,718 | (37,493)               | 717,270 |

**CITY OF GASTONIA, NORTH CAROLINA**

**INFORMATION TECHNOLOGY FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
FINANCIAL PLAN AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2023  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|   | <b>2023</b> |               |                                | <b>2022</b>   |
|---|-------------|---------------|--------------------------------|---------------|
|   | <b>Plan</b> | <b>Actual</b> | <b>Variance<br/>Over/Under</b> | <b>Actual</b> |
| Technology services - computer support:       |             |               |                                |               |
| Salaries and employee benefits                | 513,208     | 462,579       | 50,629                         | 507,502       |
| Other operating expenditures                  | 128,539     | 120,903       | 7,636                          | 50,987        |
| Capital outlay                                | 360,000     | 17,554        | 342,446                        | -             |
| Total   | 1,001,747   | 601,036       | 400,711                        | 558,489       |
| Technology-city equipment:                    |             |               |                                |               |
| Other operating expenditures                  | 319,173     | 319,173       | -                              | 258,933       |
| Technology services - support administration: |             |               |                                |               |
| Salaries and employee benefits                | 466,792     | 420,069       | 46,723                         | 276,537       |
| Other operating expenditures                  | 650,772     | 609,103       | 41,669                         | 554,045       |
| Capital outlay                                | 91,000      | 35,952        | 55,048                         | -             |
| Total   | 1,208,564   | 1,065,124     | 143,440                        | 830,582       |
| Technology services - core services:          |             |               |                                |               |
| Salaries and employee benefits                | 276,424     | 251,240       | 25,184                         | 278,471       |
| Other operating expenditures                  | 142,852     | 129,947       | 12,905                         | 151,464       |
| Capital outlay                                | 1,200,000   | -             | 1,200,000                      | -             |
| Total   | 1,619,276   | 381,187       | 1,238,089                      | 429,935       |
| IT/Core applications:                         |             |               |                                |               |
| Other operating expenditures                  | 200,000     | -             | 200,000                        | 167,307       |
| IT/City Public Safety:                        |             |               |                                |               |
| Other operating expenditures                  | 12,828      | 12,828        | -                              | -             |
| Technology equipment                          |             |               |                                |               |
| Capital outlay                                | 230,523     | -             | 230,523                        | -             |
| Technology services - capital projects:       |             |               |                                |               |
| Other operating expenditures                  | 1,157,897   | -             | 1,157,897                      | -             |



**CITY OF GASTONIA, NORTH CAROLINA**

**INFORMATION TECHNOLOGY FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
FINANCIAL PLAN AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2023  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

|  | <u>2023</u>            |                         |                                | <u>2022</u>           |
|--|------------------------|-------------------------|--------------------------------|-----------------------|
|  | <u>Plan</u>            | <u>Actual</u>           | <u>Variance<br/>Over/Under</u> | <u>Actual</u>         |
| Debt service:                              |                        |                         |                                |                       |
| Principal                                  | 169,143                | 157,499                 | 11,644                         | 2,915                 |
| Interest                                   | 543,222                | 433                     | 542,789                        | 100                   |
| Total                                      | <u>712,365</u>         | <u>157,932</u>          | <u>554,433</u>                 | <u>3,015</u>          |
| <br>Total expenditures                     | <br><u>12,900,199</u>  | <br><u>7,723,108</u>    | <br><u>4,977,091</u>           | <br><u>6,522,615</u>  |
| <br>Revenues over (under) expenditures     | <br><u>(5,332,155)</u> | <br><u>21,455</u>       | <br><u>5,353,610</u>           | <br><u>190,100</u>    |
| <br><b>Other Financing Sources (Uses):</b> |                        |                         |                                |                       |
| Transfers from other funds                 | 2,237,000              | 2,237,000               | -                              | -                     |
| Lease liabilities issued                   | -                      | -                       | -                              | 8,717                 |
| Subscription liabilities issued            | 894,239                | 493,690                 | (400,549)                      | -                     |
| Appropriated fund balance                  | <u>2,200,916</u>       | <u>-</u>                | <u>(2,200,916)</u>             | <u>-</u>              |
| Total other financing sources (uses)       | <u>5,332,155</u>       | <u>2,730,690</u>        | <u>(2,601,465)</u>             | <u>8,717</u>          |
| <br>Net change in fund balance             | <br><u>\$ -</u>        | <br><u>\$ 2,752,145</u> | <br><u>\$ 2,752,145</u>        | <br><u>\$ 198,817</u> |

**Reconciliation from Budgetary Basis  
to Full Accrual Basis:**

|   |                     |
|---|---------------------|
| Net change in fund balance                    | \$ 2,752,145        |
| Reconciling items:                            |                     |
| Depreciation                                  | (203,322)           |
| Amortization                                  | (119,027)           |
| Proceeds from subscription liabilities issued | (493,690)           |
| Principal paid on long-term debt              | 157,499             |
| Capital outlay - subscriptions, capitalized   | 493,690             |
| Capital outlay, capitalized                   | 53,506              |
| (Increase) decrease in accrued vacation pay   | <u>(25,542)</u>     |
| Change in net position                        | <u>\$ 2,615,259</u> |

## CITY OF GASTONIA, NORTH CAROLINA

## DENTAL SELF-INSURANCE FUND

## SCHEDULE OF REVENUES AND EXPENDITURES

## FINANCIAL PLAN AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2023

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

|                                    | <u>2023</u> |               |                                | <u>2022</u>   |
|------------------------------------|-------------|---------------|--------------------------------|---------------|
|                                    | <u>Plan</u> | <u>Actual</u> | <u>Variance<br/>Over/Under</u> | <u>Actual</u> |
| <b>Revenues:</b>                   |             |               |                                |               |
| Operating revenues:                |             |               |                                |               |
| Charges for services               | \$ 365,486  | \$ 388,954    | \$ 23,468                      | \$ 373,545    |
| Non-operating revenues:            |             |               |                                |               |
| Investment earnings                | -           | 2,596         | 2,596                          | 35            |
| Total revenues                     | 365,486     | 391,550       | 26,064                         | 373,580       |
| <b>Expenditures:</b>               |             |               |                                |               |
| Operating expenditures:            |             |               |                                |               |
| Administration:                    |             |               |                                |               |
| Operating expenditures             | 365,486     | 366,598       | (1,112)                        | 335,198       |
| Revenues over (under) expenditures | \$ -        | \$ 24,952     | \$ 24,952                      | \$ 38,382     |

## CITY OF GASTONIA, NORTH CAROLINA

## MEDICAL SELF-INSURANCE FUND

## SCHEDULE OF REVENUES AND EXPENDITURES

## FINANCIAL PLAN AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2023

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

|  | 2023          |               |                        | 2022          |
|--|---------------|---------------|------------------------|---------------|
|  | Plan          | Actual        | Variance<br>Over/Under | Actual        |
| <b>Operating Revenues:</b>   |               |               |                        |               |
| Charges for services   | \$ 11,953,200 | \$ 12,319,017 | \$ 365,817             | \$ 11,868,884 |
| <b>Non-Operating Revenues:</b>   |               |               |                        |               |
| Investment earnings  | 146,000       | 398,520       | 252,520                | 6,877         |
| Total revenues   | 12,099,200    | 12,717,537    | 618,337                | 11,875,761    |
| <b>Expenditures:</b>   |               |               |                        |               |
| Operating expenditures:  |               |               |                        |               |
| Administration:  |               |               |                        |               |
| Operating expenditures   | 13,464,576    | 12,441,319    | 1,023,257              | 10,954,857    |
| Capital outlay   | 750,000       | 707,536       | 42,464                 | -             |
| Total expenditures   | 14,214,576    | 13,148,855    | 1,065,721              | 10,954,857    |
| Total expenditures   | 14,214,576    | 13,148,855    | 1,065,721              | 10,954,857    |
| Revenues over (under) expenditures   | (2,115,376)   | (431,318)     | 1,684,058              | 920,904       |
| <b>Other Financing Sources (Uses):</b>   |               |               |                        |               |
| Transfers from other funds   | 115,376       | 115,376       | -                      | 290,000       |
| Appropriated fund balance  | 2,000,000     | -             | (2,000,000)            | -             |
| Total other financing sources (uses)   | 2,115,376     | 115,376       | (2,000,000)            | 290,000       |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | \$ -          | \$ (315,942)  | \$ (315,942)           | \$ 1,210,904  |
| <b>Reconciliation from Budgetary Basis<br/>to Full Accrual Basis:</b>                      |               |               |                        |               |
| Net change in fund balance   |               | \$ (315,942)  |                        |               |
| Reconciling items:   |               |               |                        |               |
| Depreciation   |               | (1,310)       |                        |               |
| Capital outlay, capitalized  |               | 707,536       |                        |               |
| Change in net position   |               | \$ 390,284    |                        |               |



## **STATISTICAL SECTION**

This part of the Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

### **Financial Trends - Schedules 1-4**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

### **Revenue Capacity – Schedules 5-9**

These schedules contain information to help the reader assess the factors affecting the City's ability to generate property taxes.

### **Debt Capacity – Schedules 10-14**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

### **Demographic and Economic Information – Schedules 15-17**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

### **Operating Information – Tables 18-19**

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year.



**Schedule 1**  
**City of Gastonia**  
**Net Position by Component**  
**Last Ten Years**  
(accrual basis of accounting)

|   | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2023          | 2022          | 2021          | 2020          | 2019          | 2018          | 2017          | 2016          | 2015          | 2014          |
| <b>Governmental activities</b>              |               |               |               |               |               |               |               |               |               |               |
| Net investment in capital assets            | \$118,025,799 | \$119,691,275 | \$123,935,617 | \$128,510,185 | \$122,614,226 | \$124,777,914 | \$124,133,499 | \$118,307,559 | \$118,844,527 | \$120,843,698 |
| Restricted                                  | 38,347,227    | 20,025,187    | 18,193,045    | 31,004,837    | 16,561,292    | 15,387,538    | 13,115,395    | 16,304,671    | 19,904,920    | 10,490,248    |
| Unrestricted                                | (47,895,229)  | (35,003,649)  | (37,742,226)  | (61,781,371)  | (41,362,815)  | (45,695,235)  | (18,073,941)  | (2,373,044)   | (6,649,369)   | 2,587,020     |
| Total governmental activities net position  | \$108,477,797 | \$104,712,813 | \$104,386,436 | \$97,733,651  | \$97,812,703  | \$94,470,217  | \$119,174,953 | \$132,239,186 | \$132,100,078 | \$133,920,966 |
| <b>Business Type activities</b>             |               |               |               |               |               |               |               |               |               |               |
| Net investment in capital assets            | \$308,114,234 | \$300,126,877 | \$285,989,957 | \$273,789,996 | \$265,730,268 | \$258,184,586 | \$255,523,817 | \$239,879,539 | \$236,950,245 | \$229,381,517 |
| Restricted                                  | 82,666,848    | 70,100,933    | 69,614,793    | 53,272,773    | 41,208,431    | 32,471,314    | 33,557,762    | 39,598,241    | 33,815,134    | 37,939,875    |
| Unrestricted                                | \$390,781,082 | \$370,227,810 | \$355,604,750 | \$327,062,769 | \$306,938,699 | \$290,655,900 | \$289,081,579 | \$279,477,780 | \$270,765,379 | \$267,321,392 |
| Total Business Type activities net position |               |               |               |               |               |               |               |               |               |               |
| <b>Primary Government</b>                   |               |               |               |               |               |               |               |               |               |               |
| Net investment in capital assets            | \$426,140,033 | \$419,818,152 | \$409,925,574 | \$402,300,181 | \$388,344,494 | \$382,962,500 | \$379,657,316 | \$358,187,098 | \$355,794,772 | \$350,225,215 |
| Restricted                                  | 38,347,227    | 20,025,187    | 18,193,045    | 31,004,837    | 16,561,292    | 15,387,538    | 13,115,395    | 16,304,671    | 19,904,920    | 10,490,248    |
| Unrestricted                                | 34,771,619    | 35,097,284    | 31,872,567    | (8,508,598)   | (154,384)     | (13,223,921)  | 15,483,821    | 37,225,197    | 27,165,765    | 40,526,895    |
| Total primary government net position       | \$499,258,879 | \$474,940,623 | \$459,991,186 | \$424,796,420 | \$404,751,402 | \$385,126,117 | \$408,256,532 | \$411,716,966 | \$402,865,457 | \$401,242,358 |

**Schedule 2**  
**City of Gastonia**  
**Changes in Net Position, Last Ten Fiscal Years**  
 (accrual basis of accounting)

|   | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2023          | 2022          | 2021          | 2020          | 2019          | 2018          | 2017          | 2016          | 2015          | 2014          |
| <b>Expenses</b>                                 |               |               |               |               |               |               |               |               |               |               |
| Governmental activities:                        |               |               |               |               |               |               |               |               |               |               |
| General government                              |               |               |               |               |               |               |               |               |               |               |
| Public Safety                                   | \$20,397,442  | \$17,256,712  | \$15,641,563  | \$16,286,786  | \$13,098,052  | \$7,624,041   | \$6,189,619   | \$10,606,593  | \$10,806,627  | \$14,384,930  |
| Public Works and Cemeteries                     | 41,094,864    | 38,668,926    | 34,687,943    | 33,743,135    | 31,994,707    | 31,486,188    | 30,763,350    | 29,343,196    | 27,478,999    | 26,786,547    |
| Cultural and Recreation                         | 18,781,394    | 19,283,315    | 17,396,766    | 16,248,577    | 14,691,220    | 15,259,136    | 1,989,690     | 6,802,354     | 8,257,303     | 9,215,118     |
| Economic and physical development               | 9,697,218     | 8,862,070     | 7,798,607     | 7,558,181     | 6,982,190     | 6,719,526     | 6,313,795     | 6,113,970     | 6,076,535     | 5,311,960     |
| Interest on long-term debt                      | 4,498,411     | 1,745,398     | 1,437,793     | 2,591,655     | 4,453,473     | 8,202,679     | 18,796,473    | 8,503,949     | 5,574,798     | 4,269,451     |
| Total governmental activities expenses          | 1,456,634     | 1,296,656     | 1,503,876     | 2,387,821     | 1,614,413     | 1,824,064     | 1,935,901     | 2,065,476     | 2,251,252     | 2,406,042     |
| Business-type activities:                       |               |               |               |               |               |               |               |               |               |               |
| Water and Sewer                                 | 45,972,202    | 41,833,807    | 39,648,939    | 37,596,052    | 35,651,662    | 33,630,595    | 32,065,945    | 31,411,780    | 30,100,924    | 29,574,629    |
| Electric  | 64,477,252    | 69,909,999    | 68,878,550    | 68,500,284    | 69,766,570    | 73,627,863    | 73,998,222    | 72,267,809    | 75,415,945    | 73,735,847    |
| Transit   | 3,453,132     | 2,970,694     | 3,087,212     | 3,258,307     | 2,734,962     | 2,480,698     | 2,306,486     | 2,236,449     | 2,112,884     | 2,400,929     |
| Golf  | 34,195        | 34,704        | 34,805        | 34,805        | 34,805        | 35,974        | 36,726        | 46,814        | 36,959        | 22,265        |
| Stormwater                                      | 3,226,963     | 3,368,285     | 3,109,676     | 3,512,149     | 2,952,696     | 2,819,067     | 2,869,426     | 2,546,945     | 2,505,707     | 2,160,868     |
| Solid Waste                                     | 6,900,048     | 5,865,377     | 5,757,349     | 5,856,951     | 5,367,645     | 5,082,304     | 4,839,020     | 4,754,935     | 4,383,528     | 4,261,659     |
| Total business-type activities expenses         | 124,063,792   | 123,942,846   | 120,516,531   | 118,758,548   | 116,508,300   | 117,676,491   | 116,055,825   | 113,264,732   | 114,555,947   | 112,156,217   |
| Total primary government expenses               | \$219,990,755 | \$211,055,923 | \$198,983,079 | \$197,574,703 | \$189,342,379 | \$188,792,135 | \$182,044,653 | \$176,700,270 | \$175,001,661 | \$174,530,265 |
| <b>Program Revenues</b>                         |               |               |               |               |               |               |               |               |               |               |
| Governmental activities:                        |               |               |               |               |               |               |               |               |               |               |
| Charges for services:                           |               |               |               |               |               |               |               |               |               |               |
| General government                              |               |               |               |               |               |               |               |               |               |               |
| Public Safety                                   | \$10,280,258  | \$11,981,534  | \$9,289,124   | \$10,022,999  | \$9,505,566   | \$9,557,074   | \$8,671,960   | \$8,828,665   | \$7,266,484   | \$7,654,425   |
| Public Works and Cemeteries                     | 1,470,691     | 1,718,183     | 1,712,116     | 1,538,995     | 1,459,428     | 1,359,470     | 1,382,880     | 1,100,861     | 1,092,265     | 841,503       |
| Cultural and Recreation                         | 63,464        | 61,115        | 57,094        | 58,266        | 53,182        | 55,506        | 49,641        | 51,016        | 46,644        | 40,739        |
| Economic and physical development               | 1,037,282     | 930,511       | 473,616       | 580,349       | 812,469       | 867,727       | 780,680       | 684,506       | 628,538       | 608,559       |
| Operating grants and contributions              | 51,540        | 45,203        | 35,317        | 468,162       | 405,778       | 282,252       | 487,727       | 63,084        | 134,659       | 53,384        |
| Capital grants and contributions                | 7,088,460     | 4,768,967     | 5,054,961     | 4,527,774     | 4,983,881     | 4,529,696     | 4,932,336     | 4,325,061     | 4,581,909     | 4,595,445     |
| Total governmental activities program revenues  | 7,126,878     | 2,191,799     | 5,163,691     | 5,053,363     | 2,938,494     | 2,947,980     | 2,359,934     | 877,236       | 426,810       | 439,408       |
| Business-type activities:                       |               |               |               |               |               |               |               |               |               |               |
| Charges for services:                           |               |               |               |               |               |               |               |               |               |               |
| Water and Sewer                                 | 27,118,573    | 21,697,312    | 21,785,019    | 17,701,908    | 20,158,798    | 19,593,705    | 18,665,158    | 15,930,429    | 14,177,309    | 14,233,463    |
| Electric  | 47,699,411    | 44,986,737    | 42,122,472    | 40,746,707    | 40,736,180    | 37,692,461    | 36,296,497    | 35,561,282    | 34,338,725    | 34,121,040    |
| Solid Waste                                     | 76,144,472    | 77,785,299    | 89,928,204    | 84,359,635    | 78,949,075    | 79,255,929    | 78,441,784    | 76,514,684    | 75,350,298    | 75,162,951    |
| Transit   | 122,441       | 9,628         | 48,099        | 226,439       | 190,531       | 162,466       | 278,780       | 221,302       | 201,679       | 213,049       |
| Golf  | -             | 21,268        | -             | -             | -             | -             | -             | -             | -             | -             |
| Stormwater                                      | 4,165,222     | 3,206,409     | 3,068,474     | 2,662,903     | 2,580,268     | 2,619,731     | 2,573,238     | 2,549,033     | 2,526,881     | 2,140,036     |
| Operating grants and contributions              | 3,952,209     | 3,200,794     | 3,140,658     | 3,064,965     | 2,689,310     | 2,172,476     | 2,055,849     | 1,330,939     | 1,222,829     | 1,223,413     |
| Capital grants and contributions                | 8,985,127     | 8,148,903     | 10,333,550    | 6,788,020     | 6,509,065     | 2,975,907     | 2,207,607     | 1,054,568     | 2,498,530     | 2,259,217     |
| Total business-type activities program revenues | 141,063,882   | 137,369,037   | 148,641,457   | 137,848,669   | 131,654,429   | 124,873,970   | 123,796,795   | 119,767,213   | 117,208,509   | 115,596,370   |
| Total primary government program revenues       | \$168,187,455 | \$159,066,349 | \$170,426,476 | \$155,550,577 | \$151,813,227 | \$144,478,675 | \$142,461,953 | \$135,697,642 | \$131,385,818 | \$129,829,833 |



**Schedule 2**  
**City of Gastonia**  
**Changes in Net Position, Last Ten Fiscal Years**  
(accural basis of accounting)

|   | 2023           | 2022           | 2021           | 2020           | 2019           | 2018           | 2017           | 2016           | 2015           | 2014           |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Net (Expense)/Revenue</b>                              |                |                |                |                |                |                |                |                |                |                |
| Governmental activities                                   | (\$68,808,390) | (\$65,415,765) | (\$66,681,529) | (\$61,114,247) | (\$52,675,281) | (\$51,515,939) | (\$47,323,670) | (\$47,505,109) | (\$46,268,405) | (\$48,140,585) |
| Business-type activities                                  | 17,005,090     | 13,426,191     | 28,124,926     | 19,090,121     | 15,146,129     | 7,202,479      | 7,740,970      | 6,502,481      | 2,652,562      | 3,440,153      |
| Total primary government net expense                      | (\$51,803,300) | (\$51,989,574) | (\$38,556,603) | (\$42,024,126) | (\$37,529,152) | (\$44,313,460) | (\$39,582,700) | (\$41,002,628) | (\$43,615,843) | (\$44,700,432) |
| <b>General Revenues and Other Changes in Net Position</b> |                |                |                |                |                |                |                |                |                |                |
| Governmental activities                                   |                |                |                |                |                |                |                |                |                |                |
| Ad valorem taxes  | \$38,954,815   | \$37,480,750   | \$36,931,674   | \$36,165,019   | \$31,792,472   | \$31,189,826   | \$30,201,787   | \$29,100,257   | \$29,226,233   | \$29,677,867   |
| Sales taxes   | 18,161,325     | 16,972,083     | 14,718,183     | 12,750,343     | 12,110,099     | 11,373,889     | 10,798,202     | 10,115,362     | 9,638,696      | 9,188,630      |
| Payments in lieu of taxes                                 | 4,951,086      | 4,863,005      | 4,733,059      | 4,360,255      | 4,160,439      | 3,788,366      | 3,549,931      | 3,366,991      | 3,328,873      | 3,239,138      |
| Utility franchise taxes                                   | 23,152         | 7,136          | 12,298         | 6,097          | 8,249          | 1,767          | 1,716          | 2,240          | 903,042        | 3,739,996      |
| Other taxes   | 7,516,137      | 7,194,071      | 7,099,925      | 6,866,626      | 7,193,071      | 7,104,021      | 6,684,289      | 6,407,474      | 6,450,830      | 1,923,653      |
| Interest earned on investments                            | 3,865,177      | 286,522        | 204,099        | 1,201,656      | 1,073,931      | 978,751        | 745,380        | 715,572        | 670,356        | 670,401        |
| Gain (loss) on disposal of assets                         | -899,318       | -1,061,425     | -364,924       | -314,801       | -320,494       | -1,057,760     | -1,463,925     | -2,063,679     | -2,144,444     | -1,705,326     |
| Transfers   | 72,973,374     | 65,742,142     | 63,334,314     | 61,035,195     | 56,017,767     | 53,378,860     | 50,517,380     | 47,644,217     | 48,073,586     | 46,734,359     |
| Total governmental activities                             |                |                |                |                |                |                |                |                |                |                |
| Business-type activities:                                 |                |                |                |                |                |                |                |                |                |                |
| Interest earned on investments                            | 2,648,864      | 135,444        | 52,131         | 719,148        | 816,176        | 589,504        | 398,904        | 146,241        | 57,992         | 66,590         |
| Gain (loss) on disposal of assets                         | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| Transfers   | 899,318        | 1,061,425      | 364,924        | 314,801        | 320,494        | 1,057,760      | 1,463,925      | 2,063,679      | 2,144,444      | 1,705,326      |
| Total Business-type activities                            | 3,548,182      | 1,196,869      | 417,055        | 1,033,949      | 1,136,670      | 1,647,264      | 1,862,829      | 2,209,920      | 2,202,436      | 1,771,906      |
| Total primary government                                  | \$76,121,556   | \$66,939,011   | \$63,751,369   | \$62,069,144   | \$57,154,437   | \$55,026,124   | \$52,380,206   | \$49,854,137   | \$50,276,022   | \$48,506,265   |
| <b>Changes in Net Position</b>                            |                |                |                |                |                |                |                |                |                |                |
| Governmental activities                                   | \$3,764,984    | \$326,377      | \$6,652,785    | (\$79,052)     | \$3,342,486    | \$1,862,921    | \$3,193,710    | \$139,108      | \$1,805,181    | (\$1,406,226)  |
| Business-type activities                                  | 20,553,272     | 14,623,060     | 28,541,981     | 20,124,070     | 16,282,799     | 8,845,743      | 9,603,799      | 8,712,401      | 4,854,998      | 5,212,059      |
| Total primary government                                  | \$24,318,256   | \$14,949,437   | \$35,194,766   | \$20,045,018   | \$19,625,285   | \$10,712,664   | \$12,797,509   | \$8,851,509    | \$6,660,179    | \$3,805,833    |

(1) In Fiscal Year 2015 the State implemented a Utility Sales Tax and repealed the Utility Franchise Tax statute. The new Utility sales tax is now presented in Other Taxes.

**Schedule 3**  
**City of Gastonia**  
**Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

|   | Fiscal Year         |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2014                | 2015                | 2016                | 2017                | 2018                | 2019                | 2020                | 2021                | 2022                | 2023                |
| <b>General Fund</b>                       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Non Spendable                             | \$674,941           | \$623,318           | \$1,115,263         | \$997,969           | \$903,034           | \$644,336           | \$727,185           | \$743,112           | \$884,658           | \$959,288           |
| Restricted                                | 6,656,217           | 7,109,193           | 7,828,824           | 8,620,490           | 11,734,672          | 13,303,538          | 11,818,046          | 12,008,945          | 14,720,282          | 18,483,048          |
| Assigned                                  | 1,359,364           | 1,075,528           | 2,219,036           | 1,185,733           | 1,563,000           | -                   | -                   | -                   | 1,986,850           | 74,827              |
| Unassigned                                | 16,255,458          | 19,295,626          | 18,385,633          | 16,923,448          | 16,607,807          | 19,259,735          | 23,035,509          | 30,029,164          | 31,302,060          | 31,257,046          |
| <b>Total general fund</b>                 | <b>\$24,945,980</b> | <b>\$28,103,665</b> | <b>\$29,548,756</b> | <b>\$27,727,640</b> | <b>\$30,808,513</b> | <b>\$33,207,609</b> | <b>\$35,580,740</b> | <b>\$42,781,221</b> | <b>\$48,893,850</b> | <b>\$50,774,209</b> |
| <b>All other Governmental Funds</b>       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Non Spendable                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Other Governmental Funds                  | \$1,599,078         | \$2,531,330         | \$-                 | \$-                 | \$-                 | \$-                 | \$-                 | \$ 29,030           | \$ 57,394           | \$ 94,316           |
| Restricted                                |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Mayor/Council Capital Project Fund        | -                   | -                   | 340,937             | 1,816,720           | 2,762,790           | 1,786,942           | 34,929,606          | 2,766,386           | 2,083,616           | 1,960,533           |
| Streets Capital Project Fund              | 24,567,467          | 31,829,717          | 23,126,995          | 6,197,472           | 4,410,962           | 3,211,789           | 4,259,300           | 2,859,278           | 1,037,981           | 50,078,823          |
| American Rescue Plan Fund                 | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 661,767             | -                   |
| Other Governmental Funds                  | 1,672,903           | 966,264             | 3,334,565           | 2,766,279           | 3,243,484           | 4,122,720           | 5,546,897           | 5,451,114           | 5,124,591           | 6,237,360           |
| <b>Committed</b>                          |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| American Rescue Plan Fund                 | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 17,085              | 605,659             |
| Assigned                                  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Mayor/Council Capital Project Fund        | -                   | -                   | 1,099,397           | 1,290,634           | -                   | 994,588             | -                   | -                   | -                   | -                   |
| Streets Capital Project Fund              | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 809,716             | -                   |
| Other Governmental Funds                  | 2,397,336           | 2,918,019           | 935,511             | 2,455,045           | 1,615,255           | 1,354,447           | 1,426,799           | 1,799,236           | 2,022,945           | 2,110,406           |
| <b>Unassigned</b>                         |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Other Governmental Funds                  | (1,542,588)         | (829,029)           | (975,230)           | (676,031)           | (141,174)           | (266,450)           | (1,712,905)         | (670,745)           | (514,668)           | (1,078,580)         |
| Mayor/Council Capital Project Fund        | -                   | -                   | -                   | -                   | (662,901)           | -                   | (18,942,569)        | -                   | -                   | -                   |
| American Rescue Plan Fund                 | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | (661,767)           | -                   |
| Streets Capital Project Fund              | (1,633,558)         | (11,529,005)        | (7,915,079)         | (2,213,464)         | (836,511)           | (19,531)            | (992,682)           | -                   | -                   | (11,482,914)        |
| <b>Total all other governmental funds</b> | <b>\$27,060,638</b> | <b>\$25,887,296</b> | <b>\$19,947,096</b> | <b>\$11,636,655</b> | <b>\$10,391,905</b> | <b>\$11,184,505</b> | <b>\$24,514,446</b> | <b>\$12,234,299</b> | <b>\$10,638,660</b> | <b>\$48,525,603</b> |

**Note: The significant increase in other governmental funds fund balances in 2020 was directly related to the issuance of capital project debt. The decrease in 2021 was due to use of these debt proceeds.**

**Schedule 4**  
**City of Gastonia**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

|   | 2014         | 2015         | 2016         | 2017          | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         |
|---|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Revenues</b>   |              |              |              |               |              |              |              |              |              |              |
| Ad valorem taxes  | \$29,598,524 | \$29,416,567 | \$29,182,589 | \$30,250,130  | \$31,240,876 | \$31,885,133 | \$36,028,909 | \$37,085,572 | \$37,570,758 | \$38,871,513 |
| Other taxes and licenses                                | 18,091,417   | 20,321,441   | 19,892,067   | 21,034,138    | 22,268,043   | 23,471,858   | 23,983,321   | 26,563,465   | 29,036,295   | 30,651,700   |
| Unrestricted intergovernmental revenues                 | 1,724,860    | 1,844,467    | 2,086,035    | 2,216,249     | 2,130,622    | 2,310,339    | 2,298,097    | 2,085,949    | 2,112,550    | 1,823,441    |
| Restricted intergovernmental revenues                   | 4,618,211    | 4,680,242    | 4,673,553    | 4,846,038     | 5,370,916    | 5,090,667    | 4,677,542    | 6,589,613    | 6,321,840    | 10,693,684   |
| Permits and fees  | 942,613      | 1,075,019    | 1,368,815    | 1,287,879     | 1,229,305    | 1,084,807    | 1,374,067    | 2,211,546    | 2,383,201    | 777,358      |
| Sales and services                                      | 3,582,150    | 2,921,922    | 2,719,422    | 3,392,516     | 3,223,508    | 3,258,458    | 3,206,529    | 2,561,001    | 3,782,874    | 4,551,733    |
| Investment earnings                                     | 500,644      | 497,689      | 543,150      | 563,738       | 763,974      | 980,490      | 1,139,794    | 188,795      | 285,079      | 3,300,003    |
| Miscellaneous   | 736,893      | 836,479      | 947,822      | 587,591       | 1,151,963    | 715,970      | 1,432,220    | 1,103,127    | 1,715,045    | 1,227,899    |
| Total revenues  | 59,795,312   | 61,593,826   | 61,413,453   | 64,178,279    | 67,379,207   | 68,797,722   | 74,140,479   | 78,389,068   | 83,187,642   | 91,897,331   |
| <b>Expenditures</b>                                     |              |              |              |               |              |              |              |              |              |              |
| Current:  |              |              |              |               |              |              |              |              |              |              |
| General government                                      | 8,392,694    | 7,652,922    | 8,432,653    | 8,611,305     | 8,769,056    | 9,474,233    | 10,219,791   | 10,501,980   | 13,251,358   | 16,493,323   |
| Public Safety   | 25,884,059   | 26,361,638   | 27,929,197   | 29,290,869    | 30,058,429   | 31,744,048   | 32,784,233   | 33,770,147   | 37,271,714   | 41,053,964   |
| Public works and cemeteries                             | 5,244,937    | 5,449,447    | 5,497,190    | 5,828,965     | 5,667,571    | 7,154,730    | 9,829,522    | 8,241,856    | 10,077,161   | 8,520,573    |
| Cultural and recreation                                 | 4,971,730    | 5,382,186    | 5,467,201    | 5,545,275     | 5,947,833    | 6,148,764    | 6,695,440    | 6,053,064    | 6,919,166    | 8,935,530    |
| Economic and physical development                       | 1,730,797    | 1,579,764    | 1,666,099    | 2,643,288     | 2,201,718    | 2,469,454    | 2,060,213    | 1,437,793    | 1,745,398    | 3,890,112    |
| Capital outlay  | 2,472,047    | 3,869,762    | 6,780,550    | 15,981,404    | 5,919,767    | 2,177,554    | 14,886,772   | 18,720,095   | 2,895,319    | 4,348,694    |
| Debt Service:   |              |              |              |               |              |              |              |              |              |              |
| Principal repayments                                    | 4,335,667    | 5,036,666    | 4,819,668    | 3,969,667     | 3,078,328    | 3,131,000    | 11,499,237   | 2,926,237    | 4,589,541    | 4,537,110    |
| Interest  | 2,327,797    | 2,146,625    | 1,986,270    | 1,821,336     | 1,692,128    | 1,621,803    | 2,411,935    | 1,534,456    | 1,122,078    | 1,081,522    |
| Total expenditures                                      | 55,359,728   | 57,479,010   | 62,578,828   | 73,692,109    | 63,334,830   | 63,921,586   | 90,387,143   | 83,185,628   | 77,871,735   | 88,860,828   |
| Revenues over (under) expenditures                      | 4,435,584    | 4,114,816    | (1,165,375)  | (9,513,830)   | 4,044,377    | 4,876,136    | (16,246,664) | (4,796,560)  | 5,315,907    | 3,036,503    |
| <b>Other Financing Sources (Uses)</b>                   |              |              |              |               |              |              |              |              |              |              |
| Payments to refund bond debt                            | -            | -            | -            | -             | -            | -            | -            | (17,805,000) | -            | -            |
| Transfers from other funds                              | 3,696,367    | 3,486,766    | 4,683,368    | 8,070,623     | 5,266,501    | 3,816,247    | 5,562,871    | 6,739,012    | 3,865,792    | 4,907,305    |
| Transfers to other funds                                | (5,823,167)  | (6,543,465)  | (8,056,474)  | (9,534,548)   | (7,425,690)  | (5,684,264)  | (5,877,672)  | (7,103,936)  | (5,217,217)  | (8,158,999)  |
| Lease liabilities issued                                | -            | -            | -            | -             | -            | -            | -            | -            | 445,451      | -            |
| IT Subscriptions liabilities issued                     | -            | -            | -            | -             | -            | -            | -            | -            | -            | 2,220,353    |
| Issuance of long term debt                              | -            | -            | -            | -             | -            | -            | 32,640,000   | 17,872,000   | -            | 33,190,000   |
| Bond premium received                                   | -            | -            | -            | -             | -            | -            | -            | -            | -            | 4,547,966    |
| Total other financing sources (uses)                    | (2,126,800)  | (3,056,699)  | (3,373,106)  | (1,463,925)   | (2,159,189)  | (1,868,017)  | 32,325,199   | (297,924)    | (905,974)    | 36,706,625   |
| Net change in fund balances                             | \$2,308,784  | \$1,058,117  | -\$4,538,481 | -\$10,977,755 | \$1,885,188  | \$3,008,119  | \$16,078,535 | -\$5,094,484 | \$4,409,933  | \$39,743,128 |
| Debt service as a percentage of noncapital expenditures | 12.84%       | 13.63%       | 12.55%       | 10.39%        | 8.20%        | 7.75%        | 19.26%       | 7.12%        | 7.79%        | 7.31%        |

**Note:** The significant increases and decreases in fund balance in the years presented are mostly related to the issuance of debt and the use of the debt proceeds; however, the increase in revenues in 2020 was mostly due to a property tax base reassessment and the increase in 2021 was related to an increase in sales tax distributions.

**Schedule 5**  
**City of Gastonia**  
**Tax Revenues by Source, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting )

| Fiscal Year | Property Tax | Local Option Sales Tax | Utility Sales Tax | Video         |                   |               | Rental Vehicle Tax | Total      |
|-------------|--------------|------------------------|-------------------|---------------|-------------------|---------------|--------------------|------------|
|             |              |                        |                   | Franchise Tax | Beer and Wine Tax | Franchise Tax |                    |            |
| 2014        | 29,244,897   | 9,188,630              | -                 | 3,739,996     | 317,167           | 533,480       | 68,196             | 43,092,366 |
| 2015        | 29,097,588   | 9,638,696              | 4,689,016         | 903,042       | 347,911           | 543,977       | 79,337             | 45,299,567 |
| 2016        | 28,876,336   | 10,115,362             | 4,810,587         | 2,240         | 321,943           | 516,055       | 94,897             | 44,737,420 |
| 2017        | 29,966,989   | 10,798,202             | 4,374,029         | 1,716         | 334,226           | 520,320       | 112,953            | 46,108,435 |
| 2018        | 30,959,917   | 11,373,889             | 4,559,667         | 1,767         | 322,430           | 503,843       | 86,646             | 47,808,159 |
| 2019        | 31,608,150   | 12,110,099             | 4,639,601         | 8,249         | 328,386           | 479,266       | 64,132             | 49,237,883 |
| 2020        | 35,731,017   | 12,750,343             | 4,362,082         | 6,097         | 328,712           | 462,372       | 91,634             | 53,732,257 |
| 2021        | 36,749,813   | 14,718,183             | 4,496,204         | 12,298        | 324,809           | 456,213       | 88,930             | 56,846,450 |
| 2022        | 37,570,758   | 16,972,083             | 4,468,324         | 7,136         | 324,098           | 473,089       | 96,781             | 59,912,269 |
| 2023        | 38,871,513   | 18,161,325             | 4,667,585         | 23,152        | 373,362           | 438,179       | 110,700            | 62,645,816 |

**Notes:**

In Fiscal Year 2015 the State implemented a Utility Sales Tax and repealed the Utility Franchise Tax statute.

The increase in property tax revenues was due to the results of a State required property revaluation. The State requires revaluations to be preformed, at a minimum, every eight years. See Schedule 6 for the increase in assessed value.

**Schedule 6**  
**City of Gastonia**  
**Assessed Value and Estimated Actual Value of Taxable Property,**  
**Last Ten Fiscal Years**  
(in thousands of dollars)

| Fiscal Year | Real Property <sup>(1)</sup> | Personal Property | Motor Vehicles | Public Service Companies | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value |
|-------------|------------------------------|-------------------|----------------|--------------------------|------------------------------|-----------------------|--------------------------------|
| 2014        | 4,273,933                    | 495,290           | 589,129        | 113,014                  | 5,471,366                    | 0.5300                | 5,471,366                      |
| 2015        | 4,329,645                    | 526,332           | 376,073        | 116,399                  | 5,348,449                    | 0.5300                | 5,348,449                      |
| 2016        | 4,216,481                    | 552,606           | 406,494        | 132,616                  | 5,308,197                    | 0.5300                | 5,308,197                      |
| 2017        | 4,260,390                    | 660,221           | 460,177        | 147,673                  | 5,528,461                    | 0.5300                | 5,647,922                      |
| 2018        | 4,370,658                    | 736,367           | 462,430        | 145,394                  | 5,714,849                    | 0.5300                | 6,600,651                      |
| 2019        | 4,444,716                    | 740,752           | 488,683        | 153,419                  | 5,827,570                    | 0.5300                | 7,197,049                      |
| 2020        | 5,335,685                    | 746,309           | 483,840        | 183,143                  | 6,748,977                    | 0.5200                | 8,874,905                      |
| 2021        | 5,411,854                    | 750,103           | 572,537        | 159,113                  | 6,893,607                    | 0.5200                | 9,754,454                      |
| 2022        | 5,537,647                    | 734,403           | 549,980        | 161,543                  | 6,983,573                    | 0.5200                | 10,230,934                     |
| 2023        | 5,731,954                    | 753,232           | 605,789        | 156,760                  | 7,247,735                    | 0.5200                | 10,993,159                     |

**Note:** The levy of property taxes each year is based on the assessed value of taxable property as of January 1, preceding the beginning of the fiscal year on July 1. All taxable property was assessed at one hundred percent (100%) of its estimated actual value at the time of the revaluation. Valuations presented in this schedule do not include property owned by the United States Government, the State of North Carolina, educational institutions, etc., that are not subject to taxation. Based on the economic conditions in the housing market from 2012 through 2015 taxable value (market value) was estimated to be approximately 100% of the County assessed value. A County reappraisal was completed in 2015 and was applicable to the assessed values reported for 2016. The estimated tax values subsequent to that were derived using estimated housing market increases / decreases obtained from Gaston county realtor publications, 6.4%, 9.1% and 8.0% for 2017, 2018 and 2019, respectively. As noted below the County completed its State required octennial reappraisal effective January 1, 2019 and was applicable to the City's 2019/2020 fiscal year. The estimated actual taxable value measured by the publicized market increases still exceeded the actual County appraised value after the 2020 revaluation. The estimated tax value for 2021 and 2022 was derived from the estimated housing market increase for the 2021 and 2022 fiscal years, as obtained from Gaston County real estate publications. The 2023 estimated actual taxable value is based on the actual revaluation values derived from the Count revaluation conducted as of 1/1/2023.

<sup>(1)</sup> North Carolina General Statutes 105-286 require that an octennial reappraisal of real property be conducted; however, State statutes allow more frequent reappraisals if adopted by each county. The most recent reappraisal of all taxable property took place in January of 2023 and was effective for the Fiscal Year 2024 property taxes. Gaston County's policy is to perform reappraisals every four years. The next reappraisal is scheduled in 2027.

**Schedule 7**  
**City of Gastonia**  
**Direct and Overlapping Property Tax Rates,**  
**Last Ten Fiscal Years**  
(rate per \$100 of assessed value)

| <b>Fiscal Year</b> | <b>City Direct Rates</b> |                        |                          | <b>Overlapping Rates</b> | <b>Combined Tax Rate</b> |
|--------------------|--------------------------|------------------------|--------------------------|--------------------------|--------------------------|
|                    | <b>Basic Rate</b>        | <b>Debt Retirement</b> | <b>Total Direct Rate</b> |                          |                          |
|                    | <b>General Fund</b>      |                        |                          | <b>Gaston County</b>     | <b>City and County</b>   |
| 2014               | 0.4175                   | 0.1125                 | 0.5300                   | 0.8700                   | 1.4000                   |
| 2015               | 0.4175                   | 0.1125                 | 0.5300                   | 0.8700                   | 1.4000                   |
| 2016               | 0.4175                   | 0.1125                 | 0.5300                   | 0.8700                   | 1.4000                   |
| 2017               | 0.4175                   | 0.1125                 | 0.5300                   | 0.8700                   | 1.4000                   |
| 2018               | 0.4175                   | 0.1125                 | 0.5300                   | 0.8700                   | 1.4000                   |
| 2019               | 0.4175                   | 0.1125                 | 0.5300                   | 0.8700                   | 1.4000                   |
| 2020               | 0.4075                   | 0.1125                 | 0.5200                   | 0.8400                   | 1.3600                   |
| 2021               | 0.4075                   | 0.1125                 | 0.5200                   | 0.8300                   | 1.3500                   |
| 2022               | 0.4075                   | 0.1125                 | 0.5200                   | 0.8300                   | 1.3500                   |
| 2023               | 0.4075                   | 0.1125                 | 0.5200                   | 0.8100                   | 1.3300                   |

Schedule 8  
City of Gastonia  
Principal Property Tax Payers,  
Current Year and Nine Years Ago

|     | 2023                         |                           |      |   | 2014                      |      |   |  |
|-----|------------------------------|---------------------------|------|---|---------------------------|------|---|--|
|     | Taxpayer                     | Taxable<br>Assessed Value | Rank | Percentage of Total<br>City Taxable<br>Assessed Value | Taxable<br>Assessed Value | Rank | Percentage of Total<br>City Taxable<br>Assessed Value |  |
| (a) | Daimler Trucks North America | \$98,373,569              | 1    | 1.49%   | \$59,294,569              | 1    | 1.22%   |  |
|     | Owens Corning                | 62,757,486                | 2    | 0.95%   | -                         | -    | -   |  |
|     | Triangle Real Estate         | 61,966,970                | 3    | 0.94%   | 38,484,535                | 2    | 0.79%   |  |
|     | Duke Energy                  | 52,042,113                | 4    | 0.79%   | 24,217,108                | 10   | 0.50%   |  |
| (b) | Mann+Hummel Filtration - Wix | 49,550,601                | 5    | 0.75%   | 33,843,046                | 4    | 0.69%   |  |
|     | NP Gastonia Industrial       | 48,082,560                | 6    | 0.73%   | -                         | -    | -   |  |
|     | Dominion Energy              | 41,311,564                | 7    | 0.62%   | 36,006,001                | 3    | 0.74%   |  |
|     | Stabilus Inc.                | 40,165,356                | 8    | 0.61%   | 32,099,620                | 6    | 0.66%   |  |
| (c) | Lanxess Corporation          | 39,096,585                | 9    | 0.59%   | -                         | -    | -   |  |
|     | BRE Retail Residual NC       | 33,976,460                | 10   | 0.51%   | -                         | -    | -   |  |
|     | Southwood Realty             | -                         | -    | -   | 33,077,865                | 5    | 0.68%   |  |
|     | Centro Bradley Spe 1 LLC     | -                         | -    | -   | 27,293,721                | 7    | 0.56%   |  |
|     | Roehling                     | -                         | -    | -   | 26,620,016                | 8    | 0.55%   |  |
|     | Bellsouth Tel Co             | -                         | -    | -   | 26,030,086                | 9    | 0.53%   |  |

Source: Gaston County Assessors Office

- (a) Owens Corning just finished construction in the past several years on a new facility in the Gastonia Technology Park .
- (b) Formally PSNC Energy
- (c) E&A Franklin Square LTD owned the Franklin Square Mall in 2012 and BRE Retail Residual NC currently owns Franklin Square Mall .

**Schedule 9**  
**City of Gastonia**  
**Property Tax Levies and Collections,**  
**Last Ten Fiscal Years**  
**(Dollars in Thousands)**

| Fiscal Year<br>Ended June 30 | Taxes Levied for<br>the Fiscal Year | Collected within the Fiscal<br>Year of the Levy |                       | Collections<br>in<br>Subsequent | Total Collections to Date |                       |
|------------------------------|-------------------------------------|---|-----------------------|---------------------------------|---------------------------|-----------------------|
|                              |                                     | Amount  | Percentage<br>of Levy |                                 | Amount                    | Percentage of<br>Levy |
| 2014                         | 28,998                              | 28,420  | 98.01%                | 535                             | 28,955                    | 99.85%                |
| 2015                         | 28,347                              | 27,931  | 98.53%                | 369                             | 28,300                    | 99.83%                |
| 2016                         | 28,134                              | 27,779  | 98.74%                | 310                             | 28,089                    | 99.84%                |
| 2017                         | 29,301                              | 28,965  | 98.85%                | 285                             | 29,250                    | 99.83%                |
| 2018                         | 30,289                              | 29,978  | 98.97%                | 241                             | 30,219                    | 99.77%                |
| 2019                         | 30,886                              | 30,611  | 99.10%                | 200                             | 30,811                    | 99.76%                |
| 2020                         | 35,095                              | 34,643  | 98.71%                | 361                             | 35,004                    | 99.74%                |
| 2021                         | 35,847                              | 35,556  | 99.19%                | 208                             | 35,764                    | 99.77%                |
| 2022                         | 36,315                              | 36,026  | 99.21%                | 166                             | 36,192                    | 99.66%                |
| 2023                         | 37,688                              | 37,338  | 99.07%                | -                               | 37,338                    | 99.07%                |

**Source: City Of Gastonia Treasurer**



**Schedule 10**  
**City of Gastonia**  
**Ratios of Outstanding Debt by Type,**  
**Last Ten Fiscal Years**  
(dollars in thousands, except per capita)

| Fiscal Year | Governmental Activities  |                               |                       |                            |                                     | Business-type Activities |                          |                               |                       |                        |        |                                     |       |                       |                          |                               |            |
|-------------|--------------------------|-------------------------------|-----------------------|----------------------------|-------------------------------------|--------------------------|--------------------------|-------------------------------|-----------------------|------------------------|--------|-------------------------------------|-------|-----------------------|--------------------------|-------------------------------|------------|
|             | General Obligation Bonds | Certificates of Participation | Limited               |                            |                                     | Section 108 Loan         | General Obligation Bonds | Water Revenue Bonds & Premium |                       | Installment Financing  |        | Lease and IT Subscription Financing |       | State Revolving Loans | Total Primary Government | Percentage of Personal Income | Per Capita |
|             |                          |                               | Installment Financing | Obligation Bonds & Premium | Lease and IT Subscription Financing |                          |                          | Premium                       | Installment Financing | Subscription Financing |        |                                     |       |                       |                          |                               |            |
|             |                          |                               |                       |                            |                                     |                          |                          |                               |                       |                        |        |                                     |       |                       |                          |                               |            |
| 2014        | 34,182                   | 1,255                         | 8,524                 | 14,973                     | -                                   | 1,718                    | 430                      | 25,734                        | 375                   | -                      | 3,713  | 90,904                              | 3.45% | 1,254                 |                          |                               |            |
| 2015        | 31,670                   | 640                           | 8,822                 | 13,916                     | -                                   | 965                      | 430                      | 19,532                        | 325                   | -                      | 3,431  | 79,731                              | 2.90% | 1,093                 |                          |                               |            |
| 2016        | 29,010                   | -                             | 9,225                 | 12,859                     | -                                   | 602                      | 430                      | 38,988                        | 275                   | -                      | 14,779 | 106,168                             | 1.441 |                       |                          |                               |            |
| 2017        | 26,241                   | -                             | 9,100                 | 11,792                     | -                                   | 568                      | 430                      | 35,206                        | 200                   | -                      | 28,135 | 111,672                             | 3.77% | 1,501                 |                          |                               |            |
| 2018        | 24,235                   | -                             | 8,867                 | 10,719                     | -                                   | 534                      | 430                      | 31,294                        | 100                   | -                      | 36,442 | 112,621                             | 1.483 |                       |                          |                               |            |
| 2019        | 22,380                   | -                             | 8,440                 | 9,637                      | -                                   | 173                      | 430                      | 27,236                        | -                     | -                      | 35,435 | 103,731                             | 3.28% | 1,360                 |                          |                               |            |
| 2020        | 20,524                   | -                             | 16,826                | 24,000                     | -                                   | -                        | 381                      | 25,333                        | -                     | -                      | 34,428 | 121,492                             | 3.58% | 1,577                 |                          |                               |            |
| 2021        | 18,665                   | -                             | 15,715                | 24,000                     | -                                   | -                        | 332                      | 23,244                        | -                     | -                      | 33,687 | 115,643                             | 1.438 |                       |                          |                               |            |
| 2022        | 16,548                   | -                             | 20,645                | 22,665                     | -                                   | -                        | 284                      | 21,091                        | -                     | -                      | 34,021 | 115,254                             | NA    | 1,420                 |                          |                               |            |
| 2023        | 52,148                   | -                             | 16,067                | 21,330                     | 2,351                               | -                        | 236                      | 17,428                        | -                     | 150                    | 36,236 | 145,946                             | NA    | 1,748                 |                          |                               |            |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. The increase in the General Obligation Bonds was due to the issuance of \$37,737,996 General Obligation Bonds including a premium. The City did not issue a vehicle and equipment loan in the 2023. The increase in IT subscription financing is related to the implementation of GASB 96. The City also drew down the remaining loan proceeds related to the State Revolving Loan.

NA not available at publication time

**Schedule 11**  
**City of Gastonia**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
(dollars in thousands, except per capita)

| <b>Fiscal Year</b> | <b>General Obligation Bonds</b> | <b>Percentage of Actual Taxable Value of Property</b> | <b>Population</b> | <b>Per Capita</b> |
|--------------------|---------------------------------|---|-------------------|-------------------|
| 2014               | 34,612                          | 0.63%   | 72,507            | 477               |
| 2015               | 32,100                          | 0.60%   | 72,947            | 440               |
| 2016               | 29,440                          | 0.55%   | 73,698            | 399               |
| 2017               | 26,671                          | 0.48%   | 74,413            | 358               |
| 2018               | 24,665                          | 0.43%   | 75,919            | 325               |
| 2019               | 22,810                          | 0.39%   | 76,298            | 299               |
| 2020               | 20,905                          | 0.31%   | 77,024            | 271               |
| 2021               | 18,997                          | 0.28%   | 80,411            | 236               |
| 2022               | 16,832                          | 0.24%   | 81,161            | 207               |
| 2023               | 52,149                          | 0.75%   | 83,488            | 625               |

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**Schedule 12**  
**City of Gastonia**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2023**  
(dollars in thousands)

| <u>Governmental Unit</u>          | <u>Total Debt</u>             | <u>Estimated<br/>Percentage<br/>Applicable <sup>(2)</sup></u> | <u>Estimated Share<br/>of Direct and<br/>Overlapping<br/>Debt</u> |
|-----------------------------------|-------------------------------|---|---|
| Direct Debt:                      |                               |   |   |
| City of Gastonia                  | \$89,514 <sup>(1)</sup>       | 100%  | \$89,514  |
| Overlapping Debt                  |                               |   |   |
| Gaston County                     | <u>174,951 <sup>(3)</sup></u> | 32.82%  | <u>\$57,419</u>   |
| Total direct and overlapping debt | <u><u>\$264,465</u></u>       |   | <u><u>\$146,933</u></u>   |

**Notes:**

- (1) Total debt was calculated as general obligation bonds, installment purchases, limited obligation bonds, and bond premiums less general obligation bonds incurred for business-type activities.
- (2) Allocated based on assessed valuation.
- (3) Overlapping debt is owned by Gaston County and benefits all areas within the county. Payment of this debt is the responsibility of Gaston County. Net debt is calculated as general obligation bonds, certificates of participation, state revolving loans, installment purchases, capital leases, and bond premiums less debt incurred for enterprise funds.

**Schedule 13**  
**City of Gastonia**  
**Legal Debt Margin Information,**  
**Last Ten Fiscal Years**  
(dollars in thousands)

**Legal Debt Margin Calculation for Fiscal Year 2023**

|   |                         |
|---|-------------------------|
| Assessed value                          | \$7,247,735             |
| Debt limit (8% of assessed value)       | 579,819                 |
| Debt applicable to limit:               |                         |
| Authorized & Outstanding bonded debt    | 86,595                  |
| Outstanding debt not evidenced by bonds | <u>58,300</u>           |
|   | <u>144,895</u>          |
| Statutory Deductions:                   |                         |
| Bonds and other debt not evidenced by   | 55,349                  |
| bonds applicable to Enterprise Funds    |                         |
| Amount designated for payment of gross  | <u>32</u>               |
| debt other than Enterprise Funds        | <u>55,381</u>           |
| Net Debt                                | <u>89,514</u>           |
| Legal Debt Limit                        | <u><u>\$490,304</u></u> |

|  | Fiscal Year      |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2014             | 2015             | 2016             | 2017             | 2018             | 2019             | 2020             | 2021             | 2022             | 2023             |
| Debt limit                             | \$411,170        | \$427,876        | \$424,656        | \$442,277        | \$457,188        | \$466,206        | \$539,918        | \$551,488        | \$558,686        | \$579,819        |
| Total net debt applicable to limit     | 60,049           | 55,577           | 51,427           | 47,599           | 44,419           | 40,660           | 61,317           | 58,379           | 59,826           | 89,514           |
| Legal debt margin                      | <u>\$351,121</u> | <u>\$372,299</u> | <u>\$373,229</u> | <u>\$394,678</u> | <u>\$412,769</u> | <u>\$425,546</u> | <u>\$478,601</u> | <u>\$493,109</u> | <u>\$498,860</u> | <u>\$490,304</u> |
| Total net debt applicable to the limit | 14.60%           | 12.99%           | 12.11%           | 10.76%           | 9.72%            | 8.72%            | 11.36%           | 10.59%           | 10.71%           | 15.44%           |
| as a percentage of debt limit          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |

**Schedule 14**  
**City of Gastonia**  
**Pledged-Revenue Coverage,**  
**Last Ten Fiscal Years**  
(dollars in thousands)

| Water Revenue Bonds |                                       |   |                       |                                       |                                      |          |
|---------------------|---------------------------------------|---|-----------------------|---------------------------------------|--------------------------------------|----------|
| Fiscal Year         | Gross Utility Revenues <sup>(1)</sup> | Less: Operating Expenses <sup>(2)</sup> | Net Available Revenue | Debt Service Principal <sup>(3)</sup> | Debt Service Interest <sup>(4)</sup> | Coverage |
| 2014                | 33,760                                | 20,985                                  | 12,775                | 3,570                                 | 961                                  | 2.82     |
| 2015                | 34,350                                | 22,126                                  | 12,224                | 3,693                                 | 902                                  | 2.66     |
| 2016                | 35,608                                | 22,097                                  | 13,511                | 3,268                                 | 972                                  | 3.19     |
| 2017                | 36,090                                | 23,397                                  | 12,693                | 4,033                                 | 1,431                                | 2.32     |
| 2018                | 37,504                                | 25,254                                  | 12,250                | 4,439                                 | 1,266                                | 2.15     |
| 2019                | 38,080                                | 26,876                                  | 11,204                | 6,084                                 | 953                                  | 1.59     |
| 2020                | 40,504                                | 27,608                                  | 12,896                | 3,979                                 | 982                                  | 2.60     |
| 2021                | 41,572                                | 26,314                                  | 15,258                | 4,105                                 | 928                                  | 3.03     |
| 2022                | 46,318                                | 29,637                                  | 16,681                | 4,206                                 | 817                                  | 3.32     |
| 2023                | 46,454                                | 33,154                                  | 13,300                | 4,268                                 | 748                                  | 2.65     |

<sup>(1)</sup> "Gross Revenues" shall mean all rates, fees, charges, assessments or other income received by the City or accrued to the City or any agency thereof in control of the management and operation of said Water and Sewer Utility. Excluded from "Gross Revenues" are revenue and interest earned in the Water and Sewer Capital Projects Fund.

<sup>(2)</sup> "Expenses" exclude debt service payment, depreciation of fixed assets, amortization of deferred charges, transfers to other funds, and payments to escrow which are reflected as expenses in the financial statements. Per the sixth supplemental trust agreement, dated July 1, 2005, payments to the General Fund for payments in lieu of taxes and franchise fees shall not be included in current expenses for purposes of calculating the debt coverage ratio.

<sup>(3)</sup> "Principal" excludes refunding activity and any early redemption of debt. Includes all subordinated debt service.

<sup>(4)</sup> "Interest" includes all subordinated debt service.

**Note:** Trust agreement coverage ratio for parity indebtedness and subordinated indebtedness (all debt) is 1.00.

**Schedule 15**  
**City of Gastonia**  
**Demographic and Economic Statistics,**  
**Last Ten Calendar Years**

| <b>Calendar<br/>Year</b> | <b>Population <sup>(1)</sup></b> | <b>Personal Income<br/>(thousands of<br/>dollars) <sup>(2)</sup></b> | <b>Per Capita Personal<br/>Income <sup>(3)</sup></b> | <b>Unemployment<br/>Rate <sup>(4)</sup></b> |
|--------------------------|----------------------------------|--|--|---|
| 2014                     | 72,507                           | 2,634,904  | 36,340   | 6.7%  |
| 2015                     | 72,947                           | 2,750,904  | 37,711   | 6.7%  |
| 2016                     | 73,698                           | 2,813,569  | 38,177   | 5.5%  |
| 2017                     | 74,413                           | 2,961,265  | 39,795   | 4.4%  |
| 2018                     | 75,919                           | 3,141,452  | 41,379   | 4.5%  |
| 2019                     | 76,298                           | 3,166,825  | 41,506   | 4.7%  |
| 2020                     | 77,024                           | 3,396,989  | 44,103   | 9.4%  |
| 2021                     | 80,411                           | 3,900,577  | 48,508   | 6.1%  |
| 2022                     | 81,161                           | NA   | NA   | 4.4%  |
| 2023                     | 83,488                           | NA   | NA   | 3.7%  |

**Notes:**

- <sup>(1)</sup> North Carolina Office of State Budget and Management
- <sup>(2)</sup> Per Capita Personal Income Extended By Population
- <sup>(3)</sup> US Department of Commerce - Bureau of Economic Analysis, 2022 and 2023 not available at publication date.
- <sup>(4)</sup> NC Employment Security Commission

The increase in the 2020 unemployment rate was directly related to the labor market effects of the State's Stay-At-Home order due to the COVID-19 pandemic, and the decrease in 2021 and 2022 was due to the relaxation of this State order.

Schedule 16  
City of Gastonia  
Principal Employers  
Current Year and Nine Years Ago

|                              | 2023         |      |               | 2014         |      |               |
|------------------------------|--------------|------|---------------|--------------|------|---------------|
|                              |              |      | Percentage of |              |      | Percentage of |
|                              | Approximate  | Rank | Total City    | Employees    | Rank | Total City    |
| Employer                     | Employees    |      | Employment    | 1,000 & Over |      | Employment    |
| Gaston County Schools        | 1,000 & Over | 1    | -             | 1,000 & Over | 1    | -             |
| Caromont Health              | 1,000 & Over | 2    | -             | 1,000 & Over | 2    | -             |
| Freightliner                 | 1,000 & Over | 3    | -             | 1,000 & Over | 3    | -             |
| Gaston County                | 1,000 & Over | 4    | -             | 1,000 & Over | 4    | -             |
| Wal-mart Association, Inc.   | 1,000 & Over | 5    | -             | 1,000 & Over | 5    | -             |
| Mann+Hummel Filtration ( a ) | 1,000 & Over | 6    | -             | 1,000 & Over | 6    | -             |
| American & Efird LLC         | 1,000 & Over | 7    | -             | 1,000 & Over | 7    | -             |
| City of Gastonia             | 500-999      | 8    | -             | 500-999      | 8    | -             |
| Gaston College               | 500-999      | 9    | -             | 500-999      | 9    | -             |
| Food Lion                    | 500-999      | 10   | -             | -            | -    | -             |
| Pharr Yarns                  | -            | -    | -             | 500-999      | 10   | -             |

Note: Employers in the City of Gastonia and Gaston County in close proximity to the City.

Source: NC Department of Commerce.

Due to the confidentiality policies of many employers, the exact number of employees for the principal employers is not available, therefore the percentage of total city employment is not determinable. The Gaston County Economic Development Commission and NC Employment Security Commission provides this information in ranges only.

( a ) Entity name was FKA Wix Filtration Corp in 2013

Schedule 17  
City of Gastonia  
Full-Time Equivalent City Government Employees by Function  
Last Ten Fiscal Years

| <u>Function/Program</u> | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------------|------|------|------|------|------|------|------|------|------|------|
| General Government      | 164  | 172  | 172  | 163  | 176  | 178  | 185  | 175  | 173  | 164  |
| Police                  | 164  | 158  | 168  | 167  | 177  | 183  | 185  | 181  | 204  | 205  |
| Fire                    | 137  | 137  | 137  | 137  | 142  | 141  | 138  | 144  | 144  | 144  |
| Public Works            | 74   | 74   | 73   | 70   | 61   | 66   | 66   | 67   | 77   | 77   |
| Cultural and Recreation | 46   | 53   | 52   | 53   | 68   | 72   | 70   | 68   | 79   | 82   |
| Water and Sewer         | 131  | 131  | 122  | 119  | 130  | 122  | 122  | 133  | 130  | 130  |
| Electric                | 44   | 43   | 44   | 42   | 46   | 45   | 45   | 43   | 48   | 49   |
| Transit                 | 21   | 22   | 21   | 27   | 37   | 35   | 36   | 35   | 23   | 23   |
| Solid Waste             | 38   | 39   | 40   | 40   | 44   | 43   | 42   | 47   | 53   | 53   |
| Stormwater              | 6    | 7    | 6    | 6    | 6    | 8    | 8    | 9    | 8    | 8    |
| Total                   | 825  | 836  | 835  | 824  | 887  | 893  | 897  | 902  | 939  | 935  |

Notes: All fiscal years are actual data obtained from the Budget Division.

In fiscal year 2018 the City reclassified the cemetery staff from Public Works to Recreation and the landscaping staff from Water & Sewer to Recreation.

In fiscal year 2019 the City hired additional staff in the General Government function however also transferred certain employees to the Public Works function.

In fiscal year 2019 a street repair cost center was moved from the water & sewer fund to the general fund and was then moved back in fiscal year 2021.



**Schedule 18**  
**City of Gastonia**  
**Operating Indicators by Function/Program,**  
**Last Ten Fiscal Years**

| Function/Program  | 2014     | 2015     | 2016      | 2017     | 2018     | 2019     | 2020     | 2021     | 2022     | 2023     |
|---|----------|----------|-----------|----------|----------|----------|----------|----------|----------|----------|
| General Government  |          |          |           |          |          |          |          |          |          |          |
| Commercial Construction   |          |          |           |          |          |          |          |          |          |          |
| Commercial Building permits issued                                | 467      | 368      | 396       | 381      | 592      | 347      | 384      | 291      | 291      | 42 (A)   |
| Commercial Building permit value (dollars in 1000s)               | 120,524  | 62,040   | 104,774   | 73,094   | 67,410   | 84,113   | 98,674   | 247,663  | 247,663  | 11,780   |
| Residential Construction  |          |          |           |          |          |          |          |          |          |          |
| Residential Building permits issued                               | 545      | 733      | 718       | 748      | 649      | 687      | 684      | 949      | 949      | 101 (A)  |
| Residential Building permit value (dollars in 1000s)              | 53,848   | 94,602   | 117,328   | 133,065  | 98,617   | 124,297  | 140,203  | 216,944  | 216,944  | 17,817   |
| Police  |          |          |           |          |          |          |          |          |          |          |
| Physical arrests  | 6,359    | 7,612    | 6,191     | 5,940    | 6,405    | 5,826    | 3,972    | 3,916    | 3,928    | 4,496    |
| Parking violations  | 23       | 17       | 10        | 22       | 13       | 14       | 23       | 15       | 1        | 1        |
| Traffic violations  | 8,634    | 7,003    | 9,619     | 7,440    | 6,864    | 6,035    | 6,126    | 6,806    | 7,071    | 6,940    |
| Fire  |          |          |           |          |          |          |          |          |          |          |
| Number of calls answered  | 9,567    | 10,060   | 10,729    | 11,307   | 10,725   | 10,305   | 8,662    | 10,176   | 11,626   | 12,851   |
| Fires extinguished  | 283      | 326      | 325       | 274      | 330      | 285      | 339      | 347      | 682      | 342      |
| Inspections   | 4,505    | 3,848    | 4,084     | 5,087    | 4,821    | 6,489    | 5,248    | 6,346    | 6,469    | 7,325    |
| Sanitation/Solid Waste  |          |          |           |          |          |          |          |          |          |          |
| Residential Refuse collected (tons annually)                      | 18,710   | 18,707   | 19,394    | 20,783   | 21,696   | 23,089   | 25,431   | 28,852   | 31,988   | 28,835   |
| Commercial Refuse collected (tons annually)                       | -        | (A)      | -         | (A)      | -        | (A)      | -        | (A)      | (A)      | -        |
| Contractor/Recyclables collected (tons annually)                  | 4,042    | 4,025    | 4,148     | 3,868    | 4,220    | 4,294    | 3,498    | -        | -        | (B)      |
| City Crews/Recyclables collected (tons annually)                  | 28       | 27       | 24        | 25       | 29       | 14       | -        | -        | -        | -        |
| Other public works  |          |          |           |          |          |          |          |          |          |          |
| Street resurfacing (miles)  | 1.23     | 1.06     | 1.70      | 6.20     | 11.00    | -        | 14.68    | 10.41    | 10.41    | 40.00    |
| Potholes repaired   | 1,052    | 460      | 1,586     | 1,412    | 1,465    | 1,769    | 1,788    | 1,560    | 1,106    | 440      |
| Water   |          |          |           |          |          |          |          |          |          |          |
| Number of service connections                                     | 28,095   | 28,899   | 29,523    | 30,125   | 30,383   | 30,956   | 31,215   | 32,801   | 33,591   | 33,818   |
| Water main breaks   | 149      | 110      | 204       | 170      | 201      | 138      | 203      | 126      | 102      | 148      |
| Average daily consumption (thousands of gallons)                  | 11.98MGD | 12.7 MGD | 13.8 MGD  | 14.4 MGD | 15.2 MGD | 14.5 MGD | 14.0 MGD | 13.7 MGD | 13.7 MGD | 13.6 MGD |
| Maximum daily capacity of plant in gallons (thousands of gallons) | 26MGD    | 25.3 MGD | 26 MGD    | 25.2 MGD | 25.2 MGD | 27.3 MGD | 27.3 MGD | 27.3 MGD | 27.3 MGD | 27.3 MGD |
| Wastewater  |          |          |           |          |          |          |          |          |          |          |
| Average daily sewage treatment (thousands of gallons)             | 10.8 MGD | 9.05 MGD | 10.32 MGD | 9.6 MGD  | 10.8 MGD | 13.6 MGD | 12.6 MGD | 11.2 MGD | 9.7 MGD  | 10.7 MGD |
| Maximum daily capacity of treatment in gallons                    | 26 MGD   | 26 MGD   | 26 MGD    | 26 MGD   | 26 MGD   | 26 MGD   | 26 MGD   | 26 MGD   | 26 MGD   | 26 MGD   |
| Number of service connections                                     | 25,610   | 26,389   | 26,934    | 27,562   | 27,927   | 28,234   | 28,529   | 29,790   | 30,471   | 31,178   |
| Transit   |          |          |           |          |          |          |          |          |          |          |
| Total route miles   | 284,602  | 280,808  | 291,530   | 292,204  | 288,582  | 303,204  | 301,014  | 306,067  | 292,928  | 297,125  |

Sources: Various City Departments

**Notes:**

(A): As of August 31, 2022, the City transferred the building permitting function to Gaston County.

(B): The City terminated the recycling program in the 2021 fiscal year and constructed a recycling center for residents to drop off their recycle materials.

**Schedule 19**  
**City of Gastonia**  
**Capital Asset Statistics by Function/Program,**  
**Last Ten Fiscal Years**

|  | 2014    | 2015     | 2016     | 2017     | 2018     | 2019     | 2020     | 2021     | 2022     | 2023     |
|--|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Police   |         |          |          |          |          |          |          |          |          |          |
| Stations                                       | 1       | 1        | 1        | 1        | 1        | 1        | 1        | 1        | 1        | 1        |
| Patrol Units                                   | 152     | 157      | 155      | 156      | 156      | 156      | 140      | 156      | 140      | 142      |
| Fire Stations                                  | 8       | 8        | 8        | 8        | 8        | 8        | 8        | 8        | 8        | 8        |
| Refuse collection                              |         |          |          |          |          |          |          |          |          |          |
| Collection trucks                              | 21      | 21       | 25       | 26       | 26       | 26       | 24       | 25       | 25       | 26       |
| Other Public Works                             |         |          |          |          |          |          |          |          |          |          |
| Streets (miles)                                | 337.23  | 338.29   | 339.99   | 340.97   | 343      | 345      | 348      | 352      | 354      | 358      |
| Streetslights                                  | 9195    | 9242     | 9261     | 9397     | 9741     | 9835     | 10031    | 10076    | 10148    | 10223    |
| Parks and recreation                           |         |          |          |          |          |          |          |          |          |          |
| Acreage  | 587     | 587      | 587      | 587      | 587      | 587      | 587      | 742      | 742      | 748      |
| Parks  | 16      | 16       | 16       | 16       | 16       | 16       | 16       | 18       | 18       | 19       |
| Baseball/softball diamonds                     | 19      | 19       | 19       | 19       | 19       | 19       | 19       | 19       | 19       | 19       |
| Soccer fields                                  | 4       | 4        | 4        | 4        | 4        | 4        | 4        | 4        | 4        | 6        |
| Community Centers                              | 6       | 6        | 6        | 6        | 6        | 6        | 6        | 6        | 6        | 6        |
| Golf Courses                                   | 1       | 1        | 1        | 1        | 1        | 1        | 1        | 1        | 1        | 1        |
| Swimming Pools                                 | 2       | 2        | 2        | 2        | 2        | 2        | 2        | 2        | 2        | 2        |
| Tennis Courts                                  | 32      | 32       | 32       | 28       | 28       | 28       | 28       | 28       | 28       | 28       |
| Pickleball Courts                              | -       | -        | -        | -        | -        | -        | -        | -        | -        | 15 (B)   |
| Jogging Tracks                                 | 8       | 8        | 8        | 8        | 8        | 8        | 8        | 8        | 8        | 8        |
| Skeet & Trap Range                             | 1       | 1        | 1        | 1        | 1        | 1        | 1        | 1        | 1        | 1        |
| Franklin Urban Sports & Entertainment Facility | -       | -        | -        | -        | -        | -        | -        | 1        | 1        | 1 (A)    |
| Museums  | 1       | 1        | 1        | 1        | 1        | 1        | 1        | 1        | 1        | 1        |
| Water  |         |          |          |          |          |          |          |          |          |          |
| Water mains (miles)                            | 593.2   | 594.95   | 597.42   | 600.62   | 601      | 664      | 675      | 675      | 686      | 709      |
| Fire Hydrants                                  | 3538    | 3564     | 3592     | 3622     | 4179     | 4205     | 4185     | 4185     | 4400     | 4489     |
| Maximum daily capacity of plant in gallons     | 25.4MGD | 25.3 MGD | 25.2 MGD | 25.2 MGD | 25.2 MGD | 26.0 MGD | 27.3 MGD | 27.3 MGD | 27.3 MGD | 27.3 MGD |
| Wastewater                                     |         |          |          |          |          |          |          |          |          |          |
| Number of treatment plants                     | 3       | 3        | 3        | 3        | 3        | 3        | 3        | 3        | 3        | 3        |
| Sanitary Sewers (miles)                        | 554.7   | 556.9    | 558.91   | 561.55   | 561      | 628      | 628      | 628      | 650      | 671      |
| Storm sewers (miles)                           | 160     | 160      | 160      | 160      | 160      | 160      | 168      | 168      | 170      | 170      |
| Maximum daily capacity of treatment in gallons | 26 MGD  | 26 MGD   | 26 MGD   | 26 MGD   | 26 MGD   | 26 MGD   | 26 MGD   | 26 MGD   | 26 MGD   | 26 MGD   |
| Transit  |         |          |          |          |          |          |          |          |          |          |
| Buses  | 9       | 8        | 8        | 8        | 8        | 8        | 8        | 8        | 11       | 11       |
| ADA vans                                       | 5       | 5        | 5        | 5        | 5        | 5        | 5        | 5        | 5        | 5        |
| Electric                                       |         |          |          |          |          |          |          |          |          |          |
| Distribution miles                             | 483     | 474      | 474      | 487      | 489      | 497      | 509      | 509      | 509      | 526      |
| Customers                                      | 26850   | 27054    | 27906    | 28208    | 28496    | 28919    | 29130    | 29130    | 30317    | 30750    |
| Conference Centers                             | 1       | 1        | 1        | 1        | 1        | 1        | 1        | 1        | 1        | 1        |

**Sources: Various City Departments**

**Notes:**

(A) In the 2021 fiscal year the City opened the Franklin Urban Sports & Entertainment Facility, a 5,000-seat baseball field and entertainment venue.

(B) In the 2023 fiscal year the City constructed 15 outdoor pickleball courts.

**SUPPLEMENTARY INFORMATION**  
**COMPLIANCE SECTION**



# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

### **Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable of the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gastonia, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 31, 2023. Our report includes a reference to other auditors who audited the financial statements of the City of Gastonia ABC Board, as described in our report on the City of Gastonia, North Carolina's, financial statements. The financial statements of the Gastonia Tourism Development Authority and the City of Gastonia ABC Board were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable non-compliance associated with the Gastonia Tourism Development Authority and the City of Gastonia ABC Board.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Gastonia'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 City of Gastonia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control over financial reporting 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 or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Gastonia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
October 31, 2023

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance and the State Single Audit Implementation Act**

### **Independent Auditor's Report**

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

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited the City of Gastonia, North Carolina's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Gastonia's major federal programs for the year ended June 30, 2023. The City of Gastonia's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, the City of Gastonia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Gastonia and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Gastonia's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act, we:

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

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

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
October 31, 2023



# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance and the State Single Audit Implementation Act**

### **Independent Auditor's Report**

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

### **Report on Compliance for Each Major State Program**

#### ***Opinion on Each Major State Program***

We have audited the City of Gastonia, North Carolina's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Gastonia's major state programs for the year ended June 30, 2023. The City of Gastonia's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses and Questioned Costs.

In our opinion, the City of Gastonia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

#### ***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Gastonia and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the City of Gastonia's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

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

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

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control*

*over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
October 31, 2023



# CITY OF GASTONIA, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

### 1. Summary of Auditor's Results

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

Non-compliance material to financial statements noted? No

#### Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? No

Identification of major federal programs:

| <u>Program Name</u>  | <u>AL #</u> |
|--|-------------|
| CDBG – Entitlement Grants Cluster                          | 14.218      |
| Home Investment Partnership Program                        | 14.239      |
| Clean Water State Revolving Fund (CWSRF Cluster)           | 66.458      |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | 21.027      |

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

Auditee qualified as low-risk auditee? No

## **CITY OF GASTONIA, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023**

#### **1. Summary of Auditor's Results (continued)**

##### **State Awards**

Internal control over major state programs:

- Material weakness identified? No
- Significant deficiency(s) identified? None reported

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

Any audit findings disclosed that are required to be  
reported in accordance with the State Single Audit  
Implementation Act? No

Identification of major state programs:

##### **Program Name**

OSBM Legislatively Directed Grant – Fuse Stadium District

Auditee qualified as state low-risk auditee? No

#### **2. Findings Related to the Audit of the Basic Financial Statements**

None reported.

#### **3. Findings and Questioned Costs Related to the Audit of Federal Awards**

None reported.

#### **4. Findings and Questioned Costs Related to the Audit of State Awards**

None reported.



**CITY OF GASTONIA, NORTH CAROLINA**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

None reported.



CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

| Grantor/Pass-through<br>Grantor/Program Title  | Assistance<br>Listing<br>Number | State/<br>Pass-through<br>Grantor's<br>Number | Fed. (Direct &<br>Pass-through)<br>Expenditures | State<br>Expenditures | Pass-through<br>to<br>Subrecipients | Local<br>Expenditures |
|--|---------------------------------|---|---|-----------------------|-------------------------------------|-----------------------|
| <b>Federal Grants:</b>   |                                 |   |   |                       |                                     |                       |
| <u>U.S. Dept. of Housing and Urban Development</u>   |                                 |   |   |                       |                                     |                       |
| Direct Program:  |                                 |   |   |                       |                                     |                       |
| CDBG - Entitlement Grants Cluster  |                                 |   |   |                       |                                     |                       |
| Community Development Block Grants/Entitlement Grants  | 14.218                          |   | \$ 762,686                                      | \$ -                  | \$ 66,500                           | \$ -                  |
| COVID-19 Community Development Block<br>Grants/Entitlement Grants  | 14.218                          |   | 108,200   | -                     | 90,535                              | -                     |
| Total CDBG - Entitlement Grants Cluster  |                                 |   | 870,886   | -                     | 157,035                             | -                     |
| Home Investment Partnership Program  |                                 |   |   |                       |                                     |                       |
|  | 14.239                          |   | 440,382   | -                     | 66,806                              | -                     |
| Total U.S. Dept. of Housing and Urban Development  |                                 |   | 1,311,268                                       | -                     | 223,841                             | -                     |
| <u>U.S. Department of Transportation</u>   |                                 |   |   |                       |                                     |                       |
| Direct Program:  |                                 |   |   |                       |                                     |                       |
| Federal Transit Cluster  |                                 |   |   |                       |                                     |                       |
| Federal Transit Formula Grants:  |                                 |   |   |                       |                                     |                       |
| COVID-19 Urbanized Area Formula-Operating-ARPA   | 20.507                          | NC-2022-020-00 5307 ARP                       | 456,194   | -                     | -                                   | -                     |
| COVID-19 Urbanized Area Formula-Operating-CARES ACT  | 20.507                          | NC-2020-028-00                                | 1,026,279                                       | -                     | -                                   | -                     |
| COVID-19 Urbanized Area Formula-Capital-CARES ACT  | 20.507                          | NC-2020-028-00                                | 158,249   | -                     | -                                   | -                     |
| Urbanized Area Formula-Operating   | 20.507                          | NC-2017-065-00, NC-2018-                      |   |                       |                                     |                       |
| Urbanized Area Formula-Capital   | 20.507                          | NC-2018-055-00                                | 637,230   | -                     | -                                   | 159,307               |
| Urbanized Area Formula-Operating   | 20.507                          | NC-2019-037-00                                | 37,079  | -                     | -                                   | -                     |
| Urbanized Area Formula-Capital   | 20.507                          | NC-2019-037-00                                | 5,368   | -                     | -                                   | 38,421                |
| Total Federal Transit Cluster  |                                 |   | 2,320,399                                       | -                     | -                                   | 197,728               |
| Passed-through the N.C. Department of Transportation:  |                                 |   |   |                       |                                     |                       |
| Highway Planning, Research & Construction Cluster (note 5)   |                                 |   |   |                       |                                     |                       |
| Highway Planning and Construction-Section 104(d)   | 20.205                          | 104(d) Planning Funds                         | 296,682   | -                     | 28,771                              | 66,979                |
| Highway Planning and Construction-Section 5303   | 20.205                          | Planning Funds                                | 40,783  | 5,098                 | -                                   | 5,098                 |
| Highway Planning and Construction-SPR Funding  |                                 | SPR Funding Planning Funds-                   |   |                       |                                     |                       |
| Catawba Crossing Feasibility Study   | 20.205                          | WBS #48478.3.4/ TIP                           | 3,590   | 673                   | -                                   | 717                   |
|  |                                 | SPR Funding Planning Funds-                   |   |                       |                                     |                       |
| Highway Planning and Construction-SPR Funding  | 20.205                          | WBS #49600.3.1                                | 74,950  | -                     | -                                   | 18,737                |
| Total Highway Planning, Research & Construction Cluster (note 5)   |                                 |   | 416,005   | 5,771                 | 28,771                              | 91,531                |
| Passed-through the N.C. Department of Transportation:  |                                 |   |   |                       |                                     |                       |
| Highway Safety Cluster   |                                 |   |   |                       |                                     |                       |
| State and Community Highway Safety - YR3 Grant   | 20.600                          | PT-21-06-19                                   | 5,198   | -                     | -                                   | 5,198                 |
| Total Highway Safety Cluster   |                                 |   | 5,198   | -                     | -                                   | 5,198                 |
| Department of Federal Aviation Administration, Transportation:   |                                 |   |   |                       |                                     |                       |
| Passed-through the N.C. Department of Transportation Division of Aviation  |                                 |   |   |                       |                                     |                       |
| Airport Improvement Program, COVID-19 Airports Programs,<br>and Infrastructure Investment and Jobs Act Programs: |                                 |   |   |                       |                                     |                       |
| Airfield Pavement Rehabilitation   | 20.106                          | 36244.13.4.2                                  | 396,169   | -                     | -                                   | -                     |
| Airport Runway Lighting Rehab  | 20.106                          | 36237.55.13.1                                 | 306   | -                     | -                                   | 34                    |
| Taxiway Lighting and Signage   | 20.106                          | 36237.55.14.1                                 | 190,806   | -                     | -                                   | -                     |
| Total Airport Improvement Program  |                                 |   | 587,281   | -                     | -                                   | 34                    |
| Total U.S. Department of Transportation  |                                 |   | 3,328,883                                       | 5,771                 | 28,771                              | 294,491               |
| <u>U.S. Environmental Protection Agency</u>  |                                 |   |   |                       |                                     |                       |
| Direct Program:  |                                 |   |   |                       |                                     |                       |
| Brownfields Multipurpose, Assessment, Revolving Loan Fund,<br>and Cleanup Cooperative Agreements                 |                                 |   |   |                       |                                     |                       |
|  | 66.818                          |   | 7,125   | -                     | -                                   | -                     |
| Passed-through N.C. Department of Environmental Quality  |                                 |   |   |                       |                                     |                       |
| Clean Water State Revolving Fund (CWSRF) Cluster   |                                 |   |   |                       |                                     |                       |
| Capitalization Grants for Clean Water  |                                 |   |   |                       |                                     |                       |
| State Revolving Funds (note 4)   | 66.458                          | CS370744-05                                   | 6,717,548                                       | -                     | -                                   | -                     |
| Total Clean Water State Revolving Fund (CWSRF) Cluster   |                                 |   | 6,717,548                                       | -                     | -                                   | -                     |
| Total U.S. Environmental Protection Agency   |                                 |   | 6,724,673                                       | -                     | -                                   | -                     |
| <u>U.S. Department of Justice</u>  |                                 |   |   |                       |                                     |                       |
| Direct Program:  |                                 |   |   |                       |                                     |                       |
| Edward Byrne Memorial Justice Assistance Grant Program   |                                 |   |   |                       |                                     |                       |
|  | 16.738                          | 2021JAG                                       | 18,751  | -                     | -                                   | -                     |
| Edward Byrne Memorial Justice Assistance Grant Program   | 16.738                          | 2022JAG                                       | 41,598  | -                     | -                                   | -                     |
| Passed-through the N.C. Department of Safety   |                                 |   |   |                       |                                     |                       |
| Edward Byrne Memorial Justice Assistance Grant Program   |                                 |   |   |                       |                                     |                       |
|  | 16.738                          | 2021GCC                                       | 23,854  | -                     | -                                   | -                     |
| Edward Byrne Memorial Justice Assistance Grant Program   | 16.738                          | 2022GCC                                       | 20,450  | -                     | -                                   | -                     |
| Bulletproof Vest Partnership Program   | 16.607                          | 2020BPVPP                                     | 5,030   | -                     | -                                   | 5,030                 |

## CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

| Grantor/Pass-through<br>Grantor/Program Title                    | Assistance<br>Listing<br>Number | State/<br>Pass-through<br>Grantor's<br>Number | Fed. (Direct &<br>Pass-through)<br>Expenditures | State<br>Expenditures | Pass-through<br>to<br>Subrecipients | Local<br>Expenditures |
|--|---------------------------------|---|---|-----------------------|-------------------------------------|-----------------------|
| Direct Program:  |                                 |   |   |                       |                                     |                       |
| Equitable Sharing Program  | 16.922                          |   | 237,326   | -                     | -                                   | -                     |
| Total U.S. Department of Justice                                 |                                 |   | 347,009   | -                     | -                                   | 5,030                 |
| <u>U.S. Department of Homeland Security</u>                      |                                 |   |   |                       |                                     |                       |
| Passed-through N.C. Department of Public Safety                  |                                 |   |   |                       |                                     |                       |
| BRIC: Building Resilient Infrastructure and Communities          | 97.047                          | PDMC-PJ-04-NC-2019-004                        | 100,380   | -                     | -                                   | 25,095                |
| <u>U.S. Department of Treasury</u>                               |                                 |   |   |                       |                                     |                       |
| Direct Program:  |                                 |   |   |                       |                                     |                       |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds       | 21.027                          |   | 3,918,642                                       | -                     | -                                   | -                     |
| Passed-through N.C. Department of Environmental Quality          |                                 |   |   |                       |                                     |                       |
| Division of Water Infrastructure, State Fiscal Recover Fund      |                                 |   |   |                       |                                     |                       |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds       | 21.027                          | SRP-W-ARP-0065                                | 329,554   | -                     | -                                   | -                     |
| Total U.S. Dept. of Treasury                                     |                                 |   | 4,248,196                                       | -                     | -                                   | -                     |
| Total assistance - Federal programs                              |                                 |   | 16,060,409                                      | 5,771                 | 252,612                             | 324,616               |
| <b>State Grants:</b>   |                                 |   |   |                       |                                     |                       |
| <u>N.C. Department of Transportation</u>                         |                                 |   |   |                       |                                     |                       |
| FY23 State Maintenance Final Payment Assistance Program (SMAP)   |                                 | SMAP  |   | 191,889               | -                                   | 191,889               |
| Powell Bill  |                                 | N/A   |   | 1,282,325             | -                                   | -                     |
| Division of Aviation:  |                                 |   |   |                       |                                     |                       |
| State Aid to Airports - Airport Improvements: Self Serve Fueling |                                 | 36244.13.4.1                                  |   | 6,624                 | -                                   | -                     |
| State Capital and Infrastructure Fund-Airport                    |                                 | 36244.13.6.1                                  |   | 136,529               | -                                   | -                     |
| Total N.C. Department of Transportation                          |                                 |   |   | 1,617,367             | -                                   | 191,889               |
| <u>N.C. Division of Parks and Recreation</u>                     |                                 |   |   |                       |                                     |                       |
| Parks and Recreation Trust Fund                                  |                                 | 2023-1011                                     |   | 20,753                | -                                   | -                     |
| <u>N.C. Department of Commerce</u>                               |                                 |   |   |                       |                                     |                       |
| Rural Economic Development Division:                             |                                 |   |   |                       |                                     |                       |
| OSBM Legislatively Directed Grant-                               |                                 |   |   |                       |                                     |                       |
| Fuse Stadium District  |                                 | 2022-058-1257-1913                            |   | 1,361,840             | -                                   | 28,310                |
| <u>N.C. Office of State Budget and Management</u>                |                                 |   |   |                       |                                     |                       |
| OSBM Legislatively Directed Grant-Park Signage                   |                                 | FY22-DG-0013                                  |   | 25,000                | -                                   | -                     |
| State Capital and Infrastructure Fund-                           |                                 |   |   |                       |                                     |                       |
| Catawba Creek Greenway Extension                                 |                                 |   |   | 234,942               | -                                   | -                     |
| Total N.C. Office of State Budget and Management                 |                                 |   |   | 259,942               | -                                   | -                     |
| Total assistance - State programs                                |                                 |   |   | 3,259,902             | -                                   | 220,199               |
| Total assistance   |                                 |   | \$ 16,060,409                                   | \$ 3,265,673          | \$ 252,612                          | \$ 544,815            |

# CITY OF GASTONIA, NORTH CAROLINA

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2023

| Grantor/Pass-through<br>Grantor/Program Title | Assistance<br>Listing<br>Number | State/<br>Pass-through<br>Grantor's<br>Number | Fed. (Direct &<br>Pass-through)<br>Expenditures | State<br>Expenditures | Pass-through<br>to<br>Subrecipients | Local<br>Expenditures |
|---|---------------------------------|---|---|-----------------------|-------------------------------------|-----------------------|
|---|---------------------------------|---|---|-----------------------|-------------------------------------|-----------------------|

### Notes to the Schedule of Expenditures of Federal and State Financial Awards:

#### **Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of the City of Gastonia under the programs of the federal government and the state of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the City of Gastonia, it is not intended to, and does not present the financial position, changes in net position, or cash flows of the City of Gastonia.

#### **Note 2: Summary of Significant Accounting Policies**

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

#### **Note 3: Indirect Cost Rate**

City of Gastonia has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

#### **Note 4: Loans Outstanding**

The City of Gastonia had the following loan balances outstanding at June 30, 2023 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstandings at June 30, 2023 consist of:

| Program Name  | Assistance<br>Listing<br>Number | Pass-through<br>Grantor's<br>Number | Amount<br>Outstanding |
|---|---------------------------------|-------------------------------------|-----------------------|
| Capitalization Grants for Clean Water State Revolving Funds -<br>SE Sewer Expansion | 66.458                          | CS370744-05                         | \$ 6,913,737          |

#### **Note 5: Clusters of Programs**

The Highway Planning, Research & Construction Cluster was created by the NC Department of Transportation for state purposes.

