



CITY OF GASTONIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR YEAR ENDED JUNE 30, 2020

City of Gastonia *North Carolina*

Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2020



Prepared by
The Financial Services
Department

City of Gastonia

North Carolina

Annual Financial Report

Year Ended June 30, 2020

Walker E. Reid, III, Mayor

Council Members

Ward 1 – Robert J. Kellogg

Ward 2 – Dave Kirlin, Mayor Pro-Tem

Ward 3 – Jim 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
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	INTRODUCTORY SECTION	
	Letter of Transmittal	i-xv
	City Facts	xvi-xxiv
	GFOA's Certificate of Achievement for Excellence in Financial Reporting	xxv
	Organizational Chart	xxvi
	FINANCIAL SECTION	
	Independent Auditor's Report	1-3
	Management's Discussion and Analysis	4-18
	Basic Financial Statements:	
	Government-Wide Financial Statements:	
A	Statement of Net Position	19
B	Statement of Activities	20-21
	Fund Financial Statements:	
C	Balance Sheet - Governmental Funds	22-23
D	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	24
E	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	25
F	General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	26
G	Statement of Net Position - Proprietary Funds	27
H	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	28
I	Statement of Cash Flows - Proprietary Funds	29-30
J	Statement of Fiduciary Net Position	31
	Notes to the Financial Statements	32-93

CITY OF GASTONIA, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Required Supplementary Information:	
A-1	Schedule of Changes in Total Pension Liability - Law Enforcement Officers' and Firemen's Special Separation Allowance	94
A-2	Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officers' and Firemen's Special Separation Allowance	95
A-3	Schedule of Changes in the Total OPEB Liability and Related Ratios - Other Post-Employment Benefits	96
A-4	Required Supplementary Information - Local Government Employees' Retirement System - Proportionate Share of Net Pension Liability (Asset)	97
A-5	Required Supplementary Information - Local Government Employees' Retirement System - Contributions	98
	Other Supplemental Schedules:	
A-6	Nonmajor Governmental Funds - Combining Balance Sheet	99
A-7	Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	100
A-8	Schedule of Ad Valorem Taxes Receivable	101
A-9	Analysis of Current Year Levy	102
	General Fund:	
B-1	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	103-118
	Special Revenue Funds:	
C-1	Nonmajor Special Revenue Funds - Combining Balance Sheet	119-120
C-2	Nonmajor Special Revenue Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	121-122
C-3	Community Development Block Grant Program - Program Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	123
C-4	Community Development Block Grant Program - Affordable Housing Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	124
C-5	Community Development Block Grant Program - Rehabilitation Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	125
C-6	Community Development Block Grant Program - Home Investment Trust Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	126

CITY OF GASTONIA, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Special Revenue Funds (continued):	
C-7	Community Development Block Grant Program - 108 Loan/Revitalization - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	127
C-8	Community Development Block Grant Program - 108 Loan/Economic - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	128
C-9	Community Development Block Grant Program - Economic Development - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	129
C-10	Occupancy Tax - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	130
C-11	Uptown Municipal Tax District - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	131
C-12	Economic Stimulus Grants Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	132
	Capital Project Funds:	
D-1	Major Capital Project Fund - Mayor/Council - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	133
D-2	Major Capital Project Fund - Streets - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	134
D-3	Nonmajor Capital Project Funds - Combining Balance Sheet	135
D-4	Nonmajor Capital Project Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	136
D-5	Capital Project Fund - Developer Sidewalk - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	137
D-6	Capital Project Fund - Airport - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	138
D-7	Capital Project Fund - Downtown Revitalization - Schedule of Expenditures, and Changes in Fund Balance - Budget and Actual	139
D-8	Infrastructure Rehabilitation Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	140

CITY OF GASTONIA, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Enterprise Funds:	
E-1	Nonmajor Enterprise Funds - Combining Statement of Net Position	141
E-2	Nonmajor Enterprise Funds - Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	142
E-3	Nonmajor Enterprise Funds - Combining Statement of Cash Flows	143
E-4	Water and Sewer Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	144-147
E-5	Water and Sewer Capital Project Funds - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	148
E-6	Electric Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	149-152
E-7	Electric Capital Project Funds - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	153
E-8	Stormwater Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	154-155
E-9	Stormwater Capital Project Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	156
E-10	Transit System Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	157-158
E-11	Municipal Golf Course Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	159
E-12	Solid Waste Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	160-161
	Internal Service Funds:	
F-1	Internal Service Funds - Combining Statement of Net Position	162
F-2	Internal Service Funds - Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	163
F-3	Internal Service Funds - Combining Statement of Cash Flows	164
F-4	Vehicle and Equipment Renewal and Replacement Fund - Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)	165-167
F-5	Information Technology Fund - Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)	168-171
F-6	Dental Self-Insurance Fund - Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)	172
F-7	Medical Self-Insurance Fund - Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)	173
	Agency Fund:	
G-1	Statement of Changes in Fiduciary Assets and Liabilities	174

CITY OF GASTONIA, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

<u>Table</u>		<u>Page</u>
	STATISTICAL SECTION	
1	Net Position by Component	175
2	Changes in Net Position	176-177
3	Fund Balances, Governmental Funds	178
4	Changes in Fund Balances, Governmental Funds	179
5	Tax Revenue by Source, Governmental Funds	180
6	Assessed Value and Estimated Actual Value of Taxable Property	181
7	Direct and Overlapping Property Tax Rates	182
8	Principal Property Tax Payers	183
9	Property Tax Levies and Collections	184
10	Ratios of Debt Outstanding Debt by Type	185
11	Ratios of General Bonded Debt Outstanding	186
12	Direct and Overlapping Governmental Activities Debt	187
13	Legal Debt Margin Information	188
14	Pledged-Revenue Coverage	189
15	Demographic and Economic Statistics	190
16	Principal Employers	191
17	Full-Time Equivalent City Government Employees by Function	192
18	Operating Indicators by Function/Program	193
19	Capital Asset Statistics by Function/Program	194
	COMPLIANCE SECTION	
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	195-196
	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	197-198
	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	199-200
	Schedule of Findings, Responses, and Questioned Costs	201-203
	Corrective Action Plan	204
	Summary Schedule of Prior Year's Audit Findings	205
	Schedule of Expenditures of Federal and State Awards	206-207



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

December 2, 2020

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

Dear Mayor and Council Members:

It is our pleasure to present the Comprehensive Annual Financial Report of the City of Gastonia, North Carolina for the fiscal year ended June 30, 2020, with comparative numbers for the fiscal year ended June 30, 2019.

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, 2020, 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, 2020 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.

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 primary industry in the City were textiles. 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 will serve as a catalyst for redevelopment. The new multi-sport and entertainment venue is being developed with proceeds of \$24,000,000 Taxable Limited Obligation Bonds, issued on October 3, 2019, and will be the anchor of the FUSE District. The City purchased approximately 16 acres of contiguous property is nearing completion of the multi-use sports and entertainment facility. The facility is slated to open in the Spring of 2021.

The City has executed a management services agreement and facility lease for the multi-use FUSE ballpark. The FUSE facility is slated for opening in Spring 2021 for Atlantic League Professional Baseball and other events. The City has invested significantly in the FUSE District and expects that private development of Trenton Mill Apartments, Durty Bull Brewery, and the development of the historical Coca-Cola building will move forward in the next year.

All parcels of the surrounding FUSE private development pads have been identified and are beginning the development process. Florida-based Lansing Melbourne Group's redevelopment of the old Trenton Mill building will include the development of 84 loft apartments. 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. Lastly, Velocity Companies and Brandon Bellamy, the owner of the Atlantic League expansion in Gastonia, owns the remaining three development pads, and they are currently exploring their options for hotel, retail, and office uses. This private development is estimated at a \$75 Million investment, which triples the Taxable Limited Obligation Bond issued for the public development of the stadium.

The City is also working with private landowners, Northpoint Development, the City of Lowell, Gaston County, and Gaston Economic Development Commission on the potential development of the "Lineberger Property" along I-85. The partnership is preparing an application for federal funding to match private investment in the construction of necessary infrastructure, a potential blend of commercial, retail, office, residential, and light industrial uses. This development is looking to close on the property by the end of December 2020.

Even in the midst of COVID-19 and potential economic adversity, the City of Gastonia has seen a surge in residential permits. Since January 2020, the City of Gastonia has issued over 1,200 permits for new residential construction. The challenge now for Gastonia is to continue to attract quality developments of all kinds. . 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.

The Gastonia Technology Park (GTP) remains the premier home for several international industries. This year, DYMAX Corporation announced their intention to locate on 16 acres on Dymax Corporation is a leading solutions provider of integrated rapid and light-cure formulations and equipment for the consumer and automotive electronics, aerospace, defense, and medical markets.

The City has also been working with the County on development of a new business park known as the Apple Creek Corporate Center to be built on approximately 312 acres of land located adjacent to the Gastonia Technology Park. The Apple Creek Corporate Center will be able to support approximately 1,700,000 square feet at full build-out. This year, GNT USA, Inc. agreed to purchase approximately 49.24 acres in the Apple Creek Corporate Center. GNT USA, Inc. plans an initial investment of \$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.

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 has announced an investment over the next five years in the County of \$350 million, of which \$70 million is being invested in the City. The new four story tower on the main campus in Gastonia has started and will be completed in 2022. This will add over 65 more rooms to the facility.

The Downtown area of the City is undergoing revitalization. A multi-million-dollar streetscape project 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 locally successfully restaurant that opened this year in Downtown with tremendous business. The restaurant cultivates a fun and dynamic atmosphere with their craft beers and outdoor seating.

This year also brought forward approval for Center City Crossings by Kuester Development from Fort Mill. Center City Crossings will be a six-story 90-unit luxury apartment building in the heart of Downtown Gastonia. This projects represents the renewed interested 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.

Below are some additional recent developments:

- Successfully recruited luxury 100-unit multi-family project for Downtown Gastonia – Center City Crossings. Anticipated construction to begin Spring 2021.
- Successfully recruited, and navigated, private development for FUSE private development pads through the permitting/environmental process: LMG, North of Fifth Investors, and Lenox Development.

- Leveraged \$10,000 grant for downtown art into a \$50,000 privately-funded painted mural on Franklin Blvd.
- Received the \$300,000 Brownfield Assessment Grant from the US Environmental Protection Agency. This is already being used directly on four projects throughout the downtown area.
- Annual return on investment of IDEAL grant money for FY 2019-2020 is 3 to 1 for exterior building improvements in downtown.

Despite the challenges facing the City, the long-range future for Gastonia remains bright. We are located in one of the fastest growing and most affluent metropolitan areas in the United States. 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.

We will need 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, 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.

According to North Carolina economist John Connaughton, the new year could bring a resurgence for North Carolina's economy, which took a historic hit this spring due to the COVID-19 pandemic. He projected that while 2021 represents the first full year of the economic comeback from the COVID-19 recession, it is likely to take until early 2022 before GDP (Gross Domestic Product) reaches the 2019 fourth quarter high point, and that the unemployment rate will take another six to nine months before it again approaches 4.0%.

After decreasing 25.8% in the second quarter, the Gross State Product (GSP) is expected to rebound during the third quarter and in the fourth quarter of 2020, GSP is expected to increase by an annualized real rate of 6.6%. Looking ahead to 2021, the Gross State Product (GSP) is forecasted to reach \$595,833 million, a real (inflation adjusted) increase of 3.6% over the 2020 level, and the quarterly GSP is expected to increase each quarter of 2021, starting with a 5.9% annualized real rate increase in the first quarter.

He indicated that since April, the U.S. and North Carolina unemployment rates have fallen dramatically. He stated that the North Carolina rate, at 8.6% in July, is expected to decline through the rest of the year to 7.1% in December. The North Carolina's unemployment rate is expected to decline to 5.4% by December 2021, still higher than the pre-COVID rate of 3.6%.

Connaughton stated that the COVID-19 shutdown ended a North Carolina economic expansion that began in 2010. He indicated that the 2020 recession, caused by the mandated shutdown of many sectors of the economy, is markedly different from recent recessions. Connaughton also stated that

the COVID-19 recession resulted in a more severe downturn than what was experienced during the Great Recession in 2008. He said that in most recessions, the cause comes from an imbalance in one or more sectors of the economy.

MAJOR INITIATIVES

The City of Gastonia was the first city in North Carolina to be recognized as a MILLENNIUM COMMUNITY by the White House Millennium Council. This award is in recognition of efforts to bring the community together around the national theme “Honor the Past – Imagine the Future,” by initiating the projects that celebrate and preserve local history and by preparing our children for the new millennium.

Since fiscal year 2002, the City has increased its Available Fund Balance to total expenditures ratio in the General Fund from a low of 4% as of June 30, 2002 to 36.03% as of June 30, 2020. Through a disciplined approach to expenditures, Gastonia is now sufficiently over the 8% minimum Available Fund Balance recommended by the Local Government Commission. The City’s goal as defined in the City’s Fund Balance Policy is that Available Fund Balance should not fall below 25%.

During this unprecedented time of COVID-19, City staff has identified the immediate need to prepare contingency accounts within each fund to hold and restrict expenditures until confidence in the economy is restored. City staff is closely following incoming revenues while managing expenditures in the current fiscal year to prepare for COVID-19 related negative economic impacts. These contingency accounts of adopted expenditures in FY 2020-21 include the delayed beginning of new initiatives and new positions throughout the City. City staff will continue to work with department heads to be extremely strategic in filling vacant positions. Staff understands the importance of hiring qualified and experienced candidates for positions, but agree that we are only recruiting and employing essential personnel during this uncertain economic time.

The City must focus our attention on the provision of basic municipal services, the safety of our citizens and employees, while maintaining an environment conducive for economic growth and investment.

City staff is closely following the unparalleled federal spending bills, commonly known as the COVID-19 CARES Act Relief Bill, to identify funding to assist Gastonia citizens and the continued operations of the City.

BUDGET / FISCAL PRINCIPLES and OBJECTIVES

The focus for the City’s fiscal management is centered on three guiding principles: financial responsibility, customer service and economic development.

Financial responsibility means that the City’s annual budget includes 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. The City's 2021 budget focuses on a three-year operating budget horizon.

Customer service means that the annual budget focuses 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 simply 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 the annual budget 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.

Fiscal Objectives:

- Provide adequate funding for the basic operations of the City
- 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
- Provide competitive compensation and benefit structure for all employees; implement a higher level of initiatives to insure inclusiveness throughout the workforce
- Stabilize the City's Health Insurance Fund
- Maintain the City's existing infrastructure
- Expand the City's infrastructure to promote economic development
- Fund capital projects that enhance the City
- Make 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 the existing tax rate and implement strategic fee increases necessary to raise capital for increased maintenance and capital investments
- Balance the budget without the appropriation of fund balance
- Continue to invest in economic development strategies that grow our local economy

General Fund

The 2021 budget does not include a change to the City's current property tax rate. Property tax revenue resulting from tax base growth is projected to increase 1.1%. The recommended property tax rate for the 2021 fiscal year is 52 cents per hundred dollars of value.

The City has been able to balance the General Fund in prior years with additional revenue, strategic expenditure reductions, and the careful use of available fund balance for one-time expenditures. For the future, the General Fund will continue to be the area where expenditures and revenues will be pressured. For this reason, staff will continue to focus on the General Fund and closely monitor the general economic conditions, as well as any changes by State government to the City's revenues.

Electric Fund

The 2021 budget includes no general retail electric rate changes. 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 next five years. It is important to expand economic development into the areas served by the City's electric system. The City has successfully advocated for rate equity in the North Carolina Municipal Power Agency Number 1 (NCMPA1) with the last year of the approved multi-year allocated demand schedule. The City will move forward with the implementation of the fourth phase of the cost of services study to further adjust and consolidate our rate classifications which is necessary to provide equity and consistency with the complete rate structure. Capital funds will be available for redevelopment, as well as for new growth corridors. The transfer to the General Fund from the Electric Funds remained at \$2,000,000 and the budget includes an additional transfer to the Downtown Capital Projects Fund in the amount of \$1,038,340 for investment in the FUSE District. . This keeps the City of Gastonia under the maximum transfer level of 3.0% of gross electric capital assets, as established by the Local Government Commission.

The fiscal year 2021 budget also provides funding for maintenance and capital projects (including such projects as the relocation of existing infrastructure in the FUSE District, necessary renovations to the municipal operations center, and continued LED street light conversion throughout the City). Expenditures in the Electric Fund are organized into priority areas: reliability and redundancy, safety & maintenance, load growth initiatives, and use of innovative ideas and technology.

Water and Sewer Fund

The 2021 budget includes a water and sewer rate increase. 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 is partnering with the Town of Dallas for a supplemental sewer connection which is partially funded by a Gaston County Township grant. The City is also working with the City of Bessemer City on a supplemental water connection that is partially funded by the NC Rural Infrastructure Fund, the Golden Leaf Foundation, and Gaston County. These projects should be completed by the end of 2021.

The City will continue to partner financially with the State, the private sector, other municipalities, and the County to extend lines into our important growth areas. This is particularly important now as the City and County see renewed development pressure following the last recession. New developments are being constructed between the Union Road and New Hope Road corridors. Staff is currently working with engineering consultants to design and acquire necessary right of way to construct major water distribution and sewer collection systems in this corridor. The project is known as the Southeast Utility Extension project and is scheduled to be bid, funding secured, and construction started in fiscal year 2021.

The City's priority for the Water and Sewer Fund will be safety, increasing our sales, infrastructure maintenance, system performance, system expansion in those areas that provide a viable return on investment, and use of innovative ideas and technology.

Solid Waste Fund

The 2021 budget includes no solid waste fee increases. The City's Solid Waste Fund receives revenues directly from solid waste fees and transfers from the General Fund. With the fee schedule adopted in the current fiscal year, Solid Waste will provide 50% of its revenues from fees and 50% from the General Fund. This also allows the City to prevent any fee increases for the adopted 2021 fiscal year budget and maintain a 50% fee / 50% General Fund appropriation model.

The City will experience modest increases in contract recycling services, increases in solid waste tipping fees at the Gaston County landfill, increased debt service payments for necessary fleet replacements, and also increases in employee compensation and benefit structures. The City did negotiate the early termination of curbside recycling collection beginning December 31, 2020. The City will partner with Gaston County to construct and manage an additional recycling drop off facility and improve the existing drop off facility located at the City's Farmers Market.

Stormwater Fund

The 2021 budget includes a modest stormwater fee increase. Currently, 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. Revenues from the modest fee schedule increase will fund one full-time employee who will be responsible for additional inspections of existing private stormwater infrastructure. In addition, the City will be working on the Duharts Creek Conservation Area – Short and Long Term Land Management Plan, approved by City Council in November 2015. City staff will continue to seek state and federal funds to assist in the construction of demonstration projects, stream restoration, and hazard mitigation projects.

Employee Compensation and Benefits

The total number of budgeted full-time employees for the 2021 fiscal year is 915. The infill of existing residential subdivisions under construction are placing increased demands on City services. The fiscal year 2021 budget includes a 2.5% - 4.0% salary increase for all full-time and part-time employees. The budget also maintains the annual \$350 Christmas Bonus and the City will continue the 401(k) program for all full-time employees at the 5% level.

Like other public and private organizations, controlling health care costs remains a budgetary challenge and will be so for the foreseeable future. The fiscal year 2021 budget increase for the City's Health Insurance Fund is 0.7% higher as compared to the 2020 fiscal year. The approved budget also provides funding for a \$750 payment to the Health Savings Account (HSA) for all employees covered by the City's Health Insurance Program. Employees not eligible for a federally designated HSA will get the same dollar amount. Wellness initiatives and incentives that positively impact employee health will continue for the upcoming fiscal year. 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 Council's Audit, Bids, and Insurance Committee.

Infrastructure

The City of Gastonia is responsible for approximately 445 miles of paved streets (345 miles of local streets) along with sidewalks and traffic control systems, 631 miles of water lines, 561.7 miles of sewer lines, and 496 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 we all take for granted. The City maintains the water plant, overhead storage tanks, stormwater systems, wastewater treatment plants, parks, greenways, and rights-of-ways. Additional challenges related to maintaining other aspects of our vast infrastructure will be addressed through the 2021 fiscal year budget and future budgets. Maintenance of our infrastructure, such as streets, water, sewer, 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

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 \$5.3 million of vehicle equipment was requested by City departments for replacement or additional equipment for the 2021 fiscal year. The adopted budget appropriates a total of \$3,337,239 in funding for equipment replacement, including \$504,070 for the replacement and upgrade of necessary computer and communication equipment. The 2021 budget is funding the replacement of various fleet vehicles, including 12 police vehicles, a new fire pumper truck at a cost of \$682,006, two Electric Bucket trucks at a total cost of \$419,012, and \$408,012 for Solid Waste vehicles and equipment. The City entered into an equipment financing agreement in the amount of \$3,360,000 in order to fund these purchases.

Transportation

The street bond projects approved by the voters in 2010 that includes Titman Road, Myrtle School Road, and the South New Hope Road widening project are now complete. The Union Road widening project is currently under agreement with NCDOT for construction and is scheduled to be completed in the next three years. The fiscal year 2021 budget provides \$1,725,063 for resurfacing and repairing local City streets. Funding comes from Powell Bill funds, Auto Tag Fee revenues and the General Fund. Traffic calming devices, such as speed humps, continue to be funded in the fiscal year 2021 budget to address neighborhood safety issues. The NCDOT Project upgrading the US 321/I-85 Interchange will continue moving forward and is projected to be complete before the end of the 2020 calendar.

During fiscal year 2021, the City will complete the upgrade to the Bradley Transit Station, a new phone application for transit users, infrastructure in the FUSE District. The City will also continue to upgrade transit shelters. Funding is available from prior year state and federal grants for multiple Airport capital projects, including a comprehensive update to the airport layout plan that will continue

to study the potential lengthening and reorientation of the runway, the renovation of the existing fueling area and tarmac, and the construction of a new self-serve fuel station.

Ongoing communications with NCDOT will continue to identify and fund pedestrian improvements, medians, and lane realignments along the Franklin Boulevard corridor. The City has successfully applied for and received funding from the NCDOT to complete a Comprehensive Bicycle Plan. The City will continue to partner with the NCDOT to prepare for the proposed widening project for I-85 throughout Gaston County. Finally, the City will continue to partner with the Gaston-Lincoln-Cleveland Metropolitan Planning Organization, the City of Belmont, the Town of Cramerton, and Gaston County to complete the recently funded Catawba Crossings Study (bridge crossings over the South Fork and Catawba Rivers). This is a critically important transportation project, connecting South New Hope Road to I-485 and Charlotte-Douglas International Airport. This study should be completed in the 2021 fiscal year.

The City will continue working with the City of Lowell and Gaston County to complete the USDOT BUILD grant application to seek funding for the Lineberger Connector Project. This project would incentivize the private development of approximately 400 acres between the Cities of Lowell and Gastonia, along the I-85 corridor.

Maintaining the Fund Balance

Gastonia is currently well over the 8% minimum available fund balance for the General Fund as recommended by the Local Government Commission. As of June 30, 2020, the City's fund balance was 36.03%, which is above the Council's adopted Fund Balance Policy of 25%. The fiscal year 2021 budget appropriates no fund balance; however, subsequent appropriations were made in the amount of \$4,970,527 for prior year purchase order carryovers, additional FUSE project funding, and several other unbudgeted expenditures. It should be noted that although in past years the City has budgeted fund balance appropriations to balance the budget, these funds are not normally expended, since revenues have expanded and expenditures have been contained.

The fiscal year 2021 budget does not appropriate any fund balance for Electric and Water & Sewer Funds; however, subsequent appropriations were made in the amounts of \$165,009 and \$465,921, respectively, for prior year purchase order carryovers in both funds and an unbudgeted vehicle purchase in the Water & Sewer Fund. Both funds have budgeted funding for capital projects and rate stabilization. The Hotel Occupancy Tax Fund revenues currently cover the Conference Center debt service and operating deficit. The contracted management company has significantly reduced the projected operating deficits for the past two years, although the COVID-19 pandemic has had an uncontrollable, negative impact on the 2020 fiscal year and through the current period in the 2021 fiscal year. In fiscal year 2020, the annual debt service for the Conference Center experienced a significant increase, so all savings in operational costs will be necessary for future debt service. The City initiated refinancing of Conference Center debt has resulted in significant cost savings that will go to the retirement of debt service.

Creating and Maintaining a Fiscally Sustainable Organization for the Future

In preparing annual budgets, Council and staff look beyond each budget year 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 our community. Regarding future expenditures, over 72% of the General Fund consists of salary and fringe benefits. Therefore, most meaningful changes to General Fund expenditures in the future will have human resource implications.

We must always be vigilant in searching for ways to reduce operating costs. Some operating costs will increase no matter what we do so in some cases, services may be reduced or even eliminated. There may be 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. Expenditure reductions can be accomplished by using the following tools when appropriate: process simplification, technology and automation, program reduction, program elimination, consolidation, privatization, and innovation.

Our organization and regulations should be streamlined to allow decision-making to be easier and more efficient. The structure of our organization should be as flat as we can make it. Fewer levels of organization will make us more efficient. We will search for best practices for delivering services by examining other jurisdictions and benchmarking our efforts with theirs.

New and expanded expenditures are carefully evaluated and must be viewed as an investment. Questions should be asked. If we make 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. What is the choice we are making? Are we sure that this is the best utilization of our very scarce resources? We must also ask hard questions about the effectiveness of existing expenditures, be willing to modify our service levels and look for innovative ways to deliver services in the most efficient and effective manner.

The City regularly reviews user fees so that the actual costs can be tied to services delivered. Fees not representative of true costs should be evaluated and adjusted to reflect actual costs. Fees should be consistent with City objectives and within the market rates for similar services. Normally, fees increase over time, but there are occasions that the City has reduced fees based upon lower actual service costs or to encourage more use of a service and/or better support economic growth. As in previous years, the staff will review fees and make recommendations, if warranted, to the Mayor and City Council for their consideration.

CHALLENGES AHEAD

There were many worthy operating and capital projects that were considered for the 2021 fiscal year, 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 our budget, the new total becomes the floor for the following year. Growing our revenues through quality economic development will be our way to provide the services expected for our City.

For the 2021 fiscal year, the City's efforts will focus on implementing strategic actions that support the Mayor and City Council approved goals and objectives to build a City with on-going economic

development and livability. We will continue to evaluate operations and processes for methods of efficiency and effectiveness. We 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.

The City recognizes the unique challenges that the current COVID-19 pandemic creates. The 2021 budget, with specific contingencies selected, adequately prepares for the potential economic slowdown due to pandemic.

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 the 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, 2020 provided one instance, in the internal controls over basic financial reporting, that was considered to be material weaknesses and significant deficiencies. This was a prior year finding that was noted during the 2020 audit and was still an internal control deficiency through the first half of the 2020 fiscal. The City evaluated the processes surrounding this finding and implemented policies, procedures, and controls during the 2020 fiscal year to assure no such findings occurred throughout the remainder of the 2020 fiscal year and in future years.

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, 2020 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. On September 17, 2020, Fitch upgraded the City's combined utility revenue bonds to AA+ from 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, 2020, the City's legal debt limit was \$539,918,193. The outstanding debt subject to this limit was \$61,349,429, leaving a net legal debt margin of \$478,568,764. The total gross bonded debt at June 30, 2020, was \$121,491,309. 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 \$17.895 billion, which includes the City's valuation of \$6.749 billion, resulting in a City to County ratio of 37.71%.

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, 2020, 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, 2019. The 2019 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 twenty-seven (27) years. The City believes the report for Fiscal Year 2020 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 2020. The City has received this award for the past twenty-eight (28) 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 2021 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 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 77,024 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 second 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 2019 estimated population of just over 2,600,000 persons, ranking it 22nd 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 an estimated population of 77,024 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. Average annual precipitation is 20 inches, and average relative humidity is 65 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 activities, general administration, and other amenities not often found in a city of 77,024 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 69th 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.

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 biennially 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.

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 a Deputy City Manager and two 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 administrative/financial 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 aggressively 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 a Deputy City Manager, two Assistant City Managers, and 15 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 July 1, 2020, the City of Gastonia has 945 authorized full-time 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. North Carolina statutes also exempt other types of properties from taxes such as 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 \$.52 for the new fiscal year beginning July 1, 2020 places it at the tenth lowest of the 20 largest cities in North Carolina. North Carolina 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. The City's most recent reappraisal was completed by the County in the 2018/2019 fiscal year and was applicable to ad valorem tax revenues beginning in the City's 2019/20 fiscal year. The next State required reappraisal will be performed in the 2027 fiscal year and will be applicable to ad valorem tax revenues beginning in the City's 2027/28 fiscal year; however, the County can conduct revaluations anywhere between four and eight years.

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 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. The redeveloped Gaston Mall includes Dick's Sporting Goods, TJMaxx, a SuperTarget, and numerous other retail stores. Eastridge Mall is an approximately 1,560,000 square-foot retail facility; Belk and Dillard's Outlet anchor this facility, which is supported by 68 smaller retailers. Franklin Square is another retail shopping area consisting of over 1,000,000 square feet, anchored by Wal-Mart, Lowe's, Sam's Club, Best Buy and Kohl's. Numerous retailers, restaurants and a 13-screen movie theater are also located in Franklin Square and the Shops at Franklin Square include additional retail space with Ashley Furniture as an anchor store.

Daimler Trucks North America is the City's largest taxpayer with 1.89% 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 9.29% 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 445 linear miles of paved streets in the City. The City and State maintain approximately 345 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 Gaston Memorial Hospital, Eastridge and Franklin Square malls, and the 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 the 6th busiest airport in operations in the nation and the 11th busiest in passengers in the nation. American Airlines, formerly US Airways, maintains an operational hub at the airport. The airport offers non-stop flights to more than 148 destinations and operates over 700 daily flights out of Charlotte. 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 200,000 lifts annually, transfers containers between trucks and trains and is projected to bring the region over \$9 billion in business over the next two decades. The new 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 10th largest in the State of North Carolina. There are currently 31 elementary schools (grades K-5), 11 middle schools (grades 6-8), 11 high schools (grades 9-12), 1 intermediate school, 1 special needs school, 1 alternative school, and 1 virtual school. Total enrollment is approximately 31,100 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 5,000 students each term and averages over 16,000 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 1,500 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 executed a management services agreement and facility lease for the multi-use FUSE ballpark. The FUSE facility is slated for opening in Spring 2021 and will be the home of an Atlantic League Professional Baseball expansion team and a will be a venue for other entertainment events.

The City sponsors a full range of recreation programs. Recreation facilities are located on approximately 587 acres of land including six community centers, eight jogging tracks, 28 tennis courts, 19 baseball/softball fields, two swimming pools, two splash parks, 16 parks, four soccer fields, two disc-golf courses and a municipal skeet and trap range. The first portion of the City's Greenway System was dedicated in 2002 and consists of a 2.5 mile paved walking trail stretching from Lineberger Park to the Gastonia Armory. A ½ mile trail section has been added and serves as a connector to Ferguson Park. An additional 1.2 miles of abandoned railway bed was converted as part of the Rails to Trails program and begins at the corner of Broad & Long Streets and runs behind Sims Park just beyond I-85. The walking trail is within walking distance of almost 10,000 City residents. In 2018, an additional ½ mile connector was opened, connecting Ferguson Park to Marietta Street.

Rankin Lake Park is a 80-acre water impoundment. The lake is now 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

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Gastonia
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

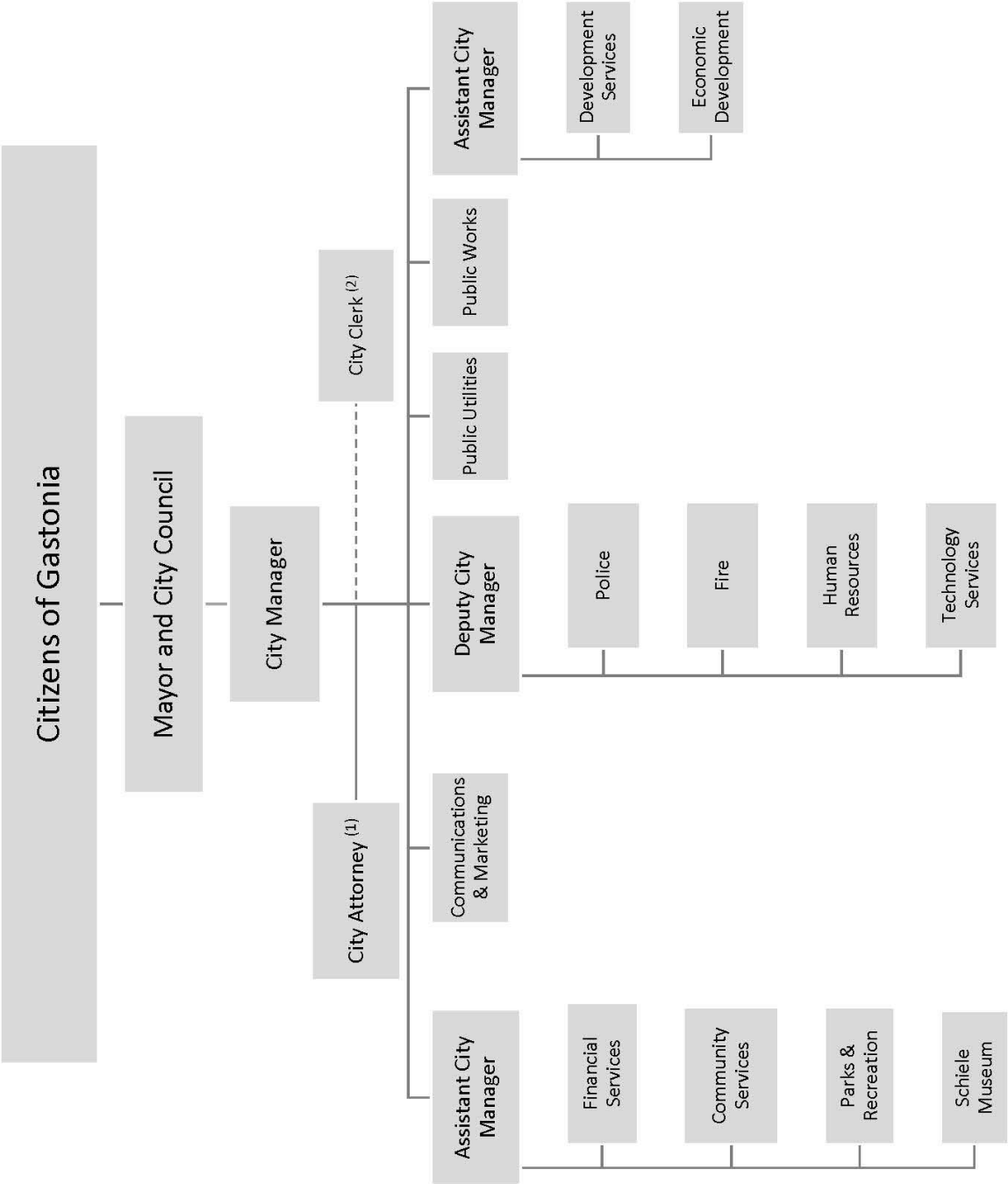
June 30, 2019

Christopher P. Morill

Executive Director/CEO

City of Gastonia, North Carolina

Organizational Chart



(1) Appointed by the City Council

(2) Appointed by the City Council and supervised by the City Manager

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
Gastonia, North Carolina

Report On the Financial Statements

We have audited 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Gastonia ABC Board, which represents 86.46 percent, 82.39 percent, and 95.61 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by another auditor, whose report has been furnished to us and, our opinion, insofar as it relates to the amounts included for the City of Gastonia ABC Board, is based solely on the report of another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. 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*.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gastonia, North Carolina, as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Law Enforcement Officers' and Firemans' Special Separation Allowance Schedules of the Changes in the Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, and the Local Government 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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditor have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gastonia's basic financial statements. The introductory section, combining and individual fund statements, budgetary schedules, other schedules, and statistical tables, 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.

The combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors.

In our opinion, based on our audit, the procedures performed as described above, 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.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated December 2, 2020, on our consideration of the City of Gastonia's internal control over financial reporting and 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, NC
December 2, 2020



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, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the City of Gastonia exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$424,796,420 (*net position*). This is a \$20,045,018 increase from the beginning net position.
- Governmental activities' net position decreased by \$79,052, and business-type activities increased by \$20,124,070.
- As of the close of the current fiscal year, the City of Gastonia's General Fund reported an ending fund balance of \$35,580,740, an increase of \$2,373,131 from the prior year ending fund balance.
- Approximately 65% of this total amount, or \$23,035,509, 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 \$25,140,301, or 36.03%, of total General Fund expenditures, including transfers to other funds, for the fiscal year. Prior year *available fund balance* was \$22,809,352, or 35.15%, of total General Fund expenditures, including transfers to other funds. This is a \$2,330,949 increase in *available fund balance* and is mostly due to a \$2,373,131 increase in total fund balance along with an increase of \$81,580 in reserves for inventories, a \$1,269 increase in reserves for prepaids, and a \$40,667 decrease 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 2020 fiscal year with a net position of \$4,125,548, as compared to a 2019 fiscal year ending net position of \$1,172,736. For the year ended June 30, 2020, claims, HSA contributions, administration fees, and stop/loss premiums exceeded charges for services by \$2,952,812. Charges for services and interest revenue were up by \$1,027,494 from 2019, and claims and other administrative expenses were down by \$2,053,569, of which \$2,894,671 was directly related to a decrease in claims. The Internal Service Fund predominantly services the governmental funds; thus, the fund's activities are included in the City's governmental activities.

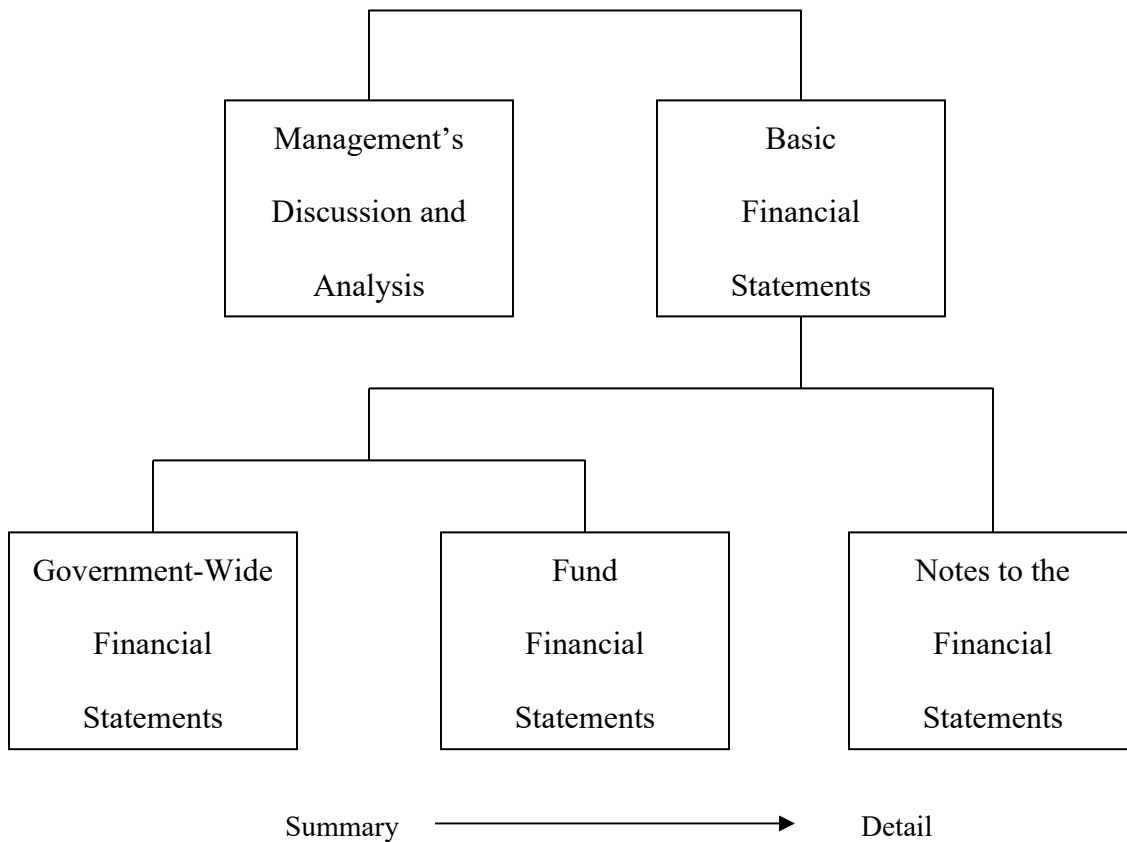
- The City's major enterprise funds are the Water and Sewer Operating Fund, the Electric Operating Fund, and the Stormwater Operating Fund. These funds had revenues and other financing sources over (under) expenditures and other financing uses (budgetary basis) of (\$4,520,552), \$8,198,538, and \$32,785 for the year ended June 30, 2020, respectively, as compared to changes in net position of \$7,338,710, \$13,234,743, and (\$385,670), respectively, on the full accrual basis. The City's nonmajor enterprise funds are the Transit Fund, Municipal Golf Course Fund, and the Solid Waste Fund. These funds had revenues and other financing sources over (under) expenditures and other financing uses (budgetary basis) of \$0, \$0, and \$222,454 for the year ended June 30, 2020, respectively, as compared to changes in net position of (\$442,604), (\$34,805) and \$124,801, respectively, on the full accrual basis.
- The City of Gastonia's total financing debt obligations increased from \$101,278,859 to \$119,545,307 during the current fiscal year, an increase of \$18,266,448 (18.04%). The key factors in this increase were the overall scheduled debt retirements of \$10,173,824 and a current refunding of \$8,545,000 of callable principal relating to the Series 2010 Limited Obligation Bonds, while the City incurred \$36,985,272 of new financing debt obligations. New debt obligations consisted of \$24,000,000 of Limited Obligation Bonds for the FUSE project, \$8,640,000 private placement installment financing to current refund the outstanding principal on the Series 2010 Limited Obligation Bonds, \$3,110,000 vehicle equipment-financing instrument, and \$1,235,272 of a State Revolving loan. The proceeds from the State Revolving Loan are being used to fund a sewer infrastructure expansion project. The City was awarded a \$2,999,839 State Revolving loan for this project and has expended and drawn down \$2,320,420 of the awarded funds as of June 30, 2020. In fiscal year 2016, the City was awarded \$35,000,000 of State Revolving loans to assist in funding an approximate \$59,500,000 water plant rehabilitation and an approximate \$5,000,000 water storage project. The City has expended and drawn down \$32,487,531 of the awarded funds as of June 30, 2020. The projects were also funded with equity contributions from the City's Water & Sewer Fund and proceeds from \$20,130,000 Series 2015 Combined Utility System Revenue bonds.
- 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. On September 17, 2020, Fitch upgraded the City's combined utility revenue bonds to AA+ from 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



Basic Financial Statements

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

The next statements (Exhibits C through 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 three parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, and 3) the proprietary fund statements.

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

Budgetary information required by the General Statutes 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in-and-out and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between 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 General Statutes. The budget is a legally-adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current-period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds. The City of 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.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City of Gastonia has one fiduciary fund, which is an agency fund.

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

	Governmental Activities		Business-Type Activities		Total	Total
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 75,857,117	\$ 54,822,681	\$ 81,357,926	\$ 66,582,435	\$ 157,215,043	\$ 121,405,116
Capital assets	164,310,602	154,878,600	331,592,230	327,836,256	495,902,832	482,714,856
Total assets	<u>240,167,719</u>	<u>209,701,281</u>	<u>412,950,156</u>	<u>394,418,691</u>	<u>653,117,875</u>	<u>604,119,972</u>
Deferred Outflows of Resources	<u>18,673,131</u>	<u>14,617,558</u>	<u>4,807,058</u>	<u>3,737,770</u>	<u>23,480,189</u>	<u>18,355,328</u>
Liabilities:						
Long-term liabilities outstanding	140,499,596	109,795,846	74,497,142	74,792,671	214,996,738	184,588,517
Other liabilities	18,025,186	13,161,285	15,599,418	15,616,187	33,624,604	28,777,472
Total liabilities	<u>158,524,782</u>	<u>122,957,131</u>	<u>90,096,560</u>	<u>90,408,858</u>	<u>248,621,342</u>	<u>213,365,989</u>
Deferred Inflows of Resources	<u>2,582,417</u>	<u>3,549,005</u>	<u>597,885</u>	<u>808,904</u>	<u>3,180,302</u>	<u>4,357,909</u>
Net Position:						
Net investment in capital assets	128,510,185	120,872,426	273,789,996	265,730,268	402,300,181	386,602,694
Restricted	31,004,837	17,850,203	-	-	31,004,837	17,850,203
Unrestricted	(61,781,371)	(40,909,926)	53,272,773	41,208,431	(8,508,598)	298,505
Total net position	<u>\$ 97,733,651</u>	<u>\$ 97,812,703</u>	<u>\$ 327,062,769</u>	<u>\$ 306,938,699</u>	<u>\$ 424,796,420</u>	<u>\$ 404,751,402</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 \$424,796,420 as of June 30, 2020. The City's net position increased by \$20,045,018 for the fiscal year ended June 30, 2020. However, the largest portion, \$402,300,181 (94.70%), 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. \$31,004,837 of the City's net position is restricted by State statute or external parties. The remaining balance of (\$8,508,598) is unrestricted. The unrestricted net position as of June 30, 2019 was \$298,505. The main reasons for the \$8,807,103 decrease are a \$20,871,445 decrease in the net position of the governmental activities and a \$12,064,342 increase in the net position of the business-type activities. The decrease in unrestricted net position was due to a \$15,697,487 increase in net investments in capital assets and a \$13,154,634 increase in restricted net position. Several particular aspects of the City's financial operations influenced the total unrestricted government-wide net position and are discussed in the following Governmental Activities and Business-Type Activities sections.

City of Gastonia's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	Total
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 12,668,771	\$ 12,236,423	\$ 131,060,649	\$ 125,145,364	\$ 143,729,420	\$ 137,381,787
Operating grants and contributions	4,527,774	4,983,881	-	-	4,527,774	4,983,881
Capital grants and contributions	505,363	2,938,494	6,788,020	6,509,065	7,293,383	9,447,559
General revenues:						
Ad valorem taxes	36,165,019	31,792,472	-	-	36,165,019	31,792,472
Local option sales tax	12,750,343	12,110,099	-	-	12,750,343	12,110,099
Other taxes	11,232,978	11,361,759	-	-	11,232,978	11,361,759
Interest earned on investments	1,201,656	1,073,931	719,148	816,176	1,920,804	1,890,107
Total revenues	<u>79,051,904</u>	<u>76,497,059</u>	<u>138,567,817</u>	<u>132,470,605</u>	<u>217,619,721</u>	<u>208,967,664</u>
Expenses:						
General government	16,499,930	13,098,052	-	-	16,499,930	13,098,052
Public safety	33,743,135	31,994,707	-	-	33,743,135	31,994,707
Public works and cemeteries	16,035,433	14,691,220	-	-	16,035,433	14,691,220
Cultural and recreation	7,558,181	6,982,190	-	-	7,558,181	6,982,190
Economic and physical development	2,591,655	4,453,497	-	-	2,591,655	4,453,497
Interest on long-term debt	2,387,821	1,614,413	-	-	2,387,821	1,614,413
Water and sewer	-	-	37,596,052	35,651,662	37,596,052	35,651,662
Electric	-	-	68,500,284	69,766,570	68,500,284	69,766,570
Transit	-	-	3,258,307	2,734,962	3,258,307	2,734,962
Golf	-	-	34,805	34,805	34,805	34,805
Stormwater	-	-	3,512,149	2,952,656	3,512,149	2,952,656
Solid waste	-	-	5,856,951	5,367,645	5,856,951	5,367,645
Total expenses	<u>78,816,155</u>	<u>72,834,079</u>	<u>118,758,548</u>	<u>116,508,300</u>	<u>197,574,703</u>	<u>189,342,379</u>
Change in net position before transfers	235,749	3,662,980	19,809,269	15,962,305	20,045,018	19,625,285
Transfers	<u>(314,801)</u>	<u>(320,494)</u>	<u>314,801</u>	<u>320,494</u>	<u>-</u>	<u>-</u>
Change in net position	(79,052)	3,342,486	20,124,070	16,282,799	20,045,018	19,625,285
Net Position:						
Beginning of year - July 1	<u>97,812,703</u>	<u>94,470,217</u>	<u>306,938,699</u>	<u>290,655,900</u>	<u>404,751,402</u>	<u>385,126,117</u>
End of year - June 30	<u>\$ 97,733,651</u>	<u>\$ 97,812,703</u>	<u>\$ 327,062,769</u>	<u>\$ 306,938,699</u>	<u>\$ 424,796,420</u>	<u>\$ 404,751,402</u>

Governmental Activities. Key elements of the 2020 fiscal year governmental activities decrease to net position are as follows:

The increase in the governmental activities net position is primarily due to the following fiscal year operating results: (The reader needs to keep in mind that the City's fiscal policy is governed by the modified accrual basis of accounting which requires budgeted expenditures to equal budgeted revenues. Favorable budget variances, capital purchases, debt principal payments, and contributed assets will increase net position. Unfavorable budget variances, use of appropriated fund balances, depreciation, and certain employee benefit accruals will decrease net position).

The governmental funds modified accrual basis fund balances increased by \$15,703,072. The General Fund modified accrual basis revenues and other financing sources exceeded expenditures and other financing uses by \$2,351,051, and the combined other governmental funds' modified accrual basis revenues and other financing sources exceeded expenditures and other financing uses by \$13,727,484. The change in inventories decreased fund balances by \$375,463.

The General Fund modified accrual basis revenues came in \$712,700 over budget. The City received \$317,385 more ad valorem taxes than budgeted, \$500,000 more in ABC Board distributions than budgeted, \$550,343 more local option sales tax than budgeted, \$293,572 more miscellaneous revenues than budgeted, \$234,567 more building permit fees than budgeted and \$79,930 more auto tag fees than budgeted; however, the City received \$221,164 less sales, services, and rents than budgeted and \$337,918 less utility sales tax than budgeted and \$770,044 less grant funding than budgeted. Most of these favorable variances are the result of a more than anticipated positive economy and higher than expected ABC Board profits. The remaining budget to actual favorable revenue variance was a combination of less significant favorable and unfavorable budget-to-actual variances spread out amongst various other taxes and licenses, unrestricted intergovernmental revenues, permits, and miscellaneous revenues. (See budget-to-actual revenues in Schedule B-1.)

In addition, expenditures were under budget by \$7,151,450. Salaries and benefits accounted for \$1,776,038 of the favorable variance and were mostly attributable to the normal hiring lag related to terminations and retirements and difficulty in hiring police officers for vacant positions due to the current environment surrounding law enforcement agencies. \$4,835,993 of the favorable expenditure budget variance was spread out over numerous operating expenditure account types influenced by a City-wide effort-to-hold down operating costs. Capital outlay accounted for \$110,034 of the favorable variance, overhead reimbursement ended the year with an unfavorable variance of (\$187,890), on-behalf payments ended the year with an unfavorable variance of (\$68,630), and debt service accounted for \$685,905 of the overall favorable variance. (See budget to actual expenditures in Schedule B-1.)

In addition to the revenues and expenditures favorable budget-to-actual variances, the City had a (\$5,513,099) unfavorable budget to actual variance relating to other financing sources and uses, which was related to a (\$6,000,655) unfavorable variance for appropriated fund balance and a \$487,556 favorable variance in transfers to other funds. The City did not appropriate any fund balance in order to balance the original budget; however, there was \$682,208 appropriated for prior year purchase order carryovers, \$1,925,375 to carryover certain unspent prior year budget amounts, and \$3,393,072 to fund other non-budgeted expenditures. None of these fund balance appropriations were needed to cover actual expenditures and other financing uses.

The combined other governmental funds \$13,727,484 increase in fund balances was mainly due to the issuance of \$24,000,000 of debt and transfers in of \$2,600,000 from other funds to the Mayor/Council Capital Projects fund for the FUSE project and only \$13,713,069 of the proceeds expended. The Streets Capital Project Fund revenues and other financing sources exceeded expenditures and other financing uses by \$374,360. The other non-major governmental funds' revenues and other financing sources exceeded expenditures and other financing uses by \$447,617.

The net change in governmental funds fund balances under the modified accrual basis of accounting resulted in a \$16,078,535 increase in net position. The modified accrual basis of accounting to full accrual basis of accounting adjustments resulted in a decrease in net position of \$16,157,587. Readers need to refer the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Net Position, Exhibit E, to understand what modified accrual basis of accounting to full accrual basis of accounting differences influenced the \$16,157,587 decrease in governmental-type net position.

Business-Type Activities. The 2020 fiscal year business-type activities increased the City of Gastonia's net position by \$20,124,070. Key elements of this increase are as follows:

The 2020 fiscal year business-type activities increase in net position of \$20,124,070 was primarily due to the following: fiscal year 2020 charges for services, operating grants, and capital grants and contributions exceeded program expenses by \$19,090,121, as compared to \$15,146,129 for the 2019 fiscal year. The business-type funds reported a net transfer in from the governmental funds of \$314,801, as compared to \$320,494 in the 2019 fiscal year. Investment earnings were \$719,148, as compared to \$816,176 in the 2019 fiscal year.

The increase in the business-type activities net position is primarily due to the following fiscal year operating results: (The reader needs to keep in mind that the City's fiscal policy is governed by the modified accrual basis of accounting which requires budgeted expenditures to equal budgeted revenues. Favorable budget variances, capital purchases, debt principal payments, and contributed assets will increase net position. Unfavorable budget variances, use of appropriated fund balances, depreciation, and certain employee benefit accruals will decrease net position).

Under the modified accrual basis of accounting (budgetary basis), the Electric Fund revenues came in under budgeted revenues by (\$6,056,366). The budget was based on projected system growth and projected weather conditions. Actual revenues for 2020 decreased by (\$3,530,454), or 4.6%, from the 2019 actual revenues, \$74,686,652 and \$78,217,106, respectively. This decrease was due to the effects of budgeted retail rate reductions and a decrease in customer consumption. Expenditures came in under budget by \$21,781,761 mostly due to a \$1,675,000 favorable budget-to-actual variance in emergency replacement and renewal of system infrastructure cost, a \$7,544,272 favorable budget-to-actual variance in purchased power, a \$134,261 favorable budget-to-actual variance in salaries and benefits, a \$11,310,850 favorable budget-to-actual variance in the rate stabilization reserve, a \$998,816 favorable budget-to-actual variance in controllable operating expenditures, a \$137,426 favorable budget-to-actual variance in capital outlay, and a (\$18,864) unfavorable budget-to-actual variance in overhead charges and reimbursement for services. The Electric Fund budgeted revenues under expenditures of (\$7,526,857) but ended the fiscal year with revenues and other financing sources over expenditures and other financing uses of \$8,198,538. The main reason for the increase in fund balance was related to the refund on investment from the North Carolina Electric Agency of \$5,000,000 which was designated for rate stabilization funding. Budgetary basis of accounting to full accrual basis of accounting adjustments increased net position by \$5,036,205. Readers need to refer to the Reconciliation from Budgetary Basis to Full Accrual Basis at the end of the Electric Fund Schedule of Revenues and Expenditures - Budget-to-Actual, Schedule E-6, to understand what modified accrual basis of accounting to full accrual basis of accounting differences influenced the Electric Fund's \$5,036,205 increase in business-type net position.

Under the modified accrual basis of accounting (budgetary basis), Water and Sewer Fund revenues came in under budgeted revenues by (\$411,152). Expenditures came in under budget by \$7,663,996, mostly due to a \$1,985,000 favorable budget-to-actual variance in emergency replacement and renewal of system infrastructure expenditures, a \$1,747,055 favorable variance in the working capital reserve / bond issues in the operating fund, and a \$2,077,108 favorable budget-to-actual variance for the reserve to reduce debt in the Capital Expansion Fund, which is a reserve to reduce the debt service requirements from the operating fund relating to future infrastructure expansion, a \$594,068 favorable budget-to-actual variance in salaries

and benefits, and a \$1,072,651 favorable budget-to-actual variance in controllable operating expenditures, a \$27,520 favorable budget-to-actual variance in capital outlay, a \$1,094 favorable budget-to-actual variance in debt principal, interest and fees, and a \$159,500 favorable budget-to-actual variance in overhead charged by other funds. The Water and Sewer Fund budgeted expenditures and other financing uses over revenues and other financing sources of (\$11,773,396), but ended the fiscal year with expenditures and other financing uses over revenues and other financing sources of (\$4,520,552). The main reason for decrease in fund balance was related to increased transfers to the Water & Sewer Capital Projects Fund. Budgetary basis of accounting to full accrual basis of accounting adjustments increased net position by \$11,859,262. Readers need to refer the Reconciliation from Budgetary Basis to Full Accrual Basis at the end of the Water & Sewer Fund Schedule of Revenues and Expenditures - Budget to Actual, Schedule E-4, to understand what modified accrual basis of accounting to full accrual basis of accounting differences influenced the Water & Sewer Fund's \$11,859,262 increase in business-type net position.

All other business-type funds operated fairly close to break-even on the budgetary basis of accounting. Revenues and other financing sources over (under) expenditures and other financing uses were \$32,785, \$0, \$0, and \$222,454 for the Stormwater Fund, Transit Fund, Municipal Golf Course Fund, and the Solid Waste Fund, respectively. Budgetary basis of accounting to full accrual basis of accounting adjustments increased (decreased) net position by (\$418,455), (\$442,604), (\$34,805), and (\$97,653) for the Stormwater Fund, Transit Fund, Municipal Golf Course Fund, and the Solid Waste Fund, respectively. Readers need to refer to the Reconciliation from Budgetary Basis to Full Accrual Basis section in Schedules E-8, E-10, and E-12 to understand what modified accrual basis of accounting to full accrual basis of accounting adjustments influenced these funds \$993,517 decrease in business-type net position.

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.

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 \$25,140,301, a \$2,330,949 increase from the prior year. Total fund balance increased by \$2,373,131 to \$35,580,740 from the prior year amount of \$33,207,609. Please refer back to the available fund balance and total fund balance discussion in the Financial Highlights section for reasons for the increase. 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. Available fund balance represents 36.03% of total General Fund expenditures and transfers out to other funds, while total fund balance represents 50.99% of that same amount.

At June 30, 2020, the governmental funds of the City of Gastonia reported a combined fund balance of \$60,095,186, a \$15,703,072 increase from the prior year. Included in this change in fund balance is a \$2,373,131 increase in fund balance in the General Fund, a \$13,205,507 increase in the Mayor/Council Capital Project Fund, a \$74,360 increase in the Streets Capital Project Fund, and a \$50,074 increase in the other nonmajor governmental funds. See the earlier discussion concerning the reasons for these increases and decreases under the governmental activities section above.

General Fund Budgetary Highlights. During the fiscal year, the City revised the budget on several occasions. Budget adjustments were processed during the fiscal year that increased the overall original budget by \$16,364,131. The majority of this increase was funded through an increase in appropriated fund balance of \$6,000,655 and the issuance of a debt refunding installment obligation in the amount of \$8,640,000. The increase in appropriated fund balance consisted of the following: purchase order carryovers from the 2019 fiscal year accounted for \$682,208 of the increase, \$3,393,072 was to carryover certain unspent prior year budget amounts in the smaller funds that make up the total General Fund, and budget amendments of \$1,925,375 to fund additional costs of the FUSE project (\$1,500,000), to fund various parks and recreational projects (\$350,000), and to increase funding for various smaller projects not originally budgeted. The remaining adjustments were various other increases in revenues that became necessary to supply new services or for unbudgeted projects.

Factors concerning the 2020 budget-to-actual results have already been addressed in the above governmental activities discussion.

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 \$208,747,484; the Electric Fund amounted to \$82,626,943; the Stormwater Fund amounted to \$31,236,514; and the other nonmajor funds, Transit, Municipal Golf Course, and Solid Waste, amounted to \$2,656,126. 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, 2020 totals \$495,902,832 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, vehicles, water and sewer infrastructure, electric distribution system, and stormwater infrastructure. Additions and dispositions totaled \$34,344,683 and \$999,248, respectively, and the net effect of depreciation of \$20,157,459 resulted in an overall increase of \$13,187,976.

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 \$4,827,349. Construction in progress water and sewer infrastructure improvements placed in service totaled \$1,563,666. Various other water and sewer capital asset improvements of \$1,869,816 were incurred along with the purchase of \$329,464 of machinery and equipment.
- Construction in progress of \$14,752,873 in governmental-type activities, which was mostly related to the FUSE project of \$13,944,447, Airport Layout Plan project \$243,036, FFA/NCDOT/Division of Aviation projects \$205,957, Conference Center Parking Deck Expansion of \$97,512, Neal Hawkins Road Pedestrian Improvements \$55,897, and Lineberger Connector project \$37,451.
- Various general infrastructure additions and other improvements of \$2,878,705 in the governmental-type activities.
- Construction in progress for electrical capital asset improvements of \$1,494,445 and \$2,261 placed in service.
- Construction in progress for stormwater infrastructure of \$155,054 and \$447,048 completed stormwater infrastructure.
- Electrical distribution capital assets of \$1,459,598 for new line construction.
- Internal Service Fund capital assets of \$3,427,491 of which included various buildings, vehicles, and equipment. Entity-wide disposals mainly consisted of various surplus vehicles, land, and buildings.

City of Gastonia's Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land, land improvements, and buildings	\$ 96,481,730	\$ 96,107,735	\$ 21,989,317	\$ 21,350,234	\$ 118,471,047	\$ 117,457,969
Water and sewer treatment facilities	-	-	69,659,203	69,725,203	69,659,203	69,725,203
Machinery/equipment/vehicles	60,133,264	56,703,605	24,882,981	24,381,577	85,016,245	81,085,182
Electrical distribution	-	-	97,378,353	95,916,494	97,378,353	95,916,494
Water and sewer system	-	-	202,040,504	197,461,870	202,040,504	197,461,870
General infrastructure	297,081,790	289,203,059	-	-	297,081,790	289,203,059
Stormwater infrastructure	-	-	52,600,754	52,153,706	52,600,754	52,153,706
Construction in progress	23,859,011	14,247,568	89,309,516	84,819,937	113,168,527	99,067,505
Total	477,555,795	456,261,967	557,860,628	545,809,021	1,035,416,423	1,002,070,988
Less accumulated depreciation	313,245,193	301,383,367	226,268,398	217,972,765	539,513,591	519,356,132
Capital assets, net	<u>\$ 164,310,602</u>	<u>\$ 154,878,600</u>	<u>\$ 331,592,230</u>	<u>\$ 327,836,256</u>	<u>\$ 495,902,832</u>	<u>\$ 482,714,856</u>

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, 2020, the City of Gastonia had total financing debt outstanding of \$119,545,307. Of this, \$20,905,000 is debt backed by the full faith and credit of the City. The remainder of the City's financing debt represents bonds secured solely by buildings, equipment, or specified revenue sources (i.e. revenue bonds).

City of Gastonia's Financing Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 20,523,763	\$ 22,380,000	\$ 381,237	\$ 430,000	\$ 20,905,000	\$ 22,810,000
Limited obligation bonds	24,000,000	9,470,000	-	-	24,000,000	9,470,000
Direct placement installment purchases	16,825,666	8,440,240	-	-	16,825,666	8,440,240
State revolving loans	-	-	34,427,641	35,434,618	34,427,641	35,434,618
Revenue bonds	-	-	23,387,000	25,124,001	23,387,000	25,124,001
Total	<u>\$ 61,349,429</u>	<u>\$ 40,290,240</u>	<u>\$ 58,195,878</u>	<u>\$ 60,988,619</u>	<u>\$119,545,307</u>	<u>\$101,278,859</u>

The City of Gastonia's total financing debt obligations increased from \$101,278,859 to \$119,545,307 during the current fiscal year, an increase of \$18,266,448 (18.04%). The key factors in this increase were the overall scheduled debt retirements of \$10,173,824 and a current refunding of \$8,545,000 of callable principal relating to the Series 2010 Limited Obligation Bonds, while the City incurred \$36,985,272 of new financing debt obligations. New debt obligations consisted of \$24,000,000 of Limited Obligation Bonds for the FUSE project, \$8,640,000 private placement installment financing to current refund the outstanding principal on the Series 2010 Limited Obligation Bonds, \$3,110,000 vehicle equipment-financing instrument, and \$1,235,272 of a State Revolving loan. The proceeds from the State Revolving Loan are being used to fund a sewer infrastructure expansion project. The City was awarded a \$2,999,839 State

Revolving loan for this project and has expended and drawn down \$2,320,420 of the awarded funds as of June 30, 2020. In fiscal year 2016, the City was awarded \$35,000,000 of State Revolving loans to assist in funding an approximate \$59,500,000 water plant rehabilitation and an approximate \$5,000,000 water storage project. The City has expended and drawn down \$32,487,531 of the awarded funds as of June 30, 2020. The projects were also funded with equity contributions from the City's Water & Sewer Fund and proceeds from \$20,130,000 Series 2015 Combined Utility System Revenue bonds.

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. On September 17, 2020, Fitch upgraded the City's combined utility revenue bonds to AA+ from 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, 2020, the City had a legal debt margin of approximately \$479,000,000. 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 9.4% at fiscal year-end June 30, 2020, higher than the County rate of 8.3%, higher than the State rate of 7.7%, and lower than the national average of 11.2%. Unemployment in the City was 11.6% as of July 2020. The prior year rates for the City were 4.7% and 4.6% for the months ended June 2019 and July 2019, respectively. The increase in the unemployment rates noted above are directly contributable to the COVID-19 pandemic and are not seasonally adjusted.
- Estimated population growth since the 2010 census is approximately 6.4%. The most current estimated population per the North Carolina State Demographer's Office is 77,024. This estimate is up by 5,283 from the 2010 Census number of 71,741.
- The North Carolina economic outlook based on University of North Carolina Charlotte economist John Connaughton's September 23, 2020 quarterly forecast is as follows:

Connaughton indicated that the new year could bring a resurgence for North Carolina's economy, which took a historic hit this spring due to the COVID-19 pandemic. He projected that while 2021 represents the first full year of the economic comeback from the COVID-19 recession, it is likely to take until early 2022 before GDP (Gross Domestic Product) reaches the 2019 fourth quarter high point, and that the unemployment rate will take another six to nine months before it again approaches 4.0%.

He forecasts that 13 of 15 economic sectors in North Carolina are to experience output decreases in 2020 with Hospitality and Leisure Services experiencing the largest decline, but this sector is also expected to be witness the largest increase in output in 2021.

COVID-19 Recession

Connaughton stated that the COVID-19 shutdown ended a North Carolina economic expansion that began in 2010. The 2020 recession, caused by the mandated shutdown of many sectors of the economy, is markedly different from recent recessions. He also stated that the COVID-19 recession resulted in a more severe downturn than what was experienced during the Great Recession in 2008.

- Construction activity within the City resulted in 1,068 permits issued on construction of \$238,878,155 as compared to 1,034 permits issued on construction of \$208,409,739 in the prior year. This included residential permits of 684 and commercial permits of 384, with construction costs of \$140,203,661 and \$98,674,494, respectively. Prior year residential permits issued were 687 and commercial permits issued were 347, with construction costs of \$124,296,549 and \$84,113,190, respectively.
- 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, 2021

Governmental Activities. The Fiscal Year 2021 budget was balanced while achieving strategic goals and objectives established by the City Council. The COVID-19 pandemic began during the City's Fiscal Year 2021 budget process, creating many uncertainties as to the future economic state. In response, the City placed approximately \$2.2 million for governmental activities into contingency accounts that will limit expenditures until confidence in the economy is restored. The City continues to maintain the ad valorem tax rate of \$0.52.

In July 2020, all full-time and part-time employees received an across the board pay increase. The rate was based upon years of service; 2.5% with 2 years or less of service; 2.75% with 2-5 years of service; 3.25% with 5-10 years of service; 3.75% with 10-15 years of service and 4% for employees with more than 15 years of service. The Fiscal Year 2021 budget maintained the \$350 Christmas bonus for eligible employees, as well as the Employee Education Reimbursement Program with a maximum of \$1,000 per employee. In addition, the City will continue the 401(k) program for all full-time employees at the 5% level.

The Fiscal Year 2021 Health Self-Insurance Fund budget remained relatively flat with a less than 1% increase in the amount of \$73,638. The adopted 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.

The City has executed a management services agreement and facility lease for the multi-use FUSE ballpark. The FUSE facility is slated for opening in Spring 2021 for Atlantic League Professional Baseball and other events. The City has invested significantly in the FUSE District and expects that the private development of Trenton Mill Apartments, Durty Bull Brewery, and the redevelopment of historical Coca-Cola building will move forward in the next year.

Business-Type Activities. The Water and Sewer Fund saw a 3.0% rate increase in the Fiscal Year 2021 budget. The City is partnering with the Town of Dallas for a sewer connection that is partially funded by a Gaston County Township grant. Another partnership with the City of Bessemer City pertains to a supplemental water connection that is partially funded by the NC Rural Infrastructure Fund and Gaston County. Both projects should be completed in 2021. In addition, due to growth in our area, new developments are being constructed between the Union Road and New Hope Road corridors that will require the construction of major water distribution and sewer collection systems.

The Fiscal Year 2021 Electric Fund budget included no retail electric rate changes, while still being able to provide funding for future rate stabilization, as well as current and future capital projects. Current projects include relocation of existing infrastructure in the Franklin Urban Sports and Entertainment District (FUSE) and the LED street light conversion throughout the City, as well as moving forward with the implementation of the fourth phase of the cost of services study. The transfer to the General Fund from the Electric Funds remained at \$2,000,000; however, the budget includes an additional transfer to the Downtown Capital Projects Fund in the amount of \$1,038,340 for the expansion of the conference center parking deck. This keeps the City of Gastonia under the maximum transfer level of 3.0% of gross electric capital assets, as established by the Local Government Commission.

The Stormwater Fund included a modest rate increase of only \$0.50 per equivalent residential unit (ERU) in the Fiscal Year 2021 budget. This increase continues to maintain the City's status as the lowest rate for a municipality with our population size in the state and will allow the city to meet all State and federal requirements.

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, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	City of Gastonia ABC Board	Gastonia Tourism Development Authority
Assets:					
Cash and cash equivalents	\$ 35,064,423	\$ 58,229,393	\$ 93,293,816	\$ 3,021,475	\$ 700,742
Taxes receivable, net	1,027,206	-	1,027,206	-	-
Accounts receivable, net	2,820,768	15,291,900	18,112,668	448	-
Long-term receivable	2,528,483	-	2,528,483	-	-
Due from other governments	6,585,564	388,738	6,974,302	-	132,222
Internal balances	(1,572,845)	1,572,845	-	-	-
Inventories	1,629,849	1,702,816	3,332,665	938,242	-
Prepaid items	56,834	-	56,834	36,892	-
Cash and cash equivalents, restricted	27,716,835	4,172,234	31,889,069	-	-
Non-depreciable assets	38,726,244	103,199,417	141,925,661	688,637	-
Capital assets, net	125,584,358	228,392,813	353,977,171	632,100	-
Total assets	240,167,719	412,950,156	653,117,875	5,317,794	832,964
Deferred Outflows of Resources:					
OPEB deferrals	7,964,223	2,246,319	10,210,542	-	-
Pension deferrals	10,708,908	2,560,739	13,269,647	169,394	-
Total deferred outflows	18,673,131	4,807,058	23,480,189	169,394	-
Liabilities:					
Current liabilities:					
Accounts payable	7,254,142	7,805,023	15,059,165	1,375,498	-
Accrued salaries and benefits	1,197,926	400,164	1,598,090	-	-
Accrued interest	424,751	154,588	579,339	-	-
Prepaid fees	-	496,196	496,196	-	-
Liabilities to be paid from restricted assets:					
Customer deposits	-	1,832,588	1,832,588	-	-
Non-current liabilities:					
Due within one year	9,148,367	4,910,859	14,059,226	-	-
Due in more than one year	140,499,596	74,497,142	214,996,738	215,470	-
Total liabilities	158,524,782	90,096,560	248,621,342	1,590,968	-
Deferred Inflows of Resources:					
OPEB deferrals	2,087,304	588,727	2,676,031	-	-
Pension deferrals	495,113	9,158	504,271	-	-
Total deferred inflows of resources	2,582,417	597,885	3,180,302	-	-
Net Position:					
Net investment in capital assets	128,510,185	273,789,996	402,300,181	1,320,737	-
Restricted for:					
Stabilization by state statute	29,918,597	-	29,918,597	-	132,222
Tourism promotion	-	-	-	-	700,742
Community development and improvements	991,210	-	991,210	-	-
Public Works - Powell Bill	95,030	-	95,030	-	-
Working capital	-	-	-	408,181	-
Unrestricted	(61,781,371)	53,272,773	(8,508,598)	2,167,302	-
Total net position	\$ 97,733,651	\$ 327,062,769	\$ 424,796,420	\$ 3,896,220	\$ 832,964

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, 2020

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 16,499,930	\$ 10,022,999	\$ 915	\$ -
Public safety	33,743,135	1,538,995	329,343	-
Public works and cemeteries	16,035,433	58,266	2,418,724	-
Cultural and recreation	7,558,181	580,349	-	-
Economic and physical development	2,591,655	468,162	1,778,792	505,363
Interest on long-term debt	2,387,821	-	-	-
Total governmental activities	78,816,155	12,668,771	4,527,774	505,363
Business-Type Activities:				
Water and sewer	37,596,052	40,746,707	-	4,169,559
Electric	68,500,284	84,359,635	-	89,195
Transit	3,258,307	226,439	-	2,082,218
Golf	34,805	-	-	-
Stormwater	3,512,149	2,662,903	-	447,048
Solid waste	5,856,951	3,064,965	-	-
Total business-type activities	118,758,548	131,060,649	-	6,788,020
Total primary government	\$ 197,574,703	\$ 143,729,420	\$ 4,527,774	\$ 7,293,383
Component Units:				
ABC Board	\$ 13,618,969	\$ 13,819,408	\$ -	\$ -
Tourism Development Authority	832,518	-	-	-
Total component units	\$ 14,451,487	\$ 13,819,408	\$ -	\$ -

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, 2020

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
Primary Government:					
Governmental Activities:					
General government	\$ (6,476,016)	\$ -	\$ (6,476,016)		
Public safety	(31,874,797)	-	(31,874,797)		
Public works and cemeteries	(13,558,443)	-	(13,558,443)		
Cultural and recreation	(6,977,832)	-	(6,977,832)		
Economic and physical development	160,662	-	160,662		
Interest on long-term debt	(2,387,821)	-	(2,387,821)		
Total governmental activities	(61,114,247)	-	(61,114,247)		
Business-Type Activities:					
Water and sewer	-	7,320,214	7,320,214		
Electric	-	15,948,546	15,948,546		
Transit	-	(949,650)	(949,650)		
Golf	-	(34,805)	(34,805)		
Stormwater	-	(402,198)	(402,198)		
Solid waste	-	(2,791,986)	(2,791,986)		
Total business-type activities	-	19,090,121	19,090,121		
Total primary government	(61,114,247)	19,090,121	(42,024,126)		
Component Units:					
ABC Board				\$ 200,439	\$ -
Tourism Development Authority				-	(832,518)
Total component units				200,439	(832,518)
General Revenues:					
Taxes:					
Ad valorem taxes	36,165,019	-	36,165,019	-	-
Sales taxes	12,750,343	-	12,750,343	-	-
Payments in lieu of taxes	4,360,255	-	4,360,255	-	-
Franchise taxes	6,097	-	6,097	-	-
Other taxes	6,866,626	-	6,866,626	-	628,932
Interest earned on investments	1,201,656	719,148	1,920,804	9,872	5,685
Total general revenues, excluding transfers	61,349,996	719,148	62,069,144	9,872	634,617
Transfers	(314,801)	314,801	-	-	-
Total general revenues and transfers	61,035,195	1,033,949	62,069,144	9,872	634,617
Change in net position	(79,052)	20,124,070	20,045,018	210,311	(197,901)
Net Position:					
Beginning of year - July 1	97,812,703	306,938,699	404,751,402	3,685,909	1,030,865
End of year - June 30	\$ 97,733,651	\$ 327,062,769	\$ 424,796,420	\$ 3,896,220	\$ 832,964

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



CITY OF GASTONIA, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Mayor/Council Capital Project Fund	Streets Capital Project Fund	Other Nonmajor Governmental Funds	Total
Assets:					
Cash and cash equivalents	\$ 27,659,572	\$ -	\$ -	\$ 2,097,156	\$ 29,756,728
Taxes receivable, net	1,011,941	-	-	15,265	1,027,206
Accounts receivable, net	1,703,340	132,375	325,999	264,296	2,426,010
Long-term receivable	-	-	-	2,528,483	2,528,483
Prepaid items	56,834	-	-	-	56,834
Property acquired for rehabilitation and re-sale	-	-	-	959,498	959,498
Inventory	670,351	-	-	-	670,351
Cash and investments, restricted	2,240,849	20,831,897	3,077,037	12,772	26,162,555
Due from other funds	856,360	-	-	-	856,360
Due from other governments	6,510,630	-	-	74,934	6,585,564
Total assets	<u>\$ 40,709,877</u>	<u>\$ 20,964,272</u>	<u>\$ 3,403,036</u>	<u>\$ 5,952,404</u>	<u>\$ 71,029,589</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 868,669	\$ 4,977,235	\$ 136,418	\$ 266,987	\$ 6,249,309
Accrued salaries and benefits	1,111,877	-	-	-	1,111,877
Due to other funds	1,380,347	-	-	409,361	1,789,708
Total liabilities	<u>3,360,893</u>	<u>4,977,235</u>	<u>136,418</u>	<u>676,348</u>	<u>9,150,894</u>
Deferred Inflows of Resources:					
Property taxes receivable	1,011,941	-	-	15,265	1,027,206
Unavailable revenue	<u>756,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>756,303</u>
Total deferred inflows of resources	<u>1,768,244</u>	<u>-</u>	<u>-</u>	<u>15,265</u>	<u>1,783,509</u>
Fund Balances:					
Non-spendable:					
Inventories	670,351	-	-	-	670,351
Prepays	56,834	-	-	-	56,834
Restricted:					
Stabilization by state statute	9,713,254	14,097,709	1,182,263	4,925,371	29,918,597
Restricted, all other	2,104,792	20,831,897	3,077,037	621,526	26,635,252
Assigned	-	-	-	1,426,799	1,426,799
Unassigned	<u>23,035,509</u>	<u>(18,942,569)</u>	<u>(992,682)</u>	<u>(1,712,905)</u>	<u>1,387,353</u>
Total fund balances	<u>35,580,740</u>	<u>15,987,037</u>	<u>3,266,618</u>	<u>5,260,791</u>	<u>60,095,186</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 40,709,877</u>	<u>\$ 20,964,272</u>	<u>\$ 3,403,036</u>	<u>\$ 5,952,404</u>	<u>\$ 71,029,589</u>

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

CITY OF GASTONIA, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>Total</u>
Reconciliation with Net Position of Governmental Activities - Government-Wide (Exhibit A):	
Total fund balances - modified accrual (see above)	\$ 60,095,186
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	152,835,960
Net pension liability LGERS	(14,548,712)
Total pension liability LEOSA	(20,320,317)
Total OPEB liability	(49,321,748)
Pension related deferrals	10,213,795
OPEB related deferrals	5,876,919
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.	10,307,944
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.	(1,795,702)
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(57,011,702)
The governmental activities net position includes an accrual for interest on long-term debt.	(397,415)
Unbilled services of the governmental activities are not considered revenues in the governmental funds statement until collected.	15,934
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>1,783,509</u>
Net position of governmental activities - government-wide (Exhibit A)	<u>\$ 97,733,651</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, 2020

	General Fund	Mayor/Council Capital Project Fund	Streets Capital Project Fund	Other Nonmajor Governmental Funds	Total
Revenues:					
Ad valorem taxes	\$ 35,866,910	\$ -	\$ -	\$ 161,999	\$ 36,028,909
Other taxes and licenses	23,354,389	-	-	628,932	23,983,321
Unrestricted intergovernmental revenues	2,298,097	-	-	-	2,298,097
Restricted intergovernmental revenues	2,991,019	77,712	16,064	1,592,747	4,677,542
Permits and fees	1,374,067	-	-	-	1,374,067
Sales and services	2,738,367	-	-	468,162	3,206,529
Investment earnings	814,725	251,045	51,517	22,507	1,139,794
Miscellaneous	649,475	428,273	8	354,464	1,432,220
Total revenues	<u>70,087,049</u>	<u>757,030</u>	<u>67,589</u>	<u>3,228,811</u>	<u>74,140,479</u>
Expenditures:					
Current:					
General government	10,219,791	-	-	-	10,219,791
Public safety	32,784,233	-	-	-	32,784,233
Public works and cemeteries	9,829,522	-	-	-	9,829,522
Cultural and recreation	6,695,440	-	-	-	6,695,440
Economic and physical development	-	-	-	2,060,213	2,060,213
Capital outlay	-	13,792,883	579,229	514,660	14,886,772
Debt service:					
Principal repayments	11,326,237	-	-	173,000	11,499,237
Interest	2,043,307	358,640	-	9,988	2,411,935
Total expenditures	<u>72,898,530</u>	<u>14,151,523</u>	<u>579,229</u>	<u>2,757,861</u>	<u>90,387,143</u>
Revenues over (under) expenditures	<u>(2,811,481)</u>	<u>(13,394,493)</u>	<u>(511,640)</u>	<u>470,950</u>	<u>(16,246,664)</u>
Other Financing Sources (Uses):					
Issuance of long-term debt	8,640,000	24,000,000	-	-	32,640,000
Transfers from other funds	2,040,000	2,600,000	586,000	336,871	5,562,871
Transfers (to) other funds	(5,517,468)	-	-	(360,204)	(5,877,672)
Total other financing sources (uses)	<u>5,162,532</u>	<u>26,600,000</u>	<u>586,000</u>	<u>(23,333)</u>	<u>32,325,199</u>
Net change in fund balances	2,351,051	13,205,507	74,360	447,617	16,078,535
Fund Balances:					
Beginning of year - July 1	33,207,609	2,781,530	3,192,258	5,210,717	44,392,114
Increase (decrease) in inventories and property/ land acquired redevelopment/rehabilitation	<u>22,080</u>	<u>-</u>	<u>-</u>	<u>(397,543)</u>	<u>(375,463)</u>
End of year - June 30	<u>\$ 35,580,740</u>	<u>\$ 15,987,037</u>	<u>\$ 3,266,618</u>	<u>\$ 5,260,791</u>	<u>\$ 60,095,186</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, 2020**

Net change in fund balances - total governmental funds per Exhibit D	\$ 16,078,535
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.	136,110
Miscellaneous revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	444,381
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.	(375,463)
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.	(5,525,245)
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.	18,164,795
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(9,246,774)
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.	11,499,237
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.	6,884
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.	167,193
Proceeds from issuance of debt 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.	(32,640,000)
Interest on long-term debt incurred, but not paid, is reported as an expense in the governmental activities statements.	55,716
Portion of Internal Service Fund activities change in net position allocable to the governmental activities are reported with governmental activities.	<u>1,155,579</u>
Change in net position of governmental activities per Exhibit B	<u>\$ (79,052)</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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over/Under
Revenues:				
Ad valorem taxes	\$ 35,573,632	\$ 35,573,632	\$ 35,866,910	\$ 293,278
Other taxes and licenses	23,084,805	23,084,805	23,354,389	269,584
Unrestricted intergovernmental revenues	1,813,500	1,813,500	2,298,097	484,597
Restricted intergovernmental revenues	2,833,823	3,692,433	2,991,019	(701,414)
Permits and fees	1,099,500	1,139,500	1,374,067	234,567
Sales and services	2,959,531	2,959,531	2,738,367	(221,164)
Interest earned on investments	755,045	755,045	814,725	59,680
Miscellaneous	117,037	355,903	649,475	293,572
Total revenues	<u>68,236,873</u>	<u>69,374,349</u>	<u>70,087,049</u>	<u>712,700</u>
Expenditures:				
General government	11,011,361	11,980,543	10,219,791	1,760,752
Public safety	33,578,274	34,735,403	32,784,233	1,951,170
Public works and cemeteries	8,932,071	11,154,253	9,829,522	1,324,731
Cultural and recreation	6,838,194	8,124,332	6,695,440	1,428,892
Debt service:				
Principal	2,781,239	11,326,240	11,326,237	3
Interest and fees	<u>2,635,710</u>	<u>2,729,209</u>	<u>2,043,307</u>	<u>685,902</u>
Total expenditures	<u>65,776,849</u>	<u>80,049,980</u>	<u>72,898,530</u>	<u>7,151,450</u>
Revenues over (under) expenditures	<u>2,460,024</u>	<u>(10,675,631)</u>	<u>(2,811,481)</u>	<u>7,864,150</u>
Other Financing Sources (Uses):				
Issuance of long-term debt	-	8,640,000	8,640,000	-
Transfers from other funds	1,454,000	2,040,000	2,040,000	-
Transfers (to) other funds	(3,914,024)	(6,005,024)	(5,517,468)	487,556
Appropriated fund balance	<u>-</u>	<u>6,000,655</u>	<u>-</u>	<u>(6,000,655)</u>
Total other financing sources (uses)	<u>(2,460,024)</u>	<u>10,675,631</u>	<u>5,162,532</u>	<u>(5,513,099)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,351,051</u>	<u>\$ 2,351,051</u>
Fund Balance:				
Beginning of year - July 1			33,207,609	
Increase (decrease) in inventories and property/ land acquired redevelopment/rehabilitation			<u>22,080</u>	
End of year - June 30			<u>\$ 35,580,740</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, 2020

	Business-Type Activities				Governmental Activities	
	Water and Sewer Fund	Electric Fund	Stormwater Fund	Other Nonmajor Funds	Total	Internal Service Funds
Assets:						
Current assets:						
Cash, cash equivalents, and investments	\$ 22,137,848	\$ 34,048,169	\$ 1,141,382	\$ 901,994	\$ 58,229,393	\$ 5,307,695
Accounts receivable, net	5,143,814	9,347,247	321,497	479,342	15,291,900	378,824
Inventory	180,523	1,511,294	-	10,999	1,702,816	-
Due from other governments	-	-	-	388,738	388,738	-
Due from other funds	-	-	-	-	-	1,380,347
Cash and cash equivalents, restricted	2,642,114	1,530,120	-	-	4,172,234	1,554,280
Total current assets	30,104,299	46,436,830	1,462,879	1,781,073	79,785,081	8,621,146
Non-current assets:						
Depreciable capital assets, net	158,312,722	37,452,625	30,038,266	2,589,200	228,392,813	11,474,642
Non-depreciable capital assets	91,918,745	10,455,800	466,094	358,778	103,199,417	-
Total capital assets, net	250,231,467	47,908,425	30,504,360	2,947,978	331,592,230	11,474,642
Total assets	280,335,766	94,345,255	31,967,239	4,729,051	411,377,311	20,095,788
Deferred Outflows of Resources:						
OPEB deferrals	1,327,371	612,632	102,106	204,210	2,246,319	-
Pension deferrals	1,558,710	668,019	111,337	222,673	2,560,739	-
Total deferred outflows	2,886,081	1,280,651	213,443	426,883	4,807,058	-
Liabilities:						
Current liabilities:						
Accounts payable	2,011,544	5,409,972	64,013	319,494	7,805,023	1,004,833
Accrued salaries and benefits	203,287	104,637	11,380	80,860	400,164	86,049
Compensated absences	394,069	212,732	15,257	134,797	756,855	194,864
Accrued interest	154,588	-	-	-	154,588	27,336
Current portion of long-term debt	4,105,241	48,763	-	-	4,154,004	3,141,312
Due to other funds	-	-	-	222,857	222,857	224,142
Prepaid fees	105,143	391,053	-	-	496,196	-
Liabilities to be paid from restricted assets:						
Customer deposits	494,764	1,337,824	-	-	1,832,588	-
Total current liabilities	7,468,636	7,504,981	90,650	758,008	15,822,275	4,678,536
Non-current liabilities:						
Non-current portion of compensated absences	131,356	70,910	5,086	44,933	252,285	64,954
Non-current portion of long-term debt	55,655,402	332,474	-	-	55,987,876	5,044,354
Net pension liability	2,645,220	1,133,666	188,944	377,889	4,345,719	-
Total OPEB liability	8,220,291	3,793,980	632,331	1,264,660	13,911,262	-
Total non-current liabilities	66,652,269	5,331,030	826,361	1,687,482	74,497,142	5,109,308
Total liabilities	74,120,905	12,836,011	917,011	2,445,490	90,319,417	9,787,844
Deferred Inflows of Resources:						
OPEB deferrals	347,884	160,562	26,760	53,521	588,727	-
Pension deferrals	5,574	2,390	397	797	9,158	-
Total deferred inflows	353,458	162,952	27,157	54,318	597,885	-
Net Position:						
Net investment in capital assets	192,618,174	47,719,484	30,504,360	2,947,978	273,789,996	4,843,256
Unrestricted	16,129,310	34,907,459	732,154	(291,852)	51,477,071	5,464,688
Total net position	\$ 208,747,484	\$ 82,626,943	\$ 31,236,514	\$ 2,656,126	\$ 325,267,067	\$ 10,307,944
Total net position - proprietary funds presentation					\$ 325,267,067	
Portion of profit generated by Internal Service Fund allocated to business-type activities - history to date					1,795,702	
Net position of business-type activities - government-wide					\$ 327,062,769	

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, 2020

	Business-Type Activities					Governmental Activities
	Water and Sewer Fund	Electric Fund	Stormwater Fund	Other Nonmajor Funds	Total	Internal Service Funds
Operating Revenues:						
Charges for services	\$ 37,853,842	\$ 71,366,606	\$ 2,595,666	\$ 3,167,474	\$ 114,983,588	\$ 19,695,326
Utilities for City use	2,471,693	1,873,099	64,256	-	4,409,048	-
Other operating revenues	132,277	777,918	2,981	123,930	1,037,106	1,612,440
Total operating revenues	<u>40,457,812</u>	<u>74,017,623</u>	<u>2,662,903</u>	<u>3,291,404</u>	<u>120,429,742</u>	<u>21,307,766</u>
Operating Expenses:						
Water treatment/electric and other purchases	5,710,567	53,455,727	-	-	59,166,294	-
Administration	11,978,902	7,849,091	1,590,862	1,419,632	22,838,487	-
Facility maintenance	2,044,911	-	-	-	2,044,911	-
Payseur Mountain resource recovery	1,948,385	-	-	-	1,948,385	-
Sewage treatment	7,088,766	-	-	-	7,088,766	-
Substation operations	-	686,611	-	-	686,611	-
Maintenance	3,032,885	3,489,279	507,248	317,210	7,346,622	-
ADA/Para-transit expenses	-	-	-	253,201	253,201	-
Operations area	-	-	622,407	6,530,943	7,153,350	16,581,705
Street lights	-	613,327	-	-	613,327	-
Depreciation and amortization	4,954,277	2,067,406	710,873	629,077	8,361,633	2,920,695
Total operating expenses	<u>36,758,693</u>	<u>68,161,441</u>	<u>3,431,390</u>	<u>9,150,063</u>	<u>117,501,587</u>	<u>19,502,400</u>
Operating income (loss)	<u>3,699,119</u>	<u>5,856,182</u>	<u>(768,487)</u>	<u>(5,858,659)</u>	<u>2,928,155</u>	<u>1,805,366</u>
Non-Operating Revenues (Expenses):						
Miscellaneous	-	-	-	-	-	(223,959)
Investment earnings	307,391	386,197	16,528	9,032	719,148	61,862
Power Agency refund	-	10,342,012	-	-	10,342,012	-
Gain (loss) on disposal of capital assets	(9,987)	(321,974)	(80,759)	-	(412,720)	-
Interest on long-term debt	(827,372)	(16,869)	-	-	(844,241)	(198,795)
Total non-operating revenues (expenses)	<u>(529,968)</u>	<u>10,389,366</u>	<u>(64,231)</u>	<u>9,032</u>	<u>9,804,199</u>	<u>(360,892)</u>
Income (loss) before capital contributions and transfers	3,169,151	16,245,548	(832,718)	(5,849,627)	12,732,354	1,444,474
Capital Contributions:						
Federal and state grants	1,350,592	89,195	-	2,082,218	3,522,005	-
Local contributions	1,869,816	-	447,048	-	2,316,864	-
Development fee	949,151	-	-	-	949,151	-
Transfers:						
Transfers from other funds	-	-	-	3,414,801	3,414,801	-
Transfers to other funds	<u>-</u>	<u>(3,100,000)</u>	<u>-</u>	<u>-</u>	<u>(3,100,000)</u>	<u>-</u>
Change in net position	7,338,710	13,234,743	(385,670)	(352,608)	19,835,175	1,444,474
Net Position:						
Beginning of year - July 1	<u>201,408,774</u>	<u>69,392,200</u>	<u>31,622,184</u>	<u>3,008,734</u>	<u>305,431,892</u>	<u>8,863,470</u>
End of year - June 30	<u>\$ 208,747,484</u>	<u>\$ 82,626,943</u>	<u>\$ 31,236,514</u>	<u>\$ 2,656,126</u>	<u>\$ 325,267,067</u>	<u>\$ 10,307,944</u>
Reconciliation with Exhibit B Change in Net Position - Business-Type Activities:						
Change in net position - fund perspective					\$ 19,835,175	
Internal Service Fund profits allocated to business-type activities					288,895	
Change in net position - entity-wide perspective - Exhibit B					<u>\$ 20,124,070</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, 2020

	Business-Type Activities				Governmental Activities
	Water and Sewer Fund	Electric Fund	Stormwater Fund	Other Nonmajor Funds	Internal Service Funds
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 40,463,488	\$ 75,359,481	\$ 2,625,212	\$ 3,143,174	\$ 121,591,355
Cash paid to suppliers	(22,586,153)	(62,776,139)	(2,120,517)	(4,434,830)	(91,917,639)
Cash paid to employees	(8,398,903)	(3,477,651)	(510,769)	(3,734,785)	(16,122,108)
Net cash provided (used) by operating activities	9,478,432	9,105,691	(6,074)	(5,026,441)	13,551,608
Cash Flows from Non-operating Activities:					
Power Agency refund	-	10,342,012	-	-	10,342,012
Cash Flows from Non-Capital Financing Activities:					
Changes in due to/from other funds	-	-	-	189,155	189,155
Transfers from other funds	-	-	-	3,414,801	3,414,801
Transfers to other funds	-	(3,100,000)	-	-	(3,100,000)
Net cash provided (used) by non-capital financing activities	-	(3,100,000)	-	3,603,956	503,956
Cash Flows from Capital and Related Financing Activities:					
Federal and state grants	1,350,592	89,195	-	1,829,288	3,269,075
Expansion fee	949,151	-	-	-	949,151
Proceeds from issuance of debt	1,235,272	-	-	-	1,235,272
Principal paid on long-term debt	(3,979,250)	(48,763)	-	-	(4,028,013)
Proceeds from sale of capital assets	-	8,625	-	-	8,625
Acquisition and construction of capital assets	(6,079,259)	(3,070,878)	(112,181)	(171,191)	(9,433,509)
Interest paid on long-term debt	(1,004,004)	(16,869)	-	-	(1,020,873)
Net cash provided (used) by capital and related financing activities	(7,527,498)	(3,038,690)	(112,181)	1,658,097	(9,020,272)
Cash Flows from Investing Activities:					
Interest on investments	307,391	386,197	16,528	9,032	719,148
Net increase (decrease) in cash and cash equivalents	2,258,325	13,695,210	(101,727)	244,644	16,096,452
Cash and Cash Equivalents:					
Beginning of year - July 1	22,521,637	21,883,079	1,243,109	657,350	46,305,175
End of year - June 30	\$ 24,779,962	\$ 35,578,289	\$ 1,141,382	\$ 901,994	\$ 62,401,627

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, 2020

	Business-Type Activities					Governmental Activities
	Water and Sewer Fund	Electric Fund	Stormwater Fund	Other Nonmajor Funds	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ 3,699,119	\$ 5,856,182	\$ (768,487)	\$ (5,858,659)	\$ 2,928,155	\$ 1,805,366
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	4,954,277	2,067,406	710,873	629,077	8,361,633	2,920,695
Bad debt expense (recovery)	-	-	-	-	-	(223,959)
Change in assets and liabilities:						
(Increase) decrease in accounts receivables	993,023	1,049,287	(37,691)	(148,230)	1,856,389	577,076
(Increase) decrease in deferred outflows - pension	239,720	102,737	17,123	34,246	393,826	-
(Increase) decrease in deferred outflows - OPEB	(864,568)	(399,030)	(66,506)	(133,010)	(1,463,114)	-
Increase (decrease) in deferred inflows - OPEB	(108,400)	(50,030)	(8,339)	(16,676)	(183,445)	-
Increase (decrease) in net pension liability	347,892	149,096	24,849	49,699	571,536	-
Increase (decrease) deferred inflows - pension	(16,784)	(7,193)	(1,199)	(2,398)	(27,574)	-
(Increase) decrease in inventories	20,294	(203,052)	-	-	(182,758)	-
Increase (decrease) in accounts payable	(205,551)	(452,406)	16,132	168,885	(472,940)	(843,380)
Increase (decrease) in accrued salaries	86,878	69,432	3,513	47,840	207,663	-
Increase (decrease) in compensated absences	17,334	29,516	3,462	2,393	52,705	5,612
Increase (decrease) in other post- employment benefits	1,302,545	601,175	100,196	200,392	2,204,308	-
Increase (decrease) in customer deposits	21,653	89,519	-	-	111,172	-
Increase (decrease) in deferred revenues	(1,009,000)	203,052	-	-	(805,948)	-
Net cash provided (used) by operating activities	<u>\$ 9,478,432</u>	<u>\$ 9,105,691</u>	<u>\$ (6,074)</u>	<u>\$ (5,026,441)</u>	<u>\$ 13,551,608</u>	<u>\$ 4,241,410</u>
Non-Cash Transactions:						
Local developer contributions	<u>\$ 1,869,816</u>	<u>\$ -</u>	<u>\$ 447,048</u>	<u>\$ -</u>	<u>\$ 2,316,864</u>	<u>\$ -</u>

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

	Agency Fund
Assets:	
Cash and cash equivalents	\$ 35,674
Accounts receivable	<u>34,221</u>
Total assets	<u>\$ 69,895</u>
Liabilities:	
Accounts payable	<u>\$ 69,895</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, 2020

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, 2020

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 on all of the activities of the primary government and its component units. These financial statements include the financial activities of the overall government, except for fiduciary activities. 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, including the fiduciary fund. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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, 2020

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.

Mayor/Council Capital Project Fund. The Mayor/Council Fund is used to account for major City improvements primarily financed with the proceeds of installment financing and interfund transfers. Current projects include greenway parking and Downtown Sports & Entertainment Complex.

Streets Capital Project 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. Current projects include road widening, resurfacing, sidewalk improvements, and bridge replacement.

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, Capital Expansion Fund, Renewal and Replacement Fund, and the Water and Sewer Capital Projects Fund. Financing of the Water and Sewer Operation Fund comes principally from charges from the users. 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, Renewal and Replacement Fund, Power Agency Settlement Fund, and the Electric Capital Projects Fund. 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.

Stormwater Fund. The Stormwater Fund includes the accounts of the Stormwater Operation Fund and the Stormwater Capital Projects Fund. Financing of these funds comes principally from fees to the property owners.

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 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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The government-wide financial statements, the proprietary fund, the fiduciary fund, and the component units' financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using 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, 2020. 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. 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 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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020

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 four special revenue funds: Community Development Block Grant Fund, Uptown Municipal Tax District Fund, Occupancy Tax Fund, and the Economic Stimulus Grants 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 Projects Fund, Developer Sidewalk Fund, Airport Fund, Downtown Revitalization Fund, and Infrastructure Rehabilitation Fund. The Mayor/Council Fund and Streets Capital Projects Fund are major funds.

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, Electric Fund, and Stormwater Fund are major funds.

Fiduciary Funds. Fiduciary funds account for the assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The City maintains one agency fund, the Cramerton Stormwater Fund, which accounts for the collection of stormwater fees for the Town of Cramerton.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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, Uptown Municipal Special Revenue Fund, Occupancy Tax Fund, and the enterprise funds lapse at fiscal year-end. The unexpended annual appropriations of the capital project funds, enterprise capital project funds, Community Development Block Grant Fund, Infrastructure Rehabilitation Fund, the 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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 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(c)] 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, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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. 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.

Governmental Activities:

Internal Service Fund:

General Fund:

Unexpended bond proceeds	\$	73,026
IRS regulatory section 125 restricted		136,057
Grant funds restricted		1,164,700
Conference Center Management Agreement		772,036
Public works - Powell Bill		95,030

Internal Service Fund:

Vehicle Renewal and Replacement Fund:

Unexpended bond proceeds	1,554,280
--------------------------	-----------

Other Nonmajor Governmental Fund:

Unexpended bond proceeds	12,772
--------------------------	--------

Mayor/Council Project Fund:

Capital outlays - unexpended bond proceeds	20,831,897
--	------------

Streets Project Fund:

Capital outlays - unexpended bond proceeds	<u>3,077,037</u>
--	------------------

Total governmental activities	<u>27,716,835</u>
-------------------------------	-------------------

Business-Type Activities:

Electric Fund:

Unexpended bond proceeds	192,296
Customer deposits	1,337,824

Water and Sewer Fund:

Unexpended bond proceeds	2,147,350
Customer deposits	<u>494,764</u>
Total business-type activities	<u>4,172,234</u>

Total restricted cash	<u>\$ 31,889,069</u>
-----------------------	----------------------

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 1st, the beginning of the fiscal year. These taxes are due on September 1st; however, no interest or penalties are assessed until the following January 6th, when property taxes attach as enforceable liens. The taxes levied are based on the assessed values as of January 1, 2019. 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.

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 recorded as expenditures when purchased. 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.

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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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 position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion, pension deferrals and OPEB deferrals. 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 position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for this category - unavailable revenue, property taxes receivable, pension deferrals and OPEB deferrals.

Compensated Absences

The vacation policies of the City provide for the accumulation of earned vacation leave up to 42 eight-hour days for all employees, other than firemen, and up to 18.5 twenty-four hour days for firemen, 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. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 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.

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, 2020

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.

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.

Restricted for Capital Outlays – portion of fund balance restricted by revenue source for future capital activities. This classification consists primarily of unexpended debt proceeds.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 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 fund balance at June 30, 2020 is as follows:

Purpose	General Fund	Mayor/Council Capital Project Fund	Streets Capital Project Fund	Other Governmental Funds
Restricted, All Other:				
Public Works - Powell Bill	\$ 95,030	\$ -	\$ -	\$ -
Cultural and Recreation	772,036	-	-	-
Public Safety	1,164,700	-	-	-
Capital outlays	73,026	20,831,897	3,077,037	621,526
Total	<u>\$ 2,104,792</u>	<u>\$ 20,831,897</u>	<u>\$ 3,077,037</u>	<u>\$ 621,526</u>

Restricted fund balance/net position on Exhibit A varies from Exhibit C by the amount of unexpended bond proceeds of \$25,549,012 at June 30, 2020.

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

Assigned Fund Balance

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Assigned fund balance at June 30, 2020 is as follows:

<u>Purpose</u>	<u>Other Governmental Funds</u>
Economic and Physical Development	\$ 339,723
Capital outlays	1,087,076
Total	<u>\$ 1,426,799</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.

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 has not officially adopted a fund balance policy, but does have internally established benchmarks.

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	\$ 35,580,740
Less:	
Inventories	670,351
Prepays	56,834
Stabilization by state statute	<u>9,713,254</u>
Total available fund balance	<u>\$ 25,140,301</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Outstanding encumbrances represent amounts needed to pay commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances at June 30, 2020 are detailed as follows:

	<u>Encumbrances</u>
General Fund	\$ 1,399,227
Streets Capital Project Fund	856,264
Mayor/Council Capital Project Fund	13,965,334
Nonmajor Governmental Funds:	
Special revenue funds:	
CDBG Program Fund	28,719
Home Investment Trust Fund	323,264
Uptown Municipal Tax District Fund	11,500
Capital project funds:	
Airport Fund	1,515,019
Downtown revitalization	<u>179,156</u>
Total	<u><u>\$ 18,278,483</u></u>

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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 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, 2020, the City's deposits had a carrying amount of \$27,994,635 and a bank balance of \$27,142,139. Of the bank balance, \$500,000 was covered by federal depository insurance and the remaining bank balance is insured under the Pooling Method. The City had \$48,170 cash on hand as of June 30, 2020.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Investments

At June 30, 2020, the City had the following investments and maturities:

Investment Type	Valuation Measurement Method	Book Value at 6/30/2020	Maturity	Rating
Malayan Bank CP	Fair Value - Level 1	\$ 991,704	7/27/2020	A1/P1
Agricultural Bk China LTD CP	Fair Value - Level 1	990,966	8/18/2020	A1/P1
Natixis NY CP	Fair Value - Level 1	995,666	9/10/2020	A1/P1
Federal Farm Credit System	Fair Value - Level 2	998,761	10/13/2020	Aaa
Banco Santander CP	Fair Value - Level 1	1,439,832	10/20/2020	A1/P1
Toyota Mtr Cr CP	Fair Value - Level 1	994,750	12/1/2020	A1+/P1
Exxon Mobil Corp CP	Fair Value - Level 1	984,962	12/17/2020	A1+/P1
NC Capital Management Trust Government Portfolio	Fair Value - Level 1	43,711,748	N/A	AAAm
NC Capital Management Trust Term Portfolio	Fair Value - Level 1	46,067,365	.15 years	Unrated
Total		<u>\$ 97,175,754</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 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.

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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 as of June 30, 2020. The investments in commercial paper carried credit ratings of A1 and A1+ by Standard & Poor's. The City's investments in Federal Farm Credit System are rated Aaa by Moody's Investors Service. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

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, 2020:

General Fund:

Property taxes	\$ 130,323
Other receivables	1,669,396

Enterprise Funds:

Water and Sewer Fund - utility receivables	764,735
Electric Fund - utility receivables	1,692,191
Stormwater Fund - utility receivables	150,205
Solid Waste Fund - customer receivables	142,653

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Due from other governments at the government-wide level at June 30, 2020:

	<u>County</u>	<u>State</u>	<u>Total</u>
Governmental Funds:			
General Fund:			
Sales and use tax distribution	\$ -	\$ 4,865,984	\$ 4,865,984
Property taxes	519,822	-	519,822
Sales tax refund	57,685	1,067,139	1,124,824
Total General Fund	<u>577,507</u>	<u>5,933,123</u>	<u>6,510,630</u>
Other Governmental Funds:			
Occupancy tax	74,934	-	74,934
Total other governmental funds	<u>74,934</u>	<u>-</u>	<u>74,934</u>
Total governmental funds	<u>\$ 652,441</u>	<u>\$ 5,933,123</u>	<u>\$ 6,585,564</u>
Business-Type Funds:			
Transit System Fund:			
Grants	<u>\$ -</u>	<u>\$ 388,738</u>	<u>\$ 388,738</u>
Total business-type funds	<u>\$ -</u>	<u>\$ 388,738</u>	<u>\$ 388,738</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, 2020 is \$236,748, 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 are 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, 2020 is \$2,291,735.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Capital Assets

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

	Balance July 1, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
Non-Depreciable Assets:					
Land	\$ 15,047,660	\$ 32,329	\$ (212,756)	\$ -	\$ 14,867,233
Construction in progress	14,247,568	14,752,873	(388)	(5,141,042)	23,859,011
Total non-depreciable capital assets	<u>29,295,228</u>	<u>14,785,202</u>	<u>(213,144)</u>	<u>(5,141,042)</u>	<u>38,726,244</u>
Depreciable Assets:					
Other improvements	27,027,816	19,730	(18)	141,016	27,188,544
Buildings	53,904,627	393,694	-	-	54,298,321
Building - Internal Service Fund	127,632	-	-	-	127,632
Equipment	11,704,156	300,608	(235,398)	-	11,769,366
Equipment - Internal Service Fund	44,999,449	3,427,792	(63,343)	-	48,363,898
General infrastructure	289,203,059	2,878,705	-	5,000,026	297,081,790
Total depreciable capital assets	<u>426,966,739</u>	<u>7,020,529</u>	<u>(298,759)</u>	<u>5,141,042</u>	<u>438,829,551</u>
Less Accumulated Depreciation:					
Other improvements	14,666,067	1,077,941	-	-	15,744,008
Buildings	26,393,916	1,342,737	-	-	27,736,653
Building - Internal Service Fund	55,101	3,020	-	-	58,121
Equipment	9,795,298	390,416	(242,300)	-	9,943,414
Equipment - Internal Service Fund	34,104,435	2,917,675	(63,343)	-	36,958,767
General infrastructure	216,368,550	6,435,680	-	-	222,804,230
Total accumulated depreciation	<u>301,383,367</u>	<u>\$ 12,167,469</u>	<u>\$ (305,643)</u>	<u>\$ -</u>	<u>313,245,193</u>
Capital assets, net	<u>\$ 154,878,600</u>				<u>\$ 164,310,602</u>

Depreciation Allocation

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

	Governmental Funds	Internal Service Funds	Total
Governmental Activities:			
General government	\$ 832,210	\$ 262,863	\$ 1,095,073
Public safety	739,742	233,656	973,398
Public works	6,935,080	2,190,521	9,125,601
Cultural and recreation	739,742	233,655	973,397
Total	<u>\$ 9,246,774</u>	<u>\$ 2,920,695</u>	<u>\$ 12,167,469</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Enterprise Fund Capital Assets

The capital assets for the major enterprise funds of the City at June 30, 2020 are as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2020</u>
Water and Sewer Fund:					
Non-Depreciable Assets:					
Land	\$ 12,277,593	\$ 131,760	\$ -	\$ -	\$ 12,409,353
Construction in progress	<u>76,255,696</u>	<u>4,347,588</u>	<u>(9,987)</u>	<u>(1,083,905)</u>	<u>79,509,392</u>
Total non-depreciable capital assets	<u>88,533,289</u>	<u>4,479,348</u>	<u>(9,987)</u>	<u>(1,083,905)</u>	<u>91,918,745</u>
Depreciable Assets:					
Land improvements	4,689,487	348,000	-	-	5,037,487
Buildings	69,725,203	-	(66,000)	-	69,659,203
Machinery, equipment, and vehicles	14,726,626	456,470	-	-	15,183,096
Water and sewer system	<u>197,461,870</u>	<u>3,494,729</u>	<u>-</u>	<u>1,083,905</u>	<u>202,040,504</u>
Total depreciable capital assets	<u>286,603,186</u>	<u>4,299,199</u>	<u>(66,000)</u>	<u>1,083,905</u>	<u>291,920,290</u>
Less Accumulated Depreciation:					
Land improvements	2,723,223	135,539	-	-	2,858,762
Buildings	38,923,186	1,318,330	(66,000)	-	40,175,516
Machinery, equipment, and vehicles	10,236,060	537,775	-	-	10,773,835
Water and sewer system	<u>76,836,822</u>	<u>2,962,633</u>	<u>-</u>	<u>-</u>	<u>79,799,455</u>
Total accumulated depreciation	<u>128,719,291</u>	<u>\$ 4,954,277</u>	<u>\$ (66,000)</u>	<u>\$ -</u>	<u>133,607,568</u>
Capital assets, net	<u>\$ 246,417,184</u>				<u>\$ 250,231,467</u>
	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2020</u>
Electric Fund:					
Non-Depreciable Assets:					
Land	\$ 1,069,300	\$ -	\$ -	\$ -	\$ 1,069,300
Construction in progress	<u>8,224,912</u>	<u>1,494,445</u>	<u>(330,596)</u>	<u>(2,261)</u>	<u>9,386,500</u>
Total non-depreciable capital assets	<u>9,294,212</u>	<u>1,494,445</u>	<u>(330,596)</u>	<u>(2,261)</u>	<u>10,455,800</u>
Depreciable Assets:					
Land improvements	20,404	-	-	-	20,404
Buildings	117,132	-	(3)	-	117,129
Electrical distribution	95,916,494	1,459,598	-	2,261	97,378,353
Machinery, equipment, and vehicles	<u>4,154,681</u>	<u>33,069</u>	<u>-</u>	<u>-</u>	<u>4,187,750</u>
Total depreciable capital assets	<u>100,208,711</u>	<u>1,492,667</u>	<u>(3)</u>	<u>2,261</u>	<u>101,703,636</u>
Less Accumulated Depreciation:					
Land improvements	18,075	565	-	-	18,640
Buildings	76,469	5,239	-	-	81,708
Electrical distribution	58,380,427	1,981,650	-	-	60,362,077
Machinery, equipment, and vehicles	<u>3,708,634</u>	<u>79,952</u>	<u>-</u>	<u>-</u>	<u>3,788,586</u>
Total accumulated depreciation	<u>62,183,605</u>	<u>\$ 2,067,406</u>	<u>\$ -</u>	<u>\$ -</u>	<u>64,251,011</u>
Capital assets, net	<u>\$ 47,319,318</u>				<u>\$ 47,908,425</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
Stormwater Fund:					
Non-Depreciable Assets:					
Land	\$ 52,470	\$ -	\$ -	\$ -	\$ 52,470
Construction in progress	339,329	155,054	(80,759)	-	413,624
Total non-depreciable capital assets	391,799	155,054	(80,759)	-	466,094
Depreciable Assets:					
Buildings	11,211	-	-	-	11,211
Stormwater infrastructure	52,153,706	447,048	-	-	52,600,754
Machinery, equipment, and vehicles	128,163	-	-	-	128,163
Total depreciable capital assets	52,293,080	447,048	-	-	52,740,128
Less Accumulated Depreciation:					
Buildings	5,479	130	-	-	5,609
Stormwater infrastructure	21,858,650	710,240	-	-	22,568,890
Machinery, equipment, and vehicles	126,860	503	-	-	127,363
Total accumulated depreciation	21,990,989	\$ 710,873	\$ -	\$ -	22,701,862
Capital assets, net	\$ 30,693,890				\$ 30,504,360

The capital assets for the nonmajor enterprise funds of the City at June 30, 2020 are as follows:

	Balance July 1, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
Transit, Solid Waste and Golf Funds:					
Non-Depreciable Assets:					
Land	\$ 358,778	\$ -	\$ -	\$ -	\$ 358,778
Depreciable Assets:					
Land improvements	1,179,632	84,741	-	-	1,264,373
Buildings	1,574,227	74,585	-	-	1,648,812
Machinery, equipment, and vehicles	5,372,107	11,865	-	-	5,383,972
Total depreciable capital assets	8,125,966	171,191	-	-	8,297,157
Less Accumulated Depreciation:					
Land improvements	879,250	32,570	-	-	911,820
Buildings	923,662	35,436	-	-	959,098
Machinery, equipment, and vehicles	3,275,968	561,071	-	-	3,837,039
Total accumulated depreciation	5,078,880	\$ 629,077	\$ -	\$ -	5,707,957
Capital assets, net	\$ 3,405,864				\$ 2,947,978

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2020 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 164,310,602	\$ 331,592,230
Long-term debt	(61,349,429)	(60,141,880)
Unspent debt proceeds	25,549,012	2,339,646
Net investment in capital assets	<u>\$ 128,510,185</u>	<u>\$ 273,789,996</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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The state's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

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).

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020, was 9.70% of compensation for law enforcement officers and 8.95% 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 \$4,327,515 for the year ended June 30, 2020.

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

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

At June 30, 2020, the City reported a liability of \$18,894,431 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2019, the City's proportion was 0.6919%, which was an increase of 0.0002% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$8,404,854. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,235,205	\$ -
Changes of assumptions	3,079,479	-
Net difference between projected and actual earnings on pension plan investments	460,861	-
Changes in proportion and differences between City contributions and proportionate share of contributions	30,574	39,809
City contributions subsequent to the measurement date	4,327,515	-
Total	<u>\$ 11,133,634</u>	<u>\$ 39,809</u>

\$4,327,515 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ 3,374,854
2022	1,048,737
2023	1,821,156
2024	521,563
2025	-
Thereafter	-
Total	<u>\$ 6,766,310</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period ended January 1, 2010 to December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement. The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant 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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	<u>100.0%</u>	

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	<u>\$ 43,215,017</u>	<u>\$ 18,894,431</u>	<u>\$ (1,320,904)</u>

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

Law Enforcement Officers' and Firemen's 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 firemen. 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, 2020

All full-time law enforcement officers and firemen of the City are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	106
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>321</u>
Total	<u><u>427</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, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate*	3.26 percent
Projected salary increases*	
Law enforcement officers	3.50 - 7.35 percent
Firefighters	3.50 - 7.75 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, 2018 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

Deaths After Retirement (Healthy) Law Enforcement Officers: RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Deaths After Retirement (Healthy) Firefighters: RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

Deaths Before Retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

Deaths After Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

Deaths After Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

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 \$1,555,524 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, 2020, the City reported a total pension liability of \$20,320,317. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the City recognized pension expense of \$1,540,813.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 522,575	\$ -
Changes of assumptions and other inputs	783,575	464,462
Benefit payments and administrative expenses subsequent to the measurement date	829,863	-
Total	<u>\$ 2,136,013</u>	<u>\$ 464,462</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The City paid \$829,863 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 ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ 333,839
2022	343,964
2023	27,983
2024	135,902
2025	-
Thereafter	-
Total	<u>\$ 841,688</u>

Sensitivity of the City's Total Pension Liability to Changes in the Discount Rate. The following presents the City's total pension liability calculated using the discount rate of 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	<u>\$ 21,744,130</u>	<u>\$ 20,320,317</u>	<u>\$ 19,011,693</u>

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

Beginning balance	<u>\$ 19,972,541</u>
Service cost	508,284
Interest	698,690
Difference between expected and actual experience	185,848
Changes of assumptions and other inputs	510,478
Benefit payments	<u>(1,555,524)</u>
Net change in total pension liability	<u>347,776</u>
Ending balance of total pension liability	<u>\$ 20,320,317</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.64 percent at December 31, 2018 to 3.26 percent at December 31, 2019.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period ended January 1, 2010 through December 31, 2014.

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	\$ 8,404,854	\$ 1,540,813	\$ 9,945,667
Pension liability	18,894,431	20,320,317	39,214,748
Proportionate share of the net pension liability	0.6919%	N/A	-

Deferred of Outflows of Resources:

Differences between expected and actual experience	\$ 3,235,205	\$ 522,575	\$ 3,757,780
Changes of assumptions	3,079,479	783,575	3,863,054
Net difference between projected and actual earnings on pension	460,861	-	460,861
Changes in proportion and differences between employer contributions and proportionate share of contributions	30,574	-	30,574
Benefit payments and administrative costs paid subsequent to the measurement date	<u>4,327,515</u>	<u>829,863</u>	<u>5,157,378</u>
Total	<u>\$11,133,634</u>	<u>\$ 2,136,013</u>	<u>\$13,269,647</u>

Deferred of Inflows of Resources:

Changes of assumptions	\$ -	\$ 464,462	\$ 464,462
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>39,809</u>	<u>-</u>	<u>39,809</u>
Total	<u>\$ 39,809</u>	<u>\$ 464,462</u>	<u>\$ 504,271</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The state's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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 \$499,244 for the reporting year. No amounts were forfeited.

Supplemental Retirement Income Plan for Firemen

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 firemen 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 firemen 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 firemen may make voluntary contributions to the Plan. The City made contributions of \$393,728 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 firemen. 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 firemen. 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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Funding Policy. The City contributes to the North Carolina 401(k) Plan on a bi-weekly basis an amount equal to 5.0% 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 \$1,492,265 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 future years. The deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency. The City contributes to the Plan 5.0% of the City Attorney's and City Manager's salaries. Contributions to the 457 Plan for the year ended June 30, 2020 were \$28,976, which consisted of \$10,271 from the City and \$18,705 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, 2020, the City made payments for post-retirement health benefit premiums of \$2,169,969. As of July 1, 2006, the City became self-insured, and subsequent 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, 2020, the City made payments for post-retirement life insurance benefit premiums of \$60,410.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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:

Years of Service	Percentage of Premium Paid By The City
Up to 15	0.00%
15-19	25.00%
20-24	50.00%
25 or more	100.00%

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, 2019, the date of the latest actuarial valuation:

Inactive employees or beneficiaries	
currently receiving benefits	550
Active employees	<u>809</u>
Total	<u><u>1,359</u></u>

Total OPEB Liability

The City's total OPEB liability of \$63,233,010 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2019.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Actuarial Assumption and Other Inputs. The total OPEB liability in the June 30, 2019 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	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation:	
General employees	3.50 - 7.75 percent
Firefighters	3.50 - 7.75 percent
Law Enforcement Officers	3.50 - 7.35 percent
Municipal Bond Index Rate:	
Prior Measurement Date	3.89 percent
Measurement Date	3.50 percent
Healthcare Cost Trend	
Rates; Pre-Medicare	7.00 percent for 2019 decreasing to an ultimate rate of 4.50
Medical and Prescription Drug	percent by 2026

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2019	\$ 53,213,429
Changes for the year:	
Service cost	1,831,593
Interest	2,013,627
Differences between expected and actual experience	6,871,822
Changes in assumptions	2,228,953
Benefit payments	(2,926,414)
Net changes	10,019,581
Balance at July 1, 2020	\$ 63,233,010

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.89% to 3.50%.

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-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	<u>\$ 69,405,228</u>	<u>\$ 63,233,010</u>	<u>\$ 57,809,754</u>

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:

	1% Decrease	Current	1% Increase
Total OPEB liability	<u>\$ 57,941,351</u>	<u>\$ 63,233,010</u>	<u>\$ 69,413,225</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$4,705,190. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,194,602	\$ 157,168
Changes of assumptions and other inputs	1,845,971	2,518,863
Benefit payments and administrative expenses subsequent to the measurement date	2,169,969	-
Total	<u>\$ 10,210,542</u>	<u>\$ 2,676,031</u>

\$2,169,969 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 ended June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

Year Ending June 30	Amount
2021	\$ 859,970
2022	859,970
2023	931,591
2024	1,430,771
2025	1,282,240
Thereafter	-
Total	<u>\$ 5,364,542</u>

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 3,757,780
(Pensions) - Changes of assumptions	3,863,054
(Pensions) - Net difference between projected and actual earnings on pension plan investments	460,861
(Pensions) - Changes in proportion and differences between employer contributions and proportionate share of contributions	30,574
(OPEB) - Differences between expected and actual experience	6,194,602
(OPEB) - Changes of assumptions	1,845,971
Benefit payments for the OPEB plan paid subsequent to the measurement date	2,169,969
Contributions to pension plan subsequent to measurement date (LGERS)	4,327,515
Benefit payments and administrative costs paid subsequent to the measurement date (LEOSSA)	<u>829,863</u>
Total	<u>\$23,480,189</u>

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

	<u>Amount</u>
(Pensions) - Changes of assumptions	\$ 464,462
(Pensions) - Changes in proportion and differences between employer contributions and proportionate share of contributions	39,809
(OPEB) - Differences between expected and actual experience	157,168
(OPEB) - Changes of assumptions	2,518,863
Taxes receivable, net (General Fund)	1,011,941
Other receivables, net	756,303
Taxes receivable, net (SRF)	<u>15,265</u>
Total	<u>\$4,963,811</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Commitments

The City had the following outstanding or planned projects as of June 30, 2020. These projects are evidenced by contractual obligations. The projects are funded by a combination of City monies and long-term debt.

<u>Governmental Activities Projects</u>	<u>Remaining Commitment</u>
General Government - General Fund	
Grant study of Catawba River Crossing	\$ 505,465
Bradley Center gym floor replacement	89,200
Copier lease	76,645
Reimbursement to YMCA for upgraded paving for City bus access	80,000
Fire panel replacement City Hall	54,000
Police body cameras	115,561
Total	<u>920,871</u>
General Government - Airport Capital Projects Fund	
Various airport improvements	<u>1,515,019</u>
General Government - Streets Capital Projects Fund	
Various street improvements	<u>856,264</u>
General Government - Mayor/Council Capital Projects Fund	
Franklin Urban Sports and Entertainment project	13,600,111
Avon Greenway extension	304,754
Total	<u>13,904,865</u>
General Government - Downtown Capital Projects Fund	
Conference Center parking deck expansion	<u>179,156</u>
General Government - General Fund and Community Development Special Revenue Home Program Fund:	
Various affordable housing assistance	<u>323,264</u>
Total commitments - governmental activities	<u>\$ 17,699,439</u>
<u>Business-Type Activities Projects</u>	
Water and Sewer Capital Projects	\$ 3,664,559
Stormwater Capital Projects	293,892
Electric Capital Projects	1,759,289
Transit Operations	243,519
Total commitments - business-type activities	<u>\$ 5,961,259</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

In September 2015, the City entered into an agreement with a new conference center management company to supervise, direct, manage, and operate City of Gastonia Conference Center.

The agreement is for the partial 2016 fiscal year and the next two (2) fiscal years with renewals for two 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 initial 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 2019 and 2020 fiscal years were \$215,666 and \$105,053, respectively. On August 25, 2020 the City entered into an addendum to the initial agreement which extends the agreement through June 30, 2025, with renewals for two additional one year terms. The monthly management fee remains at \$7,917 with certain annual incentives based on gross revenues generated. The addendum to the initial agreement requires the City to fund all annual net operating losses.

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 \$288,321,220 for the 2019/20 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 \$5,094,613 as well as an inland marine policy in the amount of \$4,192,879 to cover various types of contractor equipment and \$6,437,776 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 \$600,000 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 \$150,000.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Reconciliation of Claims Liability

Changes in the City's claims liability balance during fiscal year 2020 are as follows:

	Dental Self-Insurance Fund	Medical Self-Insurance Fund	Total
Balance, June 30, 2018	\$ -	\$ 791,388	\$ 791,388
Add incurred claims (including IBNRs) and changes in estimates	327,425	8,249,108	8,576,533
Deduct claims payments	<u>(327,425)</u>	<u>(7,525,181)</u>	<u>(7,852,606)</u>
Balance, June 30, 2019	-	1,515,315	1,515,315
Add incurred claims (including IBNRs) and changes in estimates	281,853	6,189,591	6,471,444
Deduct claims payments	<u>(281,853)</u>	<u>(6,869,752)</u>	<u>(7,151,605)</u>
Balance, June 30, 2020	<u><u>\$ -</u></u>	<u><u>\$ 835,154</u></u>	<u><u>\$ 835,154</u></u>

Claims and Judgments

At June 30, 2020, 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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020 is \$8,640,000. The loan is being serviced by the General Fund.

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

Year Ending				
June 30	Principal	Interest	Total	
2021	\$ 1,000,000	\$ 138,245	\$ 1,138,245	
2022	975,000	126,824	1,101,824	
2023	560,000	110,639	670,639	
2024	570,000	101,343	671,343	
2025	580,000	91,881	671,881	
2026-2030	3,025,000	312,163	3,337,163	
2031-2033	1,930,000	64,408	1,994,408	
Total	<u>\$ 8,640,000</u>	<u>\$ 945,503</u>	<u>\$ 9,585,503</u>	

\$3,128,197 Installment Financing Agreement

In November 2017, the City entered into a direct placement loan agreement with a bank. The City was approved for a loan of \$3,128,197 for various vehicles and equipment. The vehicles and equipment are pledged as collateral for the debt while it is outstanding. The loan agreement calls for 10 semi-annual installments of \$328,811 each on July 23 and January 23 of each year, with interest at 1.1719% semi-annually on May 17 and October 17 of each year. 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, 2020 is \$1,600,029. 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, 2020

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

Year Ending			
June 30	Principal	Interest	Total
2021	\$ 631,097	\$ 26,524	\$ 657,621
2022	642,750	14,871	657,621
2023	326,182	2,499	328,681
Total	<u>\$ 1,600,029</u>	<u>\$ 43,894</u>	<u>\$ 1,643,923</u>

\$3,215,000 Installment Financing Agreement

In February 2016, the City entered into a direct placement loan agreement with a bank. The City was approved for a loan of \$3,215,000 for various vehicles and equipment. The vehicles and equipment are pledged as collateral for the debt while it is outstanding. The loan agreement calls for semi-annual installments of \$333,681 August 1 and February 1 of each year, including interest at 1.39%. 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, 2020 is \$660,422. The loan is being carried in the Internal Service Fund.

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

Year Ending			
June 30	Principal	Interest	Total
2021	<u>\$ 660,422</u>	<u>\$ 6,941</u>	<u>\$ 667,363</u>

\$3,250,000 Installment Financing Agreement

On December 1, 2016, 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 \$3,250,000. 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 \$337,473 from June 1, 2017 through November 1, 2021, including interest at 1.3855%. 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, 2020 is \$998,934. 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, 2020

Debt service requirements to maturity as of June 30, 2020 are as follows:

Year Ending			
June 30	Principal	Interest	Total
2021	\$ 663,397	\$ 11,550	674,947
2022	335,537	1,937	337,474
Total	<u>\$ 998,934</u>	<u>\$ 13,487</u>	<u>\$ 1,012,421</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, 2020 is \$2,114,562. The loan is being carried in the Internal Service Fund.

Debt service requirements to maturity as of June 30, 2020 are as follows:

Year Ending			
June 30	Principal	Interest	Total
2021	\$ 581,569	\$ 59,261	\$ 640,830
2022	599,193	41,637	640,830
2023	617,351	23,479	640,830
2024	316,449	3,966	320,415
Total	<u>\$ 2,114,562</u>	<u>\$ 128,343</u>	<u>\$ 2,242,905</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, 2020 is \$2,811,719. 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, 2020

Debt service requirements to maturity as of June 30, 2020 are as follows:

Year Ending			
June 30	Principal	Interest	Total
2021	\$ 604,827	\$ 49,015	\$ 653,842
2022	616,018	37,824	653,842
2023	627,417	26,426	653,843
2024	639,026	14,816	653,842
2025	324,431	2,490	326,921
Total	<u>\$2,811,719</u>	<u>\$ 130,571</u>	<u>\$2,942,290</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, 2020 is \$35,793. The loan is being carried in the Water and Sewer Fund.

Debt service requirements to maturity are as follows:

Year Ending			
June 30	Principal	Interest	Total
2021	\$ 3,977	\$ -	\$ 3,977
2022	3,977	-	3,977
2023	3,977	-	3,977
2024	3,977	-	3,977
2025	3,977	-	3,977
2026-2029	15,908	-	15,908
Total	<u>\$ 35,793</u>	<u>\$ -</u>	<u>\$ 35,793</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\$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, 2020 is \$25,987,531. The loan is being carried in the Water and Sewer Fund.

Debt service requirements to maturity are as follows:

Year Ending				
June 30	Principal	Interest	Total	
2021	\$ 1,500,000	\$ -	\$ 1,500,000	
2022	1,500,000	-	1,500,000	
2023	1,500,000	-	1,500,000	
2024	1,500,000	-	1,500,000	
2025	1,500,000	-	1,500,000	
2026-2030	7,500,000	-	7,500,000	
2031-2035	7,500,000	-	7,500,000	
2036-2039	3,487,531	-	3,487,531	
Total	<u>\$ 25,987,531</u>	<u>\$ -</u>	<u>\$ 25,987,531</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 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, 2020 is \$4,250,000. 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, 2020

Debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 250,000	\$ -	\$ 250,000
2022	250,000	-	250,000
2023	250,000	-	250,000
2024	250,000	-	250,000
2025	250,000	-	250,000
2026-2030	1,250,000	-	1,250,000
2031-2035	1,250,000	-	1,250,000
2036-2037	500,000	-	500,000
Total	<u>\$ 4,250,000</u>	<u>\$ -</u>	<u>\$ 4,250,000</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, 2020 is \$1,863,933. 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 June 30	Principal	Interest	Total
2021	\$ 266,276	\$ 42,964	\$ 309,240
2022	266,276	36,826	303,102
2023	266,276	30,688	296,964
2024	266,276	24,551	290,827
2025	266,276	18,413	284,689
2026-2027	532,553	18,413	550,966
Total	<u>\$ 1,863,933</u>	<u>\$ 171,855</u>	<u>\$ 2,035,788</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\$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, 2020 is \$119,964. 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			
June 30	Principal	Interest	Total
2021	\$ 11,996	\$ -	\$ 11,996
2022	11,996	-	11,996
2023	11,996	-	11,996
2024	11,996	-	11,996
2025	11,996	-	11,996
2026-2030	59,984	-	59,984
Total	<u>\$ 119,964</u>	<u>\$ -</u>	<u>\$ 119,964</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 City has drawn down loan proceeds of \$2,170,420 through June 30, 2020. 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, 2020 is \$2,170,420. 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, 2020

Debt service requirements to maturity are as follows:

Year Ending			
June 30	Principal	Interest	Total
2021	\$ 149,992	\$ -	\$ 149,992
2022	149,992	-	149,992
2023	149,992	-	149,992
2024	149,991	-	149,991
2025	149,991	-	149,991
2026-2030	749,960	-	749,960
2031-2035	<u>670,502</u>	<u>-</u>	<u>670,502</u>
Total	<u>\$2,170,420</u>	<u>\$ -</u>	<u>\$2,170,420</u>

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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Bonds payable at June 30, 2020 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. \$ 908,763

\$9,560,000 Series 2010B Street and Sidewalk General Obligation Bonds, due in annual principal installments of \$1,300,000 to \$1,810,000 from September 1, 2015 through September 1, 2020; interest payable semi-annually beginning March 1, 2011 at rates of 3.00% to 5.00%. Proceeds to be used for various street and sidewalk projects. 1,810,000

\$17,805,000 Series 2010C Street and Sidewalk General Obligation Bonds, due in annual principal installments of \$1,750,000 to \$1,925,000 from September 1, 2021 through September 1, 2030; interest payable semi-annually beginning March 1, 2011 at rates of 3.861% to 4.961%. Proceeds to be used for various street and sidewalk projects. 17,805,000

Total general obligation bonds - governmental activities 20,523,763

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. 381,237

Total general obligation bonds - business-type activities 381,237

Total general obligation bonds - governmental and business-type activities \$ 20,905,000

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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%. \$ 17,335,000

\$4,318,000 Combined Utility System Revenue Bonds, 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. 3,027,000

\$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% 3,025,000

Total revenue bonds \$ 23,387,000

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. 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, 2020, the City had a legal debt margin of approximately \$479,000,000.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020 is as follows:

Gross revenues available for debt service	\$ 40,503,575
Expenses, as defined in the covenants	<u>27,608,074</u>
Income available for debt service	<u>\$ 12,895,501</u>
Debt service, principal and interest, parity indebtedness	<u>\$ 2,669,641</u>
Debt service coverage ratio	<u>483.04%</u>
Debt service, principal and interest, parity and subordinated indebtedness	<u>\$ 4,960,991</u>
Debt service coverage ratio	<u>259.94%</u>

At June 30, 2020, 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 \$57,814,641 in combined utility system revenue bonds, state revolving loans, and an installment loan issued from 2009 to 2019. 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, state revolving loans, and the installment loan is \$65,140,567. Principal and interest paid for the current year, and total customer gross revenues, were \$4,960,991 and \$40,325,535, respectively.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Annual debt service requirements to maturity for general obligation bonds as of June 30, 2020 are as follows:

Governmental Activities:

Year Ending June 30	Principal	Interest	Total
2021	\$ 1,926,237	\$ 898,988	\$ 2,825,225
2022	1,992,715	812,795	2,805,509
2023	2,041,237	732,765	2,774,002
2024	1,862,715	651,673	2,514,388
2025	1,862,715	570,635	2,433,350
2026-2030	9,088,145	1,542,632	10,630,778
2031	1,750,000	43,409	1,793,409
Total	<u>\$ 20,523,763</u>	<u>\$ 5,252,896</u>	<u>\$ 25,776,660</u>

Business-Type Activities:

Year Ending June 30	Principal	Interest	Total
2021	\$ 48,763	\$ 14,919	\$ 63,682
2022	48,763	12,968	61,731
2023	47,285	11,017	58,302
2024	47,285	9,221	56,506
2025	47,285	7,424	54,709
2026-2028	141,856	11,254	153,110
Total	<u>\$ 381,237</u>	<u>\$ 66,803</u>	<u>\$ 448,040</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Annual debt service requirements to maturity for revenue bonds as of June 30, 2020 are as follows:

Business-Type Activities:

Year Ending June 30	Principal	Interest	Total
2021	\$ 1,923,000	\$ 884,661	\$ 2,807,661
2022	1,987,000	817,016	2,804,016
2023	2,049,000	754,850	2,803,850
2024	2,116,000	690,665	2,806,665
2025	2,192,000	615,515	2,807,515
2026-2030	5,235,000	2,271,638	7,506,638
2031-2035	6,430,000	1,072,438	7,502,438
2036	1,455,000	47,288	1,502,288
Total	<u>\$ 23,387,000</u>	<u>\$ 7,154,071</u>	<u>\$ 30,541,071</u>

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%.	<u>\$ 24,000,000</u>
Total limited obligation bonds	<u>\$ 24,000,000</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Annual debt service requirements to maturity for limited obligation bonds as of June 30, 2020 are as follows:

Governmental Activities:

Year Ending			
June 30	Principal	Interest	Total
2021	\$ -	\$ 699,523	\$ 699,523
2022	1,335,000	699,523	2,034,523
2023	1,335,000	668,684	2,003,684
2024	1,335,000	637,445	1,972,445
2025	1,335,000	605,405	1,940,405
2026-2030	6,665,000	2,501,443	9,166,443
2031-2035	6,670,000	1,540,364	8,210,364
2036-2039	5,325,000	460,353	5,785,353
Total	<u>\$ 24,000,000</u>	<u>\$ 7,812,740</u>	<u>\$ 31,812,740</u>

Changes in Long-Term Liabilities

During the year ended June 30, 2020, the following changes occurred in long-term liabilities:

	Balance			Balance	Due
	July 1, 2019	Additions	Retirements	June 30, 2020	Within
					One Year
Governmental Activities:					
General Fund:					
General obligation bonds	\$ 22,380,000	\$ -	\$ 1,856,237	\$ 20,523,763	\$ 1,926,237
Limited obligation bonds	9,470,000	24,000,000	9,470,000	24,000,000	-
Bond premium	167,193	-	167,193	-	-
Compensated absences	3,392,274	2,492,894	2,037,229	3,847,939	2,885,954
Net pension (LGERS)	12,635,308	1,913,404	-	14,548,712	-
Total pension (LEO)	19,972,541	347,776	-	20,320,317	-
Total OPEB liability	41,506,475	7,815,273	-	49,321,748	-
Direct placement installment					
financing obligations	-	8,640,000	-	8,640,000	1,000,000
Section 108 Loan Guarantee	173,000	-	173,000	-	-
Internal Service Funds:					
Direct placement					
installment purchases	8,440,240	3,110,000	3,364,574	8,185,666	3,141,312
Compensated absences	254,206	119,596	113,984	259,818	194,864
Governmental activity					
long-term liabilities	<u>\$ 118,391,237</u>	<u>\$ 48,438,943</u>	<u>\$ 17,182,217</u>	<u>\$ 149,647,963</u>	<u>\$ 9,148,367</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Balance			Balance	Due
	July 1, 2019	Additions	Retirements	June 30, 2020	Within
					One Year
Electric Fund:					
General obligation bonds	\$ 430,000	\$ -	\$ 48,763	\$ 381,237	\$ 48,763
Net pension (LGERS)	984,570	149,096	-	1,133,666	-
Compensated absences	254,126	284,058	254,542	283,642	212,732
Total OPEB liability	<u>3,192,805</u>	<u>601,175</u>	<u>-</u>	<u>3,793,980</u>	<u>-</u>
Business-type activity					
long-term liabilities	<u>\$ 4,861,501</u>	<u>\$ 1,034,329</u>	<u>\$ 303,305</u>	<u>\$ 5,592,525</u>	<u>\$ 261,495</u>
	Balance			Balance	Due
	July 1, 2019	Additions	Retirements	June 30, 2020	Within
					One Year
Water and Sewer Fund:					
Compensated absences	\$ 508,091	\$ 316,360	\$ 299,026	\$ 525,425	\$ 394,069
Total OPEB liability	6,917,746	1,302,545	-	8,220,291	-
Net pension (LGERS)	2,297,328	347,892	-	2,645,220	-
Revenue bonds	25,124,001	-	1,737,001	23,387,000	1,923,000
Bond premium	2,111,811	-	165,809	1,946,002	-
State revolving loans	<u>35,434,618</u>	<u>1,235,272</u>	<u>2,242,249</u>	<u>34,427,641</u>	<u>2,182,241</u>
Business-type activity					
long-term liabilities	<u>\$ 72,393,595</u>	<u>\$ 3,202,069</u>	<u>\$ 4,444,085</u>	<u>\$ 71,151,579</u>	<u>\$ 4,499,310</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Stormwater Fund:					
Compensated absences	\$ 16,881	\$ 28,405	\$ 24,943	\$ 20,343	\$ 15,257
Net pension (LGERS)	164,095	24,849	-	188,944	-
Total OPEB liability	<u>532,135</u>	<u>100,196</u>	<u>-</u>	<u>632,331</u>	<u>-</u>
Business-type activity					
long-term liabilities	<u>\$ 713,111</u>	<u>\$ 153,450</u>	<u>\$ 24,943</u>	<u>\$ 841,618</u>	<u>\$ 15,257</u>

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Nonmajor Business-Type Activities:					
Compensated absences	\$ 177,337	\$ 138,385	\$ 135,992	\$ 179,730	\$ 134,797
Net pension (LGERS)	328,190	49,699	-	377,889	-
Total OPEB liability	<u>1,064,268</u>	<u>200,392</u>	<u>-</u>	<u>1,264,660</u>	<u>-</u>
Business-type activity					
long-term liabilities	<u>\$ 1,569,795</u>	<u>\$ 388,476</u>	<u>\$ 135,992</u>	<u>\$ 1,822,279</u>	<u>\$ 134,797</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.

C. Revenues, Expenditures, and Expenses

On-Behalf Payments for Fringe Benefits and Salaries

Also, the City has recognized as revenue and an expenditure on-behalf payments for fringe benefits and salaries of \$68,630 for the salary supplement and stipend benefits paid to eligible firemen by the local Board of Trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2020. Under state law, the local Board of Trustees for the fund receives an amount each year which the Board may use at its own discretion for eligible firemen or their dependents.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 Council member (or Commissioner) to the Agency's governing board. 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 any obligation, entitlement, or residual interest. The City's purchases of power for the fiscal year ended June 30, 2020 were \$53,455,727. 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 \$17,859 during the fiscal year ended June 30, 2020.

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 Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local Board of Trustees. The Firemen's 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, 2020. 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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

7. Related Party Transactions

In 2020, 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	\$ 606,035
Electricity for street lights	902,972
Electricity charges for street lights billed by outside parties	252,678
Total	<u>\$ 1,761,685</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

8. Interfund Balances and Activity

Transfers From/To Other Funds

In 2020, the City made the following transfers within its fund structure. Transfers to the General Fund from the Electric Fund were made to distribute profits to the general government. Transfers from the Electric Fund to Mayor/Council Capital Projects Fund were made to fund certain aspects of the Franklin Urban Sports and Entertainment project. Transfers from the General Fund to the Transit Fund and the Solid Waste Fund were made to underwrite these enterprise funds' activities. Transfers from the General Fund to the capital project funds were made to provide the local support of the capital projects capital outlay activities. Transfers from the Infrastructure Rehabilitation Fund were made to the Downtown Revitalization Capital Projects Fund in order to fund a Conference Center parking deck expansion study. Transfers from the Uptown Municipal Tax District Fund were made to the General Fund to assist with the Conference Center operations.

Transfers From/To Other Funds:	Transfers	
	From	To
General	\$ 5,517,468	\$ 2,040,000
Enterprise funds:		
Water and Sewer Fund	7,976,800	-
Water and Sewer Capital Project Funds	-	7,976,800
Electric Fund	5,100,000	-
Electric Capital Project Funds	-	2,000,000
Transit System Fund	-	507,208
Solid Waste Fund	-	2,907,593
Stormwater Fund	449,085	-
Stormwater Capital Project Fund	-	449,085
Special revenue funds:		
Home Investment Trust Fund	1,204	-
108 Loan/Revitalization	-	1,204
Uptown Municipal Tax District Fund	40,000	-
Capital project funds:		
Downtown Revitalization	-	319,000
Infrastructure Rehabilitation	319,000	-
Airport Fund	-	16,667
Streets	-	586,000
Mayor/Council	-	2,600,000
Total	<u>\$ 19,403,557</u>	<u>\$ 19,403,557</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2020 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	\$ 409,361
	Internal service funds	224,142
	Nonmajor enterprise funds	222,857
Internal service funds	General Fund	1,380,347
Total		<u>\$ 2,236,707</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 is for their portion of the dental and medical insurance at year-end.

9. Subsequent Events

In March, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact City revenues. At the current time, we are unable to quantify the potential effects of this pandemic.

On August 31, 2020, the City issued Refunding Series 2020 General Obligation bonds for \$17,872,000 to refund the remaining balances of the Series 2010C Taxable Obligation Street and Sidewalk Improvement Bonds (Build America Bonds). The bonds are due in annual principal installments from \$1,622,000 to \$2,025,000; interest payable beginning March 1, 2021 and semi-annually thereafter at 1.54%. The net present value savings is \$1,321,957.

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 payroll for the Law Enforcement Officers' and Firemen's Special Separation Allowance
- Schedule of Changes in the Total OPEB Liability and Related Ratios
- Local Government 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 FIREMEN'S
SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST FOUR FISCAL YEARS

	Law Enforcement Officers' and Firemen's Special Separation Allowance			
	2020	2019	2018	2017
Beginning balance	\$ 19,972,541	\$ 21,000,133	\$ 19,498,226	\$ 20,191,374
Service cost	508,284	520,225	445,690	455,233
Interest on the total pension liability	698,690	638,878	721,936	694,796
Changes in assumptions or other inputs	510,478	(648,461)	985,226	(384,595)
Difference between expected and actual experience	185,848	26,694	939,506	-
Benefit payments	(1,555,524)	(1,564,928)	(1,590,451)	(1,458,582)
Ending balance of the total pension liability	<u>\$ 20,320,317</u>	<u>\$ 19,972,541</u>	<u>\$ 21,000,133</u>	<u>\$ 19,498,226</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 TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
 LAW ENFORCEMENT OFFICERS' AND FIREMEN'S
 SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST FOUR FISCAL YEARS**

Law Enforcement Officers' and Firemen's Special Separation Allowance				
	2020	2019	2018	2017
Total pension liability	\$ 20,320,317	\$ 19,972,541	\$ 21,000,133	\$ 19,498,226
Covered payroll	18,277,474	17,197,034	17,295,292	16,621,291
Total pension liability as a percentage of covered payroll	111.18%	116.14%	121.42%	117.31%

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 CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST THREE 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 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 payroll	\$ 42,663,989	\$ 39,707,373	\$ 39,707,373
Total OPEB liability as a percentage of covered payroll	148.21%	134.01%	135.44%

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
2020	3.50%
2019	3.89%
2018	3.56%

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

CITY OF GASTONIA'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS*

	Local Government Employees' Retirement System						
	2020	2019	2018	2017	2016	2015	2014
City of Gastonia's proportion of the net pension liability (asset) (%)	0.6919%	0.6917%	0.6954%	0.6933%	0.6904%	0.7117%	0.7447%
City of Gastonia's proportion of the net pension liability (asset) (\$)	\$ 18,894,431	\$ 16,409,491	\$ 10,624,397	\$ 14,713,087	\$ 3,098,250	\$ (4,196,931)	\$ 8,976,495
City of Gastonia's covered payroll	\$ 46,766,460	\$ 44,801,218	\$ 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	40.40%	36.63%	23.81%	35.01%	7.70%	(10.40%)	22.76%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

CITY OF GASTONIA'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS

	Local Government Employees' Retirement System						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 4,327,515	\$ 3,661,487	\$ 3,391,208	\$ 3,268,644	\$ 2,811,948	\$ 2,850,955	\$ 2,841,669
Contributions in relation to the contractually required contribution	<u>4,327,515</u>	<u>3,661,487</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
City of Gastonia's covered payroll	\$ 47,985,430	\$ 46,766,460	\$ 44,801,218	\$ 44,613,473	\$ 42,022,437	\$ 40,219,591	\$ 40,354,967
Contributions as a percentage of covered payroll	9.02%	7.83%	7.57%	7.33%	6.69%	7.09%	7.04%

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

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

	Nonmajor		
	Special Revenue Funds	Capital Project Funds	Total
Assets:			
Cash, cash equivalents, and investments	\$ 712,053	\$ 1,385,103	\$ 2,097,156
Taxes receivable, net	15,265	-	15,265
Accounts receivable, net	82,057	182,239	264,296
Due from other governments	74,934	-	74,934
Long term receivable	2,291,735	236,748	2,528,483
Cash and cash equivalents, restricted	12,772	-	12,772
Property acquired for rehabilitation and resale	959,498	-	959,498
Total assets	<u>\$ 4,148,314</u>	<u>\$ 1,804,090</u>	<u>\$ 5,952,404</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 167,133	\$ 99,854	\$ 266,987
Due to General Fund	367,593	41,768	409,361
Total liabilities	<u>534,726</u>	<u>141,622</u>	<u>676,348</u>
Deferred Inflows of Resources:			
Unavailable taxes	<u>15,265</u>	<u>-</u>	<u>15,265</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	2,812,209	2,113,162	4,925,371
Restricted, all other	570,135	51,391	621,526
Assigned	339,723	1,087,076	1,426,799
Unassigned	<u>(123,744)</u>	<u>(1,589,161)</u>	<u>(1,712,905)</u>
Total fund balances (deficits)	<u>3,598,323</u>	<u>1,662,468</u>	<u>5,260,791</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,148,314</u>	<u>\$ 1,804,090</u>	<u>\$ 5,952,404</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, 2020

	Nonmajor		
	Special Revenue Funds	Capital Project Funds	Total
Revenues:			
Ad valorem taxes	\$ 161,999	\$ -	\$ 161,999
Other taxes and licenses	628,932	-	628,932
Restricted intergovernmental	1,181,160	411,587	1,592,747
Sales and services	468,162	-	468,162
Investment earnings	(1,771)	24,278	22,507
Miscellaneous	16,596	337,868	354,464
Total revenues	<u>2,455,078</u>	<u>773,733</u>	<u>3,228,811</u>
Expenditures:			
Economic and physical development	1,962,701	97,512	2,060,213
Capital outlay	-	514,660	514,660
Debt service:			
Principal repayment	173,000	-	173,000
Interest	9,988	-	9,988
Total expenditures	<u>2,145,689</u>	<u>612,172</u>	<u>2,757,861</u>
Revenues over (under) expenditures	<u>309,389</u>	<u>161,561</u>	<u>470,950</u>
Other Financing Sources (Uses):			
Transfers from other funds	1,204	335,667	336,871
Transfers to other funds	(41,204)	(319,000)	(360,204)
Total other financing sources (uses)	<u>(40,000)</u>	<u>16,667</u>	<u>(23,333)</u>
Net change in fund balances	269,389	178,228	447,617
Fund Balances:			
Beginning of year - July 1	3,726,477	1,484,240	5,210,717
Increase (decrease) in inventories and property/ land acquired redevelopment/rehabilitation	<u>(397,543)</u>	<u>-</u>	<u>(397,543)</u>
End of year - June 30	<u>\$ 3,598,323</u>	<u>\$ 1,662,468</u>	<u>\$ 5,260,791</u>

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2020

<u>Fiscal Year</u>	<u>Balance July 1, 2019</u>	<u>Additions and Adjustments</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2020</u>
2019-2020	\$ -	\$ 35,094,683	\$ 34,642,758	\$ 451,925
2018-2019	275,396	1,011	139,429	136,978
2017-2018	146,733	1,011	35,588	112,156
2016-2017	93,153	845	16,071	77,927
2015-2016	75,074	-	12,088	62,986
2014-2015	78,489	-	8,872	69,617
2013-2014	88,878	-	30,449	58,429
2012-2013	85,251	-	34,826	50,425
2011-2012	87,006	-	31,473	55,533
2010-2011	99,424	-	33,136	66,288
2009-2010	88,934	-	88,934	-
Total	<u>\$ 1,118,338</u>	<u>\$ 35,097,550</u>	<u>\$ 35,073,624</u>	1,142,264
Less: Allowance for uncollectible ad valorem taxes receivable				<u>(130,323)</u>
Ad valorem taxes receivable - net				<u>\$ 1,011,941</u>
Reconciliation with Revenues:				
Taxes - ad valorem				\$ 35,866,910
Reconciling items:				
Penalties and interest				(135,893)
Last list fees				28,245
Amounts written off for tax year 2009-2010				88,934
Prior year NCVTS motor vehicle collections				(845,182)
Prior year releases and adjustments of uncollected taxes				81,840
Miscellaneous adjustments				<u>(11,230)</u>
Total collections and credits				<u>\$ 35,073,624</u>

CITY OF GASTONIA, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
FOR THE YEAR ENDED JUNE 30, 2020

				<u>Total Levy</u>	
	<u>City-Wide</u>			<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>		
Original Levy:					
Property taxed at current year's rate	<u>\$ 6,775,975,938</u>	\$ 0.0052	<u>\$ 35,235,075</u>	<u>\$ 32,718,903</u>	<u>\$ 2,516,172</u>
Discoveries:					
Current year taxes	<u>5,353,098</u>	0.0052	<u>27,836</u>	<u>27,836</u>	<u>-</u>
Abatements:					
Current year taxes	<u>(32,351,625)</u>		<u>(168,228)</u>	<u>(168,023)</u>	<u>(205)</u>
Total property valuation	<u>\$ 6,748,977,410</u>				
Net Levy			35,094,683	32,578,716	2,515,967
Uncollected taxes at June 30, 2020			<u>451,925</u>	<u>429,186</u>	<u>22,739</u>
Current year's tax collections			<u>\$ 34,642,758</u>	<u>\$ 32,149,530</u>	<u>\$ 2,493,228</u>
Current Levy Collection Percentage			<u>98.71%</u>	<u>98.68%</u>	<u>99.10%</u>
Prior Year Collection Percentage			<u>99.11%</u>	<u>99.08%</u>	<u>99.39%</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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Current year	\$ 34,413,632	\$ 34,654,101	\$ 240,469	\$ 30,582,341
Prior year	1,000,000	1,076,916	76,916	1,025,809
Penalties and interest	160,000	135,893	(24,107)	145,828
Total	35,573,632	35,866,910	293,278	31,753,978
Other Taxes and Licenses:				
Local option sales tax	12,200,000	12,750,343	550,343	12,110,099
Utility sales tax	4,700,000	4,362,082	(337,918)	4,639,601
Payments in lieu of taxes	4,380,255	4,360,255	(20,000)	4,160,439
Utility franchise tax	4,500	6,097	1,597	8,249
Privilege licenses	-	4,022	4,022	-
Penalties and interest	50	26	(24)	10
Auto tag fee	1,700,000	1,779,930	79,930	1,787,312
Rental vehicle tax	100,000	91,634	(8,366)	64,132
Total	23,084,805	23,354,389	269,584	22,769,842
Unrestricted Intergovernmental Revenues:				
Beer and wine	318,500	328,712	10,212	328,386
N.C. Highway Commission	395,000	395,093	93	491,652
City of Gastonia ABC Board	600,000	1,100,000	500,000	1,000,000
Court costs	15,000	11,920	(3,080)	11,035
Video franchise tax	485,000	462,372	(22,628)	479,266
Total	1,813,500	2,298,097	484,597	2,310,339
Restricted Intergovernmental Revenues:				
Powell Bill allocation	2,036,349	2,023,631	(12,718)	2,036,349
Section 104(f) - Federal Grant	410,739	341,779	(68,960)	178,118
Section 5303 - Federal/State	35,100	21,282	(13,818)	19,922
Federal asset forfeitures	80,000	65,816	(14,184)	245,308
State asset forfeitures	30,000	56,900	26,900	73,153
FEMA reimbursement	9,909	9,909	-	77,364
State grants	189,125	50,532	(138,593)	-
Miscellaneous Federal and State grants	682,512	184,039	(498,473)	470,901
Gaston County	41,200	40,413	(787)	38,020
US DOJ JAG Grant	153,549	88,777	(64,772)	8,986
Federal grants - vest	23,950	39,311	15,361	19,057
On-behalf payments - firemen	-	68,630	68,630	47,264
Total	3,692,433	2,991,019	(701,414)	3,214,442

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Permits	1,139,500	1,374,067	234,567	1,084,807
Sales, Services, and Rents:				
Administration fees	675,000	513,975	(161,025)	674,769
Airport fees and rents	125,000	121,330	(3,670)	123,142
Commercial waste disposal fee	40,000	58,258	18,258	53,182
Fire protection charges	100	100	-	-
Hanson surcharge	35,000	53,836	18,836	40,913
Museum	393,600	325,914	(67,686)	446,884
Reconnection fees	135,000	129,450	(5,550)	139,500
Recreation	412,450	254,435	(158,015)	365,585
Recycling fees	-	34	34	-
Reimbursement for services	859,821	1,019,251	159,430	696,558
Rents	163,760	162,231	(1,529)	188,511
Report copies	2,800	4,470	1,670	3,658
Sale of property	15,000	1,493	(13,507)	243,813
Skeet, trap, and pistol/rifle fees	102,000	93,590	(8,410)	115,732
Total	2,959,531	2,738,367	(221,164)	3,092,247
Investment Earnings:				
Regular investments	753,045	801,370	48,325	889,109
Federal asset forfeitures	-	9,993	9,993	13,658
State asset forfeitures	-	2,016	2,016	2,167
Police Memorial - Fund 75	-	(66)	(66)	(91)
Block Grant - Fund 76	-	170	170	405
Hanson surcharge	2,000	1,242	(758)	2,972
Total	755,045	814,725	59,680	908,220
Miscellaneous:				
Donations	1,000	915	(85)	6,830
Parking violations	500	203	(297)	617
Discounts earned	500	864	364	2,622
Other	341,080	616,239	275,159	362,474
Insurance proceeds	12,823	31,254	18,431	874
Total	355,903	649,475	293,572	373,417
Total revenues	69,374,349	70,087,049	712,700	65,507,292

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Expenditures:				
General Government:				
Mayor and Council:				
Salaries and employee benefits	145,396	145,388	8	145,106
Operating expenditures	379,086	324,151	54,935	195,580
Overhead allocated to other funds	(165,514)	(165,734)	220	(120,087)
Total	358,968	303,805	55,163	220,599
Miscellaneous Grants and Donations:				
Operating expenditures	3,185	-	3,185	-
Communications and Marketing:				
Salaries and employee benefits	298,616	298,531	85	279,600
Operating expenditures	56,567	51,380	5,187	45,302
Overhead allocated to other funds	(134,409)	(132,165)	(2,244)	(123,558)
Total	220,774	217,746	3,028	201,344
City Manager:				
Salaries and employee benefits	619,419	616,399	3,020	580,007
Operating expenditures	118,973	79,471	39,502	124,528
Overhead allocated to other funds	(332,851)	(319,161)	(13,690)	(315,345)
Total	405,541	376,709	28,832	389,190
Assistant City Manager - Director of				
Human Resources and Administration:				
Salaries and employee benefits	201,256	201,133	123	189,334
Operating expenditures	22,795	16,858	5,937	18,217
Capital outlay	10,285	10,237	48	-
Overhead allocated to other funds	(178,785)	(183,986)	5,201	(167,468)
Total	55,551	44,242	11,309	40,083
Assistant City Manager - Public Infrastructure:				
Salaries and employee benefits	247,333	191,042	56,291	103,097
Operating expenditures	17,481	10,905	6,576	10,054
Overhead allocated to other funds	(234,635)	(176,615)	(58,020)	(98,483)
Total	30,179	25,332	4,847	14,668
Human Resources:				
Salaries and employee benefits	2,462,705	2,432,633	30,072	2,170,305
Operating expenditures	1,654,695	1,525,625	129,070	1,399,325
Overhead allocated to other funds	(606,023)	(592,168)	(13,855)	(523,301)
Total	3,511,377	3,366,090	145,287	3,046,329

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Technology Services:				
Admin Apps:				
Operating expenditures	119,219	68,020	51,199	91,112
Total technology services	119,219	68,020	51,199	91,112
Financial Services:				
Accounting Division:				
Salaries and employee benefits	577,117	575,409	1,708	537,414
Operating expenditures	147,027	133,864	13,163	90,587
Overhead allocated to other funds	(218,392)	(231,438)	13,046	(204,798)
Total	505,752	477,835	27,917	423,203
Budget Division:				
Salaries and employee benefits	208,563	207,457	1,106	195,697
Operating expenditures	71,641	56,012	15,629	56,609
Overhead allocated to other funds	(158,321)	(155,218)	(3,103)	(148,493)
Total	121,883	108,251	13,632	103,813
Accounts Receivable Division:				
Salaries and employee benefits	503,445	502,884	561	444,666
Operating expenditures	275,294	264,743	10,551	279,636
Overhead allocated to other funds	(441,191)	(595,782)	154,591	(561,366)
Total	337,548	171,845	165,703	162,936
Purchasing Division:				
Salaries and employee benefits	235,610	233,790	1,820	229,400
Operating expenditures	32,959	29,401	3,558	28,989
Overhead allocated to other funds	(135,051)	(127,665)	(7,386)	(126,315)
Total	133,518	135,526	(2,008)	132,074
Warehouse Division:				
Salaries and employee benefits	126,109	123,904	2,205	115,803
Operating expenditures	80,390	59,113	21,277	74,795
Capital outlay	-	-	-	15,144
Overhead allocated to other funds	(159,654)	(144,877)	(14,777)	(156,545)
Total	46,845	38,140	8,705	49,197
Financial Services Administration:				
Salaries and employee benefits	226,120	225,470	650	213,872
Operating expenditures	24,941	13,093	11,848	15,774
Overhead allocated to other funds	(89,481)	(83,675)	(5,806)	(80,408)
Total	161,580	154,888	6,692	149,238

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Garage Parts Room:				
Salaries and employee benefits	131,630	130,218	1,412	121,544
Operating expenditures	8,268	24,917	(16,649)	18,332
Overhead allocated to other funds	(39,959)	(38,926)	(1,033)	(36,582)
Total	99,939	116,209	(16,270)	103,294
Revenue Administration:				
Salaries and employee benefits	256,480	254,290	2,190	220,973
Operating expenditures	12,079	10,130	1,949	7,627
Overhead allocated to other funds	(254,185)	(249,539)	(4,646)	(214,474)
Total	14,374	14,881	(507)	14,126
Customer Service:				
Salaries and employee benefits	668,388	664,739	3,649	614,155
Operating expenditures	520,065	517,230	2,835	522,765
Capital outlay	-	-	-	11,636
Overhead allocated to other funds	(915,705)	(882,493)	(33,212)	(859,374)
Total	272,748	299,476	(26,728)	289,182
Meter Services:				
Salaries and employee benefits	731,193	729,627	1,566	657,661
Operating expenditures	123,879	97,774	26,105	110,761
Overhead allocated to other funds	(844,472)	(824,226)	(20,246)	(761,402)
Total	10,600	3,175	7,425	7,020
Total financial services	1,704,787	1,520,226	184,561	1,434,083
City Attorney:				
Salaries and employee benefits	431,940	429,212	2,728	387,456
Operating expenditures	65,739	42,458	23,281	44,814
Overhead allocated to other funds	(92,719)	(88,508)	(4,211)	(80,689)
Total	404,960	383,162	21,798	351,581
Special Project and Strategic Development:				
Operating expenditures	481,486	303,345	178,141	97,372
Development Services:				
Planning:				
Salaries and employee benefits	618,374	603,792	14,582	571,803
Operating expenditures	378,546	365,375	13,171	86,981
Overhead allocated to other funds	(103,644)	(107,271)	3,627	(71,980)
Total	893,276	861,896	31,380	586,804

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Zoning:				
Operating expenditures	852	833	19	790
Economic Development:				
Salaries and employee benefits	259,454	259,172	282	218,280
Operating expenditures	764,061	719,485	44,576	1,409,049
Capital outlay	12,607	12,607	-	-
Overhead allocated to other funds	(807,520)	(791,212)	(16,308)	(1,071,264)
Total	228,602	200,052	28,550	556,065
Transportation Planning:				
Salaries and employee benefits	367,011	356,523	10,488	271,030
Operating expenditures	793,442	240,377	553,065	91,899
Total	1,160,453	596,900	563,553	362,929
Building Services:				
Salaries and employee benefits	709,803	695,448	14,355	929,360
Operating expenditures	173,553	120,387	53,166	248,558
Capital outlay	20,605	19,238	1,367	-
Total	903,961	835,073	68,888	1,177,918
Neighborhoods and Housing:				
Salaries and employee benefits	119,171	116,051	3,120	127,957
Operating expenditures	90,160	73,362	16,798	76,704
Overhead allocated to other funds	(130,967)	(119,972)	(10,995)	(53,792)
Total	78,364	69,441	8,923	150,869
Keep Gastonia Beautiful:				
Salaries and employee benefits	200,467	193,404	7,063	181,597
Operating expenditures	45,477	35,050	10,427	37,493
Total	245,944	228,454	17,490	219,090
Uptown Development:				
Operating expenditures	105,817	59,498	46,319	62,021
Code Enforcement:				
Salaries and employee benefits	307,087	274,829	32,258	-
Operating expenditures	158,794	125,033	33,761	-
Total	465,881	399,862	66,019	-

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Sister Cities:				
Salaries and employee benefits	33,509	23,216	10,293	31,206
Operating expenditures	12,750	10,380	2,370	13,119
Total	46,259	33,596	12,663	44,325
Community Improvement - Downtown:				
Salaries and employee benefits	143,790	139,751	4,039	112,589
Operating expenditures	11,166	11,030	136	10,752
Overhead allocated to other funds	(3,571)	(3,849)	278	(3,358)
Total	151,385	146,932	4,453	119,983
Neighborhood Stabilization Program:				
Operating expenditures	17,367	16,237	1,130	22,571
Total development services	4,298,161	3,448,774	849,387	3,303,365
Loray Mills:				
Operating expenditures	100,000	104,558	(4,558)	91,669
City Hall Renovations:				
Operating expenditures	59,352	44,390	14,962	131,426
Capital outlay	18,508	13,392	5,116	61,412
Total	77,860	57,782	20,078	192,838
Non-Departmental:				
Operating expenditures	208,495	-	208,495	-
Total general government	11,980,543	10,219,791	1,760,752	9,474,233
Public Safety:				
Police Department:				
Administration:				
Salaries and employee benefits	600,485	597,811	2,674	552,360
Operating expenditures	1,575,456	1,568,857	6,599	1,508,376
Total	2,175,941	2,166,668	9,273	2,060,736
Recruiting:				
Operating expenditures	6,051	3,875	2,176	5,505
Justice Funds:				
Operating expenditures	360,146	78,336	281,810	76,793

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Treasury Funds:				
Operating expenditures	227,299	35,492	191,807	30,375
Capital outlay	85,401	76,487	8,914	81,210
Total	312,700	111,979	200,721	111,585
Investigations:				
Salaries and employee benefits	3,562,914	3,523,316	39,598	3,262,210
Operating expenditures	275,025	231,639	43,386	343,504
Total	3,837,939	3,754,955	82,984	3,605,714
Field Services:				
Salaries and employee benefits	9,802,184	9,184,741	617,443	9,115,348
Operating expenditures	1,154,470	1,009,647	144,823	1,058,847
Capital outlay	7,125	7,000	125	7,000
Total	10,963,779	10,201,388	762,391	10,181,195
P.A.R.C.:				
Salaries and employee benefits	264,869	262,077	2,792	247,489
Operating expenditures	8,232	8,113	119	35,075
Total	273,101	270,190	2,911	282,564
Support Services:				
Salaries and employee benefits	540,595	454,360	86,235	485,392
Operating expenditures	209,732	188,527	21,205	252,297
Total	750,327	642,887	107,440	737,689
ABC Enforcement:				
Salaries and employee benefits	84,675	83,277	1,398	67,829
Operating expenditures	10,276	8,878	1,398	1,532
Total	94,951	92,155	2,796	69,361
Early Police Retirement:				
Salaries and employee benefits	987,000	949,953	37,047	911,308
Asset Forfeiture:				
Operating expenditures	100,000	-	100,000	-
Police Memorial Trust:				
Operating expenditures	2,000	-	2,000	-

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Police Foundation:				
Operating expenditures	13,737	20,120	(6,383)	-
Special Situations:				
Operating expenditures	27,340	23,450	3,890	31,589
Police Department Grants:				
Salaries and employee benefits	114,000	49,935	64,065	-
Operating expenditures	169,958	59,873	110,085	8,986
Capital outlay	132,620	61,396	71,224	-
Total	416,578	171,204	245,374	8,986
Police Records Bureau:				
Salaries and employee benefits	795,689	790,742	4,947	696,566
Operating expenditures	9,850	9,340	510	9,677
Total	805,539	800,082	5,457	706,243
Total police department	21,127,129	19,287,242	1,839,887	18,789,268
Fire Department:				
Administration:				
Salaries and employee benefits	446,719	446,393	326	419,598
Operating expenditures	460,686	440,967	19,719	414,937
Total	907,405	887,360	20,045	834,535
Life Safety:				
Salaries and employee benefits	467,241	473,014	(5,773)	440,090
Operating expenditures	47,376	37,210	10,166	41,512
Total	514,617	510,224	4,393	481,602
Operations:				
Salaries and employee benefits	9,694,524	9,612,190	82,334	9,174,812
Operating expenditures	1,627,955	1,587,655	40,300	1,588,494
Capital outlay	34,259	28,855	5,404	100,750
Total	11,356,738	11,228,700	128,038	10,864,056
Training:				
Salaries and employee benefits	111,114	109,436	1,678	100,999
Operating expenditures	5,400	2,828	2,572	4,394
Total	116,514	112,264	4,250	105,393

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Early Fire Retirement:				
Salaries and employee benefits	713,000	689,813	23,187	630,916
On-Behalf Payments:				
Operating expenditures	-	68,630	(68,630)	47,264
Total fire department	13,608,274	13,496,991	111,283	12,963,766
Total public safety	34,735,403	32,784,233	1,951,170	31,753,034
Public Works:				
Enterprise Services:				
Refuse Disposal:				
Operating expenditures	91,768	-	91,768	15,480
Garage Inventory:				
Operating expenditures	70,555	(87,679)	158,234	54,924
Overhead allocated to other funds	(19,415)	(4,003)	(15,412)	(6,989)
Total	51,140	(91,682)	142,822	47,935
Equipment Services:				
Salaries and employee benefits	1,185,179	1,120,675	64,504	1,104,621
Operating expenditures	264,756	244,601	20,155	243,986
Capital outlay	40,466	39,599	867	59,703
Overhead allocated to other funds	(563,874)	(523,176)	(40,698)	(496,673)
Total	926,527	881,699	44,828	911,637
Airport Operations:				
Operating expenditures	152,183	108,256	43,927	138,828
Capital outlay	10,572	-	10,572	15,985
Total	162,755	108,256	54,499	154,813
Total enterprise services	1,232,190	898,273	333,917	1,129,865
Public Works:				
Building and Grounds:				
Salaries and employee benefits	831,917	824,361	7,556	723,953
Operating expenditures	631,625	564,127	67,498	979,536
Capital outlay	31,005	31,004	1	-
Overhead allocated to other funds	(92,422)	(91,125)	(1,297)	(97,288)
Total	1,402,125	1,328,367	73,758	1,606,201

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Engineering:				
Salaries and employee benefits	2,211,262	2,182,539	28,723	2,075,991
Operating expenditures	321,881	233,672	88,209	209,340
Overhead allocated to other funds	(1,116,705)	(1,104,162)	(12,543)	(1,051,975)
Total	1,416,438	1,312,049	104,389	1,233,356
Traffic Services:				
Salaries and employee benefits	560,506	540,405	20,101	526,502
Operating expenditures	212,170	176,816	35,354	186,667
Total	772,676	717,221	55,455	713,169
Street Department:				
Supervision				
Salaries and employee benefits	529,810	415,108	114,702	250,673
Operating expenditures	212,546	189,272	23,274	28,693
Capital outlay	-	-	-	2,360
Overhead allocated to other funds	(682,705)	(521,544)	(161,161)	(229,096)
Total	59,651	82,836	(23,185)	52,630
Powell Bill Street Funds:				
Salaries and employee benefits	1,662,742	1,544,991	117,751	1,341,582
Operating expenditures	4,266,449	3,805,633	460,816	836,863
Capital outlay	17,023	12,021	5,002	23,073
Overhead allocated to other funds	(218,654)	(279,445)	60,791	(110,948)
Total	5,727,560	5,083,200	644,360	2,090,570
Landscape:				
Operating expenditures	80,000	-	80,000	-
Cemeteries:				
Salaries and employee benefits	285,550	276,740	8,810	269,621
Operating expenditures	172,688	125,461	47,227	50,332
Capital outlay	5,375	5,375	-	-
Total	463,613	407,576	56,037	319,953
Total public works	11,154,253	9,829,522	1,324,731	7,145,744

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		2019
	Final Budget	Actual	Variance Over/Under
			Actual
Cultural and Recreational:			
Recreational:			
Administration:			
Salaries and employee benefits	348,429	346,253	2,176
Operating expenditures	204,161	178,582	25,579
Total	552,590	524,835	27,755
Athletics and Special Facilities:			
Salaries and employee benefits	529,375	528,452	923
Operating expenditures	465,056	431,169	33,887
Total	994,431	959,621	34,810
Roland E. Bradley Community Center:			
Salaries and employee benefits	178,455	165,999	12,456
Operating expenditures	166,572	63,828	102,744
Total	345,027	229,827	115,200
Erwin Community Center:			
Salaries and employee benefits	201,155	196,411	4,744
Operating expenditures	183,852	159,135	24,717
Capital outlay	2,800	-	2,800
Total	387,807	355,546	32,261
Martha Rivers Park:			
Salaries and employee benefits	285,534	255,600	29,934
Operating expenditures	120,439	113,940	6,499
Total	405,973	369,540	36,433
Phillips Community Center:			
Salaries and employee benefits	202,749	198,680	4,069
Operating expenditures	58,928	48,844	10,084
Capital outlay	95,000	92,533	2,467
Total	356,677	340,057	16,620
Jeffers Community Center:			
Salaries and employee benefits	191,119	184,621	6,498
Operating expenditures	70,444	65,871	4,573
Total	261,563	250,492	11,071

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Maintenance and Development:				
Salaries and employee benefits	846,649	843,962	2,687	797,623
Operating expenditures	234,529	230,204	4,325	172,610
Capital outlay	-	-	-	6,600
Overhead allocated to other funds	(429,291)	(444,290)	14,999	(403,708)
Total	651,887	629,876	22,011	573,125
Golf Course:				
Operating expenditures	1,500	1,441	59	1,341
Adult Recreation Center:				
Salaries and employee benefits	198,968	187,598	11,370	183,357
Operating expenditures	94,620	62,282	32,338	69,390
Total	293,588	249,880	43,708	252,747
Sims Park:				
Operating expenditures	81,860	80,872	988	16,839
Southeast Community Center:				
Operating expenditures	5,517	3,247	2,270	1,450
Skeet/Trap Range:				
Salaries and employee benefits	44,365	37,421	6,944	42,087
Operating expenditures	79,410	77,069	2,341	65,427
Capital outlay	-	1,124	(1,124)	-
Total	123,775	115,614	8,161	107,514
Lineberger Park:				
Salaries and employee benefits	13,960	11,400	2,560	9,268
Operating expenditures	6,600	5,488	1,112	7,558
Capital outlay	7,000	8,625	(1,625)	-
Total	27,560	25,513	2,047	16,826
Rankin Lake:				
Salaries and employee benefits	125,195	96,190	29,005	110,657
Operating expenditures	277,640	273,442	4,198	39,959
Capital outlay	-	1,124	(1,124)	110,383
Total	402,835	370,756	32,079	260,999

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Greenways:				
Operating expenditures	16,833	15,802	1,031	19,274
Recreation Grants:				
Operating expenditures	4,000	-	4,000	-
Total recreational	4,913,423	4,522,919	390,504	3,942,606
Museum:				
Collections/Research:				
Salaries and employee benefits	168,747	168,395	352	156,890
Operating expenditures	10,650	8,966	1,684	10,121
Total	179,397	177,361	2,036	167,011
Education:				
Salaries and employee benefits	420,340	368,095	52,245	416,758
Operating expenditures	51,811	51,386	425	50,133
Total	472,151	419,481	52,670	466,891
Exhibits:				
Salaries and employee benefits	191,831	190,310	1,521	181,208
Operating expenditures	33,547	33,545	2	45,285
Total	225,378	223,855	1,523	226,493
Administration:				
Salaries and employee benefits	376,079	343,097	32,982	348,668
Operating expenditures	388,897	318,936	69,961	446,691
Total	764,976	662,033	102,943	795,359
Operations:				
Salaries and employee benefits	257,374	251,518	5,856	207,038
Operating expenditures	170,817	146,776	24,041	156,829
Total	428,191	398,294	29,897	363,867
Programs:				
Salaries and employee benefits	104,518	60,574	43,944	92,435
Operating expenditures	28,261	22,622	5,639	13,689
Total	132,779	83,196	49,583	106,124
Special Projects:				
Operating expenditures	3,600	-	3,600	3,338
Total museum	2,206,472	1,964,220	242,252	2,129,083

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Webb Theatre - Nicks:				
Operating expenditures	120,000	-	120,000	-
Conference Center:				
Operating expenditures	863,291	187,155	676,136	77,075
Capital outlay	21,146	21,146	-	-
Total	884,437	208,301	676,136	77,075
Total cultural and recreational	8,124,332	6,695,440	1,428,892	6,148,764
Debt Service:				
Principal	11,326,240	11,326,237	3	3,131,000
Interest	1,960,725	1,960,722	3	1,596,817
Bond issuance costs	78,104	75,746	2,358	-
Service charges	690,380	6,839	683,541	4,839
Total	14,055,449	13,369,544	685,905	4,732,656
Total expenditures	80,049,980	72,898,530	7,151,450	59,254,431
Revenues over (under) expenditures	(10,675,631)	(2,811,481)	7,864,150	6,252,861
Other Financing Sources (Uses):				
Issuance of long-term debt	8,640,000	8,640,000	-	-
Transfers from other funds:				
Electric Fund	2,000,000	2,000,000	-	2,000,000
Special revenue funds	40,000	40,000	-	40,000
Transfers to other funds:				
Transit Fund	(994,764)	(507,208)	487,556	(682,046)
Solid Waste	(2,907,593)	(2,907,593)	-	(2,738,448)
Internal service funds	-	-	-	(1,547,523)
Capital project funds	(2,102,667)	(2,102,667)	-	(676,247)
Budgetary amounts:				
Appropriated fund balance	6,000,655	-	(6,000,655)	-
Total other financing sources (uses)	10,675,631	5,162,532	(5,513,099)	(3,604,264)
Net change in fund balance	\$ -	2,351,051	\$ 2,351,051	2,648,597

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		2019
	Final Budget	Actual	Variance Over/Under
			Actual
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		-	(239,567)
Net change in fund balance - modified accrual basis		2,351,051	2,409,030
Fund Balance:			
Beginning of year - July 1		33,207,609	30,808,513
Increase (decrease) in inventories and property/ land acquired for redevelopment/rehabilitation		22,080	(9,934)
End of year - June 30		<u>\$ 35,580,740</u>	<u>\$ 33,207,609</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.

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 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

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

	Community Development Block Grant				
	Program Fund	Affordable Housing Fund	Rehabilitation Fund	Home Investment Trust Fund	108 Loan/Revitalization
Assets:					
Cash, cash equivalents, and investments	\$ -	\$ 98,853	\$ 1,049	\$ 179,542	\$ -
Taxes receivable, net	-	-	-	-	-
Accounts receivable, net	62,953	-	-	18,963	-
Due from other governments	-	-	-	-	-
Cash and investments, restricted	-	11,363	-	-	-
Long term receivable	8,670	127,930	-	614,348	15,925
Property acquired for rehabilitation and resale	459,840	-	39,778	412,530	-
Total assets	<u>\$ 531,463</u>	<u>\$ 238,146</u>	<u>\$ 40,827</u>	<u>\$ 1,225,383</u>	<u>\$ 15,925</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 22,569	\$ -	\$ -	\$ 16,213	\$ -
Due to General Fund	351,668	-	-	-	15,925
Total liabilities	<u>374,237</u>	<u>-</u>	<u>-</u>	<u>16,213</u>	<u>15,925</u>
Deferred Inflows of Resources:					
Property taxes receivable	-	-	-	-	-
Fund Balances:					
Restricted:					
Stabilization by state statute	100,342	127,930	-	956,575	15,925
Restricted, all other	91,217	110,216	1,049	-	-
Assigned	-	-	39,778	252,595	-
Unassigned	(34,333)	-	-	-	(15,925)
Total fund balances	<u>157,226</u>	<u>238,146</u>	<u>40,827</u>	<u>1,209,170</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 531,463</u>	<u>\$ 238,146</u>	<u>\$ 40,827</u>	<u>\$ 1,225,383</u>	<u>\$ 15,925</u>

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2020

	CDBG (continued)						
	108 Loan/ Economic	Economic Development	Occupancy Tax Fund	Uptown Municipal Tax District	Economic Stimulus Grants Fund	Total	
Assets:							
Cash, cash equivalents, and investments	\$ 45,812	\$ 2	\$ 42,471	\$ 203,884	\$ 140,440	\$ 712,053	
Taxes receivable, net	-	-	-	15,265	-	15,265	
Accounts receivable, net	-	-	-	141	-	82,057	
Due from other governments	-	-	74,934	-	-	74,934	
Cash and investments, restricted	1,409	-	-	-	-	12,772	
Long term receivable	-	-	-	-	1,524,862	2,291,735	
Property acquired for rehabilitation and resale	47,350	-	-	-	-	959,498	
Total assets	<u>\$ 94,571</u>	<u>\$ 2</u>	<u>\$ 117,405</u>	<u>\$ 219,290</u>	<u>\$ 1,665,302</u>	<u>\$ 4,148,314</u>	
Liabilities, Deferred Inflows of Resources, and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 115,957	\$ 9,800	\$ 2,594	\$ 167,133	
Due to General Fund	-	-	-	-	-	367,593	
Total liabilities	<u>-</u>	<u>-</u>	<u>115,957</u>	<u>9,800</u>	<u>2,594</u>	<u>534,726</u>	
Deferred Inflows of Resources:							
Property taxes receivable	-	-	-	15,265	-	15,265	
Fund Balances:							
Restricted:							
Stabilization by state statute	-	-	74,934	11,641	1,524,862	2,812,209	
Restricted, all other	47,221	2	-	182,584	137,846	570,135	
Assigned	47,350	-	-	-	-	339,723	
Unassigned	-	-	(73,486)	-	-	(123,744)	
Total fund balances	<u>94,571</u>	<u>2</u>	<u>1,448</u>	<u>194,225</u>	<u>1,662,708</u>	<u>3,598,323</u>	
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 94,571</u>	<u>\$ 2</u>	<u>\$ 117,405</u>	<u>\$ 219,290</u>	<u>\$ 1,665,302</u>	<u>\$ 4,148,314</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, 2020

	Community Development Block Grant				
	Program Fund	Affordable Housing Fund	Rehabilitation Fund	Home Investment Trust Fund	108 Loan/Revitalization
Revenues:					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	-	-	-	-	-
Restricted intergovernmental	954,831	-	-	226,329	-
Sales and services	26,016	2,710	-	439,436	-
Investment earnings	(5,417)	63	11	(607)	-
Miscellaneous	496	-	-	-	-
Total revenues	<u>975,926</u>	<u>2,773</u>	<u>11</u>	<u>665,158</u>	<u>-</u>
Expenditures:					
Economic and physical development	803,605	-	-	425,958	-
Debt service:					
Principal	160,000	13,000	-	-	-
Interest	3,258	6,730	-	-	-
Total expenditures	<u>966,863</u>	<u>19,730</u>	<u>-</u>	<u>425,958</u>	<u>-</u>
Revenues over (under) expenditures	<u>9,063</u>	<u>(16,957)</u>	<u>11</u>	<u>239,200</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers from other funds	-	-	-	-	1,204
Transfers (to) other funds	-	-	-	(1,204)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,204)</u>	<u>1,204</u>
Net change in fund balances	9,063	(16,957)	11	237,996	1,204
Fund Balances:					
Beginning of year - July 1	171,674	255,103	40,816	1,345,206	(1,204)
Increase (decrease) in inventories and property/ land acquired redevelopment/rehabilitation	<u>(23,511)</u>	<u>-</u>	<u>-</u>	<u>(374,032)</u>	<u>-</u>
End of year - June 30	<u>\$ 157,226</u>	<u>\$ 238,146</u>	<u>\$ 40,827</u>	<u>\$ 1,209,170</u>	<u>\$ -</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, 2020

	CDBG (continued)					
	108 Loan/ Economic	Economic Development	Occupancy Tax Fund	Uptown Municipal Tax District	Economic Stimulus Grants Fund	Total
Revenues:						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 161,999	\$ -	\$ 161,999
Other taxes and licenses	-	-	628,932	-	-	628,932
Restricted intergovernmental	-	-	-	-	-	1,181,160
Sales and services	-	-	-	-	-	468,162
Investment earnings	523	-	-	2,126	1,530	(1,771)
Miscellaneous	-	-	-	13,330	2,770	16,596
Total revenues	523	-	628,932	177,455	4,300	2,455,078
Expenditures:						
Economic and physical development	-	14	628,932	104,192	-	1,962,701
Debt service:						
Principal	-	-	-	-	-	173,000
Interest	-	-	-	-	-	9,988
Total expenditures	-	14	628,932	104,192	-	2,145,689
Revenues over (under) expenditures	523	(14)	-	73,263	4,300	309,389
Other Financing Sources (Uses):						
Transfers from other funds	-	-	-	-	-	1,204
Transfers (to) other funds	-	-	-	(40,000)	-	(41,204)
Total other financing sources (uses)	-	-	-	(40,000)	-	(40,000)
Net change in fund balances	523	(14)	-	33,263	4,300	269,389
Fund Balances:						
Beginning of year - July 1	94,048	16	1,448	160,962	1,658,408	3,726,477
Increase (decrease) in inventories and property/ land acquired redevelopment/rehabilitation	-	-	-	-	-	(397,543)
End of year - June 30	\$ 94,571	\$ 2	\$ 1,448	\$ 194,225	\$ 1,662,708	\$ 3,598,323

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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 1,224,974	\$ 954,831	\$ (270,143)
Sales and services	708,098	30,435	(677,663)
Investment earnings	-	(5,417)	(5,417)
Miscellaneous	-	496	496
Total revenues	<u>1,933,072</u>	<u>980,345</u>	<u>(952,727)</u>
Expenditures:			
Economic and physical development:			
Administration	167,803	123,482	44,321
Housing rehabilitation	1,703,468	671,464	1,032,004
Fair housing	9,773	8,659	1,114
Debt service:			
Principal	160,000	160,000	-
Interest	3,258	3,258	-
Total expenditures	<u>2,044,302</u>	<u>966,863</u>	<u>1,077,439</u>
Revenues over (under) expenditures	(111,230)	13,482	124,712
Other Financing Sources (Uses):			
Appropriated fund balance	<u>111,230</u>	<u>-</u>	<u>(111,230)</u>
Net change in fund balance	<u>\$ -</u>	<u>13,482</u>	<u>\$ 13,482</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(4,419)</u>	
Net change in fund balance - modified accrual basis		9,063	
Fund Balance:			
Beginning of year - July 1		171,674	
Increase (decrease) in inventories and property/land acquired for redevelopment/rehabilitation		<u>(23,511)</u>	
End of year - June 30		<u>\$ 157,226</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Sales and services	\$ 28,140	\$ 16,680	\$ (11,460)
Investment earnings	-	63	63
Total revenues	<u>28,140</u>	<u>16,743</u>	<u>(11,397)</u>
Expenditures:			
Economic and physical development:			
Affordable housing	8,410	-	8,410
Debt service:			
Principal repayments	13,000	13,000	-
Interest	<u>6,730</u>	<u>6,730</u>	<u>-</u>
Total expenditures	<u>28,140</u>	<u>19,730</u>	<u>8,410</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,987)</u>	<u>\$ (2,987)</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(13,970)</u>	
Net change in fund balance - modified accrual basis		(16,957)	
Fund Balance:			
Beginning of year - July 1		<u>255,103</u>	
End of year - June 30		<u>\$ 238,146</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 11	\$ 11
Net change in fund balance	\$ -	11	\$ 11
Fund Balance:			
Beginning of year - July 1		<u>40,816</u>	
End of year - June 30		<u>\$ 40,827</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, 2020

	Budget	Actual	Variance Over/Under
Revenues:			
Restricted intergovernmental revenues	\$ 745,759	\$ 226,329	\$ (519,430)
Sales and services	459,900	486,367	26,467
Investment earnings	1,000	(607)	(1,607)
Total revenues	<u>1,206,659</u>	<u>712,089</u>	<u>(494,570)</u>
Expenditures:			
Economic and physical development:			
Home program	<u>1,380,276</u>	<u>425,958</u>	<u>954,318</u>
Revenues over (under) expenditures	<u>(173,617)</u>	<u>286,131</u>	<u>459,748</u>
Other Financing Sources (Uses):			
Transfers to other funds	(1,204)	(1,204)	-
Appropriated fund balance	<u>174,821</u>	<u>-</u>	<u>(174,821)</u>
Total other financing sources (uses)	<u>173,617</u>	<u>(1,204)</u>	<u>(174,821)</u>
Net change in fund balance	<u>\$ -</u>	<u>284,927</u>	<u>\$ 284,927</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(46,931)</u>	
Net change in fund balance - modified accrual basis		237,996	
Fund Balance:			
Beginning of year - July 1		1,345,206	
Increase (decrease) in inventories and property/land acquired for redevelopment/rehabilitation		<u>(374,032)</u>	
End of year - June 30		<u>\$ 1,209,170</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Sales and services	\$ -	\$ 1,111	\$ 1,111
Other Financing Sources (Uses):			
Transfer from other funds	-	1,204	1,204
Net change in fund balance	<u>\$ -</u>	2,315	<u>\$ 2,315</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		(1,111)	
Net change in fund balance - modified accrual basis		1,204	
Fund Balance:			
Beginning of year - July 1		(1,204)	
End of year - June 30		<u>\$ -</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 523	\$ 523
Net change in fund balance	<u>\$ -</u>	523	<u>\$ 523</u>
Fund Balance:			
Beginning of year - July 1		<u>94,048</u>	
End of year - June 30		<u>\$ 94,571</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Economic and physical development	\$ -	\$ 14	\$ (14)
Net change in fund balance	<u>\$ -</u>	(14)	<u>\$ (14)</u>
Fund Balance:			
Beginning of year - July 1		<u>16</u>	
End of year - June 30		<u>\$ 2</u>	

CITY OF GASTONIA, NORTH CAROLINA

OCCUPANCY TAX

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Other taxes and licenses	\$ 759,700	\$ 628,932	\$ (130,768)
Expenditures:			
Economic and physical development:			
Gastonia Tourism Development Authority	759,700	628,932	130,768
Net change in fund balance	\$ -	-	\$ -
Fund Balance:			
Beginning of year - July 1		1,448	
End of year - June 30		<u>\$ 1,448</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 157,000	\$ 161,999	\$ 4,999
Investment earnings	1,000	2,126	1,126
Miscellaneous	11,920	13,330	1,410
Total revenues	<u>169,920</u>	<u>177,455</u>	<u>7,535</u>
Expenditures:			
Economic and physical development:			
Community improvement downtown	<u>277,525</u>	<u>104,192</u>	<u>173,333</u>
Revenues over (under) expenditures	<u>(107,605)</u>	<u>73,263</u>	<u>180,868</u>
Other Financing Sources (Uses):			
Transfers to other funds	(40,000)	(40,000)	-
Appropriated fund balance	<u>147,605</u>	<u>-</u>	<u>(147,605)</u>
Total other financing sources (uses)	<u>107,605</u>	<u>(40,000)</u>	<u>(147,605)</u>
Net change in fund balance	<u>\$ -</u>	<u>33,263</u>	<u>\$ 33,263</u>
Fund Balance:			
Beginning of year - July 1		<u>160,962</u>	
End of year - June 30		<u>\$ 194,225</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 1,530	\$ 1,530
Miscellaneous	<u>6,647</u>	<u>6,648</u>	<u>1</u>
Total revenues	<u>6,647</u>	<u>8,178</u>	<u>1,531</u>
Expenditures:			
Economic and physical development:			
Neighborhood Stabilization Project 3	<u>6,647</u>	<u>-</u>	<u>6,647</u>
Net change in fund balance	<u>\$ -</u>	<u>8,178</u>	<u>\$ 8,178</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(3,878)</u>	
Net change in fund balance - modified accrual basis		4,300	
Fund Balance:			
Beginning of year - July 1		<u>1,658,408</u>	
End of year - June 30		<u>\$ 1,662,708</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 - MAYOR / COUNCIL
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
Revenues:			
Restricted intergovernmental revenue	\$ 1,589,783	\$ 77,712	\$ (1,512,071)
Investment earnings	270,000	251,045	(18,955)
Payment in lieu of construction	330,000	330,000	-
Miscellaneous revenues	177,800	98,273	(79,527)
Total revenues	<u>2,367,583</u>	<u>757,030</u>	<u>(1,610,553)</u>
Expenditures:			
Capital outlay:			
Mayor's Youth Council	300	-	300
Financial services - accounting	108,183	-	108,183
F.S. Equipment Services	37,304	33,250	4,054
Transportation planning	567,622	-	567,622
Public Works - Powell Bill	432	86	346
Keep Gastonia Beautiful	1,191	-	1,191
Greenway parking	27,383,858	13,702,784	13,681,074
Marth Rivers Park	3,114	-	3,114
2010 LOBs - recreation projects	24	-	24
Farmer's Market	4,606	1,886	2,720
Greenways	295,741	-	295,741
Gastonia Optimist Club Park	33,719	-	33,719
Recreation/Administration	116,384	27,749	88,635
Miscellaneous Park Projects	17,893	16,842	1,051
Planning/City planning	525,000	-	525,000
Downtown Sports & Entertainment Complex	1,142,506	10,286	1,132,220
Total	<u>30,237,877</u>	<u>13,792,883</u>	<u>16,444,994</u>
Debt service:			
Interest / bond service charges	<u>360,535</u>	<u>358,640</u>	<u>1,895</u>
Total expenditures	<u>30,598,412</u>	<u>14,151,523</u>	<u>16,446,889</u>
Revenues over (under) expenditures	<u>(28,230,829)</u>	<u>(13,394,493)</u>	<u>14,836,336</u>
Other Financing Sources (Uses):			
Transfers from other funds	2,600,000	2,600,000	-
Issuance of debt	24,000,000	24,000,000	-
Appropriated fund balance	<u>1,630,829</u>	<u>-</u>	<u>(1,630,829)</u>
Total other financing sources (uses)	<u>28,230,829</u>	<u>26,600,000</u>	<u>(1,630,829)</u>
Net change in fund balance	<u>\$ -</u>	<u>13,205,507</u>	<u>\$ 13,205,507</u>
Fund Balance:			
Beginning of year - July 1		<u>2,781,530</u>	
End of year - June 30		<u>\$ 15,987,037</u>	

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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 4,841,647	\$ 16,064	\$ (4,825,583)
Miscellaneous revenues	-	8	8
Investment earnings	-	51,517	51,517
Total revenues	<u>4,841,647</u>	<u>67,589</u>	<u>(4,774,058)</u>
Expenditures:			
Capital outlay:			
Speed humps	910	-	910
West Davidson Bridge Replacement	6,200	-	6,200
Capital Project Reserve	104,400	-	104,400
Traffic signal system improvements	497,000	3,600	493,400
General Obligation Bonds Road Widening	6,482,253	575,629	5,906,624
General Obligation Bonds Sidewalks	1,280,144	-	1,280,144
Bridge repairs and replacement	75,000	-	75,000
Transportation planning	159,600	-	159,600
Total expenditures	<u>8,605,507</u>	<u>579,229</u>	<u>8,026,278</u>
Revenues over (under) expenditures	<u>(3,763,860)</u>	<u>(511,640)</u>	<u>3,252,220</u>
Other Financing Sources (Uses):			
Transfers from other funds	586,000	586,000	-
Appropriated fund balance	3,177,860	-	(3,177,860)
Total other financing sources (uses)	<u>3,763,860</u>	<u>586,000</u>	<u>(3,177,860)</u>
Net change in fund balance	<u>\$ -</u>	<u>74,360</u>	<u>\$ 74,360</u>
Fund Balance:			
Beginning of year - July 1		<u>3,192,258</u>	
End of year - June 30		<u>\$ 3,266,618</u>	

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2020

	Developer Sidewalk Fund	Airport Fund	Downtown Revitalization Fund	Infrastructure Rehabilitation Fund	Total
Assets:					
Cash and cash equivalents	\$ 184,083	\$ -	\$ 298,027	\$ 902,993	\$ 1,385,103
Accounts receivable	-	176,592	-	5,647	182,239
Long-term receivable	-	-	-	236,748	236,748
Total assets	<u>\$ 184,083</u>	<u>\$ 176,592</u>	<u>\$ 298,027</u>	<u>\$ 1,145,388</u>	<u>\$ 1,804,090</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 32,374	\$ 67,480	\$ -	\$ 99,854
Due to General Fund	-	41,768	-	-	41,768
Total liabilities	<u>-</u>	<u>74,142</u>	<u>67,480</u>	<u>-</u>	<u>141,622</u>
Fund Balances:					
Restricted:					
Stabilization by state statute	-	1,691,611	179,156	242,395	2,113,162
Restricted, all other	-	-	51,391	-	51,391
Assigned	184,083	-	-	902,993	1,087,076
Unassigned	-	(1,589,161)	-	-	(1,589,161)
Total fund balances	<u>184,083</u>	<u>102,450</u>	<u>230,547</u>	<u>1,145,388</u>	<u>1,662,468</u>
Total liabilities and fund balances	<u>\$ 184,083</u>	<u>\$ 176,592</u>	<u>\$ 298,027</u>	<u>\$ 1,145,388</u>	<u>\$ 1,804,090</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, 2020

	Developer Sidewalk Fund	Airport Fund	Downtown Revitalization Fund	Infrastructure Rehabilitation Fund	Total
Revenues:					
Payment in lieu of construction	\$ 99,250	\$ -	\$ -	\$ -	\$ 99,250
Restricted intergovernmental revenues	-	411,587	-	-	411,587
Investment earnings	1,939	502	512	21,325	24,278
Miscellaneous revenues	-	-	-	238,618	238,618
Total revenues	<u>101,189</u>	<u>412,089</u>	<u>512</u>	<u>259,943</u>	<u>773,733</u>
Expenditures:					
Administration	-	-	97,512	-	97,512
Capital outlay	-	494,390	-	20,270	514,660
Total expenditures	<u>-</u>	<u>494,390</u>	<u>97,512</u>	<u>20,270</u>	<u>612,172</u>
Revenues over (under) expenditures	<u>101,189</u>	<u>(82,301)</u>	<u>(97,000)</u>	<u>239,673</u>	<u>161,561</u>
Other Financing Sources (Uses)					
Transfers to other funds	-	-	-	(319,000)	(319,000)
Transfers from other funds	-	16,667	319,000	-	335,667
Total other financing sources (uses)	<u>-</u>	<u>16,667</u>	<u>319,000</u>	<u>(319,000)</u>	<u>16,667</u>
Net change in fund balances	101,189	(65,634)	222,000	(79,327)	178,228
Fund Balances:					
Beginning of year - July 1	<u>82,894</u>	<u>168,084</u>	<u>8,547</u>	<u>1,224,715</u>	<u>1,484,240</u>
End of year - June 30	<u>\$ 184,083</u>	<u>\$ 102,450</u>	<u>\$ 230,547</u>	<u>\$ 1,145,388</u>	<u>\$ 1,662,468</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Payment in lieu of construction	\$ -	\$ 99,250	\$ 99,250
Investment earnings	-	1,939	1,939
Total revenues	-	101,189	101,189
Net change in fund balance	<u>\$ -</u>	<u>101,189</u>	<u>\$ 101,189</u>
Fund Balance:			
Beginning of year - July 1		<u>82,894</u>	
End of year - June 30		<u>\$ 184,083</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 2,677,466	\$ 411,587	\$ (2,265,879)
Investment earnings	-	502	502
Total revenues	<u>2,677,466</u>	<u>412,089</u>	<u>(2,265,377)</u>
Expenditures:			
Airport operations/non-routine	<u>2,857,635</u>	<u>494,390</u>	<u>2,363,245</u>
Revenues over (under) expenditures	<u>(180,169)</u>	<u>(82,301)</u>	<u>97,868</u>
Other Financing Sources (Uses):			
Transfers from other funds	16,667	16,667	-
Appropriated fund balance	<u>163,502</u>	<u>-</u>	<u>(163,502)</u>
Total other financing sources (uses)	<u>180,169</u>	<u>16,667</u>	<u>(163,502)</u>
Net change in fund balance	<u>\$ -</u>	<u>(65,634)</u>	<u>\$ (65,634)</u>
Fund Balance:			
Beginning of year - July 1		<u>168,084</u>	
End of year - June 30		<u>\$ 102,450</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 512	\$ 512
Expenditures:			
Administration:			
Downtown Plan	319,000	97,512	221,488
Revenues over (under) expenditures	(319,000)	(97,000)	222,000
Other Financing Sources (Uses):			
Transfers from other funds	319,000	319,000	-
Net change in fund balance	<u>\$ -</u>	222,000	<u>\$ 222,000</u>
Fund Balance:			
Beginning of year - July 1		8,547	
End of year - June 30		<u>\$ 230,547</u>	

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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ 11,424	\$ 21,325	\$ 9,901
Miscellaneous	184,600	296,335	111,735
Total revenues	<u>196,024</u>	<u>317,660</u>	<u>121,636</u>
Expenditures:			
Economic and physical development	87,609	-	87,609
Administration	114,140	20,270	93,870
Capital project reserve	273,210	-	273,210
General Obligation Bonds properties	112,127	-	112,127
Total expenditures	<u>587,086</u>	<u>20,270</u>	<u>566,816</u>
Revenues over (under) expenditures	<u>(391,062)</u>	<u>297,390</u>	<u>688,452</u>
Other Financing Sources (Uses):			
Transfers to other funds	(319,000)	(319,000)	-
Appropriated fund balance	<u>710,062</u>	<u>-</u>	<u>(710,062)</u>
Total other financing sources (uses)	<u>391,062</u>	<u>(319,000)</u>	<u>(710,062)</u>
Net change in fund balance	<u>\$ -</u>	<u>(21,610)</u>	<u>\$ (21,610)</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(57,717)</u>	
Net change in fund balance - modified accrual basis		(79,327)	
Fund Balance:			
Beginning of year - July 1		<u>1,224,715</u>	
End of year - June 30		<u>\$ 1,145,388</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 five capital projects funds. Financing of the operation fund comes principally from charges to the users. The capital projects funds are financed mainly from general obligation and revenue 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.

Stormwater Fund

The Stormwater Fund includes the accounts of the Stormwater system. Revenue sources are stormwater fees.

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.



CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2020

	Transit System Fund	Municipal Golf Course Fund	Solid Waste Fund	Total
Assets:				
Current assets:				
Cash, cash equivalents, and investments	\$ -	\$ 1,969	\$ 900,025	\$ 901,994
Accounts receivable, net	109,475	-	369,867	479,342
Inventory	-	10,999	-	10,999
Due from other governments	388,738	-	-	388,738
Total current assets	498,213	12,968	1,269,892	1,781,073
Non-current assets:				
Depreciable capital assets, net	1,958,552	337,676	292,972	2,589,200
Non-depreciable capital assets	290,786	67,992	-	358,778
Total capital assets	2,249,338	405,668	292,972	2,947,978
Total assets	2,747,551	418,636	1,562,864	4,729,051
Deferred Outflows of Resources:				
OPEB deferrals	204,210	-	-	204,210
Pension deferrals	222,673	-	-	222,673
Total deferred outflows of resources	426,883	-	-	426,883
Liabilities:				
Current liabilities:				
Accounts payable	171,311	-	148,183	319,494
Accrued salaries and benefits	33,319	-	47,541	80,860
Due to other funds	222,857	-	-	222,857
Compensated absences	45,836	-	88,961	134,797
Total current liabilities	473,323	-	284,685	758,008
Non-current liabilities:				
Compensated absences, non-current	15,279	-	29,654	44,933
Net pension liability	377,889	-	-	377,889
Total OPEB liability	1,264,660	-	-	1,264,660
Total non-current liabilities	1,657,828	-	29,654	1,687,482
Total liabilities	2,131,151	-	314,339	2,445,490
Deferred Inflows of Resources:				
OPEB deferrals	53,521	-	-	53,521
Pension deferrals	797	-	-	797
Total deferred inflows of resources	54,318	-	-	54,318
Net Position:				
Net investment in capital assets	2,249,338	405,668	292,972	2,947,978
Unrestricted	(1,260,373)	12,968	955,553	(291,852)
Total net position	\$ 988,965	\$ 418,636	\$ 1,248,525	\$ 2,656,126

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, 2020

	Transit System Fund	Municipal Golf Course Fund	Solid Waste Fund	Total
Operating Revenues:				
Charges for services	\$ 105,708	\$ -	\$ 3,061,766	\$ 3,167,474
Other operating revenues	120,731	-	3,199	123,930
Total operating revenues	<u>226,439</u>	<u>-</u>	<u>3,064,965</u>	<u>3,291,404</u>
Operating Expenses:				
Administration	846,790	-	572,842	1,419,632
Maintenance	317,210	-	-	317,210
ADA/Para-transit expenses	253,201	-	-	253,201
Operations area	1,366,650	-	5,164,293	6,530,943
Depreciation and amortization	474,456	34,805	119,816	629,077
Total operating expenses	<u>3,258,307</u>	<u>34,805</u>	<u>5,856,951</u>	<u>9,150,063</u>
Operating income (loss)	<u>(3,031,868)</u>	<u>(34,805)</u>	<u>(2,791,986)</u>	<u>(5,858,659)</u>
Non-Operating Revenues (Expenses):				
Investment earnings	<u>(162)</u>	<u>-</u>	<u>9,194</u>	<u>9,032</u>
Income (loss) before capital contributions and transfers	(3,032,030)	(34,805)	(2,782,792)	(5,849,627)
Capital Contributions:				
Federal and State grants	2,082,218	-	-	2,082,218
Transfers:				
Transfers from other funds	<u>507,208</u>	<u>-</u>	<u>2,907,593</u>	<u>3,414,801</u>
Change in net position	(442,604)	(34,805)	124,801	(352,608)
Net Position:				
Beginning of year - July 1	<u>1,431,569</u>	<u>453,441</u>	<u>1,123,724</u>	<u>3,008,734</u>
End of year - June 30	<u>\$ 988,965</u>	<u>\$ 418,636</u>	<u>\$ 1,248,525</u>	<u>\$ 2,656,126</u>

CITY OF GASTONIA, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2020**

	Transit System Fund	Municipal Golf Course Fund	Solid Waste Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 116,964	\$ -	\$ 3,026,210	\$ 3,143,174
Cash paid to suppliers	(1,049,227)	-	(3,385,603)	(4,434,830)
Cash paid to employees	(1,422,035)	-	(2,312,750)	(3,734,785)
Net cash provided (used) by operating activities	(2,354,298)	-	(2,672,143)	(5,026,441)
Cash Flows from Non-Capital Financing Activities:				
Changes in due to/from other funds	189,155	-	-	189,155
Transfers from other funds	507,208	-	2,907,593	3,414,801
Net cash provided (used) by non-capital financing activities	696,363	-	2,907,593	3,603,956
Cash Flows from Capital and Related Financing Activities:				
Federal and state grants received	1,829,288	-	-	1,829,288
Acquisition and construction of capital assets	(171,191)	-	-	(171,191)
Net cash provided (used) by capital and related financing activities	1,658,097	-	-	1,658,097
Cash Flows from Investing Activities:				
Interest on investments	(162)	-	9,194	9,032
Net increase (decrease) in cash and cash equivalents	-	-	244,644	244,644
Cash and Cash Equivalents:				
Beginning of year - July 1	-	1,969	655,381	657,350
End of year - June 30	\$ -	\$ 1,969	\$ 900,025	\$ 901,994
Reconciliation of Operating Income to Cash Flows from Operating Activities:				
Operating income (loss)	\$ (3,031,868)	\$ (34,805)	\$ (2,791,986)	\$ (5,858,659)
Depreciation and amortization	474,456	34,805	119,816	629,077
Change in assets and liabilities:				
(Increase) decrease in deferred outflows - pension	34,246	-	-	34,246
(Increase) decrease in deferred outflows OPEB	(133,010)	-	-	(133,010)
Increase (decrease) in deferred inflows OPEB	(16,676)	-	-	(16,676)
Increase (decrease) in net pension liability	49,699	-	-	49,699
Increase (decrease) in deferred inflows - pension	(2,398)	-	-	(2,398)
(Increase) decrease in accounts receivables	(109,475)	-	(38,755)	(148,230)
Increase (decrease) in accounts payable	155,913	-	12,972	168,885
Increase (decrease) in accrued salaries	17,337	-	30,503	47,840
Increase (decrease) in compensated absences	7,086	-	(4,693)	2,393
Increase (decrease) in other post-employment benefits	200,392	-	-	200,392
Net cash provided (used) by operating activities	\$ (2,354,298)	\$ -	\$ (2,672,143)	\$ (5,026,441)

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Water sales and sewer charges	\$ 37,698,300	\$ 36,996,834	\$ (701,466)	\$ 37,300,359
Utilities for City use	2,470,695	2,471,693	998	2,416,679
Water and sewer taps	107,000	184,309	77,309	116,417
Other operating revenues	186,327	329,815	143,488	242,788
Pretreatment monitoring charge	50,000	65,825	15,825	151,863
Total	<u>40,512,322</u>	<u>40,048,476</u>	<u>(463,846)</u>	<u>40,228,106</u>
Non-operating revenues:				
Proceeds from sale of capital assets	10,000	-	(10,000)	16,063
Investment earnings	195,000	212,053	17,053	329,084
Other non-operating revenues	61,200	106,841	45,641	115,186
Total	<u>266,200</u>	<u>318,894</u>	<u>52,694</u>	<u>460,333</u>
Total revenues	<u>40,778,522</u>	<u>40,367,370</u>	<u>(411,152)</u>	<u>40,688,439</u>
Expenditures:				
Operating expenditures:				
Administration:				
General services:				
Salaries and employee benefits	1,050,193	1,043,702	6,491	696,570
Other operating expenditures	7,212,996	4,920,860	2,292,136	4,345,173
Capital outlay	150,000	150,000	-	-
Renewal and replacement	1,985,000	-	1,985,000	-
Overhead charged by other departments	4,737,089	4,563,668	173,421	4,014,053
Total	<u>15,135,278</u>	<u>10,678,230</u>	<u>4,457,048</u>	<u>9,055,796</u>
Customer service:				
Salaries and employee benefits	303,767	299,654	4,113	340,114
Other operating expenditures	490,417	448,101	42,316	289,534
Capital outlay	27,337	-	27,337	-
Overhead charged by other departments	(1,000)	(194)	(806)	-
Total	<u>820,521</u>	<u>747,561</u>	<u>72,960</u>	<u>629,648</u>
Total administration	<u>15,955,799</u>	<u>11,425,791</u>	<u>4,530,008</u>	<u>9,685,444</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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Operations area:				
AM/FM GIS:				
Other operating expenditures	38,311	22,846	15,465	30,658
PW Landscape:				
Salaries and employee benefits	155,361	140,176	15,185	133,667
Other operating expenditures	82,568	74,416	8,152	78,327
Total	237,929	214,592	23,337	211,994
Water and sewer street maintenance:				
Salaries and employee benefits	-	-	-	250,148
Other operating expenditures	567	567	-	136,060
Total	567	567	-	386,208
Water line maintenance:				
Salaries and employee benefits	1,371,991	1,153,161	218,830	1,227,907
Other operating expenditures	447,998	339,187	108,811	558,265
Overhead charged by other departments	(48,668)	(39,943)	(8,725)	(42,168)
Total	1,771,321	1,452,405	318,916	1,744,004
Sewer line maintenance:				
Salaries and employee benefits	1,267,877	1,101,276	166,601	997,611
Other operating expenditures	862,956	792,863	70,093	578,525
Capital outlay	164,800	164,785	15	116,260
Overhead charged by other departments	(44,275)	(39,886)	(4,389)	(31,784)
Total	2,251,358	2,019,038	232,320	1,660,612
Total operations area	4,299,486	3,709,448	590,038	4,033,476
Water supply and treatment:				
Salaries and employee benefits	1,687,021	1,673,373	13,648	1,504,809
Other operating expenditures	4,111,696	3,776,966	334,730	3,628,602
Capital outlay	260,319	260,228	91	24,261
Total	6,059,036	5,710,567	348,469	5,157,672

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Facility maintenance:				
Salaries and employee benefits	1,099,927	959,237	140,690	913,080
Other operating expenditures	1,117,629	1,073,296	44,333	902,762
Overhead charged by other departments	12,379	12,378	1	14,126
Total	<u>2,229,935</u>	<u>2,044,911</u>	<u>185,024</u>	<u>1,829,968</u>
Sewage treatment:				
Salaries and employee benefits	3,201,627	3,173,117	28,510	2,765,849
Other operating expenditures	4,104,396	3,907,726	196,670	4,209,902
Capital outlay	8,000	7,923	77	46,099
Total	<u>7,314,023</u>	<u>7,088,766</u>	<u>225,257</u>	<u>7,021,850</u>
Payseur Mountain Resource Recovery:				
Other operating expenditures	<u>1,985,436</u>	<u>1,948,385</u>	<u>37,051</u>	<u>2,587,341</u>
Debt service:				
Debt principal	3,979,250	3,979,250	-	6,084,248
Interest and fees	<u>2,752,153</u>	<u>1,004,004</u>	<u>1,748,149</u>	<u>1,155,189</u>
Total	<u>6,731,403</u>	<u>4,983,254</u>	<u>1,748,149</u>	<u>7,239,437</u>
Total expenditures	<u>44,575,118</u>	<u>36,911,122</u>	<u>7,663,996</u>	<u>37,555,188</u>
Revenues over (under) expenditures	<u>(3,796,596)</u>	<u>3,456,248</u>	<u>7,252,844</u>	<u>3,133,251</u>
Other Financing Sources (Uses):				
Intrafund transfers	(7,976,800)	(7,976,800)	-	(3,020,800)
Appropriated fund balance	<u>11,773,396</u>	<u>-</u>	<u>(11,773,396)</u>	<u>-</u>
Total other financing sources (uses)	<u>3,796,596</u>	<u>(7,976,800)</u>	<u>(11,773,396)</u>	<u>(3,020,800)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (4,520,552)</u>	<u>\$ (4,520,552)</u>	<u>\$ 112,451</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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Reconciliation from Budgetary Basis to Full Accrual Basis:				
Net change in fund balance		\$ (4,520,552)		
Reconciling items:				
Depreciation		(4,954,277)		
Amortization of debt premiums		165,809		
Long-term debt principal repayments		3,979,250		
Increase in deferred outflows - OPEB		864,568		
Decrease in deferred inflows - OPEB		108,400		
Gain/(loss) on sale of capital assets		(9,987)		
Intrafund transfers to capital project funds		7,976,800		
Capital project revenues		2,420,662		
Capital project expenditures		(5,867,540)		
Capital assets purchased/capitalized		6,908,731		
Contributed capital - developers		1,869,816		
Change in unbilled revenues receivable		276,914		
Change in accrued vacation pay		(17,334)		
Decrease deferred outflows - pension		(239,720)		
Increase in net pension liability		(347,892)		
Decrease deferred inflows - pension		16,784		
Change in accrued interest payable		10,823		
Decrease in OPEB liability		<u>(1,302,545)</u>		
Change in net position		<u>\$ 7,338,710</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Water and Sewer System expansion fee	\$ 320,000	\$ 949,151	\$ 629,151
Restricted intergovernmental	3,022,943	1,350,592	(1,672,351)
Investment earnings	-	95,338	95,338
Other	-	25,581	25,581
Total revenues	<u>3,342,943</u>	<u>2,420,662</u>	<u>(922,281)</u>
Expenditures:			
Non-departmental	835,711	279,722	555,989
Administration	206,200	206,200	-
Regionalization	510,291	212,751	297,540
Crowders Creek	7,409,461	2,970,953	4,438,508
Municipal operations	69,999	-	69,999
Collection system	1,474,748	593,836	880,912
Special assessment	303,842	53,402	250,440
Pumpstation Force Main	254,755	183,612	71,143
Long Creek Wastewater Treatment Plant	589,096	158,977	430,119
Capital Project reserve	280,000	-	280,000
Water distribution	2,212,161	826,758	1,385,403
Water supply and treatment	728,800	-	728,800
Water and sewer inventory and assessment	228,600	221,300	7,300
SCADA replacement	241,564	84,770	156,794
Plant renovation	559,814	75,259	484,555
Total expenditures	<u>15,905,042</u>	<u>5,867,540</u>	<u>10,037,502</u>
Revenues over (under) expenditures	<u>(12,562,099)</u>	<u>(3,446,878)</u>	<u>9,115,221</u>
Other Financing Sources (Uses):			
Intrafund transfers	7,976,800	7,976,800	-
Issuance of long-term debt	2,927,157	1,235,272	(1,691,885)
Appropriated fund balance	<u>1,658,142</u>	<u>-</u>	<u>(1,658,142)</u>
Total other financing sources (uses)	<u>12,562,099</u>	<u>9,212,072</u>	<u>(3,350,027)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 5,765,194</u>	<u>\$ 5,765,194</u>

CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Electricity sales	\$ 78,077,800	\$ 72,035,826	\$ (6,041,974)	\$ 75,570,198
Utilities for City use	2,059,194	1,873,099	(186,095)	1,856,794
Other operating revenues	782,426	777,727	(4,699)	790,114
Total	<u>80,919,420</u>	<u>74,686,652</u>	<u>(6,232,768)</u>	<u>78,217,106</u>
Non-operating revenues:				
Investment earnings	115,000	288,777	173,777	272,454
State grants	-	-	-	15,000
Power Agency refund	5,000,000	5,000,000	-	-
Proceeds from sale of equipment	6,000	8,625	2,625	14,429
Total	<u>5,121,000</u>	<u>5,297,402</u>	<u>176,402</u>	<u>301,883</u>
Total revenues	<u>86,040,420</u>	<u>79,984,054</u>	<u>(6,056,366)</u>	<u>78,518,989</u>
Expenditures:				
Operating expenditures:				
Administration:				
Salaries and employee benefits	1,190,957	1,147,303	43,654	1,054,890
Overhead charged by other departments	3,086,289	3,054,003	32,286	3,000,632
Other operating expenditures	3,750,684	3,037,525	713,159	2,810,319
Capital outlay	26,786	-	26,786	-
Total	<u>8,054,716</u>	<u>7,238,831</u>	<u>815,885</u>	<u>6,865,841</u>
Operations:				
AM/FM GIS:				
Other operating expenditures	<u>107,613</u>	<u>82,287</u>	<u>25,326</u>	<u>108,812</u>
Utility locator:				
Salaries and employee benefits	157,807	153,106	4,701	129,978
Other operating expenditures	11,349,593	36,594	11,312,999	33,373
Capital outlay	65,924	-	65,924	-
Reimbursement for services	(138,409)	(114,421)	(23,988)	(98,436)
Total	<u>11,434,915</u>	<u>75,279</u>	<u>11,359,636</u>	<u>64,915</u>

CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Electric service:				
Salaries and employee benefits	970,699	961,948	8,751	931,780
Other operating expenditures	357,666	314,498	43,168	296,817
Capital outlay	7,755	-	7,755	11,847
Reimbursement of services	-	(300)	300	(505)
Total	<u>1,336,120</u>	<u>1,276,146</u>	<u>59,974</u>	<u>1,239,939</u>
Electric substation:				
Salaries and employee benefits	436,209	415,304	20,905	408,362
Other operating expenditures	337,957	271,307	66,650	205,472
Capital outlay	-	-	-	9,505
Total	<u>774,166</u>	<u>686,611</u>	<u>87,555</u>	<u>623,339</u>
Street lights:				
Salaries and employee benefits	268,766	255,861	12,905	195,574
Other operating expenditures	473,486	357,466	116,020	351,228
Total	<u>742,252</u>	<u>613,327</u>	<u>128,925</u>	<u>546,802</u>
Electric line maintenance:				
Salaries and employee benefits	517,671	507,623	10,048	494,249
Other operating expenditures	1,235,642	1,163,735	71,907	1,256,007
Reimbursement for services	(165,000)	(127,300)	(37,700)	(247,345)
Total	<u>1,588,313</u>	<u>1,544,058</u>	<u>44,255</u>	<u>1,502,911</u>
Line construction:				
Salaries and employee benefits	818,167	792,080	26,087	818,361
Other operating expenditures	149,832	130,611	19,221	130,177
Capital outlay	64,313	64,313	-	68,404
Reimbursement for services	-	(53,187)	53,187	-
Total	<u>1,032,312</u>	<u>933,817</u>	<u>98,495</u>	<u>1,016,942</u>
Underground line construction:				
Salaries and employee benefits	357,746	350,536	7,210	333,798
Other operating expenditures	74,874	63,164	11,710	58,612
Capital outlay	77,900	40,939	36,961	70,731
Total	<u>510,520</u>	<u>454,639</u>	<u>55,881</u>	<u>463,141</u>

CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Financial services / warehouse:				
Other operating expenditures	10,578	183,989	(173,411)	124,515
Electric service - generators:				
Other operating expenditures	168,140	150,697	17,443	114,166
Reimbursement for services	(33,000)	(75,524)	42,524	(34,567)
Total	135,140	75,173	59,967	79,599
Renewal and replacement	1,675,000	-	1,675,000	-
Total operations	19,346,929	5,925,326	13,421,603	5,770,915
Purchased power:				
Cost of electricity purchased	61,000,000	53,455,727	7,544,273	56,143,795
Debt service:				
Debt principal	48,763	48,763	-	-
Interest and fees	16,869	16,869	-	16,869
Total	65,632	65,632	-	16,869
Total expenditures	88,467,277	66,685,516	21,781,761	68,797,420
Revenues over (under) expenditures	(2,426,857)	13,298,538	15,725,395	9,721,569
Other Financing Sources (Uses):				
Transfers to other funds	(3,100,000)	(3,100,000)	-	(3,100,000)
Intrafund transfer	(2,000,000)	(2,000,000)	-	(1,958,000)
Appropriated fund balance	7,526,857	-	(7,526,857)	-
Total other financing sources (uses)	2,426,857	(5,100,000)	(7,526,857)	(5,058,000)
Net change in fund balance	\$ -	\$ 8,198,538	\$ 8,198,538	\$ 4,663,569

CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Reconciliation from Budgetary Basis				
to Full Accrual Basis:				
Net change in fund balance		\$ 8,198,538		
Reconciling items:				
Depreciation		(2,067,406)		
Long-term debt principal repayments		48,763		
Increase in deferred outflows - OPEB		399,030		
Decrease in deferred inflows - OPEB		50,030		
Intrafund transfers to capital project funds		2,000,000		
Capital project revenues		5,528,818		
Capital project expenditures		(2,034,992)		
Capital assets purchased/capitalized		2,987,112		
Loss on disposal of assets		(330,599)		
Change in unbilled revenues receivable		(669,220)		
Decrease deferred outflows - pension		(102,737)		
Increase in net pension liability		(149,096)		
Decrease deferred inflows - pension		7,193		
Change in accrued vacation pay		(29,516)		
Increase in other post-employment benefits		(601,175)		
Change in net position		<u>\$ 13,234,743</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 141,044	\$ -	\$ (141,044)
Miscellaneous	-	89,386	89,386
Power Agency refund	5,300,000	5,342,012	42,012
Investment earnings	-	97,420	97,420
Total revenues	<u>5,441,044</u>	<u>5,528,818</u>	<u>87,774</u>
Expenditures:			
Economic development	184,507	-	184,507
Electric truck shed	114,674	-	114,674
Electric line construction	2,999,976	1,065,579	1,934,397
Electric service - generators	46,143	-	46,143
SCADA replacement	259,578	59,207	200,371
Capital project reserve	5,652,500	-	5,652,500
Long Creek Generator Project	68,373	21,870	46,503
City electrical tie lines	455,277	227,035	228,242
Kendrick extension	1,001	-	1,001
US 74 line extension	205,901	73,869	132,032
Electric development	232,092	268,231	(36,139)
Residential development	491,554	314,919	176,635
NCDOT City Fiber	15,936	4,282	11,654
Loray Mill	4,000	-	4,000
GO Bonds Project	21,638	-	21,638
Municipal Operations Center	250,000	-	250,000
Advanced Metering Infra (AMI)	130,000	-	130,000
Total expenditures	<u>11,133,150</u>	<u>2,034,992</u>	<u>9,098,158</u>
Revenues over (under) expenditures	<u>(5,692,106)</u>	<u>3,493,826</u>	<u>9,185,932</u>
Other Financing Sources (Uses):			
Intrafund transfers	2,000,000	2,000,000	-
Appropriated fund balance	3,692,106	-	(3,692,106)
Total other financing sources (uses)	<u>5,692,106</u>	<u>2,000,000</u>	<u>(3,692,106)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 5,493,826</u>	<u>\$ 5,493,826</u>

CITY OF GASTONIA, NORTH CAROLINA

STORMWATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Stormwater fees	\$ 2,613,000	\$ 2,560,198	\$ (52,802)	\$ 2,568,566
Stormwater fees to other funds	64,178	64,256	78	64,520
Other operating revenues	50	1,481	1,431	1,146
Total	<u>2,677,228</u>	<u>2,625,935</u>	<u>(51,293)</u>	<u>2,634,232</u>
Non-operating revenues:				
Investment earnings	<u>5,000</u>	<u>4,839</u>	<u>(161)</u>	<u>6,342</u>
Total revenues	<u>2,682,228</u>	<u>2,630,774</u>	<u>(51,454)</u>	<u>2,640,574</u>
Expenditures:				
Operating expenditures:				
Administration:				
Salaries and benefits	155,788	154,060	1,728	104,290
Other operating expenditures	357,260	337,149	20,111	269,876
Overhead allocation from General Fund	<u>1,089,743</u>	<u>1,096,191</u>	<u>(6,448)</u>	<u>995,200</u>
Total	<u>1,602,791</u>	<u>1,587,400</u>	<u>15,391</u>	<u>1,369,366</u>
Operations:				
Salaries and benefits	483,730	389,035	94,695	354,720
Other operating expenditures	<u>222,807</u>	<u>167,248</u>	<u>55,559</u>	<u>178,796</u>
Total	<u>706,537</u>	<u>556,283</u>	<u>150,254</u>	<u>533,516</u>
AM/FM/GIS:				
Other operating expenditures	<u>6,815</u>	<u>5,221</u>	<u>1,594</u>	<u>5,135</u>
Total expenditures	<u>2,316,143</u>	<u>2,148,904</u>	<u>167,239</u>	<u>1,908,017</u>

CITY OF GASTONIA, NORTH CAROLINA

STORMWATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	<u>366,085</u>	<u>481,870</u>	<u>115,785</u>	<u>732,557</u>
Other Financing Sources (Uses):				
Intrafund transfer	(449,085)	(449,085)	-	(795,761)
Appropriated fund balance	<u>83,000</u>	<u>-</u>	<u>(83,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(366,085)</u>	<u>(449,085)</u>	<u>83,000</u>	<u>(795,761)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 32,785</u>	<u>\$ 32,785</u>	<u>\$ (63,204)</u>

**Reconciliation from Budgetary Basis
to Full Accrual Basis:**

Net change in fund balance	\$ 32,785
Reconciling items:	
Depreciation	(710,873)
Capital project revenues	13,189
Capital project expenditures	(657,081)
Intrafund transfer to Capital Project Fund	449,085
Capital assets purchased/capitalized	155,054
Developer capital contributions	447,048
Loss on disposal of assets	(80,759)
Increase in deferred outflows - OPEB	66,506
Decrease in deferred inflows - OPEB	8,339
Change in unbilled revenues receivable	35,468
Decrease deferred outflows - pension	(17,123)
Increase in net pension liability	(24,849)
Decrease deferred inflows - pension	1,199
Change in accrued vacation pay	(3,462)
Increase in other post-employment benefits	<u>(100,196)</u>
Change in net position	<u>\$ (385,670)</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 11,689	\$ 11,689
Miscellaneous revenues	-	1,500	1,500
Total revenues	-	13,189	13,189
Expenditures:			
Stormwater system	456,230	133,929	322,301
Stormwater, non-capital	935,908	523,152	412,756
Total expenditures	1,392,138	657,081	735,057
Revenues over (under) expenditures	(1,392,138)	(643,892)	748,246
Other Financing Sources (Uses):			
Intrafund transfer in	449,085	449,085	-
Appropriated fund balance	943,053	-	(943,053)
Total other financing sources (uses)	1,392,138	449,085	(943,053)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (194,807)	\$ (194,807)

CITY OF GASTONIA, NORTH CAROLINA

TRANSIT SYSTEM FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Bus user fees	\$ 169,513	\$ 105,708	\$ (63,805)	\$ 144,089
Restricted intergovernmental	9,149,625	2,082,218	(7,067,407)	2,442,541
Miscellaneous	13,228	120,731	107,503	46,442
Total operating revenues	9,332,366	2,308,657	(7,023,709)	2,633,072
Non-operating revenues:				
Investment earnings	2,500	(162)	(2,662)	(365)
Total revenues	9,334,866	2,308,495	(7,026,371)	2,632,707
Expenditures:				
Fleet services	56,388	80,235	(23,847)	53,066
Administration:				
Salaries and benefits	232,870	215,854	17,016	189,295
Other operating expenditures	102,327	65,065	37,262	65,123
Capital outlay	584,260	84,741	499,519	-
Overhead allocation from General Fund	460,185	433,618	26,567	343,571
Total	1,379,642	799,278	580,364	597,989
Operations:				
Salaries and benefits	797,962	747,012	50,950	719,766
Other operating expenditures	522,320	532,317	(9,997)	458,937
Capital outlay	465,056	72,315	392,741	1,135,201
Total	1,785,338	1,351,644	433,694	2,313,904
Maintenance:				
Salaries and benefits	324,996	294,527	30,469	300,553
Other operating expenditures	26,235	22,683	3,552	14,997
Capital outlay	14,136	14,135	1	17,735
Total	365,367	331,345	34,022	333,285

CITY OF GASTONIA, NORTH CAROLINA

TRANSIT SYSTEM FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
ADA / Paratransit:				
Salaries and benefits	245,191	239,771	5,420	206,879
Other operating expenditures	18,973	13,430	5,543	14,076
Total	264,164	253,201	10,963	220,955
CARES Act reserve	6,500,047	-	6,500,047	-
Total expenditures	10,350,946	2,815,703	7,535,243	3,519,199
Revenues over (under) expenditures	(1,016,080)	(507,208)	508,872	(886,492)
Other Financing Sources (Uses):				
Transfers from other funds	994,764	507,208	(487,556)	682,046
Appropriated fund balance	21,316	-	(21,316)	-
Total other financing sources (uses)	1,016,080	507,208	(508,872)	682,046
Net change in fund balance	\$ -	\$ -	\$ -	\$ (204,446)

**Reconciliation from Budgetary Basis
to Full Accrual Basis:**

Net change in fund balance	\$ -
Reconciling items:	
Depreciation	(474,456)
Decrease deferred outflows - pension	(34,246)
Increase in net pension liability	(49,699)
Decrease deferred inflows - pension	2,398
Capital assets purchased	171,191
Increase in deferred outflows - OPEB	133,010
Decrease in deferred inflows - OPEB	16,676
Change in accrued vacation pay	(7,086)
Increase in other post-employment benefits	(200,392)
Change in net position	\$ (442,604)

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Non-operating revenues:				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis to Full Accrual Basis:				
Revenues over (under) expenditures		\$ -		
Reconciling items:				
Depreciation		<u>(34,805)</u>		
Change in net position		<u>\$ (34,805)</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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Collection and recycling fees	\$ 2,904,300	\$ 3,044,296	\$ 139,996	\$ 2,778,890
Other operating revenues	6,150	3,199	(2,951)	8,811
Total	<u>2,910,450</u>	<u>3,047,495</u>	<u>137,045</u>	<u>2,787,701</u>
Non-operating revenues:				
Investment earnings	5,000	9,194	4,194	6,911
Total revenues	<u>2,915,450</u>	<u>3,056,689</u>	<u>141,239</u>	<u>2,794,612</u>
Expenditures:				
Operating expenditures:				
Administration:				
Salaries and benefits	385,942	377,754	8,188	361,211
Other operating expenditures	224,029	199,781	24,248	156,185
Total	<u>609,971</u>	<u>577,535</u>	<u>32,436</u>	<u>517,396</u>
Refuse collection:				
Salaries and benefits	2,101,286	1,960,806	140,480	1,942,763
Other operating expenditures	3,194,087	3,132,859	61,228	2,665,252
Total	<u>5,295,373</u>	<u>5,093,665</u>	<u>201,708</u>	<u>4,608,015</u>
Refuse disposal:				
Other operating expenditures	80,285	70,628	9,657	102,140
Capital outlay	-	-	-	303,254
Total expenditures	<u>5,985,629</u>	<u>5,741,828</u>	<u>243,801</u>	<u>5,530,805</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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues over (under) expenditures	<u>(3,070,179)</u>	<u>(2,685,139)</u>	<u>385,040</u>	<u>(2,736,193)</u>
Other Financing Sources (Uses):				
Transfers from other funds	2,907,593	2,907,593	-	2,738,448
Appropriated fund balance	<u>162,586</u>	<u>-</u>	<u>(162,586)</u>	<u>-</u>
Total other financing sources (uses)	<u>3,070,179</u>	<u>2,907,593</u>	<u>162,586</u>	<u>2,738,448</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 222,454</u>	<u>\$ 222,454</u>	<u>\$ 2,255</u>

**Reconciliation from Budgetary Basis
to Full Accrual Basis:**

Net change in fund balance	\$ 222,454
Reconciling items:	
Depreciation	(119,816)
Change in unbilled revenues receivable	17,470
Change in accrued vacation pay	<u>4,693</u>
Change in net position	<u>\$ 124,801</u>



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, 2020

	Vehicle Replacement Fund	Information Technology Fund	Dental Self-Insurance Fund	Medical Self-Insurance Fund	Total
Assets:					
Current assets:					
Cash, cash equivalents, and investments	\$ -	\$ 1,340,118	\$ 241,697	\$ 3,725,880	\$ 5,307,695
Accounts receivable, net	17,646	358,778	1,200	1,200	378,824
Due from other funds	-	-	85,718	1,294,629	1,380,347
Cash and cash equivalents, restricted	1,554,280	-	-	-	1,554,280
Total current assets	1,571,926	1,698,896	328,615	5,021,709	8,621,146
Non-current assets:					
Depreciable capital assets, net	10,671,987	802,655	-	-	11,474,642
Total assets	12,243,913	2,501,551	328,615	5,021,709	20,095,788
Liabilities:					
Current liabilities:					
Accounts payable	58,465	50,207	-	896,161	1,004,833
Accrued salaries and benefits	-	86,049	-	-	86,049
Compensated absences, current	-	194,864	-	-	194,864
Accrued interest	27,336	-	-	-	27,336
Due to other funds	-	-	224,142	-	224,142
Current portion of long-term debt	3,141,312	-	-	-	3,141,312
Total current liabilities	3,227,113	331,120	224,142	896,161	4,678,536
Non-current liabilities:					
Compensated absences, non-current	-	64,954	-	-	64,954
Non-current portion of long-term debt	5,044,354	-	-	-	5,044,354
Total non-current liabilities	5,044,354	64,954	-	-	5,109,308
Total liabilities	8,271,467	396,074	224,142	896,161	9,787,844
Net Position:					
Net investment in capital assets	4,040,601	802,655	-	-	4,843,256
Unrestricted	(68,155)	1,302,822	104,473	4,125,548	5,464,688
Total net position	\$ 3,972,446	\$ 2,105,477	\$ 104,473	\$ 4,125,548	\$ 10,307,944

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, 2020

	Vehicle Replacement Fund	Information Technology Fund	Dental Self-Insurance Fund	Medical Self-Insurance Fund	Total
Operating Revenues:					
Charges for services	\$ 3,344,706	\$ 5,067,710	\$ 382,474	\$ 10,900,436	\$ 19,695,326
Other revenues	-	1,612,440	-	-	1,612,440
Total	<u>3,344,706</u>	<u>6,680,150</u>	<u>382,474</u>	<u>10,900,436</u>	<u>21,307,766</u>
Operating Expenses:					
Operations area	520,807	7,790,461	309,644	7,960,793	16,581,705
Depreciation and amortization	<u>2,697,757</u>	<u>222,938</u>	<u>-</u>	<u>-</u>	<u>2,920,695</u>
Total	<u>3,218,564</u>	<u>8,013,399</u>	<u>309,644</u>	<u>7,960,793</u>	<u>19,502,400</u>
Operating income (loss)	<u>126,142</u>	<u>(1,333,249)</u>	<u>72,830</u>	<u>2,939,643</u>	<u>1,805,366</u>
Non-Operating Revenues (Expenses):					
Miscellaneous	(223,959)	-	-	-	(223,959)
Investment earnings	32,230	16,052	411	13,169	61,862
Interest on long-term debt	<u>(198,795)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(198,795)</u>
Total non-operating revenues (expenses)	<u>(390,524)</u>	<u>16,052</u>	<u>411</u>	<u>13,169</u>	<u>(360,892)</u>
Change in net position	(264,382)	(1,317,197)	73,241	2,952,812	1,444,474
Net Position:					
Beginning of year - July 1	<u>4,236,828</u>	<u>3,422,674</u>	<u>31,232</u>	<u>1,172,736</u>	<u>8,863,470</u>
End of year - June 30	<u>\$ 3,972,446</u>	<u>\$ 2,105,477</u>	<u>\$ 104,473</u>	<u>\$ 4,125,548</u>	<u>\$ 10,307,944</u>

CITY OF GASTONIA, NORTH CAROLINA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Vehicle Replacement Fund	Information Technology Fund	Dental Self-Insurance Fund	Medical Self-Insurance Fund	Total
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 3,159,692	\$ 6,789,030	\$ 381,274	\$ 11,330,887	\$ 21,660,883
Cash paid to suppliers	(719,401)	(6,891,257)	(309,644)	(8,649,956)	(16,570,258)
Cash paid to employees	-	(849,215)	-	-	(849,215)
Net cash provided (used) by operating activities	<u>2,440,291</u>	<u>(951,442)</u>	<u>71,630</u>	<u>2,680,931</u>	<u>4,241,410</u>
Cash Flows from Non-Capital Financing Activities:					
Change in due to/from other funds	-	-	(9,185)	97,461	88,276
Cash Flows from Capital and Related Financing Activities:					
Proceeds from issuance of debt	3,110,000	-	-	-	3,110,000
Principal paid on long-term debt	(3,364,574)	-	-	-	(3,364,574)
Acquisition and construction of capital assets	(2,793,882)	(633,910)	-	-	(3,427,792)
Interest paid on long-term debt	(199,147)	-	-	-	(199,147)
Net cash provided (used) by capital and related financing activities	<u>(3,247,603)</u>	<u>(633,910)</u>	<u>-</u>	<u>-</u>	<u>(3,881,513)</u>
Cash Flows from Investing Activities:					
Interest on investments	<u>32,230</u>	<u>16,052</u>	<u>411</u>	<u>13,169</u>	<u>61,862</u>
Net increase (decrease) in cash and cash equivalents	(775,082)	(1,569,300)	62,856	2,791,561	510,035
Cash and Cash Equivalents:					
Beginning of year - July 1	<u>2,329,362</u>	<u>2,909,418</u>	<u>178,841</u>	<u>934,319</u>	<u>6,351,940</u>
End of year - June 30	<u>\$ 1,554,280</u>	<u>\$ 1,340,118</u>	<u>\$ 241,697</u>	<u>\$ 3,725,880</u>	<u>\$ 6,861,975</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	\$ 126,142	\$ (1,333,249)	\$ 72,830	\$ 2,939,643	\$ 1,805,366
Depreciation and amortization	2,697,757	222,938	-	-	2,920,695
Non-operating revenues (expenses)	(223,959)	-	-	-	(223,959)
Change in assets and liabilities:					
(Increase) decrease in accounts receivables	38,945	108,880	(1,200)	430,451	577,076
Increase (decrease) in accounts payable	(198,594)	44,377	-	(689,163)	(843,380)
Increase (decrease) in compensated absences	-	5,612	-	-	5,612
Net cash provided (used) by operating activities	<u>\$ 2,440,291</u>	<u>\$ (951,442)</u>	<u>\$ 71,630</u>	<u>\$ 2,680,931</u>	<u>\$ 4,241,410</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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Vehicle and equipment rentals	\$ 3,344,706	\$ 3,344,706	\$ -	\$ 3,336,904
Non-Operating Revenues:				
Miscellaneous	75,000	(223,959)	(298,959)	704,831
Investment earnings	30,000	32,230	2,230	49,947
Total	105,000	(191,729)	(296,729)	754,778
Total revenues	3,449,706	3,152,977	(296,729)	4,091,682
Expenditures:				
Operating expenditures:				
Equipment manager:				
Other operating expenditures	3,328	3,327	1	181
Capital outlay	406,654	99,018	307,636	-
Total	409,982	102,345	307,637	181
Technology Systems 2018:				
Other operating expenditures	-	-	-	218,684
Technology Systems 2017:				
Other operating expenditures	-	-	-	6,954
Equipment Manager 2018:				
Capital outlay	72,315	72,314	1	998,828
Equipment Manager 2019:				
Other operating expenditures	602	250	352	13,901
Capital outlay	452,337	349,733	102,604	1,683,364
Total	452,939	349,983	102,956	1,697,265
Technology Systems 2019:				
Other operating expenditures	118,639	116,391	2,248	391,508
Capital outlay	215,446	215,444	2	235,839
Total	334,085	331,835	2,250	627,347

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Plan	Actual	Variance Over/Under	Actual
Public Safety vehicle:				
Other operating expenditures	30,000	29,721	279	-
Capital outlay	2,652,866	1,990,529	662,337	-
Total	2,682,866	2,020,250	662,616	-
Computer equipment 2020:				
Other operating expenditures	391,066	389,176	1,890	-
Capital outlay	112,920	48,786	64,134	-
Total	503,986	437,962	66,024	-
Keep Gastonia Beautiful:				
Other operating expenditures	275	-	275	4,725
Capital reserve:				
Other operating expenditures	109,656	-	109,656	-
Total operating expenditures	4,566,104	3,314,689	1,251,416	3,553,984
Debt service:				
Principal repayments	3,364,577	3,364,574	3	3,381,378
Interest and fees	183,033	183,032	1	167,206
Debt issuance costs	20,000	15,000	5,000	15,000
Other debt service costs	131,125	1,115	130,010	4,897
Total	3,698,735	3,563,721	135,014	3,568,481
Total expenditures	8,264,839	6,878,410	1,386,430	7,122,465
Revenues over (under) expenditures	(4,815,133)	(3,725,433)	1,089,701	(3,030,783)
Other Financing Sources (Uses):				
Issuance of long-term debt	3,110,000	3,110,000	-	2,955,000
Appropriated fund balance	1,705,133	-	(1,705,133)	-
Total other financing sources (uses)	4,815,133	3,110,000	(1,705,133)	2,955,000
Net change in fund balance	\$ -	\$ (615,433)	\$ (615,433)	\$ (75,783)

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>			<u>2019</u>
	<u>Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Reconciliation from Budgetary Basis				
to Full Accrual Basis:				
Net change in fund balance		\$ (615,433)		
Reconciling items:				
Depreciation and amortization		(2,697,757)		
Proceeds from issuance of long-term debt		(3,110,000)		
Long-term debt principal repayments		3,364,574		
Capital outlay, capitalized		2,793,882		
Change in accrued interest		<u>352</u>		
Change in net position		<u>\$ (264,382)</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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

	2020			2019
	Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Technology services	\$ 5,067,885	\$ 5,067,710	\$ (175)	\$ 4,797,938
Other revenues	1,901,499	1,612,440	(289,059)	1,599,330
Total	6,969,384	6,680,150	(289,234)	6,397,268
Non-Operating Revenues:				
Investment earnings	12,000	16,052	4,052	26,644
Total revenues	6,981,384	6,696,202	(285,182)	6,423,912
Expenditures:				
Operating expenditures:				
Technology services - administration:				
Salaries and employee benefits	191,985	190,570	1,415	172,983
Other operating expenditures	23,674	13,246	10,428	28,530
Capital outlay	12,375	12,373	2	-
Total	228,034	216,189	11,845	201,513
Admin - apps:				
Salaries and employee benefits	253,026	244,299	8,727	188,469
Other operating expenditures	215,793	74,070	141,723	88,402
Total	468,819	318,369	150,450	276,871
Database administration:				
Salaries and employee benefits	280,681	280,213	468	260,063
Other operating expenditures	89,681	61,169	28,512	27,806
Total	370,362	341,382	28,980	287,869
Geographic Information Systems AM/FM:				
Salaries and employee benefits	336,920	331,399	5,521	321,029
Other operating expenditures	53,696	41,384	12,312	39,327
Total	390,616	372,783	17,833	360,356

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

	2020			2019
	Plan	Actual	Variance Over/Under	Actual
Tech services - website:				
Other operating expenditures	143,266	93,157	50,109	116,397
Tech services - CIS apps:				
Salaries and employee benefits	362,590	358,146	4,444	308,972
Other operating expenditures	332,547	216,248	116,299	210,843
Total	695,137	574,394	120,743	519,815
Communication division:				
Salaries and employee benefits	661,479	648,238	13,241	638,824
Other operating expenditures	1,686,136	1,625,031	61,105	126,400
Capital outlay	60,006	32,322	27,684	42,967
Total	2,407,621	2,305,591	102,030	808,191
Tech services - 800Mhz system:				
Other operating expenditures	314,307	311,902	2,405	295,806
Tech services - public safety:				
Salaries and employee benefits	430,365	429,457	908	396,791
Other operating expenditures	319,544	268,988	50,556	632,439
Total	749,909	698,445	51,464	1,029,230
Telephone communications:				
Salaries and employee benefits	86,020	85,306	714	73,008
Other operating expenditures	494,508	470,929	23,579	447,891
Total	580,528	556,235	24,293	520,899
Technology services - computer support:				
Salaries and employee benefits	368,897	357,201	11,696	387,045
Other operating expenditures	68,187	53,081	15,106	46,610
Total	437,084	410,282	26,802	433,655

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

	2020			2019
	Plan	Actual	Variance Over/Under	Actual
Technology-city equipment:				
Other operating expenditures	204,450	204,428	22	280,814
Capital outlay	744,846	579,668	165,178	10,162
Total	949,296	784,096	165,200	290,976
Technology services - support administration:				
Salaries and employee benefits	352,036	332,146	19,890	327,203
Other operating expenditures	592,554	576,559	15,995	455,072
Total	944,590	908,705	35,885	782,275
Technology services - core services:				
Salaries and employee benefits	251,502	250,499	1,003	237,931
Other operating expenditures	107,540	81,956	25,584	162,855
Capital outlay	10,000	9,547	453	9,547
Total	369,042	342,002	27,040	410,333
IT/Core applications:				
Other operating expenditures	192,915	185,227	7,688	150,456
Total technology equipment	192,915	185,227	7,688	150,456
Technology services - capital projects:				
Other operating expenditures	837,438	-	837,438	-
Total expenditures	10,078,964	8,418,759	1,660,205	6,484,642
Revenues over (under) expenditures	(3,097,580)	(1,722,557)	1,375,023	(60,730)
Other Financing Sources (Uses):				
Transfers from other funds	-	-	-	1,547,523
Appropriated fund balance	3,097,580	-	(3,097,580)	-
Total other financing sources (uses)	3,097,580	-	(3,097,580)	1,547,523
Net change in fund balance	\$ -	\$ (1,722,557)	\$ (1,722,557)	\$ 1,486,793

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>			<u>2019</u>
	<u>Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Reconciliation from Budgetary Basis to Full Accrual Basis:				
Net change in fund balance		\$ (1,722,557)		
Reconciling items:				
Depreciation and amortization		(222,938)		
Capital outlay, capitalized		633,910		
Change in accrued vacation pay		<u>(5,612)</u>		
Change in net position		<u>\$ (1,317,197)</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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Plan	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Charges for services	\$ 340,486	\$ 382,474	\$ 41,988	\$ 360,733
Non-operating revenues:				
Investment earnings	300	411	111	693
Total revenues	340,786	382,885	42,099	361,426
Expenditures:				
Operating expenditures:				
Administration:				
Operating expenditures	340,786	309,644	31,142	356,566
Revenues over (under) expenditures	\$ -	\$ 73,241	\$ 73,241	\$ 4,860

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services	\$ 11,161,064	\$ 10,900,436	\$ (260,628)	\$ 9,869,954
Non-Operating Revenues:				
Investment earnings	8,000	13,169	5,169	16,157
Total revenues	11,169,064	10,913,605	(255,459)	9,886,111
Expenditures:				
Operating expenditures:				
Administration:				
Operating expenditures	11,169,064	7,960,793	3,208,271	10,014,362
Total expenditures	11,169,064	7,960,793	3,208,271	10,014,362
Revenues over (under) expenditures	\$ -	\$ 2,952,812	\$ 2,952,812	\$ (128,251)

AGENCY FUND

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds.

Individual fund description:

Cramerton Stormwater Fund

The Cramerton Stormwater Fund accounts for the collection of stormwater fees for the Town of Cramerton.



CITY OF GASTONIA, NORTH CAROLINA

AGENCY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2020</u>
Cramerton Stormwater Fund:				
Assets:				
Cash and cash equivalents	\$ 31,455	\$ 386,566	\$ 382,347	\$ 35,674
Accounts receivable	<u>32,429</u>	<u>194,642</u>	<u>192,850</u>	<u>34,221</u>
Total assets	<u>\$ 63,884</u>	<u>\$ 581,208</u>	<u>\$ 575,197</u>	<u>\$ 69,895</u>
Liabilities:				
Accounts payable	<u>\$ 63,884</u>	<u>\$ 193,716</u>	<u>\$ 187,705</u>	<u>\$ 69,895</u>



STATISTICAL SECTION

This part of the Comprehensive Annual 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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Net investment in capital assets										
Restricted	\$128,510,185	\$122,614,226	\$124,777,914	\$124,133,499	\$118,307,559	\$118,844,527	\$120,843,698	\$126,226,919	\$133,748,816	\$138,540,308
Unrestricted	31,004,837	16,561,292	15,387,538	13,115,395	16,304,671	19,904,920	10,490,248	9,627,851	11,607,308	15,584,703
Total governmental activities net position	(61,781,371)	(41,362,815)	(45,695,235)	(18,073,941)	(2,373,044)	(6,649,369)	2,587,020	(527,578)	(5,919,857)	(10,820,650)
	\$97,733,651	\$97,812,703	\$94,470,217	\$119,174,953	\$132,239,186	\$132,100,078	\$133,920,966	\$135,327,192	\$139,436,267	\$143,304,361
Business Type activities										
Net investment in capital assets										
Restricted	\$273,789,996	\$265,730,268	\$258,194,586	\$255,523,817	\$239,879,539	\$236,950,245	\$229,381,517	\$225,259,816	\$226,763,782	\$224,855,825
Unrestricted	53,272,773	41,208,431	32,471,314	33,557,762	39,598,241	33,815,134	37,939,875	36,849,517	32,314,759	29,242,547
Total Business Type activities net position	\$327,062,769	\$306,938,699	\$290,665,900	\$289,081,579	\$279,477,780	\$270,765,379	\$267,321,392	\$262,109,333	\$259,078,541	\$254,098,372
Primary Government										
Net investment in capital assets										
Restricted	\$402,300,181	\$388,344,494	\$382,962,500	\$379,657,316	\$358,187,098	\$355,794,772	\$350,225,215	\$351,486,735	\$360,512,598	\$363,396,133
Unrestricted	31,004,837	16,561,292	15,387,538	13,115,395	16,304,671	19,904,920	10,490,248	9,627,851	11,607,308	15,584,703
Total primary government net position	(8,508,598)	(154,384)	(13,223,921)	15,483,821	37,225,197	27,165,765	40,526,895	36,321,939	26,394,902	18,421,897
	\$424,796,420	\$404,751,402	\$385,126,117	\$408,256,532	\$411,716,966	\$402,865,457	\$401,242,358	\$397,436,525	\$398,514,808	\$397,402,733

Schedule 2
City of Gastonia
Changes in Net Position, Last Ten Fiscal Years
 (accrual basis of accounting)

		Fiscal Year									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses											
Governmental activities:											
General government											
Public Safety	\$16,286,786	\$13,098,052	\$7,624,041	\$6,189,619	\$10,606,593	\$10,806,827	\$14,384,930	\$13,066,786	\$13,757,722	\$12,786,945	\$13,757,722
Public Works and Cemeteries	33,743,135	31,994,707	31,486,198	30,763,350	29,343,196	27,478,999	26,786,547	27,337,102	27,808,577	27,808,577	28,459,755
Cultural and Recreation	16,248,577	14,691,220	15,259,136	1,989,690	6,802,354	8,257,303	9,215,118	10,628,247	12,267,869	12,267,869	18,653,955
Economic and physical development	7,558,181	6,982,190	6,719,526	6,313,795	6,076,535	5,477,231	5,311,960	5,477,231	5,692,774	5,692,774	5,692,774
Interest on long-term debt	2,591,655	4,453,497	18,796,473	18,796,473	8,503,949	5,574,798	2,469,451	5,386,599	3,561,667	2,439,359	3,561,667
Total governmental activities expenses	78,816,155	72,834,079	71,115,644	65,988,828	63,435,538	60,445,714	62,374,048	64,475,935	62,834,675	63,830,199	72,952,198
Business-type activities:											
Water and Sewer											
Electric	37,596,052	35,651,662	33,630,595	32,065,945	31,411,780	30,100,924	29,574,629	29,094,851	29,633,999	29,633,999	27,806,172
Transit	68,500,284	69,766,570	73,627,853	73,998,222	72,267,809	75,415,945	73,735,847	70,939,145	65,639,003	65,639,003	65,738,986
Golf	3,258,307	2,734,982	2,480,698	2,306,486	2,236,449	2,112,984	2,400,929	2,382,934	2,394,328	2,394,328	4,559,377
Stormwater	34,805	34,805	35,974	36,726	48,814	36,959	22,265	38,968	39,634	39,634	48,058
Solid Waste	3,512,149	2,982,656	2,819,067	2,809,426	2,546,945	2,505,707	2,160,888	2,286,654	2,586,363	2,586,363	3,114,638
Total business-type activities expenses	5,856,951	5,367,645	5,082,304	4,839,020	4,754,935	4,383,528	4,261,659	4,456,951	5,394,611	5,394,611	-
Total primary government expenses	118,758,548	116,508,300	117,676,491	116,055,825	113,264,732	114,555,947	112,156,217	109,209,493	105,687,958	105,687,958	101,264,831
Program Revenues	\$197,574,703	\$189,342,379	\$188,792,135	\$182,044,653	\$176,700,270	\$175,001,661	\$174,530,285	\$173,885,428	\$174,217,029	\$174,217,029	
Governmental activities:											
Charges for services:											
General government											
Public Safety	\$10,022,999	\$9,505,566	\$9,557,074	\$8,671,960	\$8,828,665	\$7,286,484	\$7,654,425	\$8,066,339	\$8,852,324	\$8,852,324	\$6,508,600
Public Works and Cemeteries	1,538,995	1,459,428	1,359,470	1,382,880	1,100,861	1,092,265	841,503	1,063,056	1,285,505	850,748	1,285,505
Cultural and Recreation	58,266	53,182	55,506	49,641	51,016	46,644	40,739	53,677	81,070	81,070	1,580,194
Economic and physical development	580,349	812,469	867,727	780,680	684,506	628,538	608,559	605,687	616,093	616,093	570,237
Operating grants and contributions	468,162	405,778	282,252	487,727	63,084	134,659	53,384	66,640	107,524	127,886	107,524
Capital grants and contributions	4,527,774	4,983,881	4,529,696	4,932,336	4,325,061	4,581,909	4,595,445	5,306,834	6,056,309	4,426,430	6,056,309
Total governmental activities program revenues	505,363	2,938,494	2,947,960	2,359,934	877,236	426,810	439,408	505,279	1,406,920	1,406,920	4,086,757
Business-type activities:											
Water and Sewer	17,701,908	20,158,798	19,599,705	18,665,158	15,930,429	14,177,309	14,233,463	15,667,512	16,361,471	16,361,471	20,195,126
Electric	40,746,707	40,736,180	37,692,461	36,296,497	35,561,282	34,338,725	34,121,040	33,348,282	32,558,363	32,558,363	29,512,890
Transit	84,359,635	78,949,075	79,255,929	78,441,784	76,514,684	75,350,298	75,152,951	72,269,496	69,229,324	69,229,324	71,003,575
Golf	226,439	190,531	162,466	278,780	221,302	201,679	213,649	266,732	221,549	221,549	196,491
Stormwater	-	-	-	-	-	-	-	-	-	-	-
Solid Waste	2,662,903	2,580,268	2,619,731	2,573,238	2,549,033	2,526,881	2,140,036	2,090,130	2,056,131	2,056,131	2,052,610
Operating grants and contributions	3,064,965	2,689,310	2,172,476	2,055,849	1,330,939	1,222,829	1,223,413	1,146,749	1,511,139	1,511,139	-
Capital grants and contributions	-	-	-	2,207,607	1,054,568	2,498,530	2,259,217	914,077	1,333,951	1,333,951	3,423,573
Total business-type activities program revenues	6,788,020	6,509,065	2,975,907	1,943,040	2,535,405	1,069,567	486,064	557,133	1,603,308	1,603,308	3,261,820
Total primary government program revenues	137,848,669	131,654,429	124,878,970	123,796,795	119,767,213	117,208,509	115,596,370	110,592,599	108,513,765	108,513,765	109,449,959
Total primary government program revenues	\$155,550,577	\$151,813,227	\$144,478,675	\$142,461,953	\$135,697,642	\$131,385,818	\$129,829,833	\$126,260,111	\$124,875,236	\$124,875,236	\$129,645,085

Schedule 2
City of Gastonia
Changes in Net Position, Last Ten Fiscal Years
 (accrual basis of accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net (Expense)/Revenue										
Governmental activities	(\$61,114,247)	(\$52,675,281)	(\$51,515,939)	(\$47,323,670)	(\$47,505,109)	(\$46,268,405)	(\$48,140,585)	(\$48,808,423)	(\$47,468,728)	(\$52,757,072)
Business-type activities	19,090,121	15,146,129	7,202,479	7,740,970	6,502,481	2,652,562	3,440,153	1,383,106	2,825,807	8,185,128
Total primary government net expense	(\$42,024,126)	(\$37,529,152)	(\$44,313,460)	(\$39,582,700)	(\$41,002,628)	(\$43,615,843)	(\$44,700,432)	(\$47,425,317)	(\$44,642,921)	(\$44,571,944)
General Revenues and Other Changes in Net Position										
Governmental activities										
Ad valorem taxes	\$36,165,019	\$31,792,472	\$31,189,826	\$30,201,787	\$29,100,257	\$29,226,233	\$29,677,867	\$28,142,234	\$27,224,338	\$27,376,171
Sales taxes	12,750,343	12,110,099	11,373,889	10,798,202	10,115,362	9,638,696	9,188,630	9,245,172	9,461,249	9,456,007
Payments in lieu of taxes	4,360,255	4,160,439	3,788,366	3,549,931	3,366,391	3,328,873	3,239,138	3,108,107	3,077,026	2,834,845
Utility franchise taxes	6,097	8,249	1,767	1,716	2,240	903,042	3,739,996	3,734,179	3,636,750	3,637,666
Other taxes	6,866,626	7,193,071	7,104,021	6,684,289	6,407,474	6,450,830	1,923,653	1,682,131	1,551,035	1,447,636
Interest earned on investments	1,201,656	1,073,931	978,751	745,380	715,572	670,356	670,401	682,081	701,594	476,840
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	-	-
Transfers	-314,801	-320,494	-1,057,760	-1,463,925	-2,063,679	-2,144,444	-1,705,326	-1,894,556	-2,051,358	-1,820,244
Total governmental activities	61,035,195	56,017,767	53,378,860	50,517,380	47,644,217	48,073,586	46,734,359	44,695,348	43,600,634	47,049,409
Business-type activities:										
Interest earned on investments	719,148	816,176	589,504	398,904	146,241	57,992	66,580	74,924	103,004	131,907
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	-	-
Transfers	314,801	320,494	1,057,760	1,463,925	2,063,679	2,144,444	1,705,326	1,894,556	2,051,358	(1,820,244)
Total Business-type activities	1,033,949	1,136,670	1,647,264	1,862,829	2,209,920	2,202,436	1,771,906	1,969,480	2,154,362	(1,688,337)
Total primary government	\$62,069,144	\$57,154,437	\$55,026,124	\$52,380,205	\$49,854,137	\$50,276,022	\$48,506,265	\$46,664,828	\$45,754,996	\$45,361,072
Changes in Net Position										
Governmental activities	(\$79,052)	\$3,342,486	\$1,862,921	\$3,193,710	\$139,108	\$1,805,181	(\$1,406,226)	(\$4,109,075)	(\$3,868,094)	(\$5,707,663)
Business-type activities	20,124,070	16,282,799	8,849,743	9,603,799	8,712,401	4,854,998	5,212,059	3,352,586	4,980,169	6,496,791
Total primary government	\$20,045,018	\$19,625,285	\$10,712,664	\$12,797,509	\$8,851,509	\$6,660,179	\$3,805,833	(\$756,489)	\$1,112,075	\$789,128

(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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Non Spendable	547,632	561,648	1,337,871	674,941	623,318	1,115,263	997,969	903,034	644,336	727,185
Restricted	8,318,593	6,609,664	5,840,423	6,656,217	7,109,193	7,828,824	8,620,490	11,734,672	13,303,538	11,818,046
Assigned	177,856	79,500	885,000	1,359,364	1,075,528	2,219,036	1,185,733	1,563,000	-	-
Unassigned	7,992,950	11,004,582	12,853,607	16,255,458	19,295,626	18,385,633	16,923,448	16,607,807	19,259,735	23,035,509
Total general fund	<u>\$17,037,031</u>	<u>\$18,255,394</u>	<u>\$20,916,901</u>	<u>\$24,945,980</u>	<u>\$28,103,665</u>	<u>\$29,548,756</u>	<u>\$27,727,640</u>	<u>\$30,808,513</u>	<u>\$33,207,609</u>	<u>\$35,580,740</u>
All other Governmental Funds										
Non Spendable										
Other Governmental Funds	\$1,667,572	\$1,599,078	\$1,735,269	\$1,599,078	\$2,531,330	\$-	\$-	\$-	\$-	\$-
Restricted										
Mayor/Council Capital Project Fund	6,103,037	4,678,039	-	-	-	340,937	1,816,720	2,762,790	1,786,942	34,929,606
Streets Capital Project Fund	26,373,447	26,586,512	24,607,933	24,567,467	31,829,717	23,126,995	6,197,472	4,410,962	3,211,789	4,259,300
Other Governmental Funds	6,865,013	1,940,844	2,387,157	1,672,903	966,264	3,334,565	2,766,279	3,243,484	4,122,720	5,546,897
Assigned										
Mayor/Council Capital Project Fund	584,454	-	-	-	-	1,099,397	1,290,634	-	994,588	-
Other Governmental Funds	374,248	300,949	1,942,921	2,397,336	2,918,019	935,511	2,455,045	1,615,255	1,354,447	1,426,799
Unassigned										
Other Governmental Funds	(1,627,203)	(1,955,138)	(1,760,494)	(1,542,588)	(829,029)	(975,230)	(676,031)	(141,174)	(266,450)	(1,712,905)
Mayor/Council Capital Project Fund	-	(1,083,288)	-	-	-	-	-	(662,901)	-	(18,942,569)
Streets Capital Project Fund	-	(798,496)	-	(1,633,558)	(11,529,005)	(7,915,079)	(2,213,464)	(836,511)	(19,531)	(992,682)
Total all other governmental funds	<u>\$40,340,568</u>	<u>\$31,268,500</u>	<u>\$28,912,786</u>	<u>\$27,060,638</u>	<u>\$25,887,296</u>	<u>\$19,947,096</u>	<u>\$11,636,655</u>	<u>\$10,391,905</u>	<u>\$11,184,505</u>	<u>\$24,514,446</u>

Note: The significant increase in other governmental funds fund balances is directed related to the issuance of capital projects debt. These projects are in the planning and construction phases. In Fiscal Year 2011 the City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Schedule 4
City of Gastonia
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Ad valorem taxes	\$27,453,644	\$27,347,456	\$27,875,770	\$29,598,524	\$29,416,567	\$29,182,589	\$30,250,130	\$31,240,876	\$31,885,133	\$36,028,909
Other taxes and licenses	17,376,154	17,726,060	17,769,589	18,091,417	20,321,441	19,892,067	21,034,138	22,268,043	23,471,858	23,983,321
Unrestricted intergovernmental revenues	2,481,664	1,629,995	1,883,441	1,724,860	1,844,467	2,086,035	2,216,249	2,130,622	2,310,339	2,298,097
Restricted intergovernmental revenues	6,434,710	4,640,456	5,395,363	4,618,211	4,680,242	4,673,553	4,846,038	5,370,916	5,090,667	4,677,542
Permits and fees	626,451	809,381	782,845	942,613	1,075,019	1,368,815	1,287,879	1,229,305	1,084,807	1,374,067
Sales and services	4,705,447	3,066,550	3,992,089	3,582,150	2,921,922	2,719,422	3,392,516	3,223,508	3,258,458	3,206,529
Investment earnings	314,173	538,938	518,166	500,644	497,689	543,150	563,738	763,974	980,490	1,139,794
Miscellaneous	1,331,963	3,128,408	917,813	736,893	836,479	947,822	587,591	1,151,963	715,970	1,432,220
Total revenues	60,724,206	58,887,244	59,135,076	59,795,312	61,593,826	61,413,453	64,178,279	67,379,207	68,797,722	74,140,479
Expenditures										
Current:										
General government	8,709,365	8,391,686	8,045,356	8,392,694	7,652,922	8,432,653	8,611,305	8,769,056	9,474,233	10,213,791
Public Safety	26,964,024	26,706,437	26,463,281	25,884,059	26,361,638	27,929,197	29,290,869	30,068,429	31,744,048	32,784,233
Public works and cemeteries	11,216,635	5,759,727	5,228,613	5,244,937	5,449,447	5,497,190	5,828,965	5,667,571	7,154,730	9,829,522
Cultural and recreation	4,830,337	4,973,676	5,133,096	4,971,730	5,382,186	5,467,201	5,545,275	5,947,833	6,148,764	6,695,440
Economic and physical development	2,540,421	1,668,954	2,588,573	1,730,797	1,579,764	1,666,099	2,643,288	2,201,718	2,469,454	2,060,213
Capital outlay	10,610,551	11,771,548	3,436,766	2,472,047	3,869,762	6,780,550	15,981,404	5,919,767	2,177,554	14,886,772
Debt Service:										
Principal repayments	3,577,924	3,297,770	3,260,527	4,335,667	5,036,666	4,819,668	3,969,667	3,078,328	3,131,000	11,499,237
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Interest	2,022,227	2,641,881	2,482,836	2,327,797	2,146,625	1,986,270	1,821,336	1,692,128	1,621,803	2,411,935
Total expenditures	70,471,484	65,211,679	56,637,048	55,359,728	57,479,010	62,578,828	73,692,109	63,334,830	63,921,586	90,387,143
Revenues over (under) expenditures	(9,747,278)	(6,324,435)	2,498,028	4,435,584	4,114,816	(1,165,375)	(9,513,830)	4,044,377	4,876,136	(16,246,664)
Other Financing Sources (Uses)										
Payments to refunded bond escrow agent	(5,277,343.00)	(1,649,848.00)	-	-	-	-	-	-	-	-
Transfers from other funds	3,590,426	3,621,460	2,908,766	3,696,367	3,486,766	4,683,368	8,070,623	5,266,501	3,816,247	5,562,871
Transfers to other funds	(1,716,546)	(5,194,957)	(5,303,164)	(5,823,167)	(6,543,465)	(8,056,474)	(9,534,548)	(7,425,690)	(5,684,264)	(5,877,672)
Operating transfers from component unit	-	-	-	-	-	-	-	-	-	-
Section 108 loan proceeds	-	-	-	-	-	-	-	-	-	-
Issuance of long term debt	46,070,930	1,694,000	-	-	-	-	-	-	-	32,640,000
Bond premium received	1,671,930	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	44,339,397	(1,529,345)	(2,394,398)	(2,126,800)	(3,056,699)	(3,373,106)	(1,463,925)	(2,159,189)	(1,868,017)	32,325,199
Net change in fund balances	\$34,592,119	\$7,853,780	\$103,630	\$2,308,784	\$1,058,117	-\$4,538,481	-\$10,977,755	\$1,885,188	\$3,008,119	\$16,078,535
Debt service as a percentage of noncapital expenditures	8.93%	11.12%	10.88%	12.84%	13.63%	12.55%	10.39%	8.20%	7.75%	15.84%

Note: The significant increase in fund balances in 2011 was related to the issuance of significant debt. A significant number projects were completed in previous years however there are still related street projects are still in the planning, right-of-way and acquisition phases and many have moved into the construction phase. The significant decrease in 2017 was related to the expending of the prior years' bond proceeds on the related street projects. The significant increase in fund balance in 2020 was related to increase ad valorem taxes due to the County revaluation and the issuance of debt for the FUSE project and total project expenditures had not been incurred in the year of issuance.

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	Franchise Tax	Video Franchise Tax	Beer and Wine Tax	Rental Vehicle Tax	Total
2011	27,136,501	9,456,007	-	3,637,666	628,273	331,788	59,379	41,249,614
2012	27,019,001	9,461,249	-	3,636,750	543,537	331,310	73,580	41,065,427
2013	27,586,250	9,245,172	-	3,734,179	540,586	291,396	64,728	41,462,311
2014	29,244,897	9,188,630	-	3,739,996	533,480	317,167	68,196	43,092,366
2015	29,097,588	9,638,696	4,689,016	903,042	543,977	347,911	79,337	45,299,567
2016	28,876,336	10,115,362	4,810,587	2,240	516,055	321,943	94,897	44,737,420
2017	29,966,989	10,798,202	4,374,029	1,716	520,320	334,226	112,953	46,108,435
2018	30,959,917	11,373,889	4,559,667	1,767	503,843	322,430	86,646	47,808,159
2019	31,608,150	12,110,099	4,639,601	8,249	479,266	328,386	64,132	49,237,883
2020	35,731,017	12,750,343	4,362,082	6,097	462,372	328,712	91,634	53,732,257

Notes: In 2004, the Gaston County Commissioners announced their intent to change the Sales Tax distribution formula from the per capita method to the ad valorem method. This change, if immediately implemented, would have resulted in an annual loss to the City of Gastonia of approximately \$2.5 million in our General Fund. Through determined efforts of municipal officials and a willingness of County officials to compromise, an Inter-Local Agreement was signed that capped the municipal share of Sales Tax revenues at the 2003-2004 amount. All future growth in the Sales Tax revenues, historically averaging 4.5%, would be assigned to the County, until the economic growth equals 92% of the Ad Valorem method. The Inter-Local Agreement specified that the County must divide their newly captured money – 50% to the public schools and 50% for water and sewer improvements. During this time the county made hold harmless payments to the City that made sure the City received \$9,988,893 each year. However, in 2009 the County once again amended the agreement whereas the County capped their hold harmless payment for 2010 at the 2009 amount and began reducing this cap by 20% per year. The County's last hold harmless payment was only \$379,531 for the 2014 fiscal year and will not make further payments in subsequent years.

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⁽¹⁾	Personal Property	Motor Vehicles	Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2011	4,183,538	470,599	379,132	108,636	5,141,905	0.5300	5,141,905
2012	4,199,448	461,499	404,534	120,953	5,186,434	0.5200	5,186,434
2013	4,224,588	481,162	424,165	115,685	5,245,600	0.5300	5,245,600
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	5,882,283
2018	4,370,658	736,367	462,430	145,394	5,714,849	0.5300	6,234,900
2019	4,444,716	740,752	488,683	153,419	5,827,570	0.5300	6,293,776
2020	5,335,685	746,309	483,840	183,143	6,748,977	0.5200	7,288,895

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 Untitled 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 2010 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 the Gaston Association of Realtors, 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.

⁽¹⁾ North Carolina General Statutes 105-286 require that an octennial reappraisal of real property be conducted. The last reappraisal of all taxable property took place in January of 2019 and was effective for the Fiscal Year 2020 property taxes.

Schedule 7
City of Gastonia
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year	City Direct Rates			Overlapping Rates	Combined Tax Rate
	Basic Rate	Debt Retirement	Total Direct Rate		
	General Fund				
2011	0.4175	0.1125	0.5300	0.8350	1.3650
2012	0.4075	0.1125	0.5200	0.8350	1.3550
2013	0.4175	0.1125	0.5300	0.8350	1.3650
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	0.8700	1.3900

Schedule 8
City of Gastonia
Principal Property Tax Payers,
Current Year and Nine Years Ago

	2020				2011			
	Taxable		Percentage of Total		Taxable		Percentage of Total	
Taxpayer	Assessed Value	Rank	City Taxable Assessed Value		Assessed Value	Rank	City Taxable Assessed Value	
Daimler Trucks North America	\$118,629,508	1	1.89%		\$47,946,908	1		1.01%
Owens Corning (a)	\$75,874,264	2	1.21%					
Dominion Energy (b)	69,631,251	3	1.11%		\$36,947,217	3		0.78%
Triangle Real Estate	67,386,238	4	1.08%		45,871,280	2		0.97%
Southwood Realty	58,472,512	5	0.93%		26,190,733	8		0.55%
Mann+Hummel Filtration - Wix	49,850,606	6	0.80%		35,641,428	4		0.75%
Stabilus Inc.	42,410,141	7	0.68%		34,130,695	5		0.72%
Roechling Engineered Plastics	35,581,902	8	0.57%					
BRE Retail Residual NC (c)	33,915,630	9	0.54%		23,649,095	9		0.50%
Wal-Mart Real Estate TR	30,369,800	10	0.48%					
Bellsouth Tel Co					29,310,158	6		0.62%
Centro Bradley Spe 1 LLC					27,293,721	7		0.58%
Westfield American Trust (d)					22,469,209	10		0.47%

Source: City of Gastonia Treasurer from the 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 2010 and BRE Retail Residual NC currently owns Franklin Square Mall .
- (d) Westfield American trust owned Westfield Eastridge Mall

Schedule 9
City of Gastonia
Property Tax Levies and Collections,
Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	27,247	26,243	96.32%	938	27,181	99.76%
2012	26,969	26,139	96.92%	775	26,914	99.80%
2013	27,802	26,930	96.87%	821	27,751	99.82%
2014	28,998	28,420	98.01%	519	28,939	99.80%
2015	28,347	27,931	98.53%	346	28,277	99.75%
2016	28,134	27,779	98.74%	292	28,071	99.78%
2017	29,301	28,965	98.85%	258	29,223	99.73%
2018	30,289	29,978	98.97%	199	30,177	99.63%
2019	30,886	30,611	99.10%	138	30,749	99.56%
2020	35,095	34,643	98.71%	-	34,643	98.71%

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					Total Primary Government	Percentage of Personal Income	Per Capita		
	Limited				Section 108 Loan	General Obligation Bonds			Water Revenue Bonds & Premium					Installment Financing	State Revolving Loans
	General Obligation Bonds	Certificates of Participation	Installment Financing	Obligation Bonds & Premium		General Obligation Bonds	Premium	Bonds & Premium							
2011	39,941	2,965	8,982	17,335	2,389	539	34,965	475	5,809		113,400	4.74%	1,581		
2012	38,319	2,415	8,347	16,668	2,124	430	31,916	475	5,278		105,972	4.23%	1,468		
2013	36,621	1,845	7,703	16,010	1,888	430	28,678	425	3,995		97,595	3.84%	1,346		
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	3.77%	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	3.58%	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	NA	1,577		

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. The increase in the installment financing was due to the issuance of an installment financing in the 2020 fiscal year to refund the 2010 LOBs. The increase in the LOBs was related to the issuance of \$24,000,000 of LOBs to finance the construction of the Fuse entertainment complex.

Schedule 11
City of Gastonia
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Population	Per Capita
2011	40,480	0.79%	71,741	564
2012	38,749	0.75%	72,173	537
2013	37,051	0.71%	72,507	511
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

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. The increase in general obligation debt in 2011 was due to the issuance of \$27.365M in new GOB debt for street and sidewalk improvements. The decrease in population from 2010 going forward is due to the results of 2010 census. Previous years' estimates were greater than the census results.

Schedule 12
City of Gastonia
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020
(dollars in thousands)

<u>Governmental Unit</u>	<u>Total Debt</u>	<u>Estimated Percentage Applicable ⁽²⁾</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct Debt:			
City of Gastonia	\$61,317 ⁽¹⁾	100%	\$61,317
Overlapping Debt			-
Gaston County	<u>230,435 ⁽³⁾</u>	37.71%	<u>\$86,897</u>
Total direct and overlapping debt	<u><u>\$291,752</u></u>		<u><u>\$148,214</u></u>

Notes:

- (1) Total debt was calculated as general obligation bonds, section 108 loan, 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 2020

Assessed value	\$6,748,977
Debt limit (8% of assessed value)	539,918
Debt applicable to limit:	
Authorized & Outstanding bonded debt	68,292
Outstanding debt not evidenced by bonds	53,199
	<u>121,491</u>
Statutory Deductions:	
Bonds and other debt not evidenced by bonds applicable to Enterprise Funds	60,142
Amount designated for payment of gross debt other than Enterprise Funds	32
	<u>60,174</u>
Net Debt	<u>61,317</u>
Legal Debt Limit	<u><u>\$478,601</u></u>

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$408,963	\$414,915	\$418,317	\$411,170	\$427,876	\$424,656	\$442,277	\$457,188	\$466,206	\$539,918
Total net debt applicable to limit	67,687	66,505	60,980	60,049	55,577	51,427	47,599	44,419	40,660	61,317
Legal debt margin	<u>\$341,276</u>	<u>\$348,410</u>	<u>\$357,337</u>	<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>
Total net debt applicable to the limit	16.55%	16.03%	14.58%	14.60%	12.99%	12.11%	10.76%	9.72%	8.72%	11.36%
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 ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service Principal ⁽³⁾	Debt Service Interest ⁽⁴⁾	Coverage
2011	29,484	19,743	9,741	4,079	1,614	1.71
2012	32,860	21,295	11,565	3,612	1,480	2.27
2013	33,557	20,950	12,607	4,405	1,301	2.21
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

⁽¹⁾ "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.

⁽²⁾ "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.

⁽³⁾ "Principal" excludes refunding activity and any early redemption of debt. Includes all subordinated debt service.

⁽⁴⁾ "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

Calendar Year	Population ⁽¹⁾	Personal Income (thousands of dollars) ⁽²⁾	Per Capita Personal Income ⁽³⁾	Unemployment Rate ⁽⁴⁾
2011	71,741	2,394,428	33,376	11.3%
2012	72,173	2,503,826	34,692	10.5%
2013	72,507	2,543,401	35,078	9.7%
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	NA	NA	9.4%

Notes:

- ⁽¹⁾ North Carolina Office of State Budget and Management
- ⁽²⁾ Per Capita Personal Income Extended By Population
- ⁽³⁾ US Department of Commerce - Bureau of Economic Analysis
- ⁽⁴⁾ NC Employment Security Commission

The increase in the unemployment rate is directly related to the labor market effects of the State's Stay-At-Home order due to the COVID-19 pandemic.

Schedule 16
City of Gastonia
Principal Employers
Current Year and Nine Years Ago

	2020			2011		
	Approximate Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Employer						
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	-	500-999	10	-
Gaston County	1,000 & Over	4	-	1,000 & Over	4	-
Pharr Yarns, Inc.	1,000 & Over	5	-	1,000 & Over	6	-
American & Efird LLC	1,000 & Over	6	-	1,000 & Over	7	-
Mann+Hummel Filtration (a)	1,000 & Over	7	-	1,000 & Over	5	-
Wal-mart Association, Inc.	500-999	8	-	1,000 & Over	3	-
City of Gastonia	500-999	9	-	1,000 & Over	8	-
Gaston College	500-999	10	-	1,000 & Over	-	-
Dole	-	-	-	500-999	9	-

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 2010

Schedule 17
City of Gastonia
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	158	148	151	164	172	172	163	171	177	180
Police	171	171	170	164	158	168	167	170	171	166
Fire	139	137	134	137	137	137	137	139	136	137
Public Works	141	92	89	74	74	73	70	54	61	59
Cultural and Recreation	51	49	48	46	53	52	53	66	68	65
Water and Sewer	128	134	130	131	131	122	119	119	115	114
Electric	47	46	45	44	43	44	42	44	42	44
Transit	21	20	20	21	22	21	27	35	35	35
Solid Waste	0	48	40	38	39	40	40	40	41	39
Stormwater	5	8	7	6	7	6	6	5	6	7
Total	861	853	834	825	836	835	824	843	852	846

Notes: All fiscal years are actual data obtained from the City's Human Resources department. In the 2012 fiscal year the City created the Solid Waste Enterprise fund and these employees were previously in Public Works.

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.

Schedule 18
City of Gastonia
Operating Indicators by Function/Program,
Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Commercial Construction										
Commercial Building permits issued	564	636	629	467	368	396	381	592	347	384
Commercial Building permit value	26,487	97,074	64,292	120,524	62,040	104,774	73,094	67,410	84,113	98,674
Residential Construction										
Residential Building permits issued	480	514	347	545	733	718	748	649	687	684
Residential Building permit value	56,445	68,468	46,624	53,848	94,602	117,328	133,065	98,617	124,297	140,203
Police										
Physical arrests	7,963	7,605	7,454	6,359	7,612	6,191	5,940	6,405	5,826	3,972
Parking violations	51	53	34	23	17	10	22	13	14	23
Traffic violations	9,750	8,836	9,092	8,634	7,003	9,619	7,440	6,864	6,035	6,126
Fire										
Number of calls answered	8,856	8,689	9,082	9,567	10,060	10,729	11,307	10,725	10,305	8,662
Fires extinguished	361	293	336	283	326	325	274	330	285	339
Inspections	3,625	4,293	3,066	4,505	3,848	4,084	5,087	4,821	6,489	5,248
Sanitation/Solid Waste										
Residential Refuse collected (tons annually)	29,984	21,532	18,939	18,710	18,707	19,394	20,783	21,696	23,089	25,431
Commercial Refuse collected (tons annually)	20,922	20,395	0	0	0 (A)	0 (A)	0 (A)	0 (A)	0 (A)	0
Contractor/Recyclables collected (tons annually)	1,226	2,348	3,741	4,042	4,025	4,148	3,868	4,220	4,294	3,498
City Crews/Recyclables collected (tons annually)	120	103	32	28	27	24	25	29	14	0
Other public works										
Street resurfacing (miles)	10	0	0.44	1.23	1.06	1.70	6.20	11.00	0	15
Potholes repaired	739	1,052	691	1,052	460	1,586	1,412	1,465	1,759	1,788
Water										
Number of service connections	25,784	27,684	27,648	28,095	28,899	29,523	30,125	30,383	30,956	31,215
Water main breaks	162	111	144	149	110	204	170	201	138	203
Average daily consumption (thousands of gallons)	12.79 MGD	13.07 MGD	12.18MGD	11.98MGD	12.7 MGD	13.8 MGD	14.4 MGD	15.2 MGD	14.5 MGD	14.0 MGD
Maximum daily capacity of plant in gallons (thousands of gallons)	27.3 MGD	27.3 MGD	25.2MGD	26MGD	25.3 MGD	26 MGD	25.2 MGD	25.2 MGD	27.3 MGD	27.3 MGD
Wastewater										
Average daily sewage treatment (thousands of gallons)	8.1 MGD	8.3 MGD	8.8 MGD	10.8 MGD	9.05 MGD	10.32 MGD	9.6 MGD	10.8 MGD	13.6 MGD	12.6 MGD
Maximum daily capacity of treatment in gallons	22 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD
Number of service connections	23,680	25,244	25,210	25,610	26,389	26,934	27,562	27,927	28,234	28,529
Transit										
Total route miles	285,024	289,028	293,896	284,602	280,808	291,530	292,204	288,582	303,204	301,014

Sources: Various City Departments

Note (A): As of July 1, 2012 the City ceased providing commercial refuse services. Commercial entities now have to contract directly with private commercial refuse collection companies.

Schedule 19
City of Gastonia
Capital Asset Statistics by Function/Program,
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	145	159	154	152	157	155	156	156	156	140
Fire Stations	8	8	8	8	8	8	8	8	8	8
Refuse collection										
Collection trucks	22	22	21	21	21	25	26	26	26	24
Other Public Works										
Streets (miles)	335.56	335.56	336	337.23	338.29	339.99	340.97	343	345	348
Streetlights	8977	9120	9180	9195	9242	9261	9397	9741	9835	10031
Parks and recreation										
Acreage	587	587	587	587	587	587	587	587	587	587
Parks	16	16	16	16	16	16	16	16	16	16
Baseball/softball diamonds	19	19	19	19	19	19	19	19	19	19
Soccer fields	4	4	4	4	4	4	4	4	4	4
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	46	46	32	32	32	32	28	28	28	28
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
Skate Park	1	1	0	0	0	0	0	0	0	0
Water										
Water mains (miles)	556	589	591.77	593.2	594.95	597.42	600.62	601	664	675
Fire Hydrants	3,308	3,497	3512	3538	3564	3592	3622	4179	4205	4185
Maximum daily capacity of plant in gallons	25.4 MGD	27.3 MGD	25.2MGD	25.4MGD	25.3 MGD	25.2 MGD	25.2 MGD	25.2 MGD	26.0 MGD	27.3 MGD
Wastewater										
Number of treatment plants	2	3	3	3	3	3	3	3	3	3
Sanitary Sewers (miles)	509	542	553.19	554.7	556.9	558.91	561.55	561	628	628
Storm sewers (miles)	160	160	160	160	160	160	160	160	160	168
Maximum daily capacity of treatment in gallons	22 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD
Transit										
Buses	9	9	9	9	8	8	8	8	8	8
ADA vans	5	5	5	5	5	5	5	5	5	5
Electric										
Distribution miles	476	471	473	483	474	474	487	489	497	509
Customers	26133	26067	26268	26850	27054	27906	28208	28496	28919	29130
Conference Centers	-	1	1	1	1	1	1	1	1	1

Sources: Various City Departments

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
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, 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 2, 2020. 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.

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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs, as item 2020-001 that we consider to be a significant deficiency.

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*.

City of Gastonia's Response to Finding

The City of Gastonia's response to the finding identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
December 2, 2020

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
Gastonia, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Gastonia, North Carolina, with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Gastonia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Gastonia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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, 2020.

Report on Internal Control Over Compliance

Management of the City of Gastonia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Gastonia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Gastonia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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 a combination of deficiencies, in internal control over compliance, such that there is 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
December 2, 2020

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
Gastonia, North Carolina

Report on Compliance for Each Major State Program

We have audited the compliance of the City of Gastonia, North Carolina, with the types of compliance requirements described in 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, 2020. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Gastonia's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; applicable sections of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City of Gastonia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

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 state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the City of Gastonia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Gastonia's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Gastonia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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 a combination of deficiencies, in internal control over compliance, such that there is 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on our 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, NC
December 2, 2020

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

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? Yes

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:

Program Name

CFDA

Home Investment Partnership Program

14.239

Federal Transit Cluster

20.507

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, 2020

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

Powell Bill

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

2. Findings Related to the Audit of the Basic Financial Statements

Finding 2020-001

Significant Deficiency

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: Controls over the billing and collections software uploads to the financial software are not operating as intended. Unreconciled differences for cash reconciliations occurred. The City implemented additional procedures during the fiscal year 2020, which enabled the City to eliminate unreconciled differences by year end.

Effect: Errors in financial reporting could occur and not be detected

Cause: The results of the process of uploading from the billing and collections software to the financial software were not accurate for a portion of the fiscal year.

Identification of a Repeat Finding: This is a modified and repeated finding from the immediate previous audit 2019-002.

Recommendation: The City should continue to evaluate and monitor the internal controls over the billing and collections software as it relates to the financial software to ensure postings and uploads are accurate. Cash reconciliations including the collections and billing system should continue being performed and reconciled on a monthly basis.

Views of Responsible Officials and Corrective Action Plan: Management concurs with this finding and will adhere to the Corrective Action Plan in this audit report.

2. Findings and Questioned Costs Related to the Audit of Federal Awards

None.

3. Findings and Questioned Costs Related to the Audit of State Awards

None.





Financial Services Department

Corrective Action Plan For the Year Ended June 30, 2020

Finding 2020-001
Significant Deficiency

Name of contact person:
Crystal Certain – Director of Financial Services
Wendell Hendrix - Controller

Corrective action: During the year ended June 30, 2020, an intensive review of the billing and collections software as well as the other transactions that impact the operating bank account took place during the year ended June 30, 2020. A number of issues were identified and corrected. Detailed reports of billing and collections transactions were developed to enable staff to identify issues and tie out general ledger transactions to the bank statement activity. As a result, the City was able to reconcile the general ledger cash account to the bank statement for the months of April through June 2020 without exception.

For the year ended June 30, 2021, staff has subsequently reconciled the July 2020 through October 2020 statements without exception and will continue to reconcile the account monthly. Staff feels the procedures currently in place have resolved this issue.

Completed date: April 1, 2020

CITY OF GASTONIA, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

Material Weakness

Finding 2019-001

Status: Corrected

Significant Deficiency

Finding 2019-002

Status: Modified and repeated as finding 2020-001

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
Federal Grants:					
<u>U.S. Dept. of Housing and Urban Development</u>					
Direct Program:					
Community Development Block/Entitlement Grants Cluster:					
Community Development Block Grant/Entitlement Program	14.218		\$ 974,162	\$ -	\$ 61,000
Total Community Development Block/Entitlement Grants Cluster			974,162	-	61,000
Home Investment Partnership Program	14.239		422,241	-	30,158
Total U.S. Dept of Housing and Urban Development			1,396,403	-	91,158
<u>U.S. Department of Homeland Security</u>					
Direct Program:					
Assistance to Firefighters Grant	97.044	EMW-2017-FO-02554	9,909	-	-
Total U.S. Department of Homeland Security			9,909	-	-
<u>U.S. Dept. of Transportation</u>					
Direct Program:					
Federal Transit Cluster:					
Federal Transit Formula Grants					
Urbanized Area Formula-Operating-CARES ACT	20.507		625,774	-	-
Urbanized Area Formula-Capital-CARES ACT	20.507		215,650	-	-
Urbanized Area Formula-Operating	20.507	NC-2017-065-00, NC-2018-055-00	489,542	-	-
Urbanized Area Formula-Capital	20.507	NC-2018-019-00, NC-2017-065-00, Transit/CATS 85X Mid-day Svc	550,583	-	-
Total Federal Transit Cluster			1,881,549	-	-
Federal Transit Formula Grants:					
Passed-through the N.C. Department of Transportation:					
Highway Planning and Construction Cluster:					
Hwy Planning, Research and Construction-Section 104(d)	20.205	Planning Funds	341,779	-	-
Hwy Planning, Research and Construction-Section 5303	20.205	Planning Funds	18,919	2,365	-
		SPR Funding Planning Funds-WBS #48478.3.4/ TIP			
		M0533CDCatawba Crossing			
Hwy Planning, Research and Construction-SPR Funding	20.205	Feasibility Study	5,061	949	-
		SPR Funding Planning Funds-Agreement #5964 WBS			
Hwy Planning, Research and Construction-SPR Funding	20.205	#48478.3.1	73,809	-	-
		CMS-1213(37)/			
Federal-Aid Federal Hwy Administration (FHWA)	20.205	Vehicle Locator Program	25,937	-	-
Total Highway Planning and Construction Cluster			465,505	3,314	-
Highway Safety Cluster:					
		PT-20-06-32/Agreement ID			
State Community and Highway Safety	20.600	2000034626 Traffic Safety	50,532	-	-
Total Highway Safety Cluster		Grant-Two Officers & Equip	50,532	-	-
<u>Federal Aviation Administration</u>					
Passed-through the N.C. Department of Transportation Division of Aviation					
Airport Improvement Program:					
Airport Runway 21-Approach Surface Obstruction Removal	20.106	36237.55.12.1/ap50104	44,646	-	-
Airport Layout Plan	20.106	36237.55.12.2/ap50105	218,732	-	-
Runway Realignment Study	20.106	36237.55.11.1/ap50103	31,869	-	-
Airfield Pavement Rehabilitation	20.106	36244.13.4.2/ap50102	37,618	-	-
Taxiway Lighting & Signage	20.106	36244.13.4.3/ap50101	136,470	-	-
Total Airport Improvement Program			469,335	-	-
<u>U.S. Department of Justice</u>					
Direct Program:					
Edward Byrne Memorial Justice Assistance:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018 Officer Safety Equip	23,065	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019 JAG	6,800	-	6,800
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018 JAG	29,371	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017 JAG	52,606	-	16,561
Bullet Proof Vest Partnership Program	16.607	BVP 2018 Police Bullet Proof Vest	11,246	-	-
Equitable Sharing Program	16.922		78,336	-	-
Total U.S. Department of Justice			201,424	-	23,361

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
<u>U.S. Dept of Treasury</u> Equitable Sharing Program	21.016		111,979	-	-
Total assistance - Federal programs			4,586,636	3,314	114,519
State Grants:					
Cash Assistance:					
<u>U.S. Dept. of Transportation</u> Passed-through the N.C. Department of Transportation: State Maintenance Assistance Program Powell Bill	NA NA	SMAP	- -	200,669 3,490,071	- -
<u>N.C. Dept. of Transportation</u> Direct Program: NCDOT		WBS Elements 47751/Agreement #7776 Traffic Signals and Pedestrian Crosswalks	-	3,600	-
<u>North Carolina Department of Commerce</u> City is Subrecipient-Passed-through Town of McAdenville South Fork Sewer Project		Grant U-474	-	41,287	-
<u>North Carolina Department of Environmental Quality</u> Division of Water Infrastructure Water Asset Inventory and Assessment Wastewater Asset Inventory and Assessment		H-AIA-D-18-0112 E-AIA-W-18-0110	- -	111,750 109,550	- -
<u>North Carolina Department of Environmental Quality</u> City is Subrecipient-Passed-through Town of McAdenville South Fork Sewer Project		E-SRP-W-17-0048	-	108,368	-
<u>North Carolina Department of Environmental & Natural Resources</u> Passed-through North Carolina Water Infrastructure Division NCDEQ Loan: Phase II Utility System Improvements Southfork Sewer Project		E-SRL-T-13-0090	-	8,043	-
<u>North Carolina Clean Water Management Trust Fund</u> Phase II Utility System Improvements Southfork Sewer Project Total assistance - State programs		2011-508	- -	4,377 4,077,715	- -
Total assistance			\$ 4,586,636	\$ 4,081,029	\$ 114,519

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, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US 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 Federal Awards (Uniform Guidance) and the State Single Audit 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.

City of Gastonia has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Loans Outstanding

City of Gastonia had the following loan balances outstanding at June 30, 2020 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 outstanding at June 30, 2020 consist of:

Program Name	CFDA Number	Pass-through Grantor's Number	Amount Outstanding
State General Loan SRL-Phase II Utility System Imp-Southfork	NA	E-SRL-T-13-0090	\$ 2,170,420