



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR YEAR ENDED JUNE 30, 2021



CITY OF GASTONIA, NORTH CAROLINA

City of Gastonia
North Carolina

Comprehensive Annual Financial Report
for
Fiscal Year Ended June 30, 2021



Prepared by
The Financial Services
Department

City of Gastonia

North Carolina

Annual Financial Report

Year Ended June 30, 2021

Walker E. Reid, III, Mayor

Council Members

Ward 1 – Robert J. Kellogg

Ward 2 – Dave Kirlin, Mayor Pro-Tem

Ward 3 – James Gallagher

Ward 4 – Charles M. Odom

Ward 5 – Jennifer M. Stepp

Ward 6 – Donyel Barber

**City Manager
Michael C. Peoples**

**Director of Financial Services
Crystal Certain**



CITY OF GASTONIA, NORTH CAROLINA

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Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart





City of Gastonia

A COMMITMENT TO EXCELLENCE

OFFICE OF
THE CITY MANAGER

October 27, 2021

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, 2021, with comparative numbers for the fiscal year ended June 30, 2020.

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, 2021, 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, 2021 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

COMMERCE, INDUSTRY and ECONOMIC OUTLOOK

The City’s economy has benefited from its location within a major population center, its proximity to Charlotte and its access to major interstate highways and Charlotte-Douglas International Airport (the “Airport”) and the Charlotte Regional Intermodal Facility at the Airport (the “CLT Intermodal Facility”), an inland port operated by the North Carolina State Ports Authority. For many years, the textile industry played a major role in the city. However, many companies relocated manufacturing facilities outside the United States resulting in significant losses of jobs and investments in the textile industry. Over the past two decades, 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 serves as a catalyst for redevelopment. The City purchased approximately 16 acres of contiguous property for the FUSE facility and surrounding development. The new multi-sport and entertainment venue was developed with proceeds from \$24,000,000 Taxable Limited Obligation Bonds, issued on October 3, 2019, and is the anchor of the FUSE District. The multi-use sports and entertainment facility opened in the Spring of 2021.

The City has executed a management services agreement and facility lease for the Caromont Health Park. The Caromont Health Park opened in Spring 2021 for the Gastonia Honey Hunters Atlantic League Professional Baseball team 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 historical Coca-Cola building will continue to 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 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 condominiums and other commercial spaces for prospective tenants. Lastly, Velocity Companies and Brandon Bellamy, the owner of the Gastonia Honey Hunters Atlantic League franchise, owns the remaining three development pads and are exploring options for hotel, retail, and office uses. This private development is estimated at a \$75 Million investment, which is triple the amount of 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 continued development of the "Lineberger Property" along I-85. The partnership continues to seek federal funding for infrastructure improvements at the site. This development group has purchased the development site and construction has begun.

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 for Gastonia will be to continue to attract various quality developments. Developments with high values are more fiscally sustainable and will contribute more to the expansion of the tax base. Consistent with our land development plans, Gastonia encourages commercial, office, industrial, and residential development in each sector of the City. In particular, infill developments are the most desirable form of economic growth because the infrastructure is already in place, thereby reducing the cost to the City to serve the new development.

The Gastonia Technology Park (GTP) remains the premier home for several international industries. DYMAX Corporation announced their intention to locate on 16 acres of property. The 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. This year, American company Polykemi Inc, a fully-owned subsidiary of the Swedish family business Polykemi AB, announced they will open a manufacturing facility in the GTP second quarter 2022. Since its establishment in 2013, Polykemi has worked towards launching its own manufacturing of high-quality plastic compounds on the US market.

The City has also been working with the County on development of a new business park known as the Apple Creek Corporate Center. It is being 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 expects 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. CaroMonth 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 is currently constructing a \$70 million critical care tower on their existing campus. The new four story tower on the main campus in Gastonia has started and will be completed in 2023. 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 has been completed that connects Downtown to the FUSE District; thus, making a strong pedestrian focused entertainment destination. Downtown includes The Esquire Hotel, Barrister’s Restaurant and its selection of upscale culinary 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 success. 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. Center City Crossings will be a six-story 90 plus-unit luxury apartment building in the heart of Downtown Gastonia. This projects represents the renewed interested from Charlotte-area developers in investing in Gastonia, signaling 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 90 plus unit multi-family project for Downtown Gastonia – Center City Crossings. Anticipated construction to begin Spring 2022.
- Successfully recruited, and navigated 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 Boulevard.
- Received the \$300,000 Brownfield Assessment Grant from the US Environmental Protection Agency. This grant is already being used on four projects throughout the downtown area.

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 and our city now has population of over 80,000 residents per the 2020 Census. Our region is home to the second largest financial center in the country. Gastonia is located only twenty-five minutes west of the center of the region. Our location is excellent. Interstate 85, the transportation link between Atlanta and Charlotte, bisects our City with eight interchanges. US Highway 321 links us to Hickory and Interstate 40, while the proposed Catawba Crossings project would further connect Gastonia to the Charlotte-Douglas International Airport and Interstate 485.

The City will need to continue to make wise investments that capitalize on our location within the metropolitan region. The City needs to also capitalize on our other strengths - an abundant water source at Mountain Island Lake, beautiful, 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, North Carolina's economy continues to rebound from the effects of the COVID-19 pandemic; however, recent data indicates that it may be some time before the economy is back to where it was prior to the pandemic. North Carolina's December 2021 employment is expected to increase by 4.5% over December 2020. He anticipates a second year of economic growth for North Carolina's economy in 2022 and the unemployment rate is expected to reduce to around 4.5% by December 2022.

MAJOR INITIATIVES

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

Parks, recreation, sidewalks, greenways, and museum amenities also support the goal of citywide quality economic development within Gastonia.

City staff is closely following the unparalleled federal spending bills, commonly known as the American Rescue Plan Act of 2021, to identify allowable projects that will assist the citizens of Gastonia and improve the services 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 budgets include programs and expenditures that are supported by adequate and predictable revenues. Also, financial responsibility means that capital projects, equipment, and human resource costs are budgeted each year so that the City is not faced with a deterioration that would create a crisis in future years.

Customer service means that annual budgets focus on the direct delivery of services to our customers. Expenditures that are directed to serving our citizens deserve to be emphasized. Our customers include our taxpayers, utility customers, and others that receive a service from the City. Our customer base also includes people 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 annual budgets that are targeted to encourage private sector economic investment are important because they stimulate additional jobs and commerce in our City. Strategic public sector expenditures are proven to catalyze private investment through development.

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 ensure inclusiveness throughout the workforce
- Maintain adequate funds in the City's Health Insurance Fund
- Maintain and improve 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
- Consider possible fiscal adaptations related to opportunities that arise as a result of the federal COVID-19 pandemic rescue funding, the American Rescue Plan Act and Infrastructure Investment Act
- 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 General Fund budgets without the appropriation of fund balance
- Continue to invest in economic development strategies that grow our local economy
- Invest in personnel and equipment to ensure public safety

General Fund

The budget for Fiscal Year 2022 did not include a change to the City's property tax rate. Property tax revenue resulting from tax base growth was projected to increase by 0.7%. The recommended and adopted property tax rate for Fiscal Year 2022 was 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.

In order to meet increased demands for service, the Fiscal Year 2022 budget added two (2) additional building inspections positions which will be funded entirely from fees generated by inspection services. There was also three (3) additional landscape technician positions in Recreation added to maintain infrastructure in downtown and in the FUSE District and the Neighborhood Services Program was created with one employee, which was suspended due to COVID-19 contingency restrictions.

Electric Fund

No general retail electric rate changes were recommended in the Fiscal Year 2022 budget. 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 moved forward with the implementation of the fifth 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 are available for redevelopment, as well as for new growth corridors. The Fiscal Year 2022 budget maintained the amount of the standard transfer to the General Fund. Gastonia will continue to maintain the level of transfers approved by the Local Government Commission of no more than 3% of gross electric fixed assets. The Fiscal Year 2022 budget also provides funding for maintenance and capital projects (including such projects as the beginning of construction for the renovation to the municipal operations center, hospital underground system replacement 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 Fiscal Year 2022 budget included a 5.0% 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 also amended the system development fee schedule for water and sewer to better assign the cost of new development to those that will benefit directly.

The City is partnering with the Town of Dallas for a sewer connection that will allow the City to accept partial flow of Dallas' wastewater. The project is partially funded by a Gaston County Township Grant.

The City will continue to partner financially with the State, the private sector, other municipalities, and the County to extend distribution and collection lines into our important growth areas. This is particularly important now as the City and County see increased development pressure in almost all areas. New developments are being constructed between the Union Road and New Hope Road corridors. Staff is completing the acquisition of necessary right of way and easements to construct major water distribution and sewer collection systems in this corridor. The project is known as the Southeast Utility Extension project. The funding was secured in the early part of Fiscal Year 2022 and is construction scheduled to begin in Fiscal Year 2022 for the first phase of this project. Staff continues to prepare necessary permits and property acquisitions to move forward with Phase II in the near future.

Our 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 Fiscal Year 2022 budget did not include a solid waste fee increase. The City's Solid Waste Fund receives revenues directly from solid waste fees and transfers from the General Fund on a 50%-50% basis.

The City will experience a \$906,479 decrease in contract recycling services, a \$175,000 increase in solid waste tipping fees at the Gaston County landfill, a slight decrease in debt service payments for necessary fleet replacements, and increases in employee compensation and benefit structures.

The City has constructed a new recycling drop off center on city owned property off of Duke Street in the southeast portion of Gastonia. The City has negotiated with Gaston County to operate this additional drop off site like the city owned site at the Farmers Market in downtown.

Stormwater Fund

The Fiscal Year 2022 budget did not include a 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. 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 authorized full-time employees for Fiscal Year 2022 is 922. The City was able to continue the salary increases using the structure previously used for the last several budget years; along with implementing compensation adjustments for many employees as a result of a City-wide compensation study that was completed in the later part of the 2021 fiscal year. The budget also maintained the annual \$350 Christmas Bonus for eligible employees that was distributed to employees the last week in November. 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 2022 budget provided 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 448 miles of paved streets (348 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 this 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 and expand our diverse infrastructure.

Funding for Equipment

Vehicles, large equipment, and computer/communications hardware are funded through annual equipment loans. These loans for the equipment are spread over a 59-month period, thereby leveling

the impact of equipment needs from year to year. More than \$9 million of vehicle equipment was requested by City departments for replacement or additional equipment in Fiscal Year 2022. The Fiscal Year 2022 budget appropriates a total of \$3,191,363 in funding for equipment replacement, including \$288,950 for the replacement and upgrade of necessary computer and communication equipment. This funding will allow the City to replace various fleet vehicles, including 16 police vehicles, the chassis and body of a Hazmat fire department unit for \$452,006, replacement of an Asphalt patching truck for \$252,006 and \$656,018 for Solid Waste vehicles and equipment. Departmental requests for replacement equipment that were approved by the Fleet Services Manager and Public Works Director are included in the Fiscal Year 2022 budget.

Transportation

The Fiscal Year 2022 budget provide \$1,397,587 for resurfacing and repairing local City streets. Funding comes from Powell Bill funds (\$464,253) and Auto Tag Fee revenues (\$933,334). The North Carolina Department of Transportation (NCDOT) Project upgrading the US 321/I-85 Interchange was completed in 202. The City will continue to partner with NCDOT on the widening of I-85 from the Catawba River to US 321 and the widening of South New Hope Road from Titman Road to Union-New Hope Road.

During Fiscal Year 2022, the City will continue to upgrade transit shelters and pedestrian/sidewalk improvements. 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 the 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 which should be finished in Fiscal Year 2022. 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 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 FY 2022.

The City will continue working with the City of Lowell and Gaston County to complete the USDOT RAISE (Rebuilding American Infrastructure with Sustainability and Equity) grant application to seek funding for the Gateway 85 industrial development project. This project will provide funding for improvements necessary to facilitate the private development between Cox Road in Gastonia and South Main Street in Lowell. Over 3.5 million square feet of industrial development is being constructed in this area.

Maintaining the Fund Balance

Gastonia is currently significantly over the 25% minimum available fund balance for the General Fund as recommended by the Local Government Commission. Prior to the 2021 fiscal year reporting period this requirement was only 8%. As of June 30, 2021, the City's available fund balance was 44.59%, which is above the Council's adopted Fund Balance Policy of 25%. The proposed Fiscal

Year 2022 budget appropriates no General Fund fund balance and budgets small amounts of fund balance in electric and solid waste for capital projects.

Creating and Maintaining a Fiscally Sustainable Organization for the Future

In preparing each year's annual budget, the staff looks beyond that year's budget to identify revenue and expenditure trends focused on the next three years. On the revenue side, the General Fund depends upon tax base growth, which is tied closely to the economic condition of our community. With a large percentage of our expenditures being salary and fringe benefits, the 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 City government more efficient. We will search for best practices for delivering services by examining other jurisdictions and benchmarking our efforts with theirs.

New and increased 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. The City 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 Fiscal Year 2022 budget, but limited funding means they must be prioritized, and if not currently fundable, considered in subsequent years. Employee related costs will continue to be the most significant challenge to fund each year. As pay increases are implemented and embedded into 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 each new fiscal year, our efforts will focus on implementing strategic actions that support the Mayor and City Council's approved goals and objectives to build a city with on-going economic development and improved livability. 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.

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, 2021 provided one instance, in the internal controls over basic financial reporting, that was considered to be material weaknesses and significant deficiencies. The City has evaluated the processes surrounding this finding and have implemented policies, procedures, and controls during the 2022 fiscal year to assure no such findings occur 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, 2021 provided no findings of weaknesses in the internal controls over financial reporting and compliance, of reportable conditions or material violations of applicable laws and regulations relating to Federal and State financial awards.

DEBT ADMINISTRATION

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

Pursuant to the North Carolina General Statutes, the City's outstanding general obligation debt is subject to a legal limitation based on 8 percent of the total assessed valuation of real and personal property. As of June 30, 2021, the City's legal debt limit was \$551,488,506. The outstanding debt subject to this limit was \$58,347,650, leaving a net legal debt margin of \$493,140,856. The total gross bonded debt at June 30, 2021, was \$66,241,193. 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 \$20.546 billion, which includes the City's valuation of \$6.893 billion, resulting in a City to County ratio of 33.55%.

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, 2021, 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, 2020. The 2020 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-eight (28) years. The City believes the report for Fiscal Year 2021 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 2021. The City has received this award for the past twenty-nine (29) 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 2022 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 80,411 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 current population estimate of just over 2,600,000 persons per the 2020 census, 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 a population estimate of 80,411 within its corporate limits, per the 2020 census. Its location along Interstate 85, equidistant from Atlanta and Raleigh, places the City in the heart of the rapidly developing Piedmont region of North Carolina; and, it is midway between the Florida Keys and New England, and just 200 miles from the Atlantic Ocean, making it a strategic center for serving Eastern United States.

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

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

The City's History

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

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

The City provides a wide range of services that include public safety, electric distribution, water and sewer services, stormwater management, public transportation, community development, solid waste collection and disposal, cultural and recreational facilities and activities, general administration, and other amenities not often found in a city of 80,411 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 70th year, the National Civic League recognizes neighborhoods, villages, towns, cities, counties, and metro regions for outstanding civic accomplishments. To receive this award, communities have to demonstrate an ability to address serious challenges with innovative, grassroots strategies that promote civic engagement and cooperation between the public, private and nonprofit sectors.

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

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

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

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

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

Governmental Structure

The City of Gastonia is an incorporated city established under the Constitution and the laws of the State of North Carolina. Legislative control is vested with a Mayor elected 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.
- To appoint a city manager and city attorney.

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

The day-to-day operational direction of the City is the responsibility of the appointed City Manager. The City Manager directs the daily operations of the City through 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 Executive Officer of the City and serves at the Council's discretion.

Major duties of the Manager include:

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

The City Manager has a staff that includes 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, 2021, the City of Gastonia has 922 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, 2021. General Statute 105-286 requires that an octennial reappraisal of real property be conducted and may be done sooner upon adoption of local ordinance and approval by the Department of Revenue. Gaston County's policy is to assess property every four years. The City's most recent reappraisal was completed by the County in the 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 is in the 2027 fiscal year; however, the County is scheduled to perform the next reappraisal in the 2023 fiscal year, and will be applicable to ad valorem tax revenues beginning in the City's 2023/24 fiscal year.

Economy, Commerce and Industry

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

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

The City and surrounding area have 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 have been noted.

Daimler Trucks North America is the City's largest taxpayer with 1.64% 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 8.97% 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 448 linear miles of paved streets in the City. The City and State maintain approximately 348 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 ranked among the world's top 10 airports. The airport is served by eight major carriers, 15 regional carriers and three foreign flag carriers with nonstop service to 187 destinations, including international locations and three U.S. territories. American Airlines, formerly US Airways, maintains an operational hub at the airport. 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 29 elementary schools (grades K-5), 11 middle schools (grades 6-8), 12 high schools (grades 9-12), 1 intermediate school, 1 special needs school, 1 alternative school, and 1 virtual school. Total enrollment is approximately 30,000 students.

There are several post-secondary institutions located in the County area. Gaston College is composed of three campuses with the main campus located in Dallas, a satellite campus located in Lincolnton and the Textile Technology Center located in Belmont. Gaston College is part of the North Carolina Community College System and is also accredited by the Southern Association of Colleges and Schools to award Associate degrees. The College enrolls over 7,300 students each term and averages over 11,000 students in its Continuing Education programs. Through affiliation with the constituent institutions of The University of North Carolina, course credits transfer between these educational institutions based on a plan jointly developed and approved by the North Carolina Community College System and The University of North Carolina. Also, Belmont Abbey College is a private liberal arts college located five miles east of the City with an enrollment of over 1,700 students and offers undergraduate and adult degree programs.

Cultural and Recreational Activities

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

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

The City sponsors a full range of recreation programs. Recreation facilities are located on approximately 652 acres of land including six community centers, eight jogging tracks, 28 tennis courts, 19 baseball/softball fields, two swimming pools, two splash parks, 17 parks, four soccer fields, two disc-golf courses, a dog park and a municipal skeet and trap range. The first portion of the City's Greenway System was dedicated in 2002 and currently consists of 14.4 miles of greenway and paved walking trails, stretching from Lineberger Park to the Gastonia Armory.

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

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

Summary

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



Government Finance Officers Association

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North Carolina**

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Financial Report
For the Fiscal Year Ended

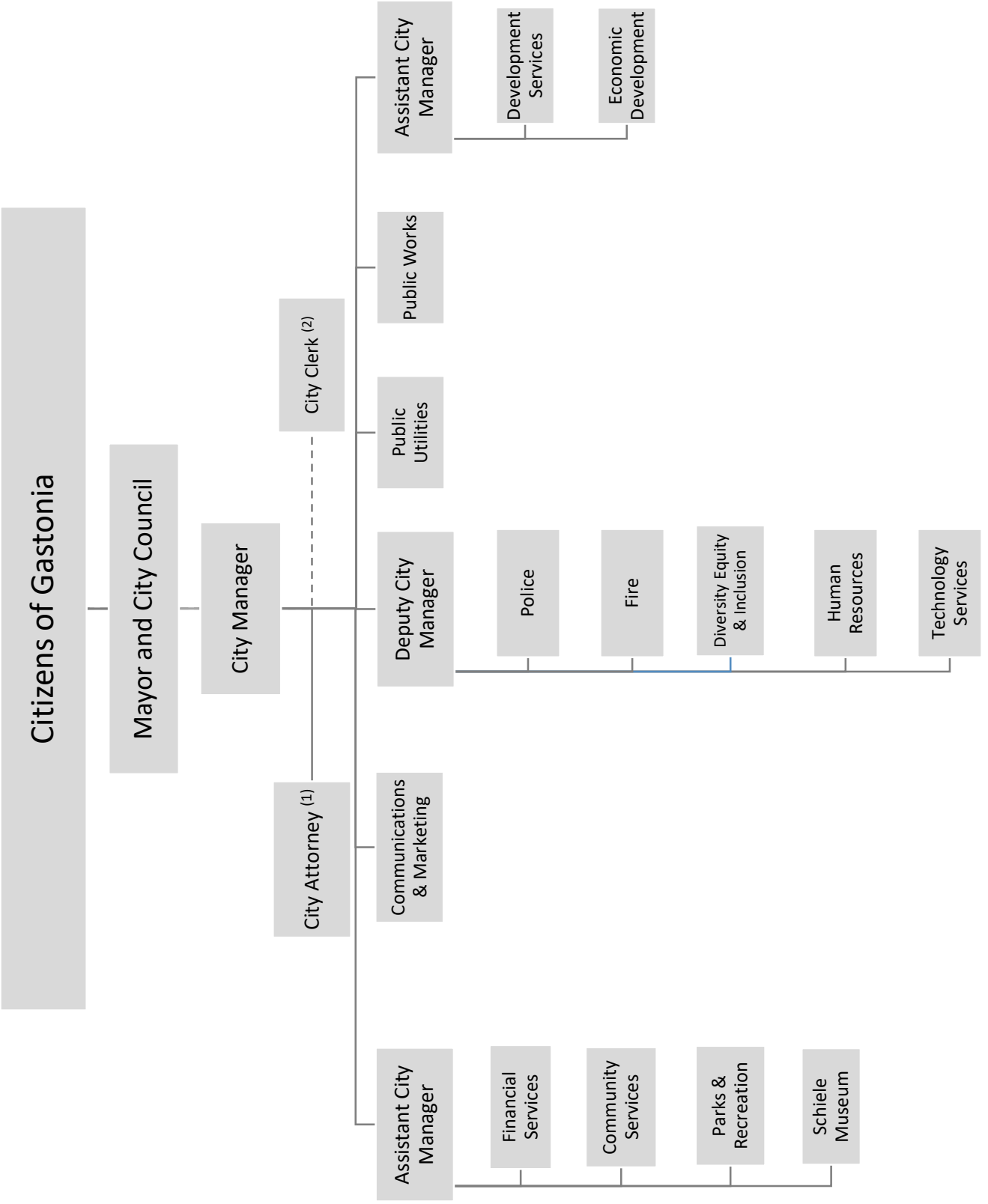
June 30, 2020

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, 2021, 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 81.55 percent, 76.60 percent, and 96.40 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, 2021, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the American Rescue Plan Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 10 to the financial statements, effective July 1, 2020, the City adopted new accounting guidance promulgated in GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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 Firefighters' Special Separation Allowance Schedules of the Changes in the Total Pension Liability and Total Pension Liability as a Percentage of Covered-Employee Payroll, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, and the Local 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 October 27, 2021, 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
October 27, 2021



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, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follows this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the City of Gastonia exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$459,991,186 (*net position*). This is a \$35,194,766 increase from the beginning net position.
- Governmental activities' net position increased by \$6,652,785, and business-type activities increased by \$28,541,981.
- As of the close of the current fiscal year, the City of Gastonia's General Fund reported an ending fund balance of \$42,781,221, an increase of \$7,200,481 from the prior year ending fund balance.
- Approximately 70% of this total amount, or \$30,029,164, 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 \$31,253,603, or 44.59%, of total General Fund expenditures, including transfers to other funds, for the fiscal year. Prior year *available fund balance* was \$25,140,301, or 36.03%, of total General Fund expenditures, including transfers to other funds. This is a \$6,113,302 increase in *available fund balance* and is mostly due to a \$7,200,481 increase in total fund balance along with an increase of \$1,071,252 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 2021 fiscal year with a net position of \$6,506,264, as compared to a 2020 fiscal year ending net position of \$4,125,548. For the year ended June 30, 2021, charges for services exceeded claims, HSA contributions, administration fees, and stop/loss premiums by \$2,380,716. Charges for services and interest revenue were up by \$227,533 from 2020, and claims and other administrative expenses were down by \$799,629, of which \$741,828 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 and the Electric Operating Fund. These funds had revenues and other financing sources over (under) expenditures and other financing uses (budgetary basis) of \$2,826,218, and \$15,831,231, for the year ended June 30, 2021, respectively, as compared to changes in net position (full accrual basis) of \$8,283,195 and \$18,103,383, respectively. The City's nonmajor enterprise funds are the Transit Fund, Municipal Golf Course Fund, Solid Waste Fund, and Stormwater Fund. These funds had revenues and other financing sources over (under) expenditures and other financing uses (budgetary basis) of \$147,510, \$0, \$373,630, and \$429,323, for the year ended June 30, 2021, respectively, as compared to changes in net position (full accrual basis) of \$391,702, (\$34,805), \$392,220 and \$850,720, respectively.

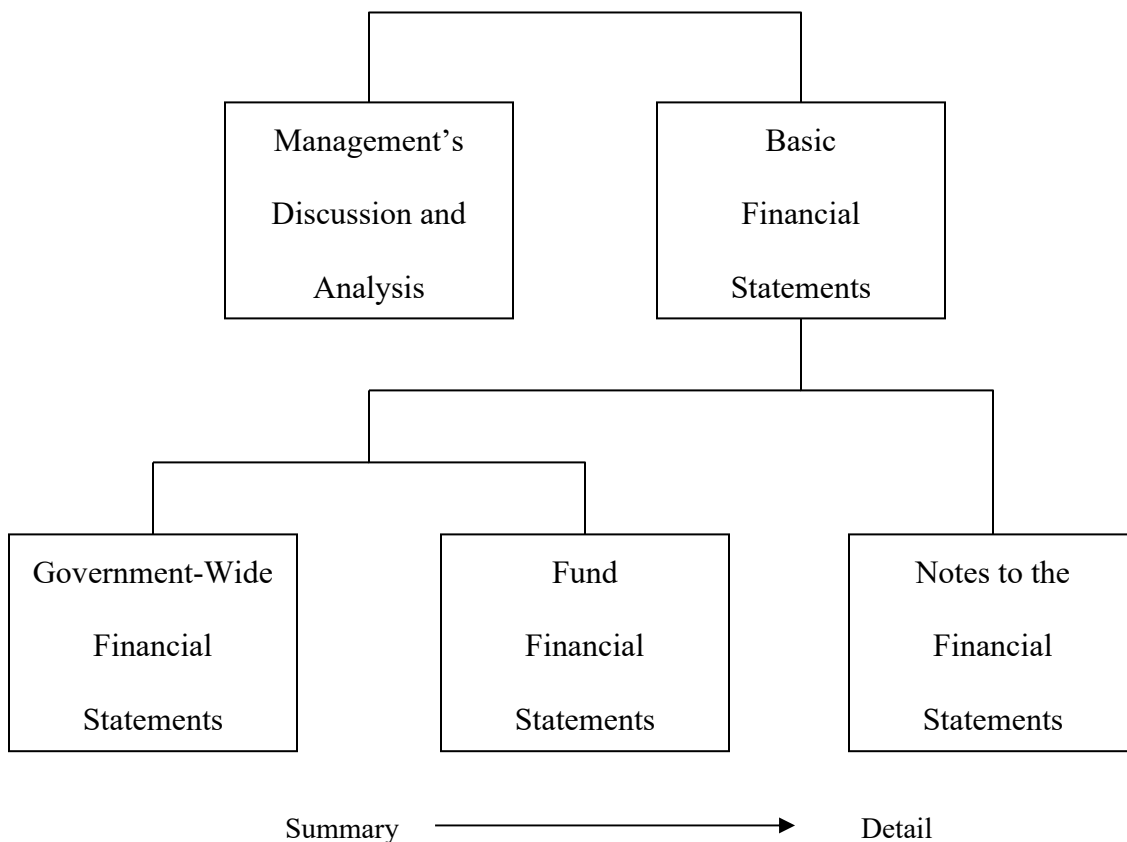
- The City of Gastonia’s total financing debt obligations decreased from \$119,545,307 to \$113,862,699 during the current fiscal year, a decrease of \$5,682,608 (4.75%). The key factors in this decrease were the overall scheduled debt retirements of \$10,551,138 and a current refunding payment of \$17,805,000 of callable principal relating to the Series 2010C General Obligation Bonds, while the City incurred \$22,673,530 of new financing debt obligations. New debt obligations consisted of \$17,872,000 of General Obligation Refunding Bonds, \$3,360,000 vehicle equipment-financing instrument, and \$1,441,530 of a State Revolving loan.
- The current credit ratings for general obligation debt are: Standard and Poor’s Corporation AA-, Moody’s Investor Service Aa2, and Fitch AA. The current credit ratings for revenue bond debt are: Standard and Poor’s Corporation AA-, Moody’s Investor Service Aa2, and Fitch AA. 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 L) are **fund financial statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary 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 a custodial 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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets:						
Current and other assets	\$ 78,251,135	\$ 75,857,117	\$ 100,355,345	\$ 81,357,926	\$ 178,606,480	\$ 157,215,043
Capital assets	<u>177,422,234</u>	<u>164,310,602</u>	<u>340,797,601</u>	<u>331,592,230</u>	<u>518,219,835</u>	<u>495,902,832</u>
Total assets	<u>255,673,369</u>	<u>240,167,719</u>	<u>441,152,946</u>	<u>412,950,156</u>	<u>696,826,315</u>	<u>653,117,875</u>
Deferred Outflows of Resources						
	<u>28,002,372</u>	<u>18,673,131</u>	<u>6,460,891</u>	<u>4,807,058</u>	<u>34,463,263</u>	<u>23,480,189</u>
Liabilities:						
Long-term liabilities outstanding	152,764,417	140,499,596	74,823,052	74,497,142	227,587,469	214,996,738
Other liabilities	<u>24,085,788</u>	<u>18,025,186</u>	<u>16,568,295</u>	<u>15,599,418</u>	<u>40,654,083</u>	<u>33,624,604</u>
Total liabilities	<u>176,850,205</u>	<u>158,524,782</u>	<u>91,391,347</u>	<u>90,096,560</u>	<u>268,241,552</u>	<u>248,621,342</u>
Deferred Inflows of Resources						
	<u>2,439,100</u>	<u>2,582,417</u>	<u>617,740</u>	<u>597,885</u>	<u>3,056,840</u>	<u>3,180,302</u>
Net Position:						
Net investment in capital assets	123,935,617	128,510,185	285,989,957	273,789,996	409,925,574	402,300,181
Restricted	18,193,045	31,004,837	-	-	18,193,045	31,004,837
Unrestricted	<u>(37,742,226)</u>	<u>(61,781,371)</u>	<u>69,614,793</u>	<u>53,272,773</u>	<u>31,872,567</u>	<u>(8,508,598)</u>
Total net position	<u>\$ 104,386,436</u>	<u>\$ 97,733,651</u>	<u>\$ 355,604,750</u>	<u>\$ 327,062,769</u>	<u>\$ 459,991,186</u>	<u>\$ 424,796,420</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 \$459,991,186 as of June 30, 2021. The City's net position increased by \$35,194,766 for the fiscal year ended June 30, 2021. However, the largest portion of the City's total net position, \$409,925,574 (89.12%), 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. \$18,193,045 of the City's net position is restricted by State statute or external parties. The remaining balance of \$31,872,567 is unrestricted. The main reasons for the \$35,194,766 increase are a \$6,652,785 increase in the net position of the governmental activities and a \$28,541,981 increase in the net position of the business-type activities. 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
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 11,567,267	\$ 12,668,771	\$ 138,307,907	\$ 131,060,649	\$ 149,875,174	\$ 143,729,420
Operating grants and contributions	5,054,061	4,527,774	-	-	5,054,061	4,527,774
Capital grants and contributions	5,163,691	505,363	10,333,550	6,788,020	15,497,241	7,293,383
General revenues:						
Ad valorem taxes	36,931,674	36,165,019	-	-	36,931,674	36,165,019
Local option sales tax	14,718,183	12,750,343	-	-	14,718,183	12,750,343
Other taxes	11,845,282	11,232,978	-	-	11,845,282	11,232,978
Interest earned on investments	204,099	1,201,656	52,131	719,148	256,230	1,920,804
Total revenues	85,484,257	79,051,904	148,693,588	138,567,817	234,177,845	217,619,721
Expenses:						
General government	15,641,563	16,499,930	-	-	15,641,563	16,499,930
Public safety	34,687,943	33,743,135	-	-	34,687,943	33,743,135
Public works and cemeteries	17,396,766	16,035,433	-	-	17,396,766	16,035,433
Cultural and recreation	7,798,607	7,558,181	-	-	7,798,607	7,558,181
Economic and physical development	1,437,793	2,591,655	-	-	1,437,793	2,591,655
Interest on long-term debt	1,503,876	2,387,821	-	-	1,503,876	2,387,821
Water and sewer	-	-	39,648,939	37,596,052	39,648,939	37,596,052
Electric	-	-	68,878,550	68,500,284	68,878,550	68,500,284
Transit	-	-	3,087,212	3,258,307	3,087,212	3,258,307
Golf	-	-	34,805	34,805	34,805	34,805
Stormwater	-	-	3,109,676	3,512,149	3,109,676	3,512,149
Solid waste	-	-	5,757,349	5,856,951	5,757,349	5,856,951
Total expenses	78,466,548	78,816,155	120,516,531	118,758,548	198,983,079	197,574,703
Change in net position before transfers	7,017,709	235,749	28,177,057	19,809,269	35,194,766	20,045,018
Transfers	(364,924)	(314,801)	364,924	314,801	-	-
Change in net position	6,652,785	(79,052)	28,541,981	20,124,070	35,194,766	20,045,018
Net Position:						
Beginning of year - July 1	97,733,651	97,812,703	327,062,769	306,938,699	424,796,420	404,751,402
End of year - June 30	\$ 104,386,436	\$ 97,733,651	\$ 355,604,750	\$ 327,062,769	\$ 459,991,186	\$ 424,796,420

Governmental Activities. Key elements of the 2021 fiscal year governmental activities increase 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 decreased by \$5,079,666. The General Fund modified accrual basis revenues and other financing sources exceeded expenditures and other financing uses by \$7,185,663, and the combined other governmental funds' modified accrual basis expenditures and other financing uses exceeded revenues and other financing sources by \$12,280,147. The change in inventories increased fund balances by \$14,818.

The General Fund modified accrual basis revenues came in \$2,308,197 over budget. The City received \$910,133 more ad valorem taxes than budgeted, \$700,000 more in ABC Board distributions than budgeted, \$1,587,326 more local option sales tax than budgeted, \$849,246 more building permit fees than budgeted and \$102,347 more auto tag fees than budgeted; however, the City received \$844,621 less sales, services, and rents than budgeted, \$215,796 less utility sales tax than budgeted, \$296,493 less investment earnings than budgeted, \$285,639 less grant funding than budgeted, \$161,980 less other unrestricted intergovernmental revenues (excluding ABC Board distributions) than budgeted, and \$75,613 less miscellaneous revenues 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 \$11,496,642. Salaries and benefits accounted for \$2,463,523 of the favorable variance and were mostly attributable to originally budgeted police and fire wages funded with COVID Relief Fund proceeds and normal hiring lag related to terminations and retirements. The budget included a COVID working reserve that ended the year with a \$1,459,221 favorable expenditure budget variance. \$5,478,247 of the favorable expenditure budget variance was spread out over numerous operating expenditure account types. Capital outlay accounted for \$627,235 of the favorable variance, overhead reimbursement ended the year with an unfavorable variance of (\$953,105), on-behalf payments ended the year with an unfavorable variance of (\$61,008). Debt service accounted for \$2,482,529 of the overall favorable variance, of which \$2,196,293 was related to a working reserve for debt service. (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 (\$6,619,176) unfavorable budget to actual variance relating to other financing sources and uses, which was related to a (\$7,219,176) unfavorable variance for appropriated fund balance and a \$600,000 favorable variance in transfers to other funds. The City appropriated fund balance of \$134,023 in order to balance the original budget; however, there was \$1,380,786 appropriated for prior year purchase order carryovers, \$2,632,705 to carryover certain unspent prior year budget amounts, and \$3,071,662 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 \$12,280,147 decrease in fund balances was mainly due to the Mayor/Council Capital Projects Fund expending the FUSE project bond proceeds that were received and recognized in the prior year. Expenditures and other financing uses over revenues and other financing sources was \$13,220,651. The other non-major capital projects funds' revenues and other financing sources

exceeded expenditures and other financing uses by \$992,704. The other non-major special revenue governmental funds' expenditures and other financing uses exceeded revenues and other financing sources by \$52,200.

The net change in governmental funds fund balances under the modified accrual basis of accounting resulted in a \$5,094,484 decrease in net position. The modified accrual basis of accounting to full accrual basis of accounting adjustments resulted in an increase in net position of \$11,747,269. 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 \$11,747,269 increase in governmental-type net position.

Business-Type Activities. The 2021 fiscal year business-type activities increase in net position of \$28,541,981 was primarily due to the following: fiscal year 2021 charges for services, operating grants, and capital grants and contributions exceeded program expenses by \$28,124,926, as compared to \$19,090,121 for the 2020 fiscal year. The business-type funds reported a net transfer in from the governmental funds of \$364,924, as compared to \$314,801 in the 2020 fiscal year. Investment earnings were \$52,131, as compared to \$719,148 in the 2020 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 over budgeted revenues by \$9,624,733. The budget was based on projected system growth and projected weather conditions and it did not include the one-time excess working capital distribution from the North Carolina Municipal Power Agency of \$13,537,829. Actual revenues for 2021 increased by \$10,711,729, or 11.81%, from the 2020 actual revenues, \$90,695,783 and \$79,984,054, respectively. This increase was mostly due to the one-time excess working capital distribution from the North Carolina Municipal Power Agency. Expenditures came in under budget by \$19,295,697 and was mostly due to a \$7,060,850 favorable budget-to-actual variance in emergency replacement and renewal of system infrastructure cost, a \$4,292,002 favorable budget-to-actual variance in purchased power, a \$115,826 favorable budget-to-actual variance in salaries and benefits, a \$6,000,000 favorable budget-to-actual variance in the rate stabilization reserve, a \$1,390,903 favorable budget-to-actual variance in controllable operating expenditures, a \$41,681 favorable budget-to-actual variance in capital outlay, and a \$394,435 favorable budget-to-actual variance in overhead charges and reimbursement for services. The Electric Fund budgeted expenditures over revenues of (\$13,150,859) but ended the fiscal year with revenues and other financing sources over expenditures and other financing uses of \$15,831,231. Budgetary basis of accounting to full accrual basis of accounting adjustments increased net position by \$2,272,152. 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 \$2,272,152 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 (\$3,785,788). Expenditures came in under budget by \$7,274,173, mostly due a \$2,200,000 favorable budget-to-actual variance in emergency replacement and renewal of system infrastructure expenditures, a \$2,137,731 favorable variance in the COVID contingency reserve in the operating fund, a \$876,999 favorable budget-to-actual variance in salaries and benefits, a \$1,551,276 favorable budget-to-actual variance in controllable operating expenditures, a \$15,703 favorable budget-to-

actual variance in capital outlay, a \$4,881 favorable budget-to-actual variance in debt principal, interest and fees, and a \$487,583 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 (\$1,162,167), but ended the fiscal year with revenues and other financing sources over expenditures and other financing uses over of \$2,826,218. Budgetary basis of accounting to full accrual basis of accounting adjustments increased net position by \$5,456,977. 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 \$5,456,977 increase in business-type net position.

All other business-type funds' budgetary basis of accounting revenues and other financing sources over (under) expenditures and other financing uses were \$429,323, \$147,510, \$0, and \$373,630 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 \$421,397, \$244,192, (\$34,805), and \$18,590 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, E-11, and E-12 to understand what modified accrual basis of accounting to full accrual basis of accounting adjustments influenced these funds \$649,374 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 \$31,253,603, a \$6,113,302 increase from the prior year. Total fund balance increased by \$7,200,481 to \$42,781,221 from the prior year amount of \$35,580,740. 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 and transfers-out. Available fund balance represents 44.59% of total General Fund expenditures and transfers out to other funds, while total fund balance represents 61.04% of that same amount.

At June 30, 2021, the governmental funds of the City of Gastonia reported a combined fund balance of \$55,015,520, a \$5,079,666 decrease from the prior year. Included in this change in fund balance is a \$7,200,481 increase in fund balance in the General Fund, a \$13,220,651 decrease in the Mayor/Council Capital Project Fund, a \$1,583 in the American Rescue Plan Special Revenue Fund, and a \$938,921 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 \$26,922,042. The majority of this increase was funded through an increase in appropriated fund balance of \$7,085,153, budgeting the issuance of General Obligation Refunding Bonds in the amount of \$17,872,000, and budgeting of a \$1,128,787 CARES relief funding through Gaston County. The increase in appropriated fund balance consisted of the following: purchase order carryovers from the 2020 fiscal

year accounted for \$1,380,786 of the increase, \$2,632,705 was to carryover certain unspent prior year budget amounts in the smaller funds that make up the total General Fund, \$3,000,000 to fund additional costs of the FUSE project, \$700,000 to fund potential Conference Center loses due to COVID shutdown, \$300,000 for a Conference Center lighting project, and a \$1,128,787 reduction of appropriated fund balance related to the CARES relief funding from the County. The remaining adjustments were various other increases in revenues that became necessary to supply new services or for unbudgeted projects.

Factors concerning the 2021 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 \$217,030,679; the Electric Fund amounted to \$100,730,326; the Stormwater Fund amounted to \$32,087,234; and the other nonmajor funds, Transit, Municipal Golf Course, and Solid Waste, amounted to \$3,405,243. 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, 2021 totals \$518,219,835 (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 \$49,076,298 and \$4,141,211, respectively, and the net effect of depreciation of \$22,618,084 resulted in an overall increase of \$22,317,003.

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 \$6,765,942. Construction in progress water and sewer infrastructure improvements placed in service totaled \$78,039,854. Various other water and sewer capital asset improvements of \$3,722,335 were incurred along with the purchase of \$274,509 of machinery, equipment, and vehicles.
- Construction in progress of \$18,507,179 in governmental-type activities, which was mostly related to the FUSE project of \$16,135,716, airport aviation projects \$1,194,611, Avon Creek Greenway Extension- Phase I \$232,163, and the Airport Layout Plan project \$110,545.
- Various general infrastructure additions and other improvements of \$3,657,172 in the governmental-type activities.
- Construction in progress for electrical capital asset improvements of \$7,573,257 and \$12,453,333 placed in service.
- Construction in progress for stormwater infrastructure of \$99,210 and \$418,364 completed stormwater infrastructure.
- Electrical distribution capital assets of \$1,491,046 for new line construction.
- Internal Service Fund capital assets of \$2,990,810 in which included various vehicles and equipment. Entity-wide disposals mainly consisted of various surplus vehicles and equipment.

City of Gastonia's Capital Assets

Figure 4

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land, land improvements, and buildings	\$ 132,557,225	\$ 96,481,730	\$ 96,682,185	\$ 21,989,317	\$ 229,239,410	\$ 118,471,047
Water and sewer treatment facilities	-	-	69,659,203	69,659,203	69,659,203	69,659,203
Machinery/equipment/vehicles	62,813,560	60,133,264	25,245,258	24,882,981	88,058,818	85,016,245
Electrical distribution	-	-	104,434,313	97,378,353	104,434,313	97,378,353
Water and sewer system	-	-	217,120,077	202,040,504	217,120,077	202,040,504
General infrastructure	301,469,440	297,081,790	-	-	301,469,440	297,081,790
Stormwater infrastructure	-	-	53,605,934	52,600,754	53,605,934	52,600,754
Construction in progress	4,829,473	23,859,011	11,934,842	89,309,516	16,764,315	113,168,527
Total	<u>501,669,698</u>	<u>477,555,795</u>	<u>578,681,812</u>	<u>557,860,628</u>	<u>1,080,351,510</u>	<u>1,035,416,423</u>
Less accumulated depreciation	<u>324,247,464</u>	<u>313,245,193</u>	<u>237,884,211</u>	<u>226,268,398</u>	<u>562,131,675</u>	<u>539,513,591</u>
Capital assets, net	<u>\$ 177,422,234</u>	<u>\$ 164,310,602</u>	<u>\$ 340,797,601</u>	<u>\$ 331,592,230</u>	<u>\$ 518,219,835</u>	<u>\$ 495,902,832</u>

Additional information on the City's capital assets can be found in note 3.A. of the basic financial statements.

Long-Term Debt. As of June 30, 2021, the City of Gastonia had total financing debt outstanding of \$113,862,699. Of this, \$18,997,000 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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General obligation bonds	\$ 18,664,526	\$ 20,523,763	\$ 332,474	\$ 381,237	\$ 18,997,000	\$ 20,905,000
Limited obligation bonds	24,000,000	24,000,000	-	-	24,000,000	24,000,000
Direct placement installment purchases	15,714,769	16,825,666	-	-	15,714,769	16,825,666
State revolving loans	-	-	33,686,930	34,427,641	33,686,930	34,427,641
Revenue bonds	-	-	21,464,000	23,387,000	21,464,000	23,387,000
Total	<u>\$ 58,379,295</u>	<u>\$ 61,349,429</u>	<u>\$ 55,483,404</u>	<u>\$ 58,195,878</u>	<u>\$113,862,699</u>	<u>\$119,545,307</u>

The City of Gastonia's total financing debt obligations decreased from \$119,545,307 to \$113,862,699 during the current fiscal year, a decrease of \$5,682,608 (4.75%). The key factors in this increase were the overall scheduled debt retirements of \$10,551,138 and a current refunding of \$17,805,000 of callable principal relating to the Series 2010C General Obligation Bonds, while the City incurred \$22,673,530 of new financing debt obligations. New debt obligations consisted of \$17,872,000 of General Obligation Refunding Bonds, \$3,360,000 vehicle equipment-financing instrument, and \$1,441,530 of a State Revolving loan.

As mentioned in the financial highlights section of this document, the current credit ratings for general obligation debt are: Standard and Poor's Corporation AA-, Moody's Investor Service Aa2, and Fitch AA. The current credit ratings for revenue bond debt are: Standard and Poor's Corporation AA-, Moody's Investor Service Aa2, and Fitch AA. 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, 2021, the City had a legal debt margin of approximately \$493,000,000. Additional information regarding the City of Gastonia's long-term debt can be found in note 3.B. of this report.

Economic Factors and Next Year's Budgets and Rates

Economic Factors

- Unemployment in the City was 6.1% at fiscal year-end June 30, 2021, higher than the County rate of 5.3%, higher than the State rate of 4.9%, and the same as the national average of 6.1%. Unemployment in the City was 5.5% as of July 2021. The prior year rates for the City were 10.8% and 12.2% for the months ended June 2020 and July 2020, respectively. These are not seasonally adjusted.
- Estimated population growth since the 2010 census is approximately 12.5%. The most current population estimate per the 2020 census is 80,411. This estimate is up by 8,670 from the 2010 Census number of 71,741.
- The North Carolina economic outlook based on University of North Carolina Charlotte economist John Connaughton's most recent quarterly forecast is as follows:

Connaughton indicated that the North Carolina's economy continues to rebound, but recent data show it may be some time before the economy is back to where it was prior to last year's COVID-19.

He forecasts that 14 of 15 economic sectors in North Carolina are to experience output increases in 2021 with Hospitality and Leisure Services and Agriculture experiencing the largest increases.

North Carolina employment is expected to reach 4,635,500 by December 2021, an increase of 4.5% over December 2020. The State is expected to add 199,700 net jobs in 2021.

Connaughton anticipates a second year of economic growth for North Carolina's economy in 2022. The North Carolina economy is expected to add 126,800 jobs in 2022., reducing the unemployment rate to around 4.5% by December 2022

- Construction activity within the City resulted in 1,240 permits issued on construction of \$464,606,839 as compared to 1,068 permits issued on construction of \$238,878,155 in the prior year. This included residential permits of 949 and commercial permits of 291, with construction costs of \$216,943,672 and \$247,663,167, respectively. Prior year residential permits issued were 684 and commercial permits issued were 384, with construction costs of \$140,203,661 and \$98,674,494, 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, 2022

Governmental Activities. The Fiscal Year 2022 budget was balanced while achieving strategic objectives and priorities established by the Mayor and City Council. The ongoing COVID-19 pandemic resulted in decreased revenue projections for certain areas, such as Parks & Recreation and the Schiele Museum; although Sales Tax revenues have continued to rise throughout the pandemic with the Fiscal Year 2022 budget including an estimated \$1.5 million increase for Sales Tax. Overall, the General Fund budget remained relative flat, with only a 0.46% increase. The City continues to maintain the ad valorem tax rate of \$.52.

In July 2021, 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 budget also implements compensation adjustments for many employees as a result of a City-wide compensation study that was completed in the 2020 fiscal year. The Fiscal Year 2022 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.

Like other public and private organizations, controlling health care costs remains a budgetary challenge that will continue for the foreseeable future. As such, the Fiscal Year 2022 budget was adopted with a 17.9% increase in these costs. The Wellness program alone includes a 15% or \$30,000 increase for a mental health program, while the stop loss premium increased \$103,000 or 25%. The budget continues to include a \$750 payment in July to the Health Savings Account of each employee covered by the City's health insurance program. In addition, the Fiscal Year 2022 adopted budget includes \$2 million in a reserve account to cover any unexpected costs to prevent additional transfers from other funds, as needed in recent years.

Business-Type Activities. The Water and Sewer Fund saw a 5% rate increase with the Fiscal Year 2022 budget. The City is partnering with the Town of Dallas for an emergency 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, Golden Leaf Foundation and Gaston County. In addition, due to growth in our area, new developments are being constructed between the Union Road and New Hope Road corridors, requiring the construction of major water distribution and sewer collection systems.

The Fiscal Year 2022 Electric Fund budget included no retail electric rate changes, while still being able to provide funding for current and future capital projects. Current projects include construction of a new municipal operations center, installing new underground cable and switches from the main hospital campus to the regional facility and the ongoing LED street light conversion throughout the City. The transfer to the General Fund from the Electric Funds remained at \$2,000,000, as in prior years. 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 Solid Waste Fund included no increase in fees; although, residential collections are estimated to increase \$90,979 due to new development. The expenditure budget includes some fairly large changes as a result of the City discontinuing curbside recycling effective October 2020. The Fiscal Year 2022 budget includes a \$906,479 decrease with the discontinuation of the recycling contract, but also a \$175,000 increase in Gaston County landfill tipping fees due to the increased tonnage. While curbside recycling has ended, the City has not completely terminated recycling. Construction of a recycling center began in Fiscal Year 2021 that is expected to open to the public during Fiscal Year 2022.

The adopted Fiscal Year 2022 budget saw a significant decrease in Transit because the City received \$6.5 million from the Coronavirus Aid, Relief and Economic Security (CARES) Act in FY 2020 that will continue to carry forward to the next year until the funding is depleted. These funds cover 100% of eligible expenditures and do not require the City to match a portion; therefore, the City was able to reduce the transfer from the General Fund.

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, 2021

	Primary Government			Component Units	
	Governmental	Business-Type	Total	City of	Gastonia
	Activities	Activities		Gastonia	Tourism
			ABC Board	Development	
				Authority	
Assets:					
Cash and cash equivalents	\$ 51,550,301	\$ 77,660,821	\$ 129,211,122	\$ 3,476,044	\$ 1,126,297
Taxes receivable, net	873,308	-	873,308	-	-
Accounts receivable, net	2,404,099	14,201,222	16,605,321	1,251	-
Long-term receivable	2,446,797	-	2,446,797	-	-
Due from other governments	7,508,915	279,999	7,788,914	-	183,022
Internal balances	(2,351,268)	2,351,268	-	-	-
Inventories	1,644,620	1,569,151	3,213,771	824,308	-
Prepaid items	87,020	-	87,020	71,292	-
Cash and cash equivalents, restricted	14,087,343	4,292,884	18,380,227	-	-
Non-depreciable assets	19,497,661	25,824,743	45,322,404	688,637	-
Capital assets, net	157,924,573	314,972,858	472,897,431	514,153	-
Total assets	255,673,369	441,152,946	696,826,315	5,575,685	1,309,319
Deferred Outflows of Resources:					
OPEB deferrals	12,126,517	3,420,300	15,546,817	-	-
Pension deferrals	15,875,855	3,040,591	18,916,446	208,786	-
Total deferred outflows	28,002,372	6,460,891	34,463,263	208,786	-
Liabilities:					
Current liabilities:					
Accounts payable	4,444,211	8,851,521	13,295,732	1,226,175	-
Accrued salaries and benefits	1,419,116	421,472	1,840,588	-	-
Accrued interest	205,076	142,292	347,368	-	-
Prepaid fees	-	361,010	361,010	-	-
Liabilities to be paid from restricted assets:					
Advances from grantors	8,330,962	-	8,330,962	-	-
Customer deposits	-	1,836,931	1,836,931	-	-
Non-current liabilities:					
Due within one year	9,686,423	4,955,069	14,641,492	-	-
Due in more than one year	152,764,417	74,823,052	227,587,469	273,010	-
Total liabilities	176,850,205	91,391,347	268,241,552	1,499,185	-
Deferred Inflows of Resources:					
OPEB deferrals	2,065,714	582,637	2,648,351	-	-
Pension deferrals	373,386	35,103	408,489	-	-
Total deferred inflows of resources	2,439,100	617,740	3,056,840	-	-
Net Position:					
Net investment in capital assets	123,935,617	285,989,957	409,925,574	1,202,790	-
Restricted for:					
Stabilization by state statute	16,187,395	-	16,187,395	-	183,022
General government	1,583	-	1,583	-	-
Tourism promotion	-	-	-	-	1,126,297
Community development and improvements	1,738,757	-	1,738,757	-	-
Public works - Powell Bill	265,310	-	265,310	-	-
Working capital	-	-	-	476,289	-
Unrestricted	(37,742,226)	69,614,793	31,872,567	2,606,207	-
Total net position	\$ 104,386,436	\$ 355,604,750	\$ 459,991,186	\$ 4,285,286	\$ 1,309,319

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, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 15,641,563	\$ 9,289,124	\$ 204,292	\$ -
Public safety	34,687,943	1,712,116	1,373,237	-
Public works and cemeteries	17,396,766	57,094	2,246,317	3,668,347
Cultural and recreation	7,798,607	473,616	-	-
Economic and physical development	1,437,793	35,317	1,230,215	1,495,344
Interest on long-term debt	1,503,876	-	-	-
Total governmental activities	<u>78,466,548</u>	<u>11,567,267</u>	<u>5,054,061</u>	<u>5,163,691</u>
Business-Type Activities:				
Water and sewer	39,648,939	42,122,472	-	6,345,627
Electric	68,878,550	89,928,204	-	60,851
Transit	3,087,212	48,099	-	3,036,146
Golf	34,805	-	-	-
Stormwater	3,109,676	3,068,474	-	890,926
Solid waste	5,757,349	3,140,658	-	-
Total business-type activities	<u>120,516,531</u>	<u>138,307,907</u>	<u>-</u>	<u>10,333,550</u>
Total primary government	<u>\$ 198,983,079</u>	<u>\$ 149,875,174</u>	<u>\$ 5,054,061</u>	<u>\$ 15,497,241</u>
Component Units:				
ABC Board	\$ 15,737,810	\$ 16,119,593	\$ -	\$ -
Tourism Development Authority	125,305	-	-	-
Total component units	<u>\$ 15,863,115</u>	<u>\$ 16,119,593</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2021

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	\$ (6,148,147)	\$ -	\$ (6,148,147)		
Public safety	(31,602,590)	-	(31,602,590)		
Public works and cemeteries	(11,425,008)	-	(11,425,008)		
Cultural and recreation	(7,324,991)	-	(7,324,991)		
Economic and physical development	1,323,083	-	1,323,083		
Interest on long-term debt	(1,503,876)	-	(1,503,876)		
Total governmental activities	<u>(56,681,529)</u>	<u>-</u>	<u>(56,681,529)</u>		
Business-Type Activities:					
Water and sewer	-	8,819,160	8,819,160		
Electric	-	21,110,505	21,110,505		
Transit	-	(2,967)	(2,967)		
Golf	-	(34,805)	(34,805)		
Stormwater	-	849,724	849,724		
Solid waste	-	(2,616,691)	(2,616,691)		
Total business-type activities	<u>-</u>	<u>28,124,926</u>	<u>28,124,926</u>		
Total primary government	<u>(56,681,529)</u>	<u>28,124,926</u>	<u>(28,556,603)</u>		
Component Units:					
ABC Board				\$ 381,783	\$ -
Tourism Development Authority				-	(125,305)
Total component units				<u>381,783</u>	<u>(125,305)</u>
General Revenues:					
Taxes:					
Ad valorem taxes	36,931,674	-	36,931,674	-	-
Sales taxes	14,718,183	-	14,718,183	-	-
Payments in lieu of taxes	4,733,059	-	4,733,059	-	-
Franchise taxes	12,298	-	12,298	-	-
Other taxes	7,099,925	-	7,099,925	-	599,922
Interest earned on investments	204,099	52,131	256,230	7,283	1,738
Total general revenues, excluding transfers	<u>63,699,238</u>	<u>52,131</u>	<u>63,751,369</u>	<u>7,283</u>	<u>601,660</u>
Transfers	<u>(364,924)</u>	<u>364,924</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>63,334,314</u>	<u>417,055</u>	<u>63,751,369</u>	<u>7,283</u>	<u>601,660</u>
Change in net position	6,652,785	28,541,981	35,194,766	389,066	476,355
Net Position:					
Beginning of year - July 1	<u>97,733,651</u>	<u>327,062,769</u>	<u>424,796,420</u>	<u>3,896,220</u>	<u>832,964</u>
End of year - June 30	<u>\$ 104,386,436</u>	<u>\$ 355,604,750</u>	<u>\$ 459,991,186</u>	<u>\$ 4,285,286</u>	<u>\$ 1,309,319</u>

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



CITY OF GASTONIA, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	Major				Total
	General Fund	Mayor/Council Capital Project Fund	American Rescue Plan Fund	Other Nonmajor Governmental Funds	
Assets:					
Cash and cash equivalents	\$ 35,281,002	\$ 4,196,754	\$ -	\$ 3,524,195	\$ 43,001,951
Taxes receivable, net	860,475	-	-	12,833	873,308
Accounts receivable, net	1,803,345	12,574	-	309,880	2,125,799
Long-term receivable	-	-	-	2,446,797	2,446,797
Prepaid items	57,990	-	-	29,030	87,020
Property acquired for rehabilitation and re-sale	-	-	-	959,498	959,498
Inventory	685,122	-	-	-	685,122
Cash and investments, restricted	1,377,142	734	7,832,545	3,291,688	12,502,109
Due from other funds	586,687	-	-	-	586,687
Due from other governments	7,380,163	-	-	128,752	7,508,915
Total assets	<u>\$ 48,031,926</u>	<u>\$ 4,210,062</u>	<u>\$ 7,832,545</u>	<u>\$ 10,702,673</u>	<u>\$ 70,777,206</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,434,223	\$ 1,443,676	\$ -	\$ 387,972	\$ 3,265,871
Accrued salaries and benefits	1,335,646	-	-	-	1,335,646
Due to other funds	1,309,021	-	-	335,538	1,644,559
Liabilities payable from restricted assets:					
Advances from grantors	-	-	7,830,962	500,000	8,330,962
Total liabilities	<u>4,078,890</u>	<u>1,443,676</u>	<u>7,830,962</u>	<u>1,223,510</u>	<u>14,577,038</u>
Deferred Inflows of Resources:					
Property taxes receivable	860,475	-	-	12,833	873,308
Unavailable revenue	311,340	-	-	-	311,340
Total deferred inflows of resources	<u>1,171,815</u>	<u>-</u>	<u>-</u>	<u>12,833</u>	<u>1,184,648</u>
Fund Balances:					
Non-spendable:					
Inventories	685,122	-	-	-	685,122
Prepays	57,990	-	-	29,030	87,020
Restricted:					
Stabilization by state statute	10,784,506	852,423	-	4,550,466	16,187,395
Restricted, all other	1,224,439	1,913,963	1,583	3,758,343	6,898,328
Assigned	-	-	-	1,799,236	1,799,236
Unassigned	30,029,164	-	-	(670,745)	29,358,419
Total fund balances	<u>42,781,221</u>	<u>2,766,386</u>	<u>1,583</u>	<u>9,466,330</u>	<u>55,015,520</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 48,031,926</u>	<u>\$ 4,210,062</u>	<u>\$ 7,832,545</u>	<u>\$ 10,702,673</u>	<u>\$ 70,777,206</u>

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

CITY OF GASTONIA, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>Total</u>
Reconciliation with Net Position of Governmental Activities - Government-Wide (Exhibit A):	
Total fund balances - modified accrual (see above)	\$ 55,015,520
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	166,201,011
Net pension liability LGERS	(18,653,502)
Total pension liability LEOSSA	(24,878,526)
Total OPEB liability	(56,585,537)
Pension related deferrals	15,502,469
OPEB related deferrals	10,060,803
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.	13,085,773
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.	(2,351,268)
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(54,026,571)
The governmental activities net position includes an accrual for interest on long-term debt.	(184,318)
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>1,184,648</u>
Net position of governmental activities - government-wide (Exhibit A)	<u>\$ 104,386,436</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, 2021

	Major			Other Nonmajor Governmental Funds	Total
	General Fund	Mayor/Council Capital Project Fund	American Rescue Plan Fund		
Revenues:					
Ad valorem taxes	\$ 36,917,400	\$ -	\$ -	\$ 168,172	\$ 37,085,572
Other taxes and licenses	25,963,543	-	-	599,922	26,563,465
Unrestricted intergovernmental revenues	2,085,949	-	-	-	2,085,949
Restricted intergovernmental revenues	4,683,522	11,175	-	1,894,916	6,589,613
Permits and fees	2,211,546	-	-	-	2,211,546
Sales and services	2,525,684	-	-	35,317	2,561,001
Investment earnings	169,242	8,470	1,583	9,500	188,795
Miscellaneous	613,453	189,550	-	300,124	1,103,127
Total revenues	<u>75,170,339</u>	<u>209,195</u>	<u>1,583</u>	<u>3,007,951</u>	<u>78,389,068</u>
Expenditures:					
Current:					
General government	10,501,980	-	-	-	10,501,980
Public safety	33,770,147	-	-	-	33,770,147
Public works and cemeteries	8,241,856	-	-	-	8,241,856
Cultural and recreation	6,053,064	-	-	-	6,053,064
Economic and physical development	-	-	-	1,437,793	1,437,793
Capital outlay	-	16,462,851	-	2,257,244	18,720,095
Debt service:					
Principal repayments	2,926,237	-	-	-	2,926,237
Interest	1,534,456	-	-	-	1,534,456
Total expenditures	<u>63,027,740</u>	<u>16,462,851</u>	<u>-</u>	<u>3,695,037</u>	<u>83,185,628</u>
Revenues over (under) expenditures	<u>12,142,599</u>	<u>(16,253,656)</u>	<u>1,583</u>	<u>(687,086)</u>	<u>(4,796,560)</u>
Other Financing Sources (Uses):					
Issuance of long-term debt	17,872,000	-	-	-	17,872,000
Payments to refunded bond escrow agent	(17,805,000)	-	-	-	(17,805,000)
Transfers from other funds	2,040,000	3,033,005	-	1,666,007	6,739,012
Transfers (to) other funds	(7,063,936)	-	-	(40,000)	(7,103,936)
Total other financing sources (uses)	<u>(4,956,936)</u>	<u>3,033,005</u>	<u>-</u>	<u>1,626,007</u>	<u>(297,924)</u>
Net change in fund balances	7,185,663	(13,220,651)	1,583	938,921	(5,094,484)
Fund Balances:					
Beginning of year - July 1	35,580,740	15,987,037	-	8,527,409	60,095,186
Increase (decrease) in inventories and property/ land acquired redevelopment/rehabilitation	14,818	-	-	-	14,818
End of year - June 30	<u>\$ 42,781,221</u>	<u>\$ 2,766,386</u>	<u>\$ 1,583</u>	<u>\$ 9,466,330</u>	<u>\$ 55,015,520</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, 2021**

Net change in fund balances - total governmental funds per Exhibit D	\$ (5,094,484)
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.	(153,898)
Miscellaneous revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	(444,963)
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.	14,818
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.	(6,328,336)
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.	20,528,161
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(9,626,554)
Contributions of capital assets are reported as capital grants and contributions revenue in the Statement of Activities and are not reported in the governmental funds statement.	3,657,172
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.	20,731,237
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.	(1,193,728)
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.	(17,872,000)
Interest on long-term debt incurred, but not paid, is reported as an expense in the governmental activities statements.	213,097
Portion of Internal Service Fund activities change in net position allocable to the governmental activities are reported with governmental activities.	<u>2,222,263</u>
Change in net position of governmental activities per Exhibit B	<u>\$ 6,652,785</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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over/Under</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad valorem taxes	\$ 35,999,680	\$ 35,999,680	\$ 36,917,400	\$ 917,720
Other taxes and licenses	24,457,966	24,457,966	25,963,543	1,505,577
Unrestricted intergovernmental revenues	1,446,500	1,446,500	2,085,949	639,449
Restricted intergovernmental revenues	3,087,078	5,070,590	4,683,522	(387,068)
Permits and fees	1,362,300	1,362,300	2,211,546	849,246
Sales and services	3,370,305	3,370,305	2,525,684	(844,621)
Interest earned on investments	610,038	465,735	169,242	(296,493)
Miscellaneous	563,386	689,066	613,453	(75,613)
Total revenues	<u>70,897,253</u>	<u>72,862,142</u>	<u>75,170,339</u>	<u>2,308,197</u>
Expenditures:				
General government	12,009,556	13,130,546	10,501,980	2,628,566
Public safety	34,219,316	36,110,378	33,770,147	2,340,231
Public works and cemeteries	9,068,695	10,036,026	8,241,856	1,794,170
Cultural and recreation	6,916,332	8,304,210	6,053,064	2,251,146
Debt service:				
Principal	2,916,801	4,367,445	2,926,237	1,441,208
Interest and fees	3,276,640	2,575,777	1,534,456	1,041,321
Total expenditures	<u>68,407,340</u>	<u>74,524,382</u>	<u>63,027,740</u>	<u>11,496,642</u>
Revenues over (under) expenditures	<u>2,489,913</u>	<u>(1,662,240)</u>	<u>12,142,599</u>	<u>13,804,839</u>
Other Financing Sources (Uses):				
Issuance of long-term debt	-	17,872,000	17,872,000	-
Payments to refunded bond escrow agent	-	(17,805,000)	(17,805,000)	-
Transfers from other funds	2,040,000	2,040,000	2,040,000	-
Transfers (to) other funds	(4,663,936)	(7,663,936)	(7,063,936)	600,000
Appropriated fund balance	134,023	7,219,176	-	(7,219,176)
Total other financing sources (uses)	<u>(2,489,913)</u>	<u>1,662,240</u>	<u>(4,956,936)</u>	<u>(6,619,176)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>7,185,663</u>	<u>\$ 7,185,663</u>
Fund Balance:				
Beginning of year - July 1			35,580,740	
Increase (decrease) in inventories and property/ land acquired redevelopment/rehabilitation			<u>14,818</u>	
End of year - June 30			<u>\$ 42,781,221</u>	

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

CITY OF GASTONIA, NORTH CAROLINA

**AMERICAN RESCUE PLAN FUND
ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over/Under</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Restricted intergovernmental revenues	\$ -	\$ 16,373,346	\$ -	\$ (16,373,346)
Investment earnings	-	-	1,583	1,583
Total revenues	-	16,373,346	1,583	(16,371,763)
Expenditures:				
General government	-	16,373,346	-	16,373,346
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,583	<u>\$ 1,583</u>
Fund Balance:				
Beginning of year - July 1			-	
End of year - June 30			<u>\$ 1,583</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, 2021

	Business-Type Activities				Governmental
	Water and Sewer Fund	Electric Fund	Other Nonmajor Funds	Total	Internal Service Funds
Assets:					
Current assets:					
Cash, cash equivalents, and investments	\$ 26,336,760	\$ 48,114,072	\$ 3,209,989	\$ 77,660,821	\$ 8,548,350
Accounts receivable, net	4,958,742	8,596,226	646,254	14,201,222	262,366
Inventory	163,149	1,395,003	10,999	1,569,151	-
Due from other governments	-	-	279,999	279,999	-
Due from other funds	-	-	-	-	1,309,021
Cash and cash equivalents, restricted	2,950,363	1,342,521	-	4,292,884	1,585,234
Total current assets	<u>34,409,014</u>	<u>59,447,822</u>	<u>4,147,241</u>	<u>98,004,077</u>	<u>11,704,971</u>
Non-current assets:					
Depreciable capital assets, net	232,039,513	49,342,623	33,590,722	314,972,858	11,221,223
Non-depreciable capital assets	20,165,888	5,153,137	505,718	25,824,743	-
Total capital assets, net	<u>252,205,401</u>	<u>54,495,760</u>	<u>34,096,440</u>	<u>340,797,601</u>	<u>11,221,223</u>
Total assets	<u>286,614,415</u>	<u>113,943,582</u>	<u>38,243,681</u>	<u>438,801,678</u>	<u>22,926,194</u>
Deferred Outflows of Resources:					
OPEB deferrals	2,021,087	932,809	466,404	3,420,300	-
Pension deferrals	1,850,793	793,198	396,600	3,040,591	-
Total deferred outflows	<u>3,871,880</u>	<u>1,726,007</u>	<u>863,004</u>	<u>6,460,891</u>	<u>-</u>
Liabilities:					
Current liabilities:					
Accounts payable	1,861,043	6,644,517	345,961	8,851,521	1,178,340
Accrued salaries and benefits	220,592	110,112	90,768	421,472	83,470
Compensated absences	398,841	195,424	142,800	737,065	173,951
Accrued interest	142,292	-	-	142,292	20,758
Current portion of long-term debt	4,169,241	48,763	-	4,218,004	2,856,757
Due to other funds	-	-	-	-	251,149
Prepaid fees	86,248	274,762	-	361,010	-
Liabilities to be paid from restricted assets:					
Customer deposits	494,410	1,342,521	-	1,836,931	-
Total current liabilities	<u>7,372,667</u>	<u>8,616,099</u>	<u>579,529</u>	<u>16,568,295</u>	<u>4,564,425</u>
Non-current liabilities:					
Non-current portion of compensated absences	132,947	65,141	47,523	245,611	57,984
Non-current portion of long-term debt	52,761,882	283,711	-	53,045,593	5,218,012
Net pension liability	3,391,545	1,453,520	726,760	5,571,825	-
Total OPEB liability	9,430,922	4,352,733	2,176,368	15,960,023	-
Total non-current liabilities	<u>65,717,296</u>	<u>6,155,105</u>	<u>2,950,651</u>	<u>74,823,052</u>	<u>5,275,996</u>
Total liabilities	<u>73,089,963</u>	<u>14,771,204</u>	<u>3,530,180</u>	<u>91,391,347</u>	<u>9,840,421</u>
Deferred Inflows of Resources:					
OPEB deferrals	344,286	158,901	79,450	582,637	-
Pension deferrals	21,367	9,158	4,578	35,103	-
Total deferred inflows	<u>365,653</u>	<u>168,059</u>	<u>84,028</u>	<u>617,740</u>	<u>-</u>
Net Position:					
Net investment in capital assets	197,730,231	54,163,286	34,096,440	285,989,957	4,731,688
Unrestricted	19,300,448	46,567,040	1,396,037	67,263,525	8,354,085
Total net position	<u>\$ 217,030,679</u>	<u>\$ 100,730,326</u>	<u>\$ 35,492,477</u>	<u>\$ 353,253,482</u>	<u>\$ 13,085,773</u>
Total net position - proprietary funds presentation				\$ 353,253,482	
Portion of profit generated by Internal Service Fund allocated to business-type activities - history to date				<u>2,351,268</u>	
Net position of business-type activities - government-wide				<u>\$ 355,604,750</u>	

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities			Total	Governmental
	Water and Sewer Fund	Electric Fund	Other Nonmajor Funds		Internal Service Funds
Operating Revenues:					
Charges for services	\$ 40,170,830	\$ 73,786,468	\$ 6,128,786	\$ 120,086,084	\$ 20,252,183
Utilities for City use	1,280,452	1,877,834	71,228	3,229,514	-
Other operating revenues	115,624	726,073	57,217	898,914	1,140,736
Total operating revenues	<u>41,566,906</u>	<u>76,390,375</u>	<u>6,257,231</u>	<u>124,214,512</u>	<u>21,392,919</u>
Operating Expenses:					
Water treatment/electric and other purchases	4,550,668	53,707,998	-	58,258,666	-
Administration	11,418,379	7,651,853	3,212,587	22,282,819	-
Facility maintenance	1,742,081	-	-	1,742,081	-
Payseur Mountain resource recovery	1,493,643	-	-	1,493,643	-
Sewage treatment	6,865,947	-	-	6,865,947	-
Substation operations	-	617,931	-	617,931	-
Maintenance	4,166,539	3,906,650	355,545	8,428,734	-
ADA/Para-transit expenses	-	-	241,388	241,388	-
Operations area	-	-	6,820,952	6,820,952	15,488,934
Street lights	-	441,767	-	441,767	-
Depreciation and amortization	8,309,907	2,123,993	1,358,479	11,792,379	3,176,649
Total operating expenses	<u>38,547,164</u>	<u>68,450,192</u>	<u>11,988,951</u>	<u>118,986,307</u>	<u>18,665,583</u>
Operating income (loss)	<u>3,019,742</u>	<u>7,940,183</u>	<u>(5,731,720)</u>	<u>5,228,205</u>	<u>2,727,336</u>
Non-Operating Revenues (Expenses):					
Miscellaneous	-	-	-	-	247
Investment earnings	19,601	31,218	1,312	52,131	15,304
Power agency refund	-	13,537,829	-	13,537,829	-
Gain (loss) on disposal of capital assets	(342,318)	(413,440)	(91)	(755,849)	217,459
Interest on long-term debt	(759,457)	(14,918)	-	(774,375)	(182,517)
Total non-operating revenues (expenses)	<u>(1,082,174)</u>	<u>13,140,689</u>	<u>1,221</u>	<u>12,059,736</u>	<u>50,493</u>
Income (loss) before capital contributions and transfers	1,937,568	21,080,872	(5,730,499)	17,287,941	2,777,829
Capital Contributions:					
Federal and state grants	966,086	60,851	3,036,146	4,063,083	-
Local contributions	3,572,335	-	890,926	4,463,261	-
Development fee	1,807,206	-	-	1,807,206	-
Transfers:					
Transfers from other funds	-	-	3,403,264	3,403,264	-
Transfers to other funds	-	(3,038,340)	-	(3,038,340)	-
Change in net position	8,283,195	18,103,383	1,599,837	27,986,415	2,777,829
Net Position:					
Beginning of year - July 1	<u>208,747,484</u>	<u>82,626,943</u>	<u>33,892,640</u>	<u>325,267,067</u>	<u>10,307,944</u>
End of year - June 30	<u>\$ 217,030,679</u>	<u>\$ 100,730,326</u>	<u>\$ 35,492,477</u>	<u>\$ 353,253,482</u>	<u>\$ 13,085,773</u>
Reconciliation with Exhibit B Change in Net Position - Business-Type Activities:					
Change in net position - fund perspective				\$ 27,986,415	
Internal Service Fund profits allocated to business-type activities				555,566	
Change in net position - entity-wide perspective - Exhibit B				<u>\$ 28,541,981</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, 2021

	Business-Type Activities			Total	Governmental
	Water and Sewer Fund	Electric Fund	Other Nonmajor Funds		Internal Service Funds
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 41,732,730	\$ 77,029,802	\$ 6,302,341	\$ 125,064,873	\$ 21,509,624
Cash paid to suppliers	(20,292,372)	(61,638,317)	(6,163,091)	(88,093,780)	(14,379,819)
Cash paid to employees	(8,367,399)	(3,914,581)	(4,281,125)	(16,563,105)	(966,070)
Net cash provided (used) by operating activities	<u>13,072,959</u>	<u>11,476,904</u>	<u>(4,141,875)</u>	<u>20,407,988</u>	<u>6,163,735</u>
Cash Flows from Non-Capital Financing Activities:					
Power agency refund	-	13,537,829	-	13,537,829	-
Changes in due to/from other funds	-	-	(222,857)	(222,857)	98,333
Transfers from other funds	-	-	3,403,264	3,403,264	-
Transfers to other funds	-	(3,038,340)	-	(3,038,340)	-
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>10,499,489</u>	<u>3,180,407</u>	<u>13,679,896</u>	<u>98,333</u>
Cash Flows from Capital and Related Financing Activities:					
Federal and state grants	966,086	60,851	3,254,360	4,281,297	-
Expansion fee	1,807,206	-	-	1,807,206	-
Proceeds from issuance of debt	1,441,530	-	-	1,441,530	3,360,000
Principal paid on long-term debt	(4,105,241)	(48,763)	-	(4,154,004)	(3,470,897)
Proceeds from sale of capital assets	136,627	9,929	-	146,556	285,039
Acquisition and construction of capital assets	(7,894,044)	(8,136,406)	(1,127,591)	(17,158,041)	(2,990,810)
Interest paid on long-term debt	(937,563)	(14,918)	-	(952,481)	(189,095)
Net cash provided (used) by capital and related financing activities	<u>(8,585,399)</u>	<u>(8,129,307)</u>	<u>2,126,769</u>	<u>(14,587,937)</u>	<u>(3,005,763)</u>
Cash Flows from Investing Activities:					
Interest on investments	<u>19,601</u>	<u>31,218</u>	<u>1,312</u>	<u>52,131</u>	<u>15,304</u>
Net increase (decrease) in cash and cash equivalents	<u>4,507,161</u>	<u>13,878,304</u>	<u>1,166,613</u>	<u>19,552,078</u>	<u>3,271,609</u>
Cash and Cash Equivalents:					
Beginning of year - July 1	<u>24,779,962</u>	<u>35,578,289</u>	<u>2,043,376</u>	<u>62,401,627</u>	<u>6,861,975</u>
End of year - June 30	<u>\$ 29,287,123</u>	<u>\$ 49,456,593</u>	<u>\$ 3,209,989</u>	<u>\$ 81,953,705</u>	<u>\$ 10,133,584</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, 2021

	Business-Type Activities			Total	Governmental
	Water and Sewer Fund	Electric Fund	Other Nonmajor Funds		Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 3,019,742	\$ 7,940,183	\$ (5,731,720)	\$ 5,228,205	\$ 2,727,336
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	8,309,907	2,123,993	1,358,479	11,792,379	3,176,649
Non-operating revenues (expenses)	-	-	-	-	247
Change in assets and liabilities:					
(Increase) decrease in accounts receivables	185,073	751,021	45,110	981,204	116,458
(Increase) decrease in deferred outflows - pension	(292,083)	(125,179)	(62,590)	(479,852)	-
(Increase) decrease in deferred outflows - OPEB	(693,716)	(320,177)	(160,088)	(1,173,981)	-
Increase (decrease) in deferred inflows - OPEB	(3,598)	(1,661)	(831)	(6,090)	-
Increase (decrease) in net pension liability	746,325	319,854	159,927	1,226,106	-
Increase (decrease) deferred inflows - pension	15,793	6,768	3,384	25,945	-
(Increase) decrease in inventories	17,374	116,291	-	133,665	-
Increase (decrease) in accounts payable	553,092	236,254	(21,701)	767,645	170,928
Increase (decrease) in accrued salaries	17,305	5,475	(1,472)	21,308	-
Increase (decrease) in compensated absences	6,363	(23,077)	(9,750)	(26,464)	(27,883)
Increase (decrease) in other post-employment benefits	1,210,631	558,753	279,377	2,048,761	-
Increase (decrease) in customer deposits	(354)	4,697	-	4,343	-
Increase (decrease) in deferred revenues	(18,895)	(116,291)	-	(135,186)	-
Net cash provided (used) by operating activities	<u>\$ 13,072,959</u>	<u>\$ 11,476,904</u>	<u>\$ (4,141,875)</u>	<u>\$ 20,407,988</u>	<u>\$ 6,163,735</u>
Non-Cash Transactions:					
Local developer contributions	<u>\$ 3,572,335</u>	<u>\$ -</u>	<u>\$ 890,926</u>	<u>\$ 4,463,261</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, 2021**

	<u>Custodial Fund</u>
Assets:	
Cash and cash equivalents	\$ 38,532
Accounts receivable	<u>22,860</u>
Total assets	<u>\$ 61,392</u>
Net Position:	
Restricted for:	
Other governments	<u>\$ 61,392</u>
Total net position	<u>\$ 61,392</u>

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Custodial Fund</u>
Additions:	
Stormwater fees	\$ <u>203,924</u>
Deductions:	
Payments to other governments	<u>201,670</u>
Net increase (decrease) in fiduciary net position	<u>2,254</u>
Net Position:	
Beginning of year - July 1, as originally reported	-
Restatement	<u>59,138</u>
Beginning of year - July 1, as restated	<u>59,138</u>
End of year - June 30	<u>\$ 61,392</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, 2021

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, 2021

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 non-fiduciary 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 nonmajor funds.

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

American Rescue Plan Fund. The American Rescue Plan Fund is used to account for the City's portion of the American Rescue Plan (ARP) funding. In March 2021, the United States government passed a \$1.88 trillion ARP, providing relief for previous and future expenditures related to the COVID-19 pandemic. The City of Gastonia was awarded a total of \$16,373,346 with half being received in May 2021 and the other half to be received one year later. These funds can only be spent for eligible uses including, (1) to respond to the public health emergency or its negative economic impacts; (2) provide premium pay to eligible employees for essential work up to \$13 per hour; (3) to address revenue reductions; and (4) infrastructure investments in water, sewer or broadband.

The City reports the following major enterprise funds:

Water and Sewer Fund. The Water and Sewer Fund includes the accounts of the Water and Sewer Operation Fund, 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.

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues, except for property tax revenue and other taxes and licenses, to be available if they are collected within 90 days of June 30, 2021. 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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes 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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

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 five special revenue funds: American Rescue Plan Fund, Community Development Block Grant Fund, Occupancy Tax Fund, Uptown Municipal Tax District Fund, and the Economic Stimulus Grants Fund. The American Rescue Plan Fund is a major fund.

Capital Project Funds. Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The City maintains six capital project funds: Mayor/Council Fund, Streets Capital Project Fund, Developer Sidewalk Fund, Airport Fund, Downtown Revitalization Fund, and Infrastructure Rehabilitation Fund. The Mayor/Council Fund is a major fund.

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

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

Fiduciary Funds. Custodial 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 custodial 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, 2021

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, Occupancy Tax Fund, and the enterprise operating funds lapse at fiscal year-end. The unexpended annual appropriations of the governmental capital project funds, enterprise capital project funds, Uptown Municipal Service District Fund, American Rescue Plan Fund, Community Development Block Grant Fund, Infrastructure Rehabilitation Fund, Economic Stimulus Grants Fund, and the internal service funds are reappropriated at the beginning of each fiscal year. All budgets are prepared using the modified accrual basis of accounting.

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

Also, as required by state law, the City's Vehicle and Equipment Renewal and Replacement Fund, Information Technology Fund, Medical Self-Insurance Fund, Dental Self-Insurance Fund, and internal service funds operate under financial plans. The City's Vehicle and Equipment Renewal and Replacement Fund, Information Technology Fund, Medical Self-Insurance Fund, and Dental Self-Insurance Fund financial plans were adopted by the

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, an SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio have a weighted average maturity of less than 90 days, it is 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, 2021

Restricted Assets

Unexpended debt proceeds are presented as restricted cash as their use is completely restricted to the purposes for which the funds were received or designated for by an outside third party. IRS regulatory funds for section 125 withholdings, grant funds restricted, and conference center management agreement funds are classified as restricted assets in the General Fund because their use is restricted for IRS specified disbursements or by revenue source for specific expenditures. Advances from grantors in the American Rescue Plan Fund are classified as restricted because their use is completely restricted for the purpose for which the grant funding was awarded. 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:

General Fund:

Unexpended bond proceeds	\$	15,022
IRS regulatory section 125 restricted		152,703
Grant funds restricted		904,652
Conference center management agreement		39,455
Public works - Powell Bill		265,310

Internal Service Fund:

Vehicle Renewal and Replacement Fund:

Unexpended bond proceeds		1,585,234
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Other Nonmajor Governmental Fund:

Unexpended bond proceeds		3,291,688
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Mayor/Council Project Fund:

Capital outlays - unexpended bond proceeds		734
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American Rescue Plan Fund:

Advance from grantor		7,832,545
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Total governmental activities		14,087,343
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Business-Type Activities:

Electric Fund:

Customer deposits		1,342,521
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Water and Sewer Fund:

Unexpended bond proceeds		2,455,953
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Customer deposits		494,410
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Total business-type activities		4,292,884
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Total restricted cash	\$	18,380,227
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CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2020. 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, 2021

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 firefighters, and up to 18.5 twenty-four hour days for firefighters, 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, 2021

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, 2021

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 General Government – ARPA – portion of fund balance restricted by revenue source for future projects in the American Rescue Plan Fund.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

Restricted fund balance at June 30, 2021 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Mayor/Council Capital Project Fund</u>	<u>American Rescue Plan Fund</u>	<u>Other Governmental Funds</u>
Restricted, All Other:				
General government	\$ -	\$ -	\$ 1,583	\$ -
Public works - Powell Bill	265,310	-	-	-
Cultural and recreation	39,455	-	-	-
Public safety	904,652	-	-	-
Capital outlays	15,022	1,913,963	-	3,758,343
Total	<u>\$ 1,224,439</u>	<u>\$ 1,913,963</u>	<u>\$ 1,583</u>	<u>\$ 3,758,343</u>

Restricted fund balance/net position on Exhibit A varies from Exhibit C by the amount of unexpended bond proceeds of \$4,892,678 at June 30, 2021.

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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

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

Assigned fund balance at June 30, 2021 is as follows:

<u>Purpose</u>	<u>Other Governmental Funds</u>
Economic and physical development	\$ 221,068
Capital outlays	<u>1,578,168</u>
Total	<u>\$ 1,799,236</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.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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	\$ 42,781,221
Less:	
Inventories	685,122
Prepays	57,990
Stabilization by state statute	<u>10,784,506</u>
Total available fund balance	<u><u>\$ 31,253,603</u></u>

Outstanding encumbrances represent amounts needed to pay commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances at June 30, 2021 are detailed as follows:

	<u>Encumbrances</u>
General Fund	\$ 1,325,651
Mayor/Council Capital Project Fund	839,849
Nonmajor Governmental Funds:	
Special revenue funds:	
CDBG Program Fund	72,300
Home Investment Trust Fund	266,834
Uptown Municipal Tax District Fund	8,538
Capital project funds:	
Streets Capital Project Fund	711,338
Airport Fund	543,027
Downtown Revitalization Fund	<u>63,000</u>
Total	<u><u>\$ 3,830,537</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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Use of Estimates

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

Comparative Data/Reclassifications

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

2. Stewardship, Compliance, and Accountability

Non-Compliance with North Carolina General Statutes

Daily Deposits

The City's cash receipts collection is not in accordance with state law G.S. 159-32. State law requires that all monies collected or received by officers and employees be deposited daily unless the governing board has approved that a deposit does not have to be made until the amount on hand is over \$250. Regardless, a deposit must be made on the last business day of the month. Collections at one of the departments are not taken to the bank daily or when it reaches \$250. Management and the Council will place controls over cash receipts collection and ensure it is aligned with state statutes going forward.

Bank Accounts

The Firefighters' Relief Fund bank accounts are in the name of the City of Gastonia, and the City does not have custody of the bank accounts or have check signing authority. G.S 159-25 states that all checks and drafts from bank accounts in the governmental unit's name must be signed by the finance officer or properly designated deputy finance officer. Management will work with the Relief Fund to determine the best solution.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

3. 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, 2021, the City's deposits had a carrying amount of \$53,428,286 and a bank balance of \$53,413,837. Of the bank balance, \$750,000 was covered by federal depository insurance and the remaining bank balance is insured under the Pooling Method. The City had \$47,619 cash on hand as of June 30, 2021.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Investments

At June 30, 2021, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2021</u>	<u>Maturity</u>	<u>S&P/Moody's Ratings</u>
Agricultural Bank China CP	Fair Value - Level 2	\$ 997,433	7/13/2021	A1/P1
Banco Estado Chile/NY CP	Fair Value - Level 2	997,761	8/2/2021	A1/P1
Agricultural Bank China CP	Fair Value - Level 2	997,598	8/25/2021	A1/P1
Exxon Mobil Corp CP	Fair Value - Level 2	999,221	11/5/2021	A1+/P1
Bank of China/Hong CP	Fair Value - Level 2	1,092,930	11/26/2021	A1/P1
NC Capital Management Trust Government Portfolio	Fair Value - Level 1	89,069,033	N/A	AAAm/AAA-mf
Total		<u>\$ 94,153,976</u>		

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

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

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

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The City has a formal investment policy that addresses the minimization of credit risk by limiting the City's investments to the provisions of North Carolina G.S. 159-30 and pre-qualifying the financial institutions, broker-dealers, intermediaries, and the advisors. Investments in the N.C. Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investors Service as of June 30, 2021. The investments in commercial paper carried credit ratings of A1 and A1+ by Standard & Poor's and P1 by Moody's Investors Service.

Concentration of Credit Risk. The City has a formal investment policy that addresses the minimization of concentration of credit risk by requiring the diversification of the investment portfolio so that the impact of potential losses from any one type of security or from any one issuer will be minimized. The combined total investments in commercial paper and bankers' acceptances cannot exceed fifty percent (50%) of the total portfolio, no more than ten percent

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

(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, 2021:

General Fund:

Property taxes	\$	126,907
Other receivables		1,575,132

Enterprise Funds:

Water and Sewer Fund - utility receivables		539,674
Electric Fund - utility receivables		1,439,166
Stormwater Fund - utility receivables		130,074
Solid Waste Fund - customer receivables		119,405

Due from other governments at the government-wide level at June 30, 2021:

Governmental Funds:

General Fund:

Sales and use tax distribution	\$	4,025,625
Property taxes from County		528,085
Sales tax refund		1,627,126
Federal and state grants		427,667
Other		771,660
Total General Fund		<u>7,380,163</u>

Other Governmental Funds:

Occupancy tax		<u>128,752</u>
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Total governmental funds	\$	<u>7,508,915</u>
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Business-Type Funds:

Transit System Fund:

Grants	\$	<u>279,999</u>
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Total business-type funds	\$	<u>279,999</u>
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CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021 is \$197,052 and is recorded in a capital project fund of the City.

The City has long-term receivables recorded in the City's special revenue funds. The long-term receivables have various principal payment and interest rate requirements, as they are with several different investors. The purpose of these receivables is for the economic development within the City, per the guidelines of the loan pool by the grantor. The balance of these long-term receivables at June 30, 2021 is \$2,249,745.

Capital Assets

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

	Balance July 1, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Non-Depreciable Assets:					
Land	\$ 14,867,233	\$ -	\$ (199,045)	\$ -	\$ 14,668,188
Construction in progress	23,859,011	18,507,179	(963,183)	(36,573,534)	4,829,473
Total non-depreciable capital assets	<u>38,726,244</u>	<u>18,507,179</u>	<u>(1,162,228)</u>	<u>(36,573,534)</u>	<u>19,497,661</u>
Depreciable Assets:					
Other improvements	27,188,544	431,482	-	35,843,058	63,463,084
Buildings	54,298,321	-	-	-	54,298,321
Building - Internal Service Fund	127,632	-	-	-	127,632
Equipment	11,769,366	1,589,498	(315,237)	-	13,043,627
Equipment - Internal Service Fund	48,363,898	2,990,810	(1,584,775)	-	49,769,933
General infrastructure	297,081,790	3,657,174	-	730,476	301,469,440
Total depreciable capital assets	<u>438,829,551</u>	<u>8,668,964</u>	<u>(1,900,012)</u>	<u>36,573,534</u>	<u>482,172,037</u>
Less Accumulated Depreciation:					
Other improvements	15,744,008	1,236,187	-	-	16,980,195
Buildings	27,736,653	1,313,216	-	-	29,049,869
Building - Internal Service Fund	58,121	3,006	-	-	61,127
Equipment	9,943,414	472,074	(283,737)	-	10,131,751
Equipment - Internal Service Fund	36,958,767	3,173,643	(1,517,195)	-	38,615,215
General infrastructure	222,804,230	6,605,077	-	-	229,409,307
Total accumulated depreciation	<u>313,245,193</u>	<u>\$ 12,803,203</u>	<u>\$ (1,800,932)</u>	<u>\$ -</u>	<u>324,247,464</u>
Capital assets, net	<u>\$ 164,310,602</u>				<u>\$ 177,422,234</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 1,636,514	\$ 540,030	\$ 2,176,544
Public safety	481,328	158,833	640,161
Public works	6,160,994	2,033,055	8,194,049
Cultural and recreation	1,347,718	444,731	1,792,449
Total	<u>\$ 9,626,554</u>	<u>\$ 3,176,649</u>	<u>\$ 12,803,203</u>

Enterprise Fund Capital Assets

The capital assets for the major enterprise funds of the City at June 30, 2021 are as follows:

	Balance July 1, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Water and Sewer Fund:					
Non-Depreciable Assets:					
Land	\$ 12,409,353	\$ -	\$ -	\$ -	\$ 12,409,353
Construction in progress	79,509,392	6,765,942	(478,945)	(78,039,854)	7,756,535
Total non-depreciable capital assets	<u>91,918,745</u>	<u>6,765,942</u>	<u>(478,945)</u>	<u>(78,039,854)</u>	<u>20,165,888</u>
Depreciable Assets:					
Land improvements	5,037,487	-	-	66,682,616	71,720,103
Buildings	69,659,203	-	-	-	69,659,203
Machinery, equipment, and vehicles	15,183,096	274,509	(96,976)	-	15,360,629
Water and sewer system	202,040,504	3,722,335	-	11,357,238	217,120,077
Total depreciable capital assets	<u>291,920,290</u>	<u>3,996,844</u>	<u>(96,976)</u>	<u>78,039,854</u>	<u>373,860,012</u>
Less Accumulated Depreciation:					
Land improvements	2,858,762	3,412,918	-	-	6,271,680
Buildings	40,175,516	1,317,809	-	-	41,493,325
Machinery, equipment, and vehicles	10,773,835	534,293	(96,976)	-	11,211,152
Water and sewer system	79,799,455	3,044,887	-	-	82,844,342
Total accumulated depreciation	<u>133,607,568</u>	<u>\$ 8,309,907</u>	<u>\$ (96,976)</u>	<u>\$ -</u>	<u>141,820,499</u>
Capital assets, net	<u>\$ 250,231,467</u>				<u>\$ 252,205,401</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2021</u>
Electric Fund:					
Non-Depreciable Assets:					
Land	\$ 1,069,300	\$ -	\$ -	\$ -	\$ 1,069,300
Construction in progress	9,386,500	7,573,257	(422,587)	(12,453,333)	4,083,837
Total non-depreciable capital assets	<u>10,455,800</u>	<u>7,573,257</u>	<u>(422,587)</u>	<u>(12,453,333)</u>	<u>5,153,137</u>
Depreciable Assets:					
Land improvements	20,404	-	-	6,834,416	6,854,820
Buildings	117,129	-	-	-	117,129
Electrical distribution	97,378,353	1,491,046	(13,765)	5,578,679	104,434,313
Machinery, equipment, and vehicles	4,187,750	70,394	(7,971)	40,238	4,290,411
Total depreciable capital assets	<u>101,703,636</u>	<u>1,561,440</u>	<u>(21,736)</u>	<u>12,453,333</u>	<u>115,696,673</u>
Less Accumulated Depreciation:					
Land improvements	18,640	58,486	-	-	77,126
Buildings	81,708	5,239	-	-	86,947
Electrical distribution	60,362,077	1,971,829	(12,981)	-	62,320,925
Machinery, equipment, and vehicles	3,788,586	88,439	(7,973)	-	3,869,052
Total accumulated depreciation	<u>64,251,011</u>	<u>\$ 2,123,993</u>	<u>\$ (20,954)</u>	<u>\$ -</u>	<u>66,354,050</u>
Capital assets, net	<u>\$ 47,908,425</u>				<u>\$ 54,495,760</u>

The capital assets for the nonmajor enterprise funds of the City at June 30, 2021 are as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2021</u>
Nonmajor Enterprise Funds:					
Non-Depreciable Assets:					
Land	\$ 411,248	\$ -	\$ -	\$ -	\$ 411,248
Construction in progress	413,624	99,210	-	(418,364)	94,470
Total non-depreciable capital assets	<u>824,872</u>	<u>99,210</u>	<u>-</u>	<u>(418,364)</u>	<u>505,718</u>
Depreciable Assets:					
Land improvements	1,264,373	871,728	(2)	304,110	2,440,209
Buildings	1,660,023	-	-	-	1,660,023
Stormwater infrastructure	52,600,754	890,926	-	114,254	53,605,934
Machinery, equipment, and vehicles	5,512,135	140,808	(58,725)	-	5,594,218
Total depreciable capital assets	<u>61,037,285</u>	<u>1,903,462</u>	<u>(58,727)</u>	<u>418,364</u>	<u>63,300,384</u>
Less Accumulated Depreciation:					
Land improvements	911,820	72,252	-	-	984,072
Buildings	964,707	36,986	-	-	1,001,693
Stormwater infrastructure	22,568,890	717,291	-	-	23,286,181
Machinery, equipment, and vehicles	3,964,402	531,950	(58,636)	-	4,437,716
Total accumulated depreciation	<u>28,409,819</u>	<u>\$ 1,358,479</u>	<u>\$ (58,636)</u>	<u>\$ -</u>	<u>29,709,662</u>
Capital assets, net	<u>\$ 33,452,338</u>				<u>\$ 34,096,440</u>

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2021 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 177,422,234	\$ 340,797,601
Long-term debt	(58,379,295)	(57,263,597)
Unspent debt proceeds	4,892,678	2,455,953
Net investment in capital assets	<u>\$ 123,935,617</u>	<u>\$ 285,989,957</u>

B. Liabilities

Pension Plan Obligations

Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, was 10.90% of compensation for law enforcement officers and 10.15% 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 \$4,933,515 for the year ended June 30, 2021.

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, 2021, the City reported a liability of \$24,225,327 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020 (measurement date), the City's proportion was 0.6779%, which was a decrease of 0.0139% from its proportion measured as of June 30, 2019.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

For the year ended June 30, 2021, the City recognized pension expense of \$8,290,912. At June 30, 2021, 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	\$ 3,059,234	\$ -
Changes of assumptions	1,802,840	-
Net difference between projected and actual earnings on pension plan investments	3,409,066	-
Changes in proportion and differences between City contributions and proportionate share of contributions	15,287	152,616
City contributions subsequent to the measurement date	4,933,515	-
Total	\$ 13,219,942	\$ 152,616

\$4,933,515 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 ending June 30, 2022. 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
2022	\$ 2,295,018
2023	3,051,566
2024	1,778,317
2025	1,008,910
2026	-
Thereafter	-
Total	\$ 8,133,811

Actuarial Assumptions. The total pension liability in the December 31, 2019 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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2019 valuation, with the exception of the discount rate, 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>6.0%</u>	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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)	\$ 49,150,549	\$ 24,225,327	\$ 3,510,715

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

Law Enforcement Officers’ and Firefighters’ Special Separation Allowance

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

All full-time law enforcement officers and firefighters of the City are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	108
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	314
Total	422

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate*	1.93 percent
Projected salary increases*	
Law enforcement officers	3.25 - 7.75 percent
Firefighters	3.25 - 8.00 percent
*Includes inflation at	2.50 percent
Cost-of-living adjustments	N/A

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

The actuarial assumptions used in the December 31, 2019 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 ended December 31, 2019.

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

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

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

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

Contributions. The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$1,704,278 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, 2021, the City reported a total pension liability of \$24,878,526. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the City recognized pension expense of \$2,615,294.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 714,570	\$ -
Changes of assumptions and other inputs	4,030,184	255,873
Benefit payments and administrative expenses subsequent to the measurement date	951,750	-
Total	\$ 5,696,504	\$ 255,873

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

The City paid \$951,750 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2022	\$ 1,443,697
2023	1,127,716
2024	1,235,635
2025	681,833
2026	-
Thereafter	-
Total	\$ 4,488,881

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 1.93 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 (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	<u>\$ 26,727,596</u>	<u>\$ 24,878,526</u>	<u>\$ 23,186,187</u>

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

Beginning balance	\$ 20,320,317
Service cost	547,059
Interest	634,663
Difference between expected and actual experience	546,962
Changes of assumptions and other inputs	4,533,803
Benefit payments	<u>(1,704,278)</u>
Net change in total pension liability	<u>4,558,209</u>
Ending balance of total pension liability	<u>\$ 24,878,526</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.26 percent at December 31, 2019 to 1.93 percent at December 31, 2020. Based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ended December 31, 2019, the following other assumptions were updated: mortality rates, salary increase rates, service retirement rates, disability retirement rates, termination rates, real wage growth, and leave conversion service.

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:

	LGERS	LEOSSA	Total
Pension expense	\$ 8,290,912	\$ 2,615,294	\$ 10,906,206
Pension liability	24,225,327	24,878,526	49,103,853
Proportionate share of the net pension liability	0.6779%	N/A	-

Deferred of Outflows of Resources:

Differences between expected and actual experience	\$ 3,059,234	\$ 714,570	\$ 3,773,804
Changes of assumptions	1,802,840	4,030,184	5,833,024
Net difference between projected and actual earnings on pension	3,409,066	-	3,409,066
Changes in proportion and differences between employer contributions and proportionate share of contributions	15,287	-	15,287
Benefit payments and administrative costs paid subsequent to the measurement date	4,933,515	951,750	5,885,265
Total	\$ 13,219,942	\$ 5,696,504	\$ 18,916,446

Deferred of Inflows of Resources:

Changes of assumptions	\$ -	\$ 255,873	\$ 255,873
Changes in proportion and differences between employer contributions and proportionate share of contributions	152,616	-	152,616
Total	\$ 152,616	\$ 255,873	\$ 408,489

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The state's Annual Comprehensive Financial Report includes the Pension Trust Fund financial statements for the 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 \$508,508 for the reporting year. No amounts were forfeited.

Supplemental Retirement Income Plan for Firefighters

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

Funding Policy. The City contributes on a bi-weekly basis an amount equal to five percent of each fireman's salary and all amounts are vested immediately. Also, the firefighters may make voluntary contributions to the Plan. The City made contributions of \$396,430 for the reporting year. No amounts were forfeited.

Supplemental Retirement Income Plan

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 \$1,508,608 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, 2021 were \$40,617, which consisted of \$19,896 from the City and \$20,721 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, 2021, the City made payments for post-retirement health benefit premiums of \$2,441,843. 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, 2021, the City made payments for post-retirement life insurance benefit premiums of \$63,255.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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:

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

<u>Healthcare Membership</u>	
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 \$72,545,560 was measured as of June 30, 2020 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, 2021**

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	3.50 percent
Measurement date	2.21 percent
Healthcare cost trend rates;	7.00 percent for 2019 decreasing to an ultimate
Pre-Medicare medical and prescription drug	rate of 4.50 percent by 2026

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	\$ 63,233,010
Changes for the year:	
Service cost	2,140,481
Interest	2,248,799
Differences between expected and actual experience	(973,416)
Changes in assumptions	8,160,332
Benefit payments	<u>(2,263,646)</u>
Net changes	<u>9,312,550</u>
Balance at June 30, 2021	\$ <u>72,545,560</u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.50% to 2.21%.

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.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

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 (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1%	Discount	1%
	Decrease	Rate	Increase
	(1.21%)	(2.21%)	(3.21%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB liability	<u>\$ 79,917,731</u>	<u>\$ 72,545,560</u>	<u>\$ 66,101,832</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%		1%
	Decrease	Current	Increase
	<u> </u>	<u> </u>	<u> </u>
Total OPEB liability	<u>\$ 65,715,571</u>	<u>\$ 72,545,560</u>	<u>\$ 80,619,826</u>

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$6,484,115. At June 30, 2021, 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	\$ 4,883,772	\$ 908,567
Changes of assumptions and other inputs	8,221,202	1,739,784
Benefit payments and administrative expenses subsequent to the measurement date	2,441,843	-
Total	<u>\$ 15,546,817</u>	<u>\$ 2,648,351</u>

\$2,441,843 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

Year Ending	Amount
June 30	Amount
2022	\$ 2,094,835
2023	2,166,456
2024	2,665,636
2025	2,517,105
2026	1,012,591
Thereafter	-
Total	<u>\$ 10,456,623</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, 2021

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:

	Amount
(Pensions) - Differences between expected and actual experience	\$ 3,773,804
(Pensions) - Changes of assumptions	5,833,024
(Pensions) - Net difference between projected and actual earnings on pension plan investments	3,409,066
(Pensions) - Changes in proportion and differences between employer contributions and proportionate share of contributions	15,287
(OPEB) - Differences between expected and actual experience	4,883,772
(OPEB) - Changes of assumptions	8,221,202
Benefit payments for the OPEB plan paid subsequent to the measurement date	2,441,843
Contributions to pension plan subsequent to measurement date (LGERS)	4,933,515
Benefit payments and administrative costs paid subsequent to the measurement date (LEOSSA)	951,750
Total	\$ 34,463,263

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

	Amount
(Pensions) - Changes of assumptions	\$ 255,873
(Pensions) - Changes in proportion and differences between employer contributions and proportionate share of contributions	152,616
(OPEB) - Differences between expected and actual experience	908,567
(OPEB) - Changes of assumptions	1,739,784
Taxes receivable, net (General Fund)	860,475
Other receivables, net	311,340
Taxes receivable, net (SRF)	12,833
Total	\$ 4,241,488

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Commitments

The City had the following outstanding or planned projects as of June 30, 2021. These projects are evidenced by contractual obligations. The projects are funded by a combination of City monies and long-term debt.

Governmental Activities Projects	Remaining Commitment
General Government - General Fund	
Grant study of Catawba River Crossing	\$ 121,143
Schiele Museum roof replacement	65,920
EPA inventory Brownfield sites	124,043
Reimbursement to YMCA for upgraded paving for City bus access	80,000
Police mobile surveillance Tower	152,923
Total	544,029
General Government - Airport Capital Projects Fund	
Various airport improvements	422,118
General Government - Streets Capital Projects Fund	
Franklin Urban Sports and Entertainment streetscape project	50,106
Various street improvements	532,321
Total	582,427
General Government - Mayor/Council Capital Projects Fund	
Franklin Urban Sports and Entertainment project	337,534
FUSE team signage assistance	125,033
Avon Greenway extension	61,763
Total	524,330
General Government - Downtown Capital Projects Fund	
Conference Center parking deck expansion	60,000
General Government - General Fund and Community Development Special Revenue Home Program Fund:	
Various affordable housing assistance	300,000
General Government - Vehicle Replacement Internal Service Fund	
Various vehicle purchases	793,092
Total commitments - governmental activities	\$ 3,225,996
Business-Type Activities Projects	
Water and Sewer Capital Projects	\$ 2,769,542
Stormwater Capital Projects	91,617
Electric Capital Projects	1,095,581
Stormwater Operations	324,744
Water & Sewer Operations	87,250
Electric Operations	227,834
Solid Waste Operations	196,564
Transit Operations	529,364
Total commitments - business-type activities	\$ 5,322,496

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 2020 and 2021 fiscal years were \$138,647 and \$348,693, 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 \$288,216,096 for the 2020/21 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 \$5,474,966 as well as an inland marine policy in the amount of \$4,681,240 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 \$750,000 per incident for electric employees and \$600,000 per incident for all other employees.

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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

Reconciliation of Claims Liability

Changes in the City's claims liability balance during fiscal year 2021 are as follows:

	Dental Self-Insurance Fund	Medical Self-Insurance Fund	Total
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	(281,853)	(6,869,752)	(7,151,605)
Balance, June 30, 2020	-	835,154	835,154
Add incurred claims (including IBNRs) and changes in estimates	320,381	6,931,420	7,251,801
Deduct claims payments	(320,381)	(6,769,842)	(7,090,223)
Balance, June 30, 2021	\$ -	\$ 996,732	\$ 996,732

Claims and Judgments

At June 30, 2021, the City was a defendant in various matters of litigation. While any litigation contains an element of uncertainty, attorneys engaged by the City's insurance carrier believe that the outcome of any lawsuit or claim, which is pending, or all of them combined, will not have a material adverse effect on the City's financial position. These matters are generally covered by insurance.

Long-Term Obligations

\$8,640,000 Installment Financing Agreement

In April 2020, the City entered into a direct placement loan agreement with a bank. The \$8,640,000 installment financing agreement was used to refund the remaining outstanding principal balances of the Series 2010A and Series 2010B Limited Obligation Bonds, the purpose of which was the acquisition/construction of a conference center, parking deck, improvements to the Schiele Museum, and other City projects. The mortgaged properties are

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021 is \$7,640,000. 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
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	590,000	91,881	681,881
2027-2031	3,070,000	312,163	3,382,163
2032-2033	<u>1,295,000</u>	<u>64,408</u>	<u>1,359,408</u>
Total	<u>\$ 7,640,000</u>	<u>\$ 899,139</u>	<u>\$ 8,539,139</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, 2021 is \$968,932. 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
2022	\$ 642,750	\$ 14,871	\$ 657,621
2023	<u>326,182</u>	<u>2,499</u>	<u>328,681</u>
Total	<u>\$ 968,932</u>	<u>\$ 17,370</u>	<u>\$ 986,302</u>

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

\$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, 2021 is \$335,537. The loan is being carried in the Internal Service Fund.

Debt service requirements to maturity as of June 30, 2021 are as follows:

Year Ending	Principal	Interest	Total
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 335,537	\$ 1,937	\$ 337,474

\$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, 2021 is \$1,532,993. The loan is being carried in the Internal Service Fund.

Debt service requirements to maturity as of June 30, 2021 are as follows:

Year Ending	Principal	Interest	Total
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 599,193	\$ 41,637	\$ 640,830
2023	617,351	23,479	640,830
2024	316,449	3,966	320,415
Total	\$ 1,532,993	\$ 69,082	\$ 1,602,075

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

\$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, 2021 is \$2,206,892. The loan is being carried in the Internal Service Fund.

Debt service requirements to maturity as of June 30, 2021 are as follows:

Year Ending June 30	Principal	Interest	Total
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>\$ 2,206,892</u>	<u>\$ 81,556</u>	<u>\$ 2,288,448</u>

\$3,360,000 Installment Financing Agreement

On November 10, 2020, the City entered into a direct placement financing agreement with a bank for the acquisition of various vehicles and equipment. Total loan proceeds received by the City amounted to \$3,360,000. The vehicles and equipment are pledged as collateral for the debt while it is outstanding. The terms of the agreement call for semi-annual payments of \$344,207 from May 10, 2021 through October 10, 2025, including interest at 0.88%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2021 is \$3,030,415. The loan is being carried in the Internal Service Fund.

Debt service requirements to maturity as of June 30, 2021 are as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 663,259	\$ 25,155	\$ 688,414
2023	669,093	19,322	688,415
2024	674,945	13,470	688,415
2025	680,914	7,501	688,415
2026	342,204	1,251	343,455
Total	<u>\$ 3,030,415</u>	<u>\$ 66,699</u>	<u>\$ 3,097,114</u>

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

\$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, 2021 is \$31,816. The loan is being carried in the Water and Sewer Fund.

Debt service requirements to maturity are as follows:

Year Ending	Principal	Interest	Total
June 30			
2022	\$ 3,977	\$ -	\$ 3,977
2023	3,977	-	3,977
2024	3,977	-	3,977
2025	3,977	-	3,977
2026	3,977	-	3,977
2027-2029	11,931	-	11,931
Total	<u>\$ 31,816</u>	<u>\$ -</u>	<u>\$ 31,816</u>

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

In 2015, the City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources for improvements to the water system infrastructure. The loan is payable solely from the revenues of the project or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan is due in annual principal installments of \$1,500,000 from May 1, 2019 through May 1, 2038. Debt service will not begin until the project is complete. The loan bears no interest. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal immediately due and payable. The amount outstanding at June 30, 2021 is \$25,500,000. 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, 2021**

Debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
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	1,500,000	-	1,500,000
2027-2031	7,500,000	-	7,500,000
2032-2036	7,500,000	-	7,500,000
2037-2038	3,000,000	-	3,000,000
Total	\$ 25,500,000	\$ -	\$ 25,500,000

\$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, 2021 is \$4,000,000. 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
2022	\$ 250,000	\$ -	\$ 250,000
2023	250,000	-	250,000
2024	250,000	-	250,000
2025	250,000	-	250,000
2026	250,000	-	250,000
2027-2031	1,250,000	-	1,250,000
2032-2036	1,250,000	-	1,250,000
2037	250,000	-	250,000
Total	\$ 4,000,000	\$ -	\$ 4,000,000

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

\$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, 2021 is \$1,597,655. 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	
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	266,276	12,275	278,551	
2027	266,275	6,138	272,413	
Total	<u>\$ 1,597,655</u>	<u>\$ 128,891</u>	<u>\$ 1,726,546</u>	

\$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, 2021 is \$107,967. 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.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Debt service requirements to maturity are as follows:

Year Ending			
June 30	Principal	Interest	Total
2022	\$ 11,996	\$ -	\$ 11,996
2023	11,996	-	11,996
2024	11,996	-	11,996
2025	11,996	-	11,996
2026	11,996	-	11,996
2027-2030	47,987	-	47,987
Total	<u>\$ 107,967</u>	<u>\$ -</u>	<u>\$ 107,967</u>

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

The City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources for improvements to the sewer system infrastructure. The loan is payable solely from the revenues of the project or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan calls for drawdowns as the South Fork Sewer expansion project is completed and debt service does not begin until the project is complete. The loan agreement calls for 20 annual principal installments of \$149,992, each on May 1 of each year, starting May 1, 2039. The first principal payment was due May 1, 2020. The loan bears no interest. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal immediately due and payable. The amount outstanding at June 30, 2021 is \$2,449,492. 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
2022	\$ 149,992	\$ -	\$ 149,992
2023	149,992	-	149,992
2024	149,991	-	149,991
2025	149,991	-	149,991
2026	149,991	-	149,991
2027-2031	749,960	-	749,960
2032-2036	749,960	-	749,960
2037-2039	199,615	-	199,615
Total	<u>\$ 2,449,492</u>	<u>\$ -</u>	<u>\$ 2,449,492</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

General Obligation and Revenue Bond Indebtedness

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

Bonds payable at June 30, 2021 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. \$ 792,526

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

Total general obligation bonds - governmental activities 18,664,526

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. 332,474

Total general obligation bonds - business-type activities 332,474

Total general obligation bonds - governmental and business-type activities \$ 18,997,000

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Current Refunding

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

Revenue Bonds:

Serviced by the Water and Sewer Fund:

\$20,130,000 2015 combined utility system revenue bonds, series 2015 due in annual principal installments from \$660,000 to \$1,455,000 from May 1, 2017 through May 1, 2036, with semi-annual interest payments from May 1, 2016 through May 1, 2036 at rates ranging from 3.00% to 5.00%.	\$ 16,565,000
\$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.	2,454,000
\$5,895,000 combined enterprise system refunding bonds, Series 2013 due in annual principal installments of \$55,000 to \$630,000 from May 1, 2014 through May 1, 2025; interest payable semi-annually beginning November 1, 2013 at 2.15%	<u>2,445,000</u>
Total revenue bonds	<u>\$ 21,464,000</u>

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

At June 30, 2021, the City had a legal debt margin of approximately \$493,000,000.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021 is as follows:

Gross revenues available for debt service	\$ 41,572,278
Expenses, as defined in the covenants	<u>26,314,217</u>
Income available for debt service	<u>\$ 15,258,061</u>
Debt service, principal and interest, parity indebtedness	<u>\$ 2,807,661</u>
Debt service coverage ratio	<u>543.44%</u>
Debt service, principal and interest, parity and subordinated indebtedness	<u>\$ 5,032,865</u>
Debt service coverage ratio	<u>303.17%</u>

At June 30, 2021, 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 \$55,150,930 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 \$61,549,129. Principal and interest paid for the current year, and total customer gross revenues, were \$5,032,865 and \$41,451,282, respectively.

Annual debt service requirements to maturity for general obligation bonds as of June 30, 2021 are as follows:

Governmental Activities:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,112,715	\$ 290,741	\$ 2,403,456
2023	2,141,237	255,099	2,396,336
2024	1,940,715	221,148	2,161,863
2025	1,917,715	188,890	2,106,605
2026	1,892,715	156,946	2,049,661
2027-2031	<u>8,659,429</u>	<u>333,310</u>	<u>8,992,739</u>
Total	<u>\$ 18,664,526</u>	<u>\$ 1,446,134</u>	<u>\$ 20,110,660</u>

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Business-Type Activities:

Year Ending June 30	Principal	Interest	Total
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	47,285	5,603	52,888
2027-2029	94,571	5,651	100,222
Total	\$ 332,474	\$ 51,884	\$ 384,358

Annual debt service requirements to maturity for revenue bonds as of June 30, 2021 are as follows:

Business-Type Activities:

Year Ending June 30	Principal	Interest	Total
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	955,000	546,488	1,501,488
2027-2031	5,485,000	2,019,438	7,504,438
2032-2036	6,680,000	825,338	7,505,338
Total	\$ 21,464,000	\$ 6,269,308	\$ 27,733,308

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%.

\$ 24,000,000

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Annual debt service requirements to maturity for limited obligation bonds as of June 30, 2021 are as follows:

Governmental Activities:

Year Ending June 30	Principal	Interest	Total
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	1,335,000	571,363	1,906,363
2026-2030	6,665,000	2,318,430	8,983,430
2031-2035	6,670,000	1,336,260	8,006,260
2036-2039	<u>3,990,000</u>	<u>276,108</u>	<u>4,266,108</u>
Total	<u>\$ 24,000,000</u>	<u>\$ 7,113,218</u>	<u>\$ 31,113,218</u>

Changes in Long-Term Liabilities

During the year ended June 30, 2021, the following changes occurred in long-term liabilities:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year
Governmental Activities:					
General Fund:					
General obligation bonds	\$ 20,523,763	\$ 17,872,000	\$ 19,731,237	\$ 18,664,526	\$ 2,112,715
Limited obligation bonds	24,000,000	-	-	24,000,000	1,335,000
Compensated absences	3,847,939	1,949,367	2,075,261	3,722,045	2,233,000
Net pension (LERS)	14,548,712	4,104,790	-	18,653,502	-
Total pension (LEO)	20,320,317	4,558,209	-	24,878,526	-
Total OPEB liability	49,321,748	7,263,789	-	56,585,537	-
Direct placement					
installment purchases	8,640,000	-	1,000,000	7,640,000	975,000
Internal Service Funds:					
Direct placement					
installment purchases	8,185,666	3,360,000	3,470,897	8,074,769	2,856,757
Compensated absences	<u>259,818</u>	<u>87,577</u>	<u>115,460</u>	<u>231,935</u>	<u>173,951</u>
Governmental activity					
long-term liabilities	<u>\$ 149,647,963</u>	<u>\$ 39,195,732</u>	<u>\$ 26,392,855</u>	<u>\$ 162,450,840</u>	<u>\$ 9,686,423</u>

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

	Balance			Balance	Due
	July 1, 2020	Additions	Retirements	June 30, 2021	Within
					One Year
Electric Fund:					
General obligation bonds	\$ 381,237	\$ -	\$ 48,763	\$ 332,474	\$ 48,763
Net pension (LGERS)	1,133,666	319,854	-	1,453,520	-
Compensated absences	283,642	231,465	254,542	260,565	195,424
Total OPEB liability	<u>3,793,980</u>	<u>558,753</u>	<u>-</u>	<u>4,352,733</u>	<u>-</u>
Electric Fund					
long-term liabilities	<u>\$ 5,592,525</u>	<u>\$ 1,110,072</u>	<u>\$ 303,305</u>	<u>\$ 6,399,292</u>	<u>\$ 244,187</u>

	Balance			Balance	Due
	July 1, 2020	Additions	Retirements	June 30, 2021	Within
					One Year
Water and Sewer Fund:					
Compensated absences	\$ 525,425	\$ 313,116	\$ 306,753	\$ 531,788	\$ 398,841
Total OPEB liability	8,220,291	1,210,631	-	9,430,922	-
Net pension (LGERS)	2,645,220	746,325	-	3,391,545	-
Revenue bonds	23,387,000	-	1,923,000	21,464,000	1,987,000
Bond premium	1,946,002	-	165,809	1,780,193	-
State revolving loans	<u>34,427,641</u>	<u>1,441,530</u>	<u>2,182,241</u>	<u>33,686,930</u>	<u>2,182,241</u>
Water and Sewer Fund					
long-term liabilities	<u>\$ 71,151,579</u>	<u>\$ 3,711,602</u>	<u>\$ 4,577,803</u>	<u>\$ 70,285,378</u>	<u>\$ 4,568,082</u>

	Balance			Balance	Due
	July 1, 2020	Additions	Retirements	June 30, 2021	Within
					One Year
Nonmajor Business-Type					
Activities:					
Compensated absences	\$ 200,073	\$ 163,429	\$ 173,179	\$ 190,323	\$ 142,800
Net pension (LGERS)	566,833	159,927	-	726,760	-
Total OPEB liability	<u>1,896,991</u>	<u>279,377</u>	<u>-</u>	<u>2,176,368</u>	<u>-</u>
Nonmajor business-type					
activities long-term liabilities	<u>\$ 2,663,897</u>	<u>\$ 602,733</u>	<u>\$ 173,179</u>	<u>\$ 3,093,451</u>	<u>\$ 142,800</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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 \$61,008 for the salary supplement and stipend benefits paid to eligible firefighters by the local Board of Trustees of the Firefighters' Relief Fund during the fiscal year ended June 30, 2021. 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 firefighters or their dependents.

4. 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, 2021 were \$52,449,988. These expenses are reflected in the Electric Fund's operations. The City received a one-time distribution of excess working capital from the Agency in the amount of \$13,536,477. The distribution was received in the form of a \$5,843,168 credit on its July 2020 invoice and a \$7,693,309 cash payment in August 2020. These distributions were recognized as revenue. 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 \$18,312 during the fiscal year ended June 30, 2021.

5. Joint Venture

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021. 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.

6. 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.

7. 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.

Covid-19 Pandemic

In March, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19), a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the City, COVID-19 is expected to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the City is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

8. Related Party Transactions

In 2021, 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	\$ 586,326
Electricity for street lights	802,914
Electricity charges for street lights billed by outside parties	248,664
Total	<u>\$ 1,637,904</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

At June 30, 2021 the City owed the Gastonia Tourism Development Authority (TDA) \$183,022 for occupancy taxes collected on its behalf, and the City of Gastonia ABC Board owed the City \$750,000 in profit distributions and \$12,589 in service reimbursements. During the year, the City collected and remitted \$599,922 of occupancy taxes to the TDA. The TDA paid \$100,000 to the City for tourism support of the FUSE project. During the year, the ABC Board paid \$1,300,000 in profit distributions and \$64,989 in service reimbursements to the City.

9. Interfund Balances and Activity

Transfers From/To Other Funds

In 2021, the City made the following transfers within its fund structure. Transfers to the General Fund from the Electric Fund of \$2,000,000 were made to distribute profits to the general government. Transfers from the General Fund to the Transit Fund and the Solid Waste Fund of \$395,000 and \$3,008,264, respectively, were made to underwrite these enterprise funds' activities. Transfers from the General Fund to the capital project funds of \$3,660,672 were made to provide the local support of the capital projects capital outlay activities. Transfers between the enterprise funds and the enterprise capital project funds were made to provide local support of the capital projects capital outlay activities. Transfers from the Uptown Municipal Tax District Fund of \$40,000 were made to the General Fund to assist with the Conference Center operations.

Transfers From/To Other Funds:	Transfers	
	From	To
General	\$ 7,063,936	\$ 2,040,000
Enterprise funds:		
Water and Sewer Fund	5,113,900	-
Water and sewer capital project funds	-	5,113,900
Electric Fund	8,434,535	-
Electric capital project funds	-	5,396,195
Transit System Fund	-	395,000
Solid Waste Fund	-	3,008,264
Stormwater Fund	421,749	-
Stormwater Capital Project Fund	-	421,749
Special revenue funds:		
Uptown Municipal Tax District Fund	40,000	-
Capital project funds:		
Downtown revitalization	-	1,171,340
Airport Fund	-	16,667
Streets	-	478,000
Mayor/Council	-	3,033,005
Total	<u>\$ 21,074,120</u>	<u>\$ 21,074,120</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2021 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	\$ 335,538
	Internal service funds	251,149
Internal service funds	General Fund	<u>1,309,021</u>
Total		<u>\$ 1,895,708</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.

10. Change in Accounting Principles/Restatement

The City implemented Governmental Accounting Standards Board (GASB) No. Statement 84, *Fiduciary Activities*, in the fiscal year ended June 30, 2021. The implementation required the City to report a fund previously reported as an agency fund in a custodial fund. As a result, net position for the custodial fund increased \$59,138.

11. Subsequent Events

On October 11, 2021, the City executed a \$15,400,000 Promissory Note from the North Carolina Water Pollution Control Revolving Fund. The proceeds are to be used to finance various sanitary sewer system improvements. The note is due in twenty (20) annual principal installments of \$770,000, due on May 1 of each year and beginning May 1, 2024. Interest on the unpaid principal of the note is payable semiannually on each May 1 and November 1, beginning November 1, 2023. The note bears an interest rate of 1.10%. The final principal payment of the note is due on May 1, 2043.

In addition to the above debt issuance, on October 21, 2021 the City entered into a \$3,220,000 installment loan with a financial institution for the financing of 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 \$328,715 each on March 21 and September 21 of each year, including interest at .7789% per annum. The first installment is due March 21, 2022.

As part of pandemic relief provided by the federal government, the City of Gastonia was awarded \$15,661,923 from the American Rescue Plan (ARP.) The City received the first installment of \$7,830,962 in May 2021, with the remaining \$7,830,961 expected to be received within the next 12 months.



REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Schedule of Changes in Total Pension Liability for Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll for the Law Enforcement Officers' and Firefighters' Special Separation Allowance
- Schedule of Changes in the Total OPEB Liability and Related Ratios
- Local 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 FIREFIGHTERS'
SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARS**

	Law Enforcement Officers' and Firefighters' Special Separation Allowance				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 20,320,317	\$ 19,972,541	\$ 21,000,133	\$ 19,498,226	\$ 20,191,374
Service cost	547,059	508,284	520,225	445,690	455,233
Interest on the total pension liability	634,663	698,690	638,878	721,936	694,796
Changes in assumptions or other inputs	4,533,803	510,478	(648,461)	985,226	(384,595)
Difference between expected and actual experience	546,962	185,848	26,694	939,506	-
Benefit payments	<u>(1,704,278)</u>	<u>(1,555,524)</u>	<u>(1,564,928)</u>	<u>(1,590,451)</u>	<u>(1,458,582)</u>
Ending balance of the total pension liability	<u>\$ 24,878,526</u>	<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-EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' AND FIREFIGHTERS'
SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARS**

	Law Enforcement Officers' and Firefighters' Special Separation Allowance				
	2021	2020	2019	2018	2017
Total pension liability	\$ 24,878,526	\$ 20,320,317	\$ 19,972,541	\$ 21,000,133	\$ 19,498,226
Covered-employee payroll	18,187,883	18,277,474	17,197,034	17,295,292	16,621,291
Total pension liability as a percentage of covered-employee payroll	136.79%	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 FOUR FISCAL YEARS

	Other Post-Employment Benefits			
	2021	2020	2019	2018
Service cost	\$ 2,140,481	\$ 1,831,593	\$ 1,891,872	\$ 2,042,691
Interest	2,248,799	2,013,627	1,854,318	1,638,209
Differences between expected and actual experience	(973,416)	6,871,822	763,715	(321,457)
Changes in assumptions	8,160,332	2,228,953	(1,660,646)	(2,912,550)
Benefit payments	(2,263,646)	(2,926,414)	(3,416,925)	(2,166,610)
Net change in total OPEB liability	9,312,550	10,019,581	(567,666)	(1,719,717)
Total OPEB liability - beginning	63,233,010	53,213,429	53,781,095	55,500,812
Total OPEB liability - ending	<u>\$ 72,545,560</u>	<u>\$ 63,233,010</u>	<u>\$ 53,213,429</u>	<u>\$ 53,781,095</u>
Covered-employee payroll	\$ 42,663,989	\$ 42,663,989	\$ 39,707,373	\$ 39,707,373
Total OPEB liability as a percentage of covered-employee payroll	170.04%	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
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

The City of Gastonia has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

Pension schedules are intended to show information for ten years, additional years' information will be displayed as it comes available.

CITY OF GASTONIA, NORTH CAROLINA

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

Local Government Employees' Retirement System				
	2021	2020	2019	2018
City of Gastonia's proportion of the net pension liability (asset) (%)	0.6779%	0.6919%	0.6917%	0.6954%
City of Gastonia's proportion of the net pension liability (asset) (\$)	\$ 24,225,327	\$ 18,894,431	\$ 16,409,491	\$ 10,624,397
City of Gastonia's covered payroll	\$ 47,985,430	\$ 46,766,460	\$ 44,801,218	\$ 44,613,473
City of Gastonia's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	50.48%	40.40%	36.63%	23.81%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%

* 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 PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS***

	Local Government Employees' Retirement System			
	2017	2016	2015	2014
City of Gastonia's proportion of the net pension liability (asset) (%)	0.6933%	0.6904%	0.7117%	0.7447%
City of Gastonia's proportion of the net pension liability (asset) (\$)	\$ 14,713,087	\$ 3,098,250	\$ (4,196,931)	\$ 8,976,495
City of Gastonia's covered payroll	\$ 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	35.01%	7.70%	(10.40%)	22.76%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

CITY OF GASTONIA, NORTH CAROLINA

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

Local Government Employees' Retirement System				
	2021	2020	2019	2018
Contractually required contribution	\$ 4,933,515	\$ 4,327,515	\$ 3,661,487	\$ 3,391,208
Contributions in relation to the contractually required contribution	<u>4,933,515</u>	<u>4,327,515</u>	<u>3,661,487</u>	<u>3,391,208</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City of Gastonia's covered payroll	\$ 48,364,744	\$ 47,985,430	\$ 46,766,460	\$ 44,801,218
Contributions as a percentage of covered payroll	10.20%	9.02%	7.83%	7.57%

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 EIGHT FISCAL YEARS**

Local Government Employees' Retirement System				
	2017	2016	2015	2014
Contractually required contribution	\$ 3,268,644	\$ 2,811,948	\$ 2,850,955	\$ 2,841,669
Contributions in relation to the contractually required contribution	<u>3,268,644</u>	<u>2,811,948</u>	<u>2,850,955</u>	<u>2,841,669</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City of Gastonia's covered payroll	\$ 44,613,473	\$ 42,022,437	\$ 40,219,591	\$ 40,354,967
Contributions as a percentage of covered payroll	7.33%	6.69%	7.09%	7.04%

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

	Nonmajor		Total
	Special Revenue Funds	Capital Project Funds	
Assets:			
Cash, cash equivalents, and investments	\$ -	\$ 3,524,195	\$ 3,524,195
Taxes receivable, net	12,833	-	12,833
Accounts receivable, net	48,968	260,912	309,880
Due from other governments	128,752	-	128,752
Long-term receivable	2,249,745	197,052	2,446,797
Prepaid items	29,030	-	29,030
Cash and cash equivalents, restricted	694,051	2,597,637	3,291,688
Property acquired for rehabilitation and resale	959,498	-	959,498
Total assets	<u>\$ 4,122,877</u>	<u>\$ 6,579,796</u>	<u>\$ 10,702,673</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 229,966	\$ 158,006	\$ 387,972
Advances from grantors	-	500,000	500,000
Due to General Fund	335,538	-	335,538
Total liabilities	<u>565,504</u>	<u>658,006</u>	<u>1,223,510</u>
Deferred Inflows of Resources:			
Unavailable taxes	<u>12,833</u>	<u>-</u>	<u>12,833</u>
Fund Balances:			
Non-spendable:			
Prepays	29,030	-	29,030
Restricted:			
Stabilization by state statute	2,775,137	1,775,329	4,550,466
Restricted, all other	661,423	3,096,920	3,758,343
Assigned	221,068	1,578,168	1,799,236
Unassigned	(142,118)	(528,627)	(670,745)
Total fund balances (deficits)	<u>3,544,540</u>	<u>5,921,790</u>	<u>9,466,330</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,122,877</u>	<u>\$ 6,579,796</u>	<u>\$ 10,702,673</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, 2021**

	<u>Nonmajor</u>		<u>Total</u>
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	
Revenues:			
Ad valorem taxes	\$ 168,172	\$ -	\$ 168,172
Other taxes and licenses	599,922	-	599,922
Restricted intergovernmental	399,572	1,495,344	1,894,916
Sales and services	35,317	-	35,317
Investment earnings	116	9,384	9,500
Miscellaneous	6,769	293,355	300,124
Total revenues	<u>1,209,868</u>	<u>1,798,083</u>	<u>3,007,951</u>
Expenditures:			
Economic and physical development	1,223,651	214,142	1,437,793
Capital outlay	-	2,257,244	2,257,244
Total expenditures	<u>1,223,651</u>	<u>2,471,386</u>	<u>3,695,037</u>
Revenues over (under) expenditures	<u>(13,783)</u>	<u>(673,303)</u>	<u>(687,086)</u>
Other Financing Sources (Uses):			
Transfers from other funds	-	1,666,007	1,666,007
Transfers to other funds	(40,000)	-	(40,000)
Total other financing sources (uses)	<u>(40,000)</u>	<u>1,666,007</u>	<u>1,626,007</u>
Net change in fund balances	(53,783)	992,704	938,921
Fund Balances:			
Beginning of year - July 1	<u>3,598,323</u>	<u>4,929,086</u>	<u>8,527,409</u>
End of year - June 30	<u>\$ 3,544,540</u>	<u>\$ 5,921,790</u>	<u>\$ 9,466,330</u>

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2021

<u>Fiscal Year</u>	<u>Balance July 1, 2020</u>	<u>Additions and Adjustments</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2021</u>
2020-2021	\$ -	\$ 35,846,753	\$ 35,555,625	\$ 291,128
2019-2020	451,925	15,159	303,115	163,969
2018-2019	136,978	11,601	45,301	103,278
2017-2018	112,156	11,601	27,812	95,945
2016-2017	77,927	-	11,536	66,391
2015-2016	62,986	-	7,603	55,383
2014-2015	69,617	-	8,232	61,385
2013-2014	58,429	-	5,996	52,433
2012-2013	50,425	-	4,837	45,588
2011-2012	55,533	-	3,651	51,882
2010-2011	66,288	-	66,288	-
Total	<u>\$ 1,142,264</u>	<u>\$ 35,885,114</u>	<u>\$ 36,039,996</u>	987,382
Less: Allowance for uncollectible ad valorem taxes receivable				<u>(126,907)</u>
Ad valorem taxes receivable - net				<u>\$ 860,475</u>
Reconcilement with Revenues:				
Taxes - ad valorem				\$ 36,917,400
Reconciling items:				
Penalties and interest				(167,444)
Last list fees				30,458
Amounts written off for tax year 2010-2011				66,288
Prior year NCVTS motor vehicle collections				(843,733)
Prior year releases and adjustments of uncollected taxes				43,922
Miscellaneous adjustments				<u>(6,895)</u>
Total collections and credits				<u>\$ 36,039,996</u>

CITY OF GASTONIA, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
FOR THE YEAR ENDED JUNE 30, 2021

	<u>City-Wide</u>		<u>Total Levy</u>		
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Property taxed at current year's rate	\$ 6,892,619,954	\$ 0.0052	\$ 35,841,624	\$ 32,864,433	\$ 2,977,191
Discoveries:					
Current year taxes	12,182,713	0.0052	63,350	63,350	-
Abatements:					
Current year taxes	(11,196,348)		(58,221)	(58,221)	-
Total property valuation	<u>\$ 6,893,606,319</u>				
Net Levy			35,846,753	32,869,562	2,977,191
Uncollected taxes at June 30, 2021			291,128	291,128	-
Current year's tax collections			<u>\$ 35,555,625</u>	<u>\$ 32,578,434</u>	<u>\$ 2,977,191</u>
Current Levy Collection Percentage			<u>99.19%</u>	<u>99.11%</u>	<u>100.00%</u>
Prior Year Collection Percentage			<u>98.71%</u>	<u>98.68%</u>	<u>99.31%</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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Current year	\$ 34,796,680	\$ 35,526,995	\$ 730,315	\$ 34,654,101
Prior year	1,043,000	1,222,818	179,818	1,076,916
Penalties and interest	160,000	167,587	7,587	135,893
Total	<u>35,999,680</u>	<u>36,917,400</u>	<u>917,720</u>	<u>35,866,910</u>
Other Taxes and Licenses:				
Local option sales tax	13,130,857	14,718,183	1,587,326	12,750,343
Utility sales tax	4,712,000	4,496,204	(215,796)	4,362,082
Payments in lieu of taxes	4,733,059	4,733,059	-	4,360,255
Utility franchise tax	4,500	12,298	7,798	6,097
Privilege licenses	-	-	-	4,022
Penalties and interest	50	22	(28)	26
Auto tag fee	1,812,500	1,914,847	102,347	1,779,930
Rental vehicle tax	65,000	88,930	23,930	91,634
Total	<u>24,457,966</u>	<u>25,963,543</u>	<u>1,505,577</u>	<u>23,354,389</u>
Unrestricted Intergovernmental Revenues:				
Beer and wine	339,500	324,809	(14,691)	328,712
City of Gastonia ABC Board	600,000	1,300,000	700,000	1,100,000
Court costs	15,000	4,927	(10,073)	11,920
Video franchise tax	492,000	456,213	(35,787)	462,372
Total	<u>1,446,500</u>	<u>2,085,949</u>	<u>639,449</u>	<u>1,903,004</u>
Restricted Intergovernmental Revenues:				
Powell Bill allocation	2,036,349	1,936,096	(100,253)	2,023,631
Coronavirus Relief Fund	1,128,787	1,128,787	-	-
Section 104(f) - federal grant	247,461	204,812	(42,649)	341,779
Brownfield EPA grant	300,000	150,838	(149,162)	-
Coronavirus grant - BJA	164,488	-	(164,488)	-
CARES remote learning grant	12,200	39,737	27,537	-
Section 5303 - federal/state	53,303	26,805	(26,498)	21,282
Federal asset forfeitures	80,000	18,019	(61,981)	65,816
State asset forfeitures	30,000	86,294	56,294	56,900
FEMA reimbursement	-	-	-	9,909
N.C. Highway Commission	411,650	310,221	(101,429)	395,093
State grants	231,483	114,182	(117,301)	50,532
Miscellaneous federal and state grants	240,455	484,844	244,389	184,039
Gaston County	41,200	42,750	1,550	40,413
US DOJ JAG grant	93,214	62,758	(30,456)	88,777
Federal grants - vest	-	16,371	16,371	39,311
On-behalf payments - firemen	-	61,008	61,008	68,630
Total	<u>5,070,590</u>	<u>4,683,522</u>	<u>(387,068)</u>	<u>3,386,112</u>

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Permits	1,362,300	2,211,546	849,246	1,374,067
Sales, Services, and Rents:				
Administration fees	690,000	638,200	(51,800)	513,975
Airport fees and rents	125,000	118,830	(6,170)	121,330
Commercial waste disposal fee	40,000	57,094	17,094	58,258
Decorative street lights	-	7,654	7,654	-
Fire protection charges	100	-	(100)	100
Hanson surcharge	35,400	91,412	56,012	53,836
Museum	450,600	226,201	(224,399)	325,914
Reconnection fees	150,000	226,140	76,140	129,450
Recreation	467,318	247,415	(219,903)	254,435
Recycling fees	-	-	-	34
Reimbursement for services	1,089,570	585,720	(503,850)	1,119,251
Rents	181,092	225,849	44,757	162,231
Report copies	4,100	1,496	(2,604)	4,470
Sale of property	15,000	18,794	3,794	1,493
Skeet, trap, and pistol/rifle fees	122,125	80,879	(41,246)	93,590
Total	3,370,305	2,525,684	(844,621)	2,838,367
Investment Earnings:				
Regular investments	464,303	168,528	(295,775)	801,370
Federal asset forfeitures	-	504	504	9,993
State asset forfeitures	-	146	146	2,016
Police Memorial - Fund 75	-	(4)	(4)	(66)
Block Grant - Fund 76	-	26	26	170
Hanson surcharge	1,432	42	(1,390)	1,242
Total	465,735	169,242	(296,493)	814,725
Miscellaneous:				
Donations	1,000	6,063	5,063	915
Parking violations	500	5	(495)	203
Discounts earned	1,000	117	(883)	864
Other	648,855	566,491	(82,364)	516,239
Insurance proceeds	37,711	40,777	3,066	31,254
Total	689,066	613,453	(75,613)	549,475
Total revenues	72,862,142	75,170,339	2,308,197	70,087,049

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Expenditures:				
General Government:				
Mayor and Council:				
Salaries and employee benefits	145,663	145,660	3	145,388
Operating expenditures	281,324	214,439	66,885	324,151
Overhead allocated to other funds	(145,928)	(128,181)	(17,747)	(165,734)
Total	<u>281,059</u>	<u>231,918</u>	<u>49,141</u>	<u>303,805</u>
Miscellaneous Grants and Donations:				
Operating expenditures	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Communications and Marketing:				
Salaries and employee benefits	303,618	314,683	(11,065)	298,531
Operating expenditures	72,290	40,711	31,579	51,380
Overhead allocated to other funds	(271,302)	(258,870)	(12,432)	(132,165)
Total	<u>104,606</u>	<u>96,524</u>	<u>8,082</u>	<u>217,746</u>
City Manager:				
Salaries and employee benefits	670,895	668,518	2,377	616,399
Operating expenditures	101,769	57,277	44,492	79,471
Overhead allocated to other funds	(341,944)	(333,951)	(7,993)	(319,161)
Total	<u>430,720</u>	<u>391,844</u>	<u>38,876</u>	<u>376,709</u>
Assistant City Manager - Director of Human Resources and Administration:				
Salaries and employee benefits	216,734	216,706	28	201,133
Operating expenditures	30,127	12,897	17,230	16,858
Capital outlay	-	-	-	10,237
Overhead allocated to other funds	(192,775)	(184,670)	(8,105)	(183,986)
Total	<u>54,086</u>	<u>44,933</u>	<u>9,153</u>	<u>44,242</u>
Assistant City Manager - Public Infrastructure:				
Salaries and employee benefits	209,485	208,748	737	191,042
Operating expenditures	22,027	17,062	4,965	10,905
Overhead allocated to other funds	(197,520)	(196,192)	(1,328)	(176,615)
Total	<u>33,992</u>	<u>29,618</u>	<u>4,374</u>	<u>25,332</u>
Human Resources:				
Salaries and employee benefits	2,620,920	2,579,926	40,994	2,432,633
Operating expenditures	1,702,784	1,568,018	134,766	1,525,625
Overhead allocated to other funds	(638,876)	(597,720)	(41,156)	(592,168)
Total	<u>3,684,828</u>	<u>3,550,224</u>	<u>134,604</u>	<u>3,366,090</u>

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Admin Apps:				
Operating expenditures	79,667	75,142	4,525	68,020
Financial Services:				
Accounting Division:				
Salaries and employee benefits	601,595	599,966	1,629	575,409
Operating expenditures	160,708	157,382	3,326	133,864
Overhead allocated to other funds	(228,509)	(242,348)	13,839	(231,438)
Total	533,794	515,000	18,794	477,835
Budget Division:				
Salaries and employee benefits	219,273	218,425	848	207,457
Operating expenditures	85,706	59,631	26,075	56,012
Overhead allocated to other funds	(171,267)	(163,163)	(8,104)	(155,218)
Total	133,712	114,893	18,819	108,251
Accounts Receivable Division:				
Salaries and employee benefits	483,431	478,764	4,667	502,884
Operating expenditures	286,787	219,781	67,006	264,743
Overhead allocated to other funds	(330,530)	(302,815)	(27,715)	(595,782)
Total	439,688	395,730	43,958	171,845
Purchasing Division:				
Salaries and employee benefits	251,735	251,170	565	233,790
Operating expenditures	38,711	36,042	2,669	29,401
Overhead allocated to other funds	(140,946)	(139,642)	(1,304)	(127,665)
Total	149,500	147,570	1,930	135,526
Warehouse Division:				
Salaries and employee benefits	142,549	126,923	15,626	123,904
Operating expenditures	99,786	70,327	29,459	59,113
Overhead allocated to other funds	(168,486)	(163,137)	(5,349)	(144,877)
Total	73,849	34,113	39,736	38,140
Financial Services Administration:				
Salaries and employee benefits	234,031	192,466	41,565	225,470
Operating expenditures	27,570	12,274	15,296	13,093
Overhead allocated to other funds	(127,883)	(65,324)	(62,559)	(83,675)
Total	133,718	139,416	(5,698)	154,888

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Garage Parts Room:				
Salaries and employee benefits	137,204	135,074	2,130	130,218
Operating expenditures	97,811	(5,868)	103,679	24,917
Overhead allocated to other funds	(40,630)	(40,079)	(551)	(38,926)
Total	194,385	89,127	105,258	116,209
Revenue Administration:				
Salaries and employee benefits	268,196	263,386	4,810	254,290
Operating expenditures	16,960	9,311	7,649	10,130
Overhead allocated to other funds	(265,579)	(256,333)	(9,246)	(249,539)
Total	19,577	16,364	3,213	14,881
Customer Service:				
Salaries and employee benefits	682,947	668,572	14,375	664,739
Operating expenditures	567,639	540,368	27,271	517,230
Overhead allocated to other funds	(988,080)	(892,974)	(95,106)	(882,493)
Total	262,506	315,966	(53,460)	299,476
Meter Services:				
Salaries and employee benefits	738,398	712,943	25,455	729,627
Operating expenditures	209,762	106,870	102,892	97,774
Overhead allocated to other funds	(955,047)	(811,247)	(143,800)	(824,226)
Total	(6,887)	8,566	(15,453)	3,175
Total financial services	1,933,842	1,776,745	157,097	1,520,226
City Attorney:				
Salaries and employee benefits	458,671	456,389	2,282	429,212
Operating expenditures	66,177	47,385	18,792	42,458
Overhead allocated to other funds	(97,072)	(94,245)	(2,827)	(88,508)
Total	427,776	409,529	18,247	383,162
Special Project and Strategic Development:				
Operating expenditures	464,000	-	464,000	303,345
Development Services:				
Planning:				
Salaries and employee benefits	675,247	659,610	15,637	603,792
Operating expenditures	354,436	236,409	118,027	365,375
Overhead allocated to other funds	(115,111)	(95,839)	(19,272)	(107,271)
Total	914,572	800,180	114,392	861,896

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Zoning:				
Operating expenditures	11,370	10,852	518	833
Economic Development:				
Salaries and employee benefits	270,459	269,820	639	259,172
Operating expenditures	1,002,049	707,715	294,334	719,485
Capital outlay	-	-	-	12,607
Overhead allocated to other funds	(873,310)	(631,816)	(241,494)	(791,212)
Total	399,198	345,719	53,479	200,052
Transportation Planning:				
Salaries and employee benefits	377,246	359,660	17,586	356,523
Operating expenditures	613,172	438,110	175,062	240,377
Total	990,418	797,770	192,648	596,900
Building Services:				
Salaries and employee benefits	815,151	746,964	68,187	695,448
Operating expenditures	170,276	161,240	9,036	120,387
Capital outlay	-	-	-	19,238
Total	985,427	908,204	77,223	835,073
Neighborhoods and Housing:				
Salaries and employee benefits	123,223	118,256	4,967	116,051
Operating expenditures	91,016	65,622	25,394	73,362
Overhead allocated to other funds	(130,259)	(113,335)	(16,924)	(119,972)
Total	83,980	70,543	13,437	69,441
Keep Gastonia Beautiful:				
Salaries and employee benefits	195,894	177,404	18,490	193,404
Operating expenditures	45,283	19,595	25,688	35,050
Total	241,177	196,999	44,178	228,454
Diversity, Equity, and Inclusion:				
Salaries and employee benefits	71,599	65,534	6,065	-
Operating expenditures	18,300	15,117	3,183	-
Total	89,899	80,651	9,248	-
Uptown Development:				
Operating expenditures	171,050	75,907	95,143	59,498
Neighborhood and Community Resources:				
Salaries and employee benefits	33,613	12,173	21,440	-

CITY OF GASTONIA, NORTH CAROLINA

GENERAL FUND
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IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Code Enforcement:				
Salaries and employee benefits	305,096	212,236	92,860	274,829
Operating expenditures	<u>169,555</u>	<u>88,971</u>	<u>80,584</u>	<u>125,033</u>
Total	<u>474,651</u>	<u>301,207</u>	<u>173,444</u>	<u>399,862</u>
Sister Cities:				
Salaries and employee benefits	31,321	21,342	9,979	23,216
Operating expenditures	<u>27,841</u>	<u>7,080</u>	<u>20,761</u>	<u>10,380</u>
Total	<u>59,162</u>	<u>28,422</u>	<u>30,740</u>	<u>33,596</u>
Community Improvement - Downtown:				
Salaries and employee benefits	128,394	108,456	19,938	139,751
Operating expenditures	12,050	11,548	502	11,030
Overhead allocated to other funds	<u>(3,988)</u>	<u>(2,969)</u>	<u>(1,019)</u>	<u>(3,849)</u>
Total	<u>136,456</u>	<u>117,035</u>	<u>19,421</u>	<u>146,932</u>
Neighborhood Stabilization Program:				
Operating expenditures	<u>16,648</u>	<u>15,506</u>	<u>1,142</u>	<u>16,237</u>
Total development services	<u>4,607,621</u>	<u>3,761,168</u>	<u>846,453</u>	<u>3,448,774</u>
Loray Mills:				
Operating expenditures	<u>100,000</u>	<u>59,090</u>	<u>40,910</u>	<u>104,558</u>
City Hall Renovations:				
Operating expenditures	172,961	75,245	97,716	44,390
Capital outlay	<u>5,116</u>	<u>-</u>	<u>5,116</u>	<u>13,392</u>
Total	<u>178,077</u>	<u>75,245</u>	<u>102,832</u>	<u>57,782</u>
Non-Departmental:				
Operating expenditures	<u>745,272</u>	<u>-</u>	<u>745,272</u>	<u>-</u>
Total general government	<u>13,130,546</u>	<u>10,501,980</u>	<u>2,628,566</u>	<u>10,219,791</u>
Public Safety:				
Police Department:				
Administration:				
Salaries and employee benefits	639,161	634,579	4,582	597,811
Operating expenditures	<u>1,659,960</u>	<u>1,645,893</u>	<u>14,067</u>	<u>1,568,857</u>
Total	<u>2,299,121</u>	<u>2,280,472</u>	<u>18,649</u>	<u>2,166,668</u>

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Recruiting:				
Operating expenditures	6,491	4,989	1,502	3,875
Justice Funds:				
Operating expenditures	196,940	102,991	93,949	78,336
Capital outlay	301,003	230,469	70,534	-
Total	497,943	333,460	164,483	78,336
Treasury Funds:				
Operating expenditures	18,704	18,702	2	35,492
Capital outlay	45,884	35,886	9,998	76,487
Total	64,588	54,588	10,000	111,979
Investigations:				
Salaries and employee benefits	3,744,474	3,687,794	56,680	3,523,316
Operating expenditures	296,703	252,931	43,772	231,639
Total	4,041,177	3,940,725	100,452	3,754,955
Field Services:				
Salaries and employee benefits	9,964,605	9,141,235	823,370	9,184,741
Operating expenditures	1,130,552	1,064,877	65,675	1,009,647
Capital outlay	7,307	7,307	-	7,000
Total	11,102,464	10,213,419	889,045	10,201,388
P.A.R.C.:				
Salaries and employee benefits	275,105	274,233	872	262,077
Operating expenditures	11,716	7,566	4,150	8,113
Total	286,821	281,799	5,022	270,190
Support Services:				
Salaries and employee benefits	579,473	568,855	10,618	454,360
Operating expenditures	248,823	195,496	53,327	188,527
Total	828,296	764,351	63,945	642,887
ABC Enforcement:				
Salaries and employee benefits	86,962	85,596	1,366	83,277
Operating expenditures	8,993	8,248	745	8,878
Total	95,955	93,844	2,111	92,155
Early Police Retirement:				
Salaries and employee benefits	983,500	974,877	8,623	949,953

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Asset Forfeiture:				
Operating expenditures	117,510	-	117,510	-
Capital outlay	12,490	12,367	123	-
Total	130,000	12,367	117,633	-
Police Foundation:				
Operating expenditures	27,500	16,632	10,868	20,120
Special Situations:				
Operating expenditures	31,733	24,689	7,044	23,450
Capital outlay	958	958	-	-
Total	32,691	25,647	7,044	23,450
Police Department Grants:				
Salaries and employee benefits	194,761	53,504	141,257	49,935
Operating expenditures	96,284	22,181	74,103	59,873
Capital outlay	327,107	127,408	199,699	61,396
Total	618,152	203,093	415,059	171,204
Police Records Bureau:				
Salaries and employee benefits	802,737	788,160	14,577	790,742
Operating expenditures	9,044	8,741	303	9,340
Total	811,781	796,901	14,880	800,082
Total police department	21,826,480	19,997,164	1,829,316	19,287,242
Fire Department:				
Administration:				
Salaries and employee benefits	465,241	464,471	770	446,393
Operating expenditures	510,668	504,252	6,416	440,967
Total	975,909	968,723	7,186	887,360
Life Safety:				
Salaries and employee benefits	471,275	471,339	(64)	473,014
Operating expenditures	43,786	31,270	12,516	37,210
Total	515,061	502,609	12,452	510,224
Operations:				
Salaries and employee benefits	10,164,773	9,725,342	439,431	9,612,190
Operating expenditures	1,692,565	1,586,870	105,695	1,587,655
Capital outlay	24,155	24,155	-	28,855
Total	11,881,493	11,336,367	545,126	11,228,700

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Training:				
Salaries and employee benefits	107,520	103,668	3,852	109,436
Operating expenditures	3,415	827	2,588	2,828
Total	110,935	104,495	6,440	112,264
Early Fire Retirement:				
Salaries and employee benefits	800,500	799,781	719	689,813
On-Behalf Payments:				
Operating expenditures	-	61,008	(61,008)	68,630
Total fire department	14,283,898	13,772,983	510,915	13,496,991
Total public safety	36,110,378	33,770,147	2,340,231	32,784,233
Public Works:				
Enterprise Services:				
Refuse Disposal:				
Operating expenditures	131,768	-	131,768	-
Garage Inventory:				
Operating expenditures	70,920	(131,461)	202,381	(87,679)
Overhead allocated to other funds	(19,525)	(3,976)	(15,549)	(4,003)
Total	51,395	(135,437)	186,832	(91,682)
Equipment Services:				
Salaries and employee benefits	1,188,644	1,180,910	7,734	1,120,675
Operating expenditures	308,427	174,284	134,143	244,601
Capital outlay	22,800	22,774	26	39,599
Overhead allocated to other funds	(606,375)	(520,815)	(85,560)	(523,176)
Total	913,496	857,153	56,343	881,699
Airport Operations:				
Operating expenditures	151,392	103,423	47,969	108,256
Capital outlay	10,572	10,571	1	-
Total	161,964	113,994	47,970	108,256
Total enterprise services	1,258,623	835,710	422,913	898,273

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Public Works:				
Building and Grounds:				
Salaries and employee benefits	851,295	842,342	8,953	824,361
Operating expenditures	745,986	472,010	273,976	564,127
Capital outlay	-	-	-	31,004
Overhead allocated to other funds	(117,956)	(78,712)	(39,244)	(91,125)
Total	1,479,325	1,235,640	243,685	1,328,367
Engineering:				
Salaries and employee benefits	2,309,463	2,296,689	12,774	2,182,539
Operating expenditures	651,122	416,130	234,992	233,672
Overhead allocated to other funds	(1,164,618)	(1,238,630)	74,012	(1,104,162)
Total	1,795,967	1,474,189	321,778	1,312,049
Traffic Services:				
Salaries and employee benefits	601,666	598,926	2,740	540,405
Operating expenditures	185,246	167,981	17,265	176,816
Capital outlay	15,000	590	14,410	-
Total	801,912	767,497	34,415	717,221
Street Department:				
Supervision				
Salaries and employee benefits	490,910	469,574	21,336	415,108
Operating expenditures	215,065	205,447	9,618	189,272
Overhead allocated to other funds	(696,640)	(593,724)	(102,916)	(521,544)
Total	9,335	81,297	(71,962)	82,836
Powell Bill Street Funds:				
Salaries and employee benefits	1,813,062	1,556,846	256,216	1,544,991
Operating expenditures	2,484,488	2,002,961	481,527	3,805,633
Capital outlay	26,159	-	26,159	12,021
Overhead allocated to other funds	(215,029)	(182,225)	(32,804)	(279,445)
Total	4,108,680	3,377,582	731,098	5,083,200
Landscape:				
Operating expenditures	80,000	-	80,000	-
Cemeteries:				
Salaries and employee benefits	318,617	303,404	15,213	276,740
Operating expenditures	183,567	166,537	17,030	125,461
Capital outlay	-	-	-	5,375
Total	502,184	469,941	32,243	407,576
Total public works	10,036,026	8,241,856	1,794,170	9,829,522

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Cultural and Recreational:				
Recreational:				
Administration:				
Salaries and employee benefits	367,006	359,345	7,661	346,253
Operating expenditures	207,263	150,804	56,459	178,582
Total	574,269	510,149	64,120	524,835
Athletics and Special Facilities:				
Salaries and employee benefits	551,701	545,123	6,578	528,452
Operating expenditures	552,397	392,624	159,773	431,169
Total	1,104,098	937,747	166,351	959,621
Roland E. Bradley Community Center:				
Salaries and employee benefits	190,329	169,262	21,067	165,999
Operating expenditures	132,761	119,431	13,330	63,828
Total	323,090	288,693	34,397	229,827
Erwin Community Center:				
Salaries and employee benefits	215,838	213,708	2,130	196,411
Operating expenditures	146,580	103,310	43,270	159,135
Total	362,418	317,018	45,400	355,546
Martha Rivers Park:				
Salaries and employee benefits	277,611	261,097	16,514	255,600
Operating expenditures	108,222	80,169	28,053	113,940
Total	385,833	341,266	44,567	369,540
Phillips Community Center:				
Salaries and employee benefits	201,678	197,430	4,248	198,680
Operating expenditures	41,737	20,702	21,035	48,844
Capital outlay	-	-	-	92,533
Total	243,415	218,132	25,283	340,057
Jeffers Community Center:				
Salaries and employee benefits	154,730	139,888	14,842	184,621
Operating expenditures	45,281	23,842	21,439	65,871
Total	200,011	163,730	36,281	250,492

CITY OF GASTONIA, NORTH CAROLINA

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Maintenance and Development:				
Salaries and employee benefits	859,413	838,446	20,967	843,962
Operating expenditures	254,918	228,242	26,676	230,204
Capital outlay	37,500	36,331	1,169	-
Overhead allocated to other funds	(475,672)	(435,820)	(39,852)	(444,290)
Total	<u>676,159</u>	<u>667,199</u>	<u>8,960</u>	<u>629,876</u>
Golf Course:				
Operating expenditures	<u>6,100</u>	<u>5,653</u>	<u>447</u>	<u>1,441</u>
Adult Recreation Center:				
Salaries and employee benefits	202,585	173,453	29,132	187,598
Operating expenditures	<u>77,535</u>	<u>36,052</u>	<u>41,483</u>	<u>62,282</u>
Total	<u>280,120</u>	<u>209,505</u>	<u>70,615</u>	<u>249,880</u>
Sims Park:				
Operating expenditures	<u>18,200</u>	<u>14,074</u>	<u>4,126</u>	<u>80,872</u>
Southeast Community Center:				
Operating expenditures	<u>1,561</u>	<u>310</u>	<u>1,251</u>	<u>3,247</u>
Skeet/Trap Range:				
Salaries and employee benefits	41,374	24,726	16,648	37,421
Operating expenditures	84,530	51,299	33,231	77,069
Capital outlay	-	-	-	<u>1,124</u>
Total	<u>125,904</u>	<u>76,025</u>	<u>49,879</u>	<u>115,614</u>
Lineberger Park:				
Salaries and employee benefits	17,437	16,150	1,287	11,400
Operating expenditures	14,500	10,900	3,600	5,488
Capital outlay	-	-	-	<u>8,625</u>
Total	<u>31,937</u>	<u>27,050</u>	<u>4,887</u>	<u>25,513</u>
Rankin Lake:				
Salaries and employee benefits	120,768	109,256	11,512	96,190
Operating expenditures	52,162	39,402	12,760	273,442
Capital outlay	-	-	-	<u>1,124</u>
Total	<u>172,930</u>	<u>148,658</u>	<u>24,272</u>	<u>370,756</u>
Greenways:				
Operating expenditures	<u>15,980</u>	<u>11,791</u>	<u>4,189</u>	<u>15,802</u>

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Recreation Grants:				
Operating expenditures	3,000	-	3,000	-
Total recreational	4,525,025	3,937,000	588,025	4,522,919
Museum:				
Collections/Research:				
Salaries and employee benefits	175,163	175,147	16	168,395
Operating expenditures	9,350	1,034	8,316	8,966
Total	184,513	176,181	8,332	177,361
Education:				
Salaries and employee benefits	330,817	307,343	23,474	368,095
Operating expenditures	45,411	20,280	25,131	51,386
Total	376,228	327,623	48,605	419,481
Exhibits:				
Salaries and employee benefits	168,796	159,845	8,951	190,310
Operating expenditures	34,816	22,922	11,894	33,545
Total	203,612	182,767	20,845	223,855
Administration:				
Salaries and employee benefits	302,268	292,408	9,860	343,097
Operating expenditures	464,268	260,240	204,028	318,936
Total	766,536	552,648	213,888	662,033
Operations:				
Salaries and employee benefits	264,665	254,901	9,764	251,518
Operating expenditures	192,234	149,436	42,798	146,776
Total	456,899	404,337	52,562	398,294
Programs:				
Salaries and employee benefits	80,737	76,298	4,439	60,574
Operating expenditures	29,099	16,348	12,751	22,622
Total	109,836	92,646	17,190	83,196
Special Projects:				
Operating expenditures	3,600	-	3,600	-
Total museum	2,101,224	1,736,202	365,022	1,964,220
Webb Theatre - Nicks:				
Operating expenditures	120,000	-	120,000	-

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Conference Center:				
Operating expenditures	1,257,961	379,862	878,099	187,155
Capital outlay	300,000	-	300,000	21,146
Total	1,557,961	379,862	1,178,099	208,301
Total cultural and recreational	8,304,210	6,053,064	2,251,146	6,695,440
Debt Service:				
Principal	4,367,445	2,926,237	1,441,208	2,781,237
Interest	2,503,677	1,466,056	1,037,621	1,960,722
Bond issuance costs	67,000	66,400	600	75,746
Service charges	5,100	2,000	3,100	6,839
Total	6,943,222	4,460,693	2,482,529	4,824,544
Total expenditures	74,524,382	63,027,740	11,496,642	64,353,530
Revenues over (under) expenditures	(1,662,240)	12,142,599	13,804,839	5,733,519
Other Financing Sources (Uses):				
Issuance of long-term debt	17,872,000	17,872,000	-	8,640,000
Debt principal - current refunding	(17,805,000)	(17,805,000)	-	(8,545,000)
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	(995,000)	(395,000)	600,000	(507,208)
Solid waste	(3,008,264)	(3,008,264)	-	(2,907,593)
Capital project funds	(3,660,672)	(3,660,672)	-	(2,102,667)
Budgetary amounts:				
Appropriated fund balance	7,219,176	-	(7,219,176)	-
Total other financing sources (uses)	1,662,240	(4,956,936)	(6,619,176)	(3,382,468)
Net change in fund balance	\$ -	7,185,663	\$ 7,185,663	2,351,051
Fund Balance:				
Beginning of year - July 1		35,580,740		33,207,609
Increase (decrease) in inventories and property/ land acquired for redevelopment/rehabilitation		14,818		22,080
End of year - June 30		\$ 42,781,221		\$ 35,580,740



SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds, which are accounted for on the modified accrual basis of accounting, are to account for the proceeds of specific revenue sources that are restricted by law or administrative action for particular purposes.

American Rescue Plan Act Fund

The purpose of this fund is to account for the City's portion of the American Rescue Plan Act funding. The City was awarded a total of \$16,373,346.

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

**MAJOR SPECIAL REVENUE FUND - AMERICAN RESCUE PLAN
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 16,373,346	\$ -	\$ (16,373,346)
Investment earnings	<u>-</u>	<u>1,583</u>	<u>1,583</u>
Total revenues	<u>16,373,346</u>	<u>1,583</u>	<u>(16,371,763)</u>
Expenditures:			
General government	<u>16,373,346</u>	<u>-</u>	<u>16,373,346</u>
Net change in fund balance	<u>\$ -</u>	<u>1,583</u>	<u>\$ 1,583</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 1,583</u>	

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

	Community Development Block Grant				
	Program Fund	Affordable Housing Fund	Rehabilitation Fund	Home Investment Trust Fund	108 Loan/ Revitalization
Assets:					
Taxes receivable, net	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	41,552	-	-	4,773	-
Prepaid items	25,710	-	-	3,320	-
Due from other governments	-	-	-	-	-
Cash and investments, restricted	-	126,943	1,050	64,717	-
Long-term receivable	7,357	113,678	-	592,673	15,092
Property acquired for rehabilitation and resale	459,840	-	39,778	412,530	-
Total assets	\$ 534,459	\$ 240,621	\$ 40,828	\$ 1,078,013	\$ 15,092
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 22,961	\$ -	\$ -	\$ 11,756	\$ -
Due to General Fund	320,724	-	-	-	14,814
Total liabilities	343,685	-	-	11,756	14,814
Deferred Inflows of Resources:					
Property taxes receivable	-	-	-	-	-
Fund Balances:					
Non-spendable:					
Prepays	25,710	-	-	3,320	-
Restricted:					
Stabilization by state statute	121,209	113,678	-	864,280	15,092
Restricted, all other	43,855	126,943	1,050	64,717	-
Assigned	-	-	39,778	133,940	-
Unassigned	-	-	-	-	(14,814)
Total fund balances	190,774	240,621	40,828	1,066,257	278
Total liabilities, deferred inflows of resources, and fund balances	\$ 534,459	\$ 240,621	\$ 40,828	\$ 1,078,013	\$ 15,092

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

	<u>CDBG (continued)</u>					
	<u>108 Loan/ Economic</u>	<u>Economic Development</u>	<u>Occupancy Tax Fund</u>	<u>Uptown Municipal Tax District</u>	<u>Economic Stimulus Grants Fund</u>	<u>Total</u>
Assets:						
Taxes receivable, net	\$ -	\$ -	\$ -	\$ 12,833	\$ -	\$ 12,833
Accounts receivable, net	-	-	-	2,643	-	48,968
Prepaid items	-	-	-	-	-	29,030
Due from other governments	-	-	128,752	-	-	128,752
Cash and investments, restricted	47,255	2	55,717	251,182	147,185	694,051
Long-term receivable	-	-	-	-	1,520,945	2,249,745
Property acquired for rehabilitation and resale	47,350	-	-	-	-	959,498
Total assets	<u>\$ 94,605</u>	<u>\$ 2</u>	<u>\$ 184,469</u>	<u>\$ 266,658</u>	<u>\$ 1,668,130</u>	<u>\$ 4,122,877</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 183,021	\$ 9,633	\$ 2,595	\$ 229,966
Due to General Fund	-	-	-	-	-	335,538
Total liabilities	<u>-</u>	<u>-</u>	<u>183,021</u>	<u>9,633</u>	<u>2,595</u>	<u>565,504</u>
Deferred Inflows of Resources:						
Property taxes receivable	-	-	-	12,833	-	12,833
Fund Balances:						
Non-spendable:						
Prepays	-	-	-	-	-	29,030
Restricted:						
Stabilization by state statute	-	-	128,752	11,181	1,520,945	2,775,137
Restricted, all other	47,255	2	-	233,011	144,590	661,423
Assigned	47,350	-	-	-	-	221,068
Unassigned	-	-	(127,304)	-	-	(142,118)
Total fund balances	<u>94,605</u>	<u>2</u>	<u>1,448</u>	<u>244,192</u>	<u>1,665,535</u>	<u>3,544,540</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 94,605</u>	<u>\$ 2</u>	<u>\$ 184,469</u>	<u>\$ 266,658</u>	<u>\$ 1,668,130</u>	<u>\$ 4,122,877</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, 2021

	<u>Community Development Block Grant</u>				
	<u>Program Fund</u>	<u>Affordable Housing Fund</u>	<u>Rehabilitation Fund</u>	<u>Home Investment Trust Fund</u>	<u>108 Loan/ Revitalization</u>
Revenues:					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	-	-	-	-	-
Restricted intergovernmental	297,339	-	-	102,233	-
Sales and services	11,523	2,455	-	21,061	278
Investment earnings	(285)	20	1	77	-
Miscellaneous	254	-	-	187	-
Total revenues	<u>308,831</u>	<u>2,475</u>	<u>1</u>	<u>123,558</u>	<u>278</u>
Expenditures:					
Economic and physical development	<u>275,283</u>	-	-	<u>266,471</u>	-
Revenues over (under) expenditures	33,548	2,475	1	(142,913)	278
Other Financing Sources (Uses):					
Transfers (to) other funds	-	-	-	-	-
Net change in fund balances	33,548	2,475	1	(142,913)	278
Fund Balances:					
Beginning of year - July 1	<u>157,226</u>	<u>238,146</u>	<u>40,827</u>	<u>1,209,170</u>	<u>-</u>
End of year - June 30	<u>\$ 190,774</u>	<u>\$ 240,621</u>	<u>\$ 40,828</u>	<u>\$ 1,066,257</u>	<u>\$ 278</u>

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

	CDBG (continued)					Total
	108 Loan/ Economic	Economic Development	Occupancy Tax Fund	Uptown Municipal Tax District	Economic Stimulus Grants Fund	
Revenues:						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 168,172	\$ -	\$ 168,172
Other taxes and licenses	-	-	599,922	-	-	599,922
Restricted intergovernmental	-	-	-	-	-	399,572
Sales and services	-	-	-	-	-	35,317
Investment earnings	34	-	-	171	98	116
Miscellaneous	-	-	-	3,599	2,729	6,769
Total revenues	<u>34</u>	<u>-</u>	<u>599,922</u>	<u>171,942</u>	<u>2,827</u>	<u>1,209,868</u>
Expenditures:						
Economic and physical development	-	-	599,922	81,975	-	1,223,651
Revenues over (under) expenditures	34	-	-	89,967	2,827	(13,783)
Other Financing Sources (Uses):						
Transfers (to) other funds	-	-	-	(40,000)	-	(40,000)
Net change in fund balances	34	-	-	49,967	2,827	(53,783)
Fund Balances:						
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 94,605</u>	<u>\$ 2</u>	<u>\$ 1,448</u>	<u>\$ 244,192</u>	<u>\$ 1,665,535</u>	<u>\$ 3,544,540</u>

CITY OF GASTONIA, NORTH CAROLINA

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 1,534,592	\$ 297,339	\$ (1,237,253)
Sales and services	2,315	12,834	10,519
Investment earnings	-	(285)	(285)
Miscellaneous	-	254	254
Total revenues	<u>1,536,907</u>	<u>310,142</u>	<u>(1,226,765)</u>
Expenditures:			
Economic and physical development:			
Administration	131,440	126,023	5,417
Housing rehabilitation	1,424,157	140,001	1,284,156
Fair housing	10,029	9,259	770
Total expenditures	<u>1,565,626</u>	<u>275,283</u>	<u>1,290,343</u>
Revenues over (under) expenditures	(28,719)	34,859	63,578
Other Financing Sources (Uses):			
Appropriated fund balance	<u>28,719</u>	-	<u>(28,719)</u>
Net change in fund balance	<u>\$ -</u>	34,859	<u>\$ 34,859</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(1,311)</u>	
Net change in fund balance - modified accrual basis		33,548	
Fund Balance:			
Beginning of year - July 1		<u>157,226</u>	
End of year - June 30		<u>\$ 190,774</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Sales and services	\$ 16,680	\$ 16,680	\$ -
Investment earnings	-	20	20
Total revenues	<u>16,680</u>	<u>16,700</u>	<u>20</u>
Expenditures:			
Economic and physical development:			
Affordable housing	<u>20,276</u>	<u>-</u>	<u>20,276</u>
Revenues over (under) expenditures	(3,596)	16,700	20,296
Other Financing Sources (Uses):			
Appropriated fund balance	<u>3,596</u>	<u>-</u>	<u>(3,596)</u>
Net change in fund balance	<u>\$ -</u>	16,700	<u>\$ 16,700</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(14,225)</u>	
Net change in fund balance - modified accrual basis		2,475	
Fund Balance:			
Beginning of year - July 1		<u>238,146</u>	
End of year - June 30		<u>\$ 240,621</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 1	\$ 1
Net change in fund balance	<u>\$ -</u>	1	<u>\$ 1</u>
Fund Balance:			
Beginning of year - July 1		<u>40,827</u>	
End of year - June 30		<u>\$ 40,828</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 2,772,440	\$ 102,233	\$ (2,670,207)
Sales and services	357,000	42,739	(314,261)
Investment earnings	-	77	77
Miscellaneous	-	187	187
Total revenues	<u>3,129,440</u>	<u>145,236</u>	<u>(2,984,204)</u>
Expenditures:			
Economic and physical development:			
Home program	<u>3,452,704</u>	<u>266,471</u>	<u>3,186,233</u>
Revenues over (under) expenditures	(323,264)	(121,235)	202,029
Other Financing Sources (Uses):			
Appropriated fund balance	<u>323,264</u>	-	<u>(323,264)</u>
Net change in fund balance	<u>\$ -</u>	(121,235)	<u>\$ (121,235)</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(21,678)</u>	
Net change in fund balance - modified accrual basis		(142,913)	
Fund Balance:			
Beginning of year - July 1		<u>1,209,170</u>	
End of year - June 30		<u>\$ 1,066,257</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Sales and services	\$ -	\$ 1,111	\$ 1,111
Net change in fund balance	<u>\$ -</u>	1,111	<u>\$ 1,111</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(833)</u>	
Net change in fund balance - modified accrual basis		278	
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 278</u>	

CITY OF GASTONIA, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
 108 LOAN/ECONOMIC
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 34	\$ 34
Net change in fund balance	<u>\$ -</u>	34	<u>\$ 34</u>
Fund Balance:			
Beginning of year - July 1		<u>94,571</u>	
End of year - June 30		<u>\$ 94,605</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, 2021**

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

CITY OF GASTONIA, NORTH CAROLINA

OCCUPANCY TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Other taxes and licenses	\$ 760,000	\$ 599,922	\$ (160,078)
Expenditures:			
Economic and physical development:			
Gastonia Tourism Development Authority	<u>760,000</u>	<u>599,922</u>	<u>160,078</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:			
Beginning of year - July 1		<u>1,448</u>	
End of year - June 30		<u><u>\$ 1,448</u></u>	

CITY OF GASTONIA, NORTH CAROLINA

UPTOWN MUNICIPAL TAX DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 161,019	\$ 168,172	\$ 7,153
Investment earnings	2,000	171	(1,829)
Miscellaneous	1,920	3,599	1,679
Total revenues	<u>164,939</u>	<u>171,942</u>	<u>7,003</u>
Expenditures:			
Economic and physical development:			
Community improvement downtown	277,850	61,545	216,305
City dog park	<u>20,431</u>	<u>20,430</u>	<u>1</u>
Total expenditures	<u>298,281</u>	<u>81,975</u>	<u>216,306</u>
Revenues over (under) expenditures	<u>(133,342)</u>	<u>89,967</u>	<u>223,309</u>
Other Financing Sources (Uses):			
Transfers to other funds	(40,000)	(40,000)	-
Appropriated fund balance	<u>173,342</u>	<u>-</u>	<u>(173,342)</u>
Total other financing sources (uses)	<u>133,342</u>	<u>(40,000)</u>	<u>(173,342)</u>
Net change in fund balance	<u>\$ -</u>	<u>49,967</u>	<u>\$ 49,967</u>
Fund Balance:			
Beginning of year - July 1		<u>194,225</u>	
End of year - June 30		<u>\$ 244,192</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 98	\$ 98
Miscellaneous	<u>6,640</u>	<u>6,648</u>	<u>8</u>
Total revenues	<u>6,640</u>	<u>6,746</u>	<u>106</u>
Expenditures:			
Economic and physical development: Neighborhood Stabilization Project 3	<u>35,445</u>	<u>-</u>	<u>35,445</u>
Revenues over (under) expenditures	(28,805)	6,746	35,551
Other Financing Sources (Uses):			
Appropriated fund balance	<u>28,805</u>	<u>-</u>	<u>(28,805)</u>
Net change in fund balance	<u>\$ -</u>	6,746	<u>\$ 6,746</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(3,919)</u>	
Net change in fund balance - modified accrual basis		2,827	
Fund Balance:			
Beginning of year - July 1		<u>1,662,708</u>	
End of year - June 30		<u>\$ 1,665,535</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.

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.

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.

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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
Revenues:			
Restricted intergovernmental revenue	\$ 420,000	\$ 11,175	\$ (408,825)
Investment earnings	-	8,470	8,470
Miscellaneous revenues	<u>167,519</u>	<u>189,550</u>	<u>22,031</u>
Total revenues	<u>587,519</u>	<u>209,195</u>	<u>(378,324)</u>
Expenditures:			
Capital outlay:			
Mayor's youth council	300	-	300
Financial services - accounting	108,183	320	107,863
Transportation planning	564,122	-	564,122
Public works - Powell Bill	696	311	385
Marth Rivers Park	3,114	-	3,114
2010 LOBs - recreation projects	24	-	24
Farmer's market	24,800	260	24,540
Greenways	268,061	260	267,801
Gastonia Optimist Club Park	33,719	-	33,719
Recreation/Administration	88,635	9,888	78,747
Planning/City planning	525,000	232,164	292,836
Downtown sports & entertainment complex	<u>17,989,012</u>	<u>16,219,648</u>	<u>1,769,364</u>
Total	<u>19,605,666</u>	<u>16,462,851</u>	<u>3,142,815</u>
Debt service:			
Interest / bond service charges	<u>1,895</u>	<u>-</u>	<u>1,895</u>
Total expenditures	<u>19,607,561</u>	<u>16,462,851</u>	<u>3,144,710</u>
Revenues over (under) expenditures	<u>(19,020,042)</u>	<u>(16,253,656)</u>	<u>2,766,386</u>
Other Financing Sources (Uses):			
Transfers from other funds	3,033,005	3,033,005	-
Appropriated fund balance	<u>15,987,037</u>	<u>-</u>	<u>(15,987,037)</u>
Total other financing sources (uses)	<u>19,020,042</u>	<u>3,033,005</u>	<u>(15,987,037)</u>
Net change in fund balance	<u>\$ -</u>	<u>(13,220,651)</u>	<u>\$ (13,220,651)</u>
Fund Balance:			
Beginning of year - July 1		<u>15,987,037</u>	
End of year - June 30		<u>\$ 2,766,386</u>	

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

	<u>Streets Capital Project Fund</u>	<u>Developer Sidewalk Fund</u>	<u>Airport Fund</u>
Assets:			
Cash and cash equivalents	\$ 855,031	\$ 213,000	\$ 46,583
Cash and cash equivalents, restricted	2,097,637	-	500,000
Accounts receivable	176,126	-	84,786
Long-term receivable	-	-	-
Total assets	<u>\$ 3,128,794</u>	<u>\$ 213,000</u>	<u>\$ 631,369</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 125,823	\$ -	\$ 32,183
Advances from grantors	-	-	500,000
Total liabilities	<u>125,823</u>	<u>-</u>	<u>532,183</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	887,464	-	627,813
Restricted, all other	1,971,814	-	-
Assigned	143,693	213,000	-
Unassigned	-	-	(528,627)
Total fund balances	<u>3,002,971</u>	<u>213,000</u>	<u>99,186</u>
Total liabilities and fund balances	<u>\$ 3,128,794</u>	<u>\$ 213,000</u>	<u>\$ 631,369</u>

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

	Downtown Revitalization Fund	Infrastructure Rehabilitation Fund	Total
Assets:			
Cash and cash equivalents	\$ 1,188,106	\$ 1,221,475	\$ 3,524,195
Cash and cash equivalents, restricted	-	-	2,597,637
Accounts receivable	-	-	260,912
Long-term receivable	-	197,052	197,052
Total assets	<u>\$ 1,188,106</u>	<u>\$ 1,418,527</u>	<u>\$ 6,579,796</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 158,006
Advances from grantors	-	-	500,000
Total liabilities	<u>-</u>	<u>-</u>	<u>658,006</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	63,000	197,052	1,775,329
Restricted, all other	1,125,106	-	3,096,920
Assigned	-	1,221,475	1,578,168
Unassigned	-	-	(528,627)
Total fund balances	<u>1,188,106</u>	<u>1,418,527</u>	<u>5,921,790</u>
Total liabilities and fund balances	<u>\$ 1,188,106</u>	<u>\$ 1,418,527</u>	<u>\$ 6,579,796</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, 2021

	<u>Streets Capital Project Fund</u>	<u>Developer Sidewalk Fund</u>	<u>Airport Fund</u>
Revenues:			
Payment in lieu of construction	\$ -	\$ 28,785	\$ -
Restricted intergovernmental revenues	190,670	-	1,304,674
Investment earnings	339	132	(23)
Miscellaneous revenues	6	-	-
Total revenues	<u>191,015</u>	<u>28,917</u>	<u>1,304,651</u>
Expenditures:			
Administration	-	-	-
Capital outlay	<u>932,662</u>	<u>-</u>	<u>1,324,582</u>
Total expenditures	<u>932,662</u>	<u>-</u>	<u>1,324,582</u>
Revenues over (under) expenditures	(741,647)	28,917	(19,931)
Other Financing Sources (Uses)			
Transfers from other funds	<u>478,000</u>	<u>-</u>	<u>16,667</u>
Net change in fund balances	(263,647)	28,917	(3,264)
Fund Balances:			
Beginning of year - July 1	<u>3,266,618</u>	<u>184,083</u>	<u>102,450</u>
End of year - June 30	<u>\$ 3,002,971</u>	<u>\$ 213,000</u>	<u>\$ 99,186</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, 2021

	Downtown Revitalization Fund	Infrastructure Rehabilitation Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Payment in lieu of construction	\$ -	\$ -	\$ 28,785
Restricted intergovernmental revenues	-	-	1,495,344
Investment earnings	361	8,575	9,384
Miscellaneous revenues	-	264,564	264,570
Total revenues	<u>361</u>	<u>273,139</u>	<u>1,798,083</u>
Expenditures:			
Administration	214,142	-	214,142
Capital outlay	-	-	2,257,244
Total expenditures	<u>214,142</u>	<u>-</u>	<u>2,471,386</u>
Revenues over (under) expenditures	(213,781)	273,139	(673,303)
Other Financing Sources (Uses)			
Transfers from other funds	<u>1,171,340</u>	<u>-</u>	<u>1,666,007</u>
Net change in fund balances	957,559	273,139	992,704
Fund Balances:			
Beginning of year - July 1	<u>230,547</u>	<u>1,145,388</u>	<u>4,929,086</u>
End of year - June 30	<u>\$ 1,188,106</u>	<u>\$ 1,418,527</u>	<u>\$ 5,921,790</u>

CITY OF GASTONIA, NORTH CAROLINA

CAPITAL PROJECT FUND - STREETS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 1,731,828	\$ 190,670	\$ (1,541,158)
Miscellaneous revenues	-	6	6
Investment earnings	-	339	339
Total revenues	<u>1,731,828</u>	<u>191,015</u>	<u>(1,540,813)</u>
Expenditures:			
Capital outlay:			
Joint Venture - Street Improvements	28,221	-	28,221
Speed humps	30,910	-	30,910
Capital Project Reserve	47,633	-	47,633
Traffic signal system improvements	493,400	165,802	327,598
General Obligation Bonds Road Widening	2,305,976	696,681	1,609,295
General Obligation Bonds Sidewalks	1,980,144	58,433	1,921,711
Bridge repairs and replacement	75,000	-	75,000
Transportation planning	423,346	11,746	411,600
Total expenditures	<u>5,384,630</u>	<u>932,662</u>	<u>4,451,968</u>
Revenues over (under) expenditures	<u>(3,652,802)</u>	<u>(741,647)</u>	<u>2,911,155</u>
Other Financing Sources (Uses):			
Transfers from other funds	478,000	478,000	-
Appropriated fund balance	<u>3,174,802</u>	<u>-</u>	<u>(3,174,802)</u>
Total other financing sources (uses)	<u>3,652,802</u>	<u>478,000</u>	<u>(3,174,802)</u>
Net change in fund balance	<u>\$ -</u>	<u>(263,647)</u>	<u>\$ (263,647)</u>
Fund Balance:			
Beginning of year - July 1		<u>3,266,618</u>	
End of year - June 30		<u>\$ 3,002,971</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Payment in lieu of construction	\$ -	\$ 28,785	\$ 28,785
Investment earnings	-	132	132
Total revenues	<u>-</u>	<u>28,917</u>	<u>28,917</u>
 Net change in fund balance	 <u>\$ -</u>	 28,917	 <u>\$ 28,917</u>
Fund Balance:			
Beginning of year - July 1		<u>184,083</u>	
 End of year - June 30		 <u>\$ 213,000</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 1,986,151	\$ 1,304,674	\$ (681,477)
Investment earnings (loss)	<u>-</u>	<u>(23)</u>	<u>(23)</u>
Total revenues	<u>1,986,151</u>	<u>1,304,651</u>	<u>(681,500)</u>
Expenditures:			
Airport operations/non-routine	<u>2,105,268</u>	<u>1,324,582</u>	<u>780,686</u>
Revenues over (under) expenditures	<u>(119,117)</u>	<u>(19,931)</u>	<u>99,186</u>
Other Financing Sources (Uses):			
Transfers from other funds	16,667	16,667	-
Appropriated fund balance	<u>102,450</u>	<u>-</u>	<u>(102,450)</u>
Total other financing sources (uses)	<u>119,117</u>	<u>16,667</u>	<u>(102,450)</u>
Net change in fund balance	<u>\$ -</u>	<u>(3,264)</u>	<u>\$ (3,264)</u>
Fund Balance:			
Beginning of year - July 1		<u>102,450</u>	
End of year - June 30		<u>\$ 99,186</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 361	\$ 361
Expenditures:			
Administration:			
Downtown plan	1,259,827	131,156	1,128,671
Youth sports complex	133,000	82,986	50,014
Contingency reserve	61,660	-	61,660
Total	<u>1,454,487</u>	<u>214,142</u>	<u>1,240,345</u>
Revenues over (under) expenditures	<u>(1,454,487)</u>	<u>(213,781)</u>	<u>1,240,706</u>
Other Financing Sources (Uses):			
Transfers from other funds	1,233,000	1,171,340	(61,660)
Appropriated fund balance	221,487	-	(221,487)
Total other financing sources (uses)	<u>1,454,487</u>	<u>1,171,340</u>	<u>(283,147)</u>
Net change in fund balance	<u>\$ -</u>	957,559	<u>\$ 957,559</u>
Fund Balance:			
Beginning of year - July 1		<u>230,547</u>	
End of year - June 30		<u>\$ 1,188,106</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ 19,855	\$ 8,575	\$ (11,280)
Miscellaneous	244,519	304,260	59,741
Total revenues	<u>264,374</u>	<u>312,835</u>	<u>48,461</u>
Expenditures:			
Economic and physical development	87,609	-	87,609
Capital project reserve	631,453	-	631,453
General obligation bonds properties	112,127	-	112,127
Total expenditures	<u>831,189</u>	<u>-</u>	<u>831,189</u>
Revenues over (under) expenditures	(566,815)	312,835	879,650
Other Financing Sources (Uses):			
Appropriated fund balance	<u>566,815</u>	<u>-</u>	<u>(566,815)</u>
Net change in fund balance	<u>\$ -</u>	312,835	<u>\$ 312,835</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(39,696)</u>	
Net change in fund balance - modified accrual basis		273,139	
Fund Balance:			
Beginning of year - July 1		<u>1,145,388</u>	
End of year - June 30		<u>\$ 1,418,527</u>	

ENTERPRISE FUNDS

The Enterprise Funds are a subclassification of the Proprietary Fund Types and are used to account for revenues resulting primarily from charges for services provided to the general public and related cost of services. The financial statements of the Enterprise Funds represent the combined statements of the Water and Sewer Fund, the Electric Fund, the Transit System Fund, the Airport Fund, the Municipal Golf Course Fund, and the Stormwater Fund.

Water and Sewer Fund

The Water and Sewer Fund includes the accounts of the Water and Sewer Operation Fund and a capital project fund. Financing of the operation fund comes principally from charges to the users. The capital project fund is financed mainly from the issuance of bonds as well as user charges.

Electric Fund

The Electric Fund includes the accounts of the Electric Operation Fund and a capital project fund. Financing of these funds comes principally from charges to the users.

Stormwater Fund

The Stormwater Fund includes the accounts of the Stormwater system and a capital project fund. 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, 2021

	Transit System Fund	Municipal Golf Course Fund	Solid Waste Fund	Stormwater Fund	Total
Assets:					
Current assets:					
Cash, cash equivalents, and investments	\$ 22,022	\$ 1,969	\$ 1,421,032	\$ 1,764,966	\$ 3,209,989
Accounts receivable, net	1,552	-	320,552	324,150	646,254
Inventory	-	10,999	-	-	10,999
Due from other governments	279,999	-	-	-	279,999
Total current assets	<u>303,573</u>	<u>12,968</u>	<u>1,741,584</u>	<u>2,089,116</u>	<u>4,147,241</u>
Non-current assets:					
Depreciable capital assets, net	2,342,496	302,871	316,830	30,628,525	33,590,722
Non-depreciable capital assets	290,786	67,992	-	146,940	505,718
Total capital assets	<u>2,633,282</u>	<u>370,863</u>	<u>316,830</u>	<u>30,775,465</u>	<u>34,096,440</u>
Total assets	<u>2,936,855</u>	<u>383,831</u>	<u>2,058,414</u>	<u>32,864,581</u>	<u>38,243,681</u>
Deferred Outflows of Resources:					
OPEB deferrals	310,936	-	-	155,468	466,404
Pension deferrals	264,400	-	-	132,200	396,600
Total deferred outflows of resources	<u>575,336</u>	<u>-</u>	<u>-</u>	<u>287,668</u>	<u>863,004</u>
Liabilities:					
Current liabilities:					
Accounts payable	54,667	-	259,388	31,906	345,961
Accrued salaries and benefits	30,670	-	47,771	12,327	90,768
Compensated absences	41,100	-	82,900	18,800	142,800
Total current liabilities	<u>126,437</u>	<u>-</u>	<u>390,059</u>	<u>63,033</u>	<u>579,529</u>
Non-current liabilities:					
Compensated absences, non-current	13,649	-	27,610	6,264	47,523
Net pension liability	484,507	-	-	242,253	726,760
Total OPEB liability	<u>1,450,911</u>	<u>-</u>	<u>-</u>	<u>725,457</u>	<u>2,176,368</u>
Total non-current liabilities	<u>1,949,067</u>	<u>-</u>	<u>27,610</u>	<u>973,974</u>	<u>2,950,651</u>
Total liabilities	<u>2,075,504</u>	<u>-</u>	<u>417,669</u>	<u>1,037,007</u>	<u>3,530,180</u>
Deferred Inflows of Resources:					
OPEB deferrals	52,967	-	-	26,483	79,450
Pension deferrals	3,053	-	-	1,525	4,578
Total deferred inflows of resources	<u>56,020</u>	<u>-</u>	<u>-</u>	<u>28,008</u>	<u>84,028</u>
Net Position:					
Net investment in capital assets	2,633,282	370,863	316,830	30,775,465	34,096,440
Unrestricted	(1,252,615)	12,968	1,323,915	1,311,769	1,396,037
Total net position	<u>\$ 1,380,667</u>	<u>\$ 383,831</u>	<u>\$ 1,640,745</u>	<u>\$ 32,087,234</u>	<u>\$ 35,492,477</u>

CITY OF GASTONIA, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Transit System Fund</u>	<u>Municipal Golf Course Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Operating Revenues:					
Charges for services	\$ -	\$ -	\$ 3,134,270	\$ 2,994,516	\$ 6,128,786
Utilities for City use	-	-	-	71,228	71,228
Other operating revenues	<u>48,099</u>	-	<u>6,388</u>	<u>2,730</u>	<u>57,217</u>
Total operating revenues	<u>48,099</u>	-	<u>3,140,658</u>	<u>3,068,474</u>	<u>6,257,231</u>
Operating Expenses:					
Administration	912,960	-	663,086	1,636,541	3,212,587
Maintenance	274,455	-	-	81,090	355,545
ADA/Para-transit expenses	241,388	-	-	-	241,388
Operations area	1,175,309	-	4,972,629	673,014	6,820,952
Depreciation and amortization	<u>483,009</u>	<u>34,805</u>	<u>121,634</u>	<u>719,031</u>	<u>1,358,479</u>
Total operating expenses	<u>3,087,121</u>	<u>34,805</u>	<u>5,757,349</u>	<u>3,109,676</u>	<u>11,988,951</u>
Operating income (loss)	<u>(3,039,022)</u>	<u>(34,805)</u>	<u>(2,616,691)</u>	<u>(41,202)</u>	<u>(5,731,720)</u>
Non-Operating Revenues (Expenses):					
Investment earnings (loss)	(331)	-	647	996	1,312
Gain (loss) on disposal of capital assets	<u>(91)</u>	-	-	-	<u>(91)</u>
Total non-operating revenues (expenses)	<u>(422)</u>	-	<u>647</u>	<u>996</u>	<u>1,221</u>
Income (loss) before capital contributions and transfers	(3,039,444)	(34,805)	(2,616,044)	(40,206)	(5,730,499)
Capital Contributions:					
Federal and state grants	3,036,146	-	-	-	3,036,146
Local capital contributions	-	-	-	890,926	890,926
Transfers:					
Transfers from other funds	<u>395,000</u>	-	<u>3,008,264</u>	-	<u>3,403,264</u>
Change in net position	391,702	(34,805)	392,220	850,720	1,599,837
Net Position:					
Beginning of year - July 1	<u>988,965</u>	<u>418,636</u>	<u>1,248,525</u>	<u>31,236,514</u>	<u>33,892,640</u>
End of year - June 30	<u>\$ 1,380,667</u>	<u>\$ 383,831</u>	<u>\$ 1,640,745</u>	<u>\$ 32,087,234</u>	<u>\$ 35,492,477</u>

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Transit System Fund</u>	<u>Municipal Golf Course Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 46,547	\$ -	\$ 3,189,973	\$ 3,065,821	\$ 6,302,341
Cash paid to suppliers	(1,141,965)	-	(3,130,721)	(1,890,405)	(6,163,091)
Cash paid to employees	(1,441,688)	-	(2,401,664)	(437,773)	(4,281,125)
Net cash provided (used) by operating activities	<u>(2,537,106)</u>	<u>-</u>	<u>(2,342,412)</u>	<u>737,643</u>	<u>(4,141,875)</u>
Cash Flows from Non-Capital Financing Activities:					
Changes in due to/from other funds	(222,857)	-	-	-	(222,857)
Transfers from other funds	395,000	-	3,008,264	-	3,403,264
Net cash provided (used) by non-capital financing activities	<u>172,143</u>	<u>-</u>	<u>3,008,264</u>	<u>-</u>	<u>3,180,407</u>
Cash Flows from Capital and Related Financing Activities:					
Federal and state grants received	3,254,360	-	-	-	3,254,360
Acquisition and construction of capital assets	(867,044)	-	(145,492)	(115,055)	(1,127,591)
Net cash provided (used) by capital and related financing activities	<u>2,387,316</u>	<u>-</u>	<u>(145,492)</u>	<u>(115,055)</u>	<u>2,126,769</u>
Cash Flows from Investing Activities:					
Interest on investments	(331)	-	647	996	1,312
Net increase (decrease) in cash and cash equivalents	22,022	-	521,007	623,584	1,166,613
Cash and Cash Equivalents:					
Beginning of year - July 1	-	1,969	900,025	1,141,382	2,043,376
End of year - June 30	<u>\$ 22,022</u>	<u>\$ 1,969</u>	<u>\$ 1,421,032</u>	<u>\$ 1,764,966</u>	<u>\$ 3,209,989</u>
Reconciliation of Operating Income to Cash Flows from Operating Activities:					
Operating income (loss)	\$ (3,039,022)	\$ (34,805)	\$ (2,616,691)	\$ (41,202)	\$ (5,731,720)
Depreciation and amortization	483,009	34,805	121,634	719,031	1,358,479
Change in assets and liabilities:					
(Increase) decrease in deferred outflows - pension	(41,727)	-	-	(20,863)	(62,590)
(Increase) decrease in deferred outflows OPEB	(106,726)	-	-	(53,362)	(160,088)
Increase (decrease) in deferred inflows OPEB	(554)	-	-	(277)	(831)
Increase (decrease) in net pension liability	106,618	-	-	53,309	159,927
Increase (decrease) in deferred inflows - pension	2,256	-	-	1,128	3,384
(Increase) decrease in accounts receivables	(1,552)	-	49,315	(2,653)	45,110
Increase (decrease) in accounts payable	(116,644)	-	111,205	(16,262)	(21,701)
Increase (decrease) in accrued salaries	(2,649)	-	230	947	(1,472)
Increase (decrease) in compensated absences	(6,366)	-	(8,105)	4,721	(9,750)
Increase (decrease) in other post-employment benefits	186,251	-	-	93,126	279,377
Net cash provided (used) by operating activities	<u>\$ (2,537,106)</u>	<u>\$ -</u>	<u>\$ (2,342,412)</u>	<u>\$ 737,643</u>	<u>\$ (4,141,875)</u>
Non-Cash Transactions:					
Local developer contributions	\$ -	\$ -	\$ -	\$ 890,926	\$ 890,926

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Water sales and sewer charges	\$ 43,196,400	\$ 39,611,793	\$ (3,584,607)	\$ 36,996,834
Utilities for City use	1,886,300	1,280,452	(605,848)	2,471,693
Water and sewer taps	135,000	499,337	364,337	184,309
Other operating revenues	193,577	307,911	114,334	329,815
Pretreatment monitoring charge	78,000	69,450	(8,550)	65,825
Total	45,489,277	41,768,943	(3,720,334)	40,048,476
Non-operating revenues:				
Proceeds from sale of capital assets	15,000	136,627	121,627	-
Investment earnings	250,000	13,493	(236,507)	212,053
Other non-operating revenues	66,000	115,426	49,426	106,841
Total	331,000	265,546	(65,454)	318,894
Total revenues	45,820,277	42,034,489	(3,785,788)	40,367,370
Expenditures:				
Operating expenditures:				
Administration:				
General services:				
Salaries and employee benefits	839,826	768,355	71,471	1,043,702
Other operating expenditures	7,434,661	4,840,900	2,593,761	4,920,860
Capital outlay	150,000	150,000	-	150,000
Renewal and replacement	2,200,000	-	2,200,000	-
Overhead charged by other departments	5,050,484	4,540,443	510,041	4,563,668
Total	15,674,971	10,299,698	5,375,273	10,678,230
Customer service:				
Salaries and employee benefits	310,917	203,408	107,509	299,654
Other operating expenditures	472,085	351,441	120,644	448,101
Capital outlay	43,984	44,150	(166)	-
Overhead charged by other departments	(1,000)	-	(1,000)	(194)
Total	825,986	598,999	226,987	747,561
Total administration	16,500,957	10,898,697	5,602,260	11,425,791

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Operations area:				
AM/FM GIS:				
Other operating expenditures	33,431	26,498	6,933	22,846
PW landscape:				
Salaries and employee benefits	161,198	154,370	6,828	140,176
Other operating expenditures	76,450	73,261	3,189	74,416
Total	<u>237,648</u>	<u>227,631</u>	<u>10,017</u>	<u>214,592</u>
Water and sewer street maintenance:				
Other operating expenditures	-	-	-	567
Water line maintenance:				
Salaries and employee benefits	1,439,881	1,070,266	369,615	1,153,161
Other operating expenditures	401,699	392,791	8,908	339,187
Overhead charged by other departments	(47,087)	(36,527)	(10,560)	(39,943)
Total	<u>1,794,493</u>	<u>1,426,530</u>	<u>367,963</u>	<u>1,452,405</u>
Sewer line maintenance:				
Salaries and employee benefits	1,371,580	1,247,386	124,194	1,101,276
Other operating expenditures	594,994	558,124	36,870	792,863
Capital outlay	22,900	7,743	15,157	164,785
Sewer line extensions	40,150	40,148	2	-
Overhead charged by other departments	(44,427)	(33,529)	(10,898)	(39,886)
Total	<u>1,985,197</u>	<u>1,819,872</u>	<u>165,325</u>	<u>2,019,038</u>
Total operations area	<u>4,050,769</u>	<u>3,500,531</u>	<u>550,238</u>	<u>3,709,448</u>
Water supply and treatment:				
Salaries and employee benefits	1,738,738	1,688,634	50,104	1,673,373
Other operating expenditures	3,291,860	2,778,546	513,314	3,776,966
Capital outlay	84,200	83,488	712	260,228
Total	<u>5,114,798</u>	<u>4,550,668</u>	<u>564,130</u>	<u>5,710,567</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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021		Variance Over/Under	2020
	Budget	Actual		Actual
Facility maintenance:				
Salaries and employee benefits	1,074,963	993,218	81,745	959,237
Other operating expenditures	767,557	748,863	18,694	1,073,296
Overhead charged by other departments	-	-	-	12,378
Total	<u>1,842,520</u>	<u>1,742,081</u>	<u>100,439</u>	<u>2,044,911</u>
Sewage treatment:				
Salaries and employee benefits	3,314,315	3,248,782	65,533	3,173,117
Other operating expenditures	3,937,457	3,591,873	345,584	3,907,726
Capital outlay	25,292	25,292	-	7,923
Total	<u>7,277,064</u>	<u>6,865,947</u>	<u>411,117</u>	<u>7,088,766</u>
Payseur Mountain Resource Recovery:				
Other operating expenditures	<u>1,534,751</u>	<u>1,493,643</u>	<u>41,108</u>	<u>1,948,385</u>
Debt service:				
Debt principal	4,105,242	4,105,241	1	3,979,250
Interest and fees	<u>942,443</u>	<u>937,563</u>	<u>4,880</u>	<u>1,004,004</u>
Total	<u>5,047,685</u>	<u>5,042,804</u>	<u>4,881</u>	<u>4,983,254</u>
Total expenditures	<u>41,368,544</u>	<u>34,094,371</u>	<u>7,274,173</u>	<u>36,911,122</u>
Revenues over (under) expenditures	<u>4,451,733</u>	<u>7,940,118</u>	<u>3,488,385</u>	<u>3,456,248</u>
Other Financing Sources (Uses):				
Intrafund transfers	(5,613,900)	(5,113,900)	500,000	(7,976,800)
Appropriated fund balance	<u>1,162,167</u>	<u>-</u>	<u>(1,162,167)</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,451,733)</u>	<u>(5,113,900)</u>	<u>(662,167)</u>	<u>(7,976,800)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,826,218</u>	<u>\$ 2,826,218</u>	<u>\$ (4,520,552)</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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		2020
	Budget	Actual	Actual
Reconciliation from Budgetary Basis			
to Full Accrual Basis:			
Net change in fund balance		\$ 2,826,218	
Reconciling items:			
Depreciation		(8,309,907)	
Amortization of debt premiums		165,809	
Long-term debt principal repayments		4,105,241	
Increase in deferred outflows - OPEB		693,716	
Decrease in deferred inflows - OPEB		3,598	
Gain/(loss) on sale of capital assets		(478,945)	
Intrafund transfers to capital project funds		5,113,900	
Capital project revenues		2,779,598	
Capital project expenditures		(7,386,424)	
Capital assets purchased/capitalized		7,190,451	
Contributed capital - developers		3,572,335	
Change in unbilled revenues receivable		(317,662)	
Change in accrued vacation pay		(6,363)	
Decrease deferred outflows - pension		292,083	
Increase in net pension liability		(746,325)	
Decrease deferred inflows - pension		(15,793)	
Change in accrued interest payable		12,296	
Decrease in OPEB liability		<u>(1,210,631)</u>	
Change in net position		<u>\$ 8,283,195</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Water and sewer system expansion fee	\$ 821,000	\$ 1,807,206	\$ 986,206
Restricted intergovernmental	2,044,467	966,086	(1,078,381)
Investment earnings	-	6,108	6,108
Other	162,000	198	(161,802)
Total revenues	<u>3,027,467</u>	<u>2,779,598</u>	<u>(247,869)</u>
Expenditures:			
Economic development	1,750	1,750	-
Non-departmental	1,931,783	399,107	1,532,676
Regionalization	675,199	315,359	359,840
Crowders Creek	676,427	7,332	669,095
Municipal operations	69,999	-	69,999
Collection system	1,173,904	725,785	448,119
Special assessment	249,339	154,313	95,026
Pumpstation force main	3,499,403	104,737	3,394,666
Long Creek Wastewater Treatment Plant	460,205	4,513	455,692
Capital project reserve	183,150	-	183,150
Water distribution	2,181,464	959,207	1,222,257
Water supply and treatment	1,024,530	60,566	963,964
Water and sewer inventory and assessment	7,300	7,300	-
SCADA replacement	156,795	74,108	82,687
Plant renovation	241,725	238,071	3,654
South East sewer expansion	5,266,221	3,600,416	1,665,805
South East water expansion	733,860	733,860	-
Develop fee reserves	421,000	-	421,000
Total expenditures	<u>18,954,054</u>	<u>7,386,424</u>	<u>11,567,630</u>
Revenues over (under) expenditures	<u>(15,926,587)</u>	<u>(4,606,826)</u>	<u>11,319,761</u>
Other Financing Sources (Uses):			
Intrafund transfers	5,613,900	5,113,900	(500,000)
Issuance of long-term debt	1,012,466	1,441,530	429,064
Appropriated fund balance	9,300,221	-	(9,300,221)
Total other financing sources (uses)	<u>15,926,587</u>	<u>6,555,430</u>	<u>(9,371,157)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,948,604</u>	<u>\$ 1,948,604</u>

CITY OF GASTONIA, NORTH CAROLINA

**ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021		Variance Over/Under	2020
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Electricity sales	\$ 78,003,000	\$ 74,519,200	\$ (3,483,800)	\$ 72,035,826
Utilities for City use	2,049,800	1,877,834	(171,966)	1,873,099
Other operating revenues	747,250	725,914	(21,336)	777,727
Total	<u>80,800,050</u>	<u>77,122,948</u>	<u>(3,677,102)</u>	<u>74,686,652</u>
Non-operating revenues:				
Investment earnings	265,000	25,077	(239,923)	288,777
Power agency refund	-	13,537,829	13,537,829	5,000,000
Proceeds from sale of equipment	6,000	9,929	3,929	8,625
Total	<u>271,000</u>	<u>13,572,835</u>	<u>13,301,835</u>	<u>5,297,402</u>
Total revenues	<u>81,071,050</u>	<u>90,695,783</u>	<u>9,624,733</u>	<u>79,984,054</u>
Expenditures:				
Operating expenditures:				
Administration:				
Salaries and employee benefits	1,319,585	1,260,995	58,590	1,147,303
Overhead charged by other departments	3,327,476	2,920,429	407,047	3,054,003
Other operating expenditures	3,281,143	3,170,012	111,131	3,037,525
Capital outlay	26,633	-	26,633	-
Total	<u>7,954,837</u>	<u>7,351,436</u>	<u>603,401</u>	<u>7,238,831</u>
Operations:				
AM/FM GIS:				
Other operating expenditures	<u>139,219</u>	<u>122,436</u>	<u>16,783</u>	<u>82,287</u>
Utility locator:				
Salaries and employee benefits	172,284	170,050	2,234	153,106
Other operating expenditures	33,206	27,036	6,170	36,594
Capital outlay	65,722	65,718	4	-
Reimbursement for services	(111,490)	(157,634)	46,144	(114,421)
Total	<u>159,722</u>	<u>105,170</u>	<u>54,552</u>	<u>75,279</u>

CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Electric service:				
Salaries and employee benefits	990,212	964,980	25,232	961,948
Other operating expenditures	290,154	262,557	27,597	314,498
Capital outlay	12,855	4,676	8,179	-
Reimbursement of services	-	(245)	245	(300)
Total	<u>1,293,221</u>	<u>1,231,968</u>	<u>61,253</u>	<u>1,276,146</u>
Electric substation:				
Salaries and employee benefits	417,019	411,806	5,213	415,304
Other operating expenditures	<u>278,969</u>	<u>206,125</u>	<u>72,844</u>	<u>271,307</u>
Total	<u>695,988</u>	<u>617,931</u>	<u>78,057</u>	<u>686,611</u>
Street lights:				
Salaries and employee benefits	229,704	224,222	5,482	255,861
Other operating expenditures	<u>309,542</u>	<u>217,545</u>	<u>91,997</u>	<u>357,466</u>
Total	<u>539,246</u>	<u>441,767</u>	<u>97,479</u>	<u>613,327</u>
Electric line maintenance:				
Salaries and employee benefits	520,858	512,409	8,449	507,623
Other operating expenditures	958,056	928,076	29,980	1,163,735
Reimbursement for services	<u>(165,000)</u>	<u>(108,364)</u>	<u>(56,636)</u>	<u>(127,300)</u>
Total	<u>1,313,914</u>	<u>1,332,121</u>	<u>(18,207)</u>	<u>1,544,058</u>
Line construction:				
Salaries and employee benefits	872,240	865,293	6,947	792,080
Other operating expenditures	156,416	134,784	21,632	130,611
Capital outlay	50,350	50,344	6	64,313
Reimbursement for services	-	-	-	(53,187)
Total	<u>1,079,006</u>	<u>1,050,421</u>	<u>28,585</u>	<u>933,817</u>
Underground line construction:				
Salaries and employee benefits	333,982	330,303	3,679	350,536
Other operating expenditures	64,020	54,268	9,752	63,164
Capital outlay	<u>47,345</u>	<u>40,486</u>	<u>6,859</u>	<u>40,939</u>
Total	<u>445,347</u>	<u>425,057</u>	<u>20,290</u>	<u>454,639</u>

CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		Variance Over/Under	2020
	Budget	Actual		Actual
Financial services / warehouse:				
Other operating expenditures	12,761	(114,864)	127,625	183,989
Electric service - generators:				
Other operating expenditures	167,095	125,530	41,565	150,697
Reimbursement for services	(33,000)	(30,635)	(2,365)	(75,524)
Total	134,095	94,895	39,200	75,173
Renewal and replacement	7,060,850	-	7,060,850	-
Total operations	12,873,369	5,306,902	7,566,467	5,925,326
Reserves:				
Contingency reserve	833,826	-	833,826	-
Rate stabilization reserve	6,000,000	-	6,000,000	-
Total	6,833,826	-	6,833,826	-
Purchased power:				
Cost of electricity purchased	58,000,000	53,707,998	4,292,002	53,455,727
Debt service:				
Debt principal	48,763	48,763	-	48,763
Interest and fees	14,919	14,918	1	16,869
Total	63,682	63,681	1	65,632
Total expenditures	85,725,714	66,430,017	19,295,697	66,685,516
Revenues over (under) expenditures	(4,654,664)	24,265,766	28,920,430	13,298,538
Other Financing Sources (Uses):				
Transfers to other funds	(3,038,340)	(3,038,340)	-	(3,100,000)
Intrafund transfer	(5,457,855)	(5,396,195)	61,660	(2,000,000)
Appropriated fund balance	13,150,859	-	(13,150,859)	-
Total other financing sources (uses)	4,654,664	(8,434,535)	(13,089,199)	(5,100,000)
Net change in fund balance	\$ -	\$ 15,831,231	\$ 15,831,231	\$ 8,198,538

CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	<u>2021</u>		<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		<u>Variance</u>	
		<u>Over/Under</u>	
Reconciliation from Budgetary Basis			
to Full Accrual Basis:			
Net change in fund balance		\$ 15,831,231	
Reconciling items:			
Depreciation		(2,123,993)	
Long-term debt principal repayments		48,763	
Increase in deferred outflows - OPEB		320,177	
Decrease in deferred inflows - OPEB		1,661	
Intrafund transfers to capital project funds		5,396,195	
Capital project revenues		67,151	
Capital project expenditures		(8,679,279)	
Capital assets purchased/capitalized		9,134,697	
Loss on disposal of assets		(423,369)	
Change in unbilled revenues receivable		(732,732)	
Decrease deferred outflows - pension		125,179	
Increase in net pension liability		(319,854)	
Decrease deferred inflows - pension		23,077	
Change in accrued vacation pay		(6,768)	
Increase in other post-employment benefits		<u>(558,753)</u>	
Change in net position		<u>\$ 18,103,383</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 60,851	\$ 60,851	\$ -
Miscellaneous	-	159	159
Investment earnings	-	6,141	6,141
Total revenues	<u>60,851</u>	<u>67,151</u>	<u>6,300</u>
Expenditures:			
Economic development	184,507	-	184,507
Electric truck shed	114,674	-	114,674
Electric line construction	6,901,146	6,123,351	777,795
Electric service - generators	20,531	-	20,531
SCADA replacement	200,370	28,068	172,302
Capital project reserve	1,517,945	-	1,517,945
Long Creek generator project	656,393	564,503	91,890
City electrical tie lines	483,924	356,667	127,257
Kendrick extension	1,001	-	1,001
US 74 line extension	544,826	486,654	58,172
Electric development	384,056	358,383	25,673
Residential development	676,684	551,755	124,929
NCDOT city fiber	11,654	2,106	9,548
Loray Mill	4,000	-	4,000
GO bonds project	21,638	-	21,638
Municipal Operations Center	2,650,000	207,792	2,442,208
Advanced Metering Infra (AMI)	130,000	-	130,000
Total expenditures	<u>14,503,349</u>	<u>8,679,279</u>	<u>5,824,070</u>
Revenues over (under) expenditures	<u>(14,442,498)</u>	<u>(8,612,128)</u>	<u>5,830,370</u>
Other Financing Sources (Uses):			
Intrafund transfers	5,396,195	5,396,195	-
Appropriated fund balance	<u>9,046,303</u>	-	<u>(9,046,303)</u>
Total other financing sources (uses)	<u>14,442,498</u>	<u>5,396,195</u>	<u>(9,046,303)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (3,215,933)</u>	<u>\$ (3,215,933)</u>

CITY OF GASTONIA, NORTH CAROLINA

STORMWATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2021

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

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Stormwater fees	\$ 3,010,000	\$ 3,015,306	\$ 5,306	\$ 2,560,198
Stormwater fees to other funds	75,929	71,228	(4,701)	64,256
Other operating revenues	50	1,055	1,005	1,481
Total	<u>3,085,979</u>	<u>3,087,589</u>	<u>1,610</u>	<u>2,625,935</u>
Non-operating revenues:				
Investment earnings	5,000	410	(4,590)	4,839
Total revenues	<u>3,090,979</u>	<u>3,087,999</u>	<u>(2,980)</u>	<u>2,630,774</u>
Expenditures:				
Operating expenditures:				
Administration:				
Salaries and benefits	159,663	158,771	892	154,060
Other operating expenditures	359,952	341,570	18,382	337,149
Overhead allocation from General Fund	1,131,626	1,131,479	147	1,096,191
Total	<u>1,651,241</u>	<u>1,631,820</u>	<u>19,421</u>	<u>1,587,400</u>
Operations:				
Salaries and benefits	471,644	357,731	113,913	389,035
Other operating expenditures	340,002	242,222	97,780	167,248
Capital outlay	326,786	-	326,786	-
Total	<u>1,138,432</u>	<u>599,953</u>	<u>538,479</u>	<u>556,283</u>
AM/FM/GIS:				
Other operating expenditures	5,404	5,154	250	5,221
Total expenditures	<u>2,795,077</u>	<u>2,236,927</u>	<u>558,150</u>	<u>2,148,904</u>

CITY OF GASTONIA, NORTH CAROLINA

STORMWATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2021

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

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	295,902	851,072	555,170	481,870
Other Financing Sources (Uses):				
Intrafund transfer	(597,688)	(421,749)	175,939	(449,085)
Appropriated fund balance	301,786	-	(301,786)	-
Total other financing sources (uses)	(295,902)	(421,749)	125,847	(449,085)
Net change in fund balance	\$ -	\$ 429,323	\$ 429,323	\$ 32,785

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

Net change in fund balance	\$ 429,323
Reconciling items:	
Depreciation	(719,031)
Capital project revenues	2,261
Non-capitalized project expenditures	(75,936)
Intrafund transfer to Capital Project Fund	421,749
Developer capital contributions	890,926
Increase in deferred outflows - OPEB	53,362
Decrease in deferred inflows - OPEB	277
Change in unbilled revenues receivable	(20,790)
Decrease deferred outflows - pension	20,863
Increase in net pension liability	(53,309)
Decrease deferred inflows - pension	(1,128)
Change in accrued vacation pay	(4,721)
Increase in other post-employment benefits	(93,126)
Change in net position	\$ 850,720

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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 586	\$ 586
Miscellaneous revenues	-	1,675	1,675
Total revenues	<u>-</u>	<u>2,261</u>	<u>2,261</u>
Expenditures:			
Stormwater system	423,066	99,210	323,856
Stormwater, non-capital	<u>909,677</u>	<u>75,936</u>	<u>833,741</u>
Total expenditures	<u>1,332,743</u>	<u>175,146</u>	<u>1,157,597</u>
Revenues over (under) expenditures	<u>(1,332,743)</u>	<u>(172,885)</u>	<u>1,159,858</u>
Other Financing Sources (Uses):			
Intrafund transfer in	597,688	421,749	(175,939)
Appropriated fund balance	<u>735,055</u>	<u>-</u>	<u>(735,055)</u>
Total other financing sources (uses)	<u>1,332,743</u>	<u>421,749</u>	<u>(910,994)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 248,864</u>	<u>\$ 248,864</u>

CITY OF GASTONIA, NORTH CAROLINA

**TRANSIT SYSTEM FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Bus user fees	\$ 140,500	\$ -	\$ (140,500)	\$ 105,708
Restricted intergovernmental	8,845,061	3,036,146	(5,808,915)	2,082,218
Miscellaneous	25,088	48,099	23,011	120,731
Total operating revenues	9,010,649	3,084,245	(5,926,404)	2,308,657
Non-operating revenues:				
Investment earnings	-	(331)	(331)	(162)
Total revenues	9,010,649	3,083,914	(5,926,735)	2,308,495
Expenditures:				
Fleet services	60,000	17,219	42,781	80,235
Administration:				
Salaries and benefits	247,703	229,851	17,852	215,854
Other operating expenditures	150,335	107,919	42,416	65,065
Capital outlay	500,678	489,741	10,937	84,741
Overhead allocation from General Fund	476,295	429,072	47,223	433,618
Total	1,375,011	1,256,583	118,428	799,278
Operations:				
Salaries and benefits	844,869	800,400	44,469	747,012
Other operating expenditures	506,582	364,056	142,526	532,317
Capital outlay	1,156,132	362,370	793,762	72,315
Total	2,507,583	1,526,826	980,757	1,351,644
Maintenance:				
Salaries and benefits	340,140	254,300	85,840	294,527
Other operating expenditures	28,933	20,155	8,778	22,683
Capital outlay	16,100	14,933	1,167	14,135
Total	385,173	289,388	95,785	331,345

CITY OF GASTONIA, NORTH CAROLINA

TRANSIT SYSTEM FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		Variance Over/Under	2020
	Budget	Actual		Actual
ADA / Paratransit:				
Salaries and benefits	243,944	227,093	16,851	239,771
Other operating expenditures	18,834	14,295	4,539	13,430
Total	<u>262,778</u>	<u>241,388</u>	<u>21,390</u>	<u>253,201</u>
CARES Act reserve	<u>5,485,846</u>	<u>-</u>	<u>5,485,846</u>	<u>-</u>
Total expenditures	<u>10,076,391</u>	<u>3,331,404</u>	<u>6,744,987</u>	<u>2,815,703</u>
Revenues over (under) expenditures	<u>(1,065,742)</u>	<u>(247,490)</u>	<u>818,252</u>	<u>(507,208)</u>
Other Financing Sources (Uses):				
Transfers from other funds	995,000	395,000	(600,000)	507,208
Appropriated fund balance	70,742	-	(70,742)	-
Total other financing sources (uses)	<u>1,065,742</u>	<u>395,000</u>	<u>(670,742)</u>	<u>507,208</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 147,510</u>	<u>\$ 147,510</u>	<u>\$ -</u>

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

Net change in fund balance	\$ 147,510
Reconciling items:	
Depreciation	(483,009)
Increase deferred outflows - pension	41,727
Increase in net pension liability	(106,618)
Increase deferred inflows - pension	(2,256)
Loss on disposal of asset	(91)
Capital assets purchased	867,044
Increase deferred outflows - OPEB	106,726
Increase in other post-employment benefits	(186,251)
Decrease deferred inflows - OPEB	554
Decrease in accrued vacation pay	<u>6,366</u>
Change in net position	<u>\$ 391,702</u>

CITY OF GASTONIA, NORTH CAROLINA

MUNICIPAL GOLF COURSE FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2021

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

	2021			2020
	<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, 2021

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

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Collection and recycling fees	\$ 3,001,301	\$ 3,147,643	\$ 146,342	\$ 3,044,296
Other operating revenues	2,200	6,388	4,188	3,199
Total	<u>3,003,501</u>	<u>3,154,031</u>	<u>150,530</u>	<u>3,047,495</u>
Non-operating revenues:				
Investment earnings	7,000	647	(6,353)	9,194
Total revenues	<u>3,010,501</u>	<u>3,154,678</u>	<u>144,177</u>	<u>3,056,689</u>
Expenditures:				
Operating expenditures:				
Administration:				
Salaries and benefits	397,344	384,813	12,531	377,754
Other operating expenditures	333,137	286,378	46,759	199,781
Total	<u>730,481</u>	<u>671,191</u>	<u>59,290</u>	<u>577,535</u>
Refuse collection:				
Salaries and benefits	2,110,298	2,008,976	101,322	1,960,806
Other operating expenditures	2,928,961	2,889,517	39,444	3,132,859
Total	<u>5,039,259</u>	<u>4,898,493</u>	<u>140,766</u>	<u>5,093,665</u>
Refuse disposal:				
Other operating expenditures	82,025	74,136	7,889	70,628
Capital outlay	379,996	145,492	234,504	-
Total expenditures	<u>6,231,761</u>	<u>5,789,312</u>	<u>442,449</u>	<u>5,741,828</u>
Revenues over (under) expenditures	<u>(3,221,260)</u>	<u>(2,634,634)</u>	<u>586,626</u>	<u>(2,685,139)</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, 2021

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

	<u>2021</u>			<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Other Financing Sources (Uses):				
Transfers from other funds	3,008,264	3,008,264	-	2,907,593
Appropriated fund balance	212,996	-	(212,996)	-
Total other financing sources (uses)	<u>3,221,260</u>	<u>3,008,264</u>	<u>212,996</u>	<u>2,907,593</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 373,630</u>	<u>\$ 373,630</u>	<u>\$ 222,454</u>

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

Net change in fund balance	\$ 373,630
Reconciling items:	
Depreciation	(121,634)
Capital assets purchased/capitalized	145,492
Change in unbilled revenues receivable	(13,373)
Change in accrued vacation pay	<u>8,105</u>
Change in net position	<u>\$ 392,220</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, 2021

	<u>Vehicle Replacement Fund</u>	<u>Information Technology Fund</u>	<u>Dental Self-Insurance Fund</u>	<u>Medical Self-Insurance Fund</u>	<u>Total</u>
Assets:					
Current assets:					
Cash, cash equivalents, and investments	\$ -	\$ 1,925,343	\$ 279,806	\$ 6,343,201	\$ 8,548,350
Accounts receivable, net	-	261,166	1,200	-	262,366
Due from other funds	-	-	89,917	1,219,104	1,309,021
Cash and cash equivalents, restricted	<u>1,585,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,585,234</u>
Total current assets	<u>1,585,234</u>	<u>2,186,509</u>	<u>370,923</u>	<u>7,562,305</u>	<u>11,704,971</u>
Non-current assets:					
Depreciable capital assets, net	<u>10,730,533</u>	<u>490,690</u>	<u>-</u>	<u>-</u>	<u>11,221,223</u>
Total assets	<u>12,315,767</u>	<u>2,677,199</u>	<u>370,923</u>	<u>7,562,305</u>	<u>22,926,194</u>
Liabilities:					
Current liabilities:					
Accounts payable	27,204	95,095	-	1,056,041	1,178,340
Accrued salaries and benefits	-	83,470	-	-	83,470
Compensated absences, current	-	173,951	-	-	173,951
Accrued interest	20,758	-	-	-	20,758
Due to other funds	-	-	251,149	-	251,149
Current portion of long-term debt	<u>2,856,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,856,757</u>
Total current liabilities	<u>2,904,719</u>	<u>352,516</u>	<u>251,149</u>	<u>1,056,041</u>	<u>4,564,425</u>
Non-current liabilities:					
Compensated absences, non-current	-	57,984	-	-	57,984
Non-current portion of long-term debt	<u>5,218,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,218,012</u>
Total non-current liabilities	<u>5,218,012</u>	<u>57,984</u>	<u>-</u>	<u>-</u>	<u>5,275,996</u>
Total liabilities	<u>8,122,731</u>	<u>410,500</u>	<u>251,149</u>	<u>1,056,041</u>	<u>9,840,421</u>
Net Position:					
Net investment in capital assets	4,240,998	490,690	-	-	4,731,688
Unrestricted	<u>(47,962)</u>	<u>1,776,009</u>	<u>119,774</u>	<u>6,506,264</u>	<u>8,354,085</u>
Total net position	<u>\$ 4,193,036</u>	<u>\$ 2,266,699</u>	<u>\$ 119,774</u>	<u>\$ 6,506,264</u>	<u>\$ 13,085,773</u>

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, 2021**

	Vehicle Replacement Fund	Information Technology Fund	Dental Self-Insurance Fund	Medical Self-Insurance Fund	Total
Operating Revenues:					
Charges for services	\$ 3,403,093	\$ 5,356,742	\$ 362,481	\$ 11,129,867	\$ 20,252,183
Other revenues	-	1,140,736	-	-	1,140,736
Total	<u>3,403,093</u>	<u>6,497,478</u>	<u>362,481</u>	<u>11,129,867</u>	<u>21,392,919</u>
Operating Expenses:					
Operations area	385,815	5,995,309	347,388	8,760,422	15,488,934
Depreciation and amortization	<u>2,835,123</u>	<u>341,526</u>	-	-	<u>3,176,649</u>
Total	<u>3,220,938</u>	<u>6,336,835</u>	<u>347,388</u>	<u>8,760,422</u>	<u>18,665,583</u>
Operating income (loss)	<u>182,155</u>	<u>160,643</u>	<u>15,093</u>	<u>2,369,445</u>	<u>2,727,336</u>
Non-Operating Revenues (Expenses):					
Miscellaneous	247	-	-	-	247
Investment earnings	3,246	579	208	11,271	15,304
Gain (loss) on disposal of fixed assets	217,459	-	-	-	217,459
Interest on long-term debt	<u>(182,517)</u>	-	-	-	<u>(182,517)</u>
Total non-operating revenues (expenses)	<u>38,435</u>	<u>579</u>	<u>208</u>	<u>11,271</u>	<u>50,493</u>
Change in net position	220,590	161,222	15,301	2,380,716	2,777,829
Net Position:					
Beginning of year - July 1	<u>3,972,446</u>	<u>2,105,477</u>	<u>104,473</u>	<u>4,125,548</u>	<u>10,307,944</u>
End of year - June 30	<u>\$ 4,193,036</u>	<u>\$ 2,266,699</u>	<u>\$ 119,774</u>	<u>\$ 6,506,264</u>	<u>\$ 13,085,773</u>

CITY OF GASTONIA, NORTH CAROLINA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	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	\$ 3,420,986	\$ 6,595,090	\$ 362,481	\$ 11,131,067	\$ 21,509,624
Cash paid to suppliers	(417,076)	(5,014,813)	(347,388)	(8,600,542)	(14,379,819)
Cash paid to employees	-	(966,070)	-	-	(966,070)
Net cash provided (used) by operating activities	<u>3,003,910</u>	<u>614,207</u>	<u>15,093</u>	<u>2,530,525</u>	<u>6,163,735</u>
Cash Flows from Non-Capital Financing Activities:					
Change in due to/from other funds	-	-	22,808	75,525	98,333
Cash Flows from Capital and Related Financing Activities:					
Proceeds from issuance of debt	3,360,000	-	-	-	3,360,000
Principal paid on long-term debt	(3,470,897)	-	-	-	(3,470,897)
Proceeds from sale of capital assets	285,039	-	-	-	285,039
Acquisition and construction of capital assets	(2,961,249)	(29,561)	-	-	(2,990,810)
Interest paid on long-term debt	(189,095)	-	-	-	(189,095)
Net cash provided (used) by capital and related financing activities	<u>(2,976,202)</u>	<u>(29,561)</u>	<u>-</u>	<u>-</u>	<u>(3,005,763)</u>
Cash Flows from Investing Activities:					
Interest on investments	3,246	579	208	11,271	15,304
Net increase (decrease) in cash and cash equivalents	30,954	585,225	38,109	2,617,321	3,271,609
Cash and Cash Equivalents:					
Beginning of year - July 1	<u>1,554,280</u>	<u>1,340,118</u>	<u>241,697</u>	<u>3,725,880</u>	<u>6,861,975</u>
End of year - June 30	<u>\$ 1,585,234</u>	<u>\$ 1,925,343</u>	<u>\$ 279,806</u>	<u>\$ 6,343,201</u>	<u>\$ 10,133,584</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	\$ 182,155	\$ 160,643	\$ 15,093	\$ 2,369,445	\$ 2,727,336
Depreciation and amortization	2,835,123	341,526	-	-	3,176,649
Non-operating revenues (expenses)	247	-	-	-	247
Change in assets and liabilities:					
(Increase) decrease in accounts receivables	17,646	97,612	-	1,200	116,458
Increase (decrease) in accounts payable	(31,261)	42,309	-	159,880	170,928
Increase (decrease) in compensated absences	-	(27,883)	-	-	(27,883)
Net cash provided (used) by operating activities	<u>\$ 3,003,910</u>	<u>\$ 614,207</u>	<u>\$ 15,093</u>	<u>\$ 2,530,525</u>	<u>\$ 6,163,735</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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Vehicle and equipment rentals	\$ 3,403,093	\$ 3,403,093	\$ -	\$ 3,344,706
Non-Operating Revenues:				
Miscellaneous	-	247	247	(223,959)
Investment earnings	-	3,246	3,246	32,230
Total	-	3,493	3,493	(191,729)
Total revenues	3,403,093	3,406,586	3,493	3,152,977
Expenditures:				
Operating expenditures:				
Budget division:				
Capital outlay	145,290	97,565	47,725	-
Equipment manager:				
Other operating expenditures	6,102	6,102	-	3,327
Capital outlay	305,406	301,844	3,562	99,018
Total	311,508	307,946	3,562	102,345
Equipment Manager 2018:				
Capital outlay	-	-	-	72,314
Equipment Manager 2019:				
Other operating expenditures	43	43	-	250
Capital outlay	82,279	82,278	1	349,733
Total	82,322	82,321	1	349,983
Equipment Manager 2021:				
Other operating expenditures	376,811	31,933	344,878	-
Capital outlay	2,867,640	1,736,489	1,131,151	-
Total	3,244,451	1,768,422	1,476,029	-
Technology Systems 2019:				
Other operating expenditures	-	-	-	116,391
Capital outlay	2,248	2,248	-	215,444
Total	2,248	2,248	-	331,835

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Plan	Actual	Variance Over/Under	Actual
Technology Systems 2021:				
Other operating expenditures	478,269	410,999	67,270	-
Capital outlay	25,801	25,801	-	-
Total	504,070	436,800	67,270	-
Public Safety vehicle:				
Other operating expenditures	-	-	-	29,721
Capital outlay	591,083	510,410	80,673	1,990,529
Total	591,083	510,410	80,673	2,020,250
Computer equipment 2020:				
Other operating expenditures	1,890	1,890	-	389,176
Capital outlay	61,248	61,248	-	48,786
Total	63,138	63,138	-	437,962
Conference center:				
Other operating expenditures	78,215	78,214	1	-
Total operating expenditures	5,022,325	3,347,064	1,675,261	3,314,689
Debt service:				
Principal repayments	3,470,899	3,470,897	2	3,364,574
Interest and fees	167,918	167,913	5	183,032
Debt issuance costs	17,750	17,750	-	15,000
Other debt service costs	5,617	3,432	2,185	1,115
Total	3,662,184	3,659,992	2,192	3,563,721
Total expenditures	8,684,509	7,007,056	1,677,453	6,878,410
Revenues over (under) expenditures	(5,281,416)	(3,600,470)	1,680,946	(3,725,433)
Other Financing Sources (Uses):				
Transfers from other funds	411,282	-	(411,282)	-
Proceeds from sale of capital assets	125,000	285,039	160,039	-
Issuance of long-term debt	3,358,718	3,360,000	1,282	3,110,000
Appropriated fund balance	1,386,416	-	(1,386,416)	-
Total other financing sources (uses)	5,281,416	3,645,039	(1,636,377)	3,110,000
Net change in fund balance	\$ -	\$ 44,569	\$ 44,569	\$ (615,433)

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2021</u>		<u>2020</u>
	<u>Plan</u>	<u>Actual</u>	<u>Actual</u>
		<u>Variance</u>	
		<u>Over/Under</u>	
Reconciliation from Budgetary Basis			
to Full Accrual Basis:			
Net change in fund balance			
	\$	44,569	
Reconciling items:			
Depreciation and amortization		(2,835,123)	
Book value of capital assets sold		(67,580)	
Proceeds from issuance of long-term debt		(3,360,000)	
Long-term debt principal repayments		3,470,897	
Capital outlay, capitalized		2,961,249	
Change in accrued interest		<u>6,578</u>	
Change in net position	\$	<u>220,590</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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Technology services	\$ 5,356,741	\$ 5,356,742	\$ 1	\$ 5,067,710
Other revenues	1,313,458	1,140,736	(172,722)	1,612,440
Total	<u>6,670,199</u>	<u>6,497,478</u>	<u>(172,721)</u>	<u>6,680,150</u>
Non-Operating Revenues:				
Investment earnings	<u>15,000</u>	<u>579</u>	<u>(14,421)</u>	<u>16,052</u>
Total revenues	<u>6,685,199</u>	<u>6,498,057</u>	<u>(187,142)</u>	<u>6,696,202</u>
Expenditures:				
Operating expenditures:				
Technology services - administration:				
Salaries and employee benefits	236,145	234,881	1,264	190,570
Other operating expenditures	29,840	13,694	16,146	13,246
Capital outlay	-	-	-	12,373
Total	<u>265,985</u>	<u>248,575</u>	<u>17,410</u>	<u>216,189</u>
Admin - apps:				
Salaries and employee benefits	270,987	270,414	573	244,299
Other operating expenditures	86,292	76,987	9,305	74,070
Total	<u>357,279</u>	<u>347,401</u>	<u>9,878</u>	<u>318,369</u>
Database administration:				
Salaries and employee benefits	190,322	162,966	27,356	280,213
Other operating expenditures	84,601	71,992	12,609	61,169
Total	<u>274,923</u>	<u>234,958</u>	<u>39,965</u>	<u>341,382</u>
Geographic Information Systems AM/FM:				
Salaries and employee benefits	354,134	339,053	15,081	331,399
Other operating expenditures	68,848	51,074	17,774	41,384
Total	<u>422,982</u>	<u>390,127</u>	<u>32,855</u>	<u>372,783</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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Plan	Actual	Variance Over/Under	Actual
Tech services - website:				
Other operating expenditures	144,460	121,705	22,755	93,157
Tech services - CIS apps:				
Salaries and employee benefits	381,100	377,941	3,159	358,146
Other operating expenditures	425,741	217,574	208,167	216,248
Total	806,841	595,515	211,326	574,394
Communication division:				
Salaries and employee benefits	444,192	442,024	2,168	648,238
Other operating expenditures	79,261	35,214	44,047	1,625,031
Capital outlay	34,861	29,561	5,300	32,322
Total	558,314	506,799	51,515	2,305,591
Tech services - 800Mhz system:				
Other operating expenditures	306,365	303,184	3,181	311,902
Tech services - public safety:				
Salaries and employee benefits	427,106	372,817	54,289	429,457
Other operating expenditures	312,585	256,179	56,406	268,988
Total	739,691	628,996	110,695	698,445
Telephone communications:				
Salaries and employee benefits	88,899	61,292	27,607	85,306
Other operating expenditures	494,450	449,505	44,945	470,929
Total	583,349	510,797	72,552	556,235
Technology services - computer support:				
Salaries and employee benefits	456,979	455,009	1,970	357,201
Other operating expenditures	60,193	50,505	9,688	53,081
Total	517,172	505,514	11,658	410,282

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Plan	Actual	Variance Over/Under	Actual
Technology-city equipment:				
Other operating expenditures	236,862	236,798	64	204,428
Capital outlay	-	-	-	579,668
Total	<u>236,862</u>	<u>236,798</u>	<u>64</u>	<u>784,096</u>
Technology services - support administration:				
Salaries and employee benefits	246,425	245,718	707	332,146
Other operating expenditures	588,772	570,958	17,814	576,559
Total	<u>835,197</u>	<u>816,676</u>	<u>18,521</u>	<u>908,705</u>
Technology services - core services:				
Salaries and employee benefits	258,977	258,229	748	250,499
Other operating expenditures	158,445	140,511	17,934	81,956
Capital outlay	11,000	-	11,000	9,547
Total	<u>428,422</u>	<u>398,740</u>	<u>29,682</u>	<u>342,002</u>
IT/Core applications:				
Other operating expenditures	<u>222,915</u>	<u>206,968</u>	<u>15,947</u>	<u>185,227</u>
Technology services - capital projects:				
Other operating expenditures	<u>1,417,157</u>	<u>-</u>	<u>1,417,157</u>	<u>-</u>
Total expenditures	<u>8,117,914</u>	<u>6,052,753</u>	<u>2,065,161</u>	<u>8,418,759</u>
Revenues over (under) expenditures	(1,432,715)	445,304	1,878,019	(1,722,557)
Other Financing Sources (Uses):				
Appropriated fund balance	<u>1,432,715</u>	<u>-</u>	<u>(1,432,715)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 445,304</u>	<u>\$ 445,304</u>	<u>\$ (1,722,557)</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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2021</u>		<u>2020</u>
	<u>Plan</u>	<u>Actual</u>	<u>Actual</u>
		<u>Variance</u>	
		<u>Over/Under</u>	
Reconciliation from Budgetary Basis to Full Accrual Basis:			
Net change in fund balance		\$ 445,304	
Reconciling items:			
Depreciation and amortization		(341,526)	
Capital outlay, capitalized		29,561	
Change in accrued vacation pay		<u>27,883</u>	
Change in net position		<u>\$ 161,222</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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		Variance	2020
	Plan	Actual	Over/Under	Actual
Revenues:				
Operating revenues:				
Charges for services	\$ 365,486	\$ 362,481	\$ (3,005)	\$ 382,474
Non-operating revenues:				
Investment earnings	300	208	(92)	411
Total revenues	365,786	362,689	(3,097)	382,885
Expenditures:				
Operating expenditures:				
Administration:				
Operating expenditures	385,786	347,388	38,398	309,644
Revenues over (under) expenditures	(20,000)	15,301	35,301	73,241
Other Financing Sources (Uses):				
Appropriated fund balance	20,000	-	(20,000)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 15,301	\$ 15,301	\$ 73,241

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	<u>2021</u>			<u>2020</u>
	<u>Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Operating Revenues:				
Charges for services	\$ 11,234,702	\$ 11,129,867	\$ (104,835)	\$ 10,900,436
Non-Operating Revenues:				
Investment earnings	8,000	11,271	3,271	13,169
Total revenues	<u>11,242,702</u>	<u>11,141,138</u>	<u>(101,564)</u>	<u>10,913,605</u>
Expenditures:				
Operating expenditures:				
Administration:				
Operating expenditures	<u>11,254,702</u>	<u>8,760,422</u>	<u>2,494,280</u>	<u>7,960,793</u>
Revenues over (under) expenditures	(12,000)	2,380,716	2,392,716	2,952,812
Other Financing Sources (Uses):				
Appropriated fund balance	<u>12,000</u>	<u>-</u>	<u>(12,000)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 2,380,716</u>	<u>\$ 2,380,716</u>	<u>\$ 2,952,812</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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities										
Net investment in capital assets	\$123,935,617	\$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
Restricted	18,193,045	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
Unrestricted	(37,742,226)	(61,761,371)	(41,362,815)	(45,695,235)	(18,073,941)	(2,373,044)	(6,649,369)	2,587,020	(527,578)	(5,919,857)
Total governmental activities net position	\$104,386,436	\$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
Business Type activities										
Net investment in capital assets	\$285,989,957	\$273,789,996	\$265,730,268	\$258,184,586	\$255,523,817	\$239,879,539	\$236,950,245	\$229,381,517	\$225,259,816	\$226,763,782
Restricted	69,614,793	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
Unrestricted	\$355,604,750	\$327,062,769	\$306,938,699	\$290,655,900	\$289,081,579	\$279,477,780	\$270,765,379	\$267,321,392	\$262,109,333	\$259,078,541
Total Business Type activities net position										
Primary Government										
Net investment in capital assets	\$409,925,574	\$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
Restricted	18,193,045	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
Unrestricted	31,872,567	(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
Total primary government net position	\$459,991,186	\$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

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities:										
General government	\$15,641,563	\$16,286,786	\$13,099,062	\$7,624,041	\$6,189,619	\$10,606,593	\$10,806,827	\$14,384,930	\$13,066,786	\$12,786,945
Public Safety	34,687,943	33,743,135	31,994,707	31,486,198	30,763,350	29,343,196	27,476,999	26,786,547	27,337,102	27,808,577
Public Works and Cemeteries	17,396,766	16,248,577	14,691,220	15,289,136	1,989,690	6,602,354	8,257,303	9,215,118	10,628,247	12,267,869
Cultural and Recreation	7,798,607	7,558,181	6,982,190	6,719,526	6,313,795	6,113,970	6,076,535	5,311,960	5,477,231	5,692,774
Economic and physical development	1,437,793	2,591,655	4,453,497	8,202,679	18,796,473	8,503,949	5,574,798	4,269,451	5,366,599	2,439,359
Interest on long-term debt	1,503,876	2,387,821	1,614,413	1,824,064	1,935,901	2,065,476	2,251,252	2,406,042	2,599,970	2,834,675
Total governmental activities expenses	78,466,548	78,816,155	72,834,079	71,115,644	65,988,828	63,435,538	60,445,714	62,374,048	64,475,935	63,830,199
Business-type activities:										
Water and Sewer	39,648,959	37,596,052	35,651,662	33,630,955	32,085,945	31,411,780	30,100,924	29,574,629	29,094,851	29,633,999
Electric	68,878,550	68,500,284	69,766,570	73,627,853	73,998,222	72,267,809	75,415,945	73,735,847	70,939,145	66,639,003
Transit	3,087,212	3,258,307	2,734,962	2,480,698	2,306,486	2,236,449	2,112,884	2,400,929	2,382,934	2,394,328
Golf	34,805	34,805	34,805	35,974	36,726	46,814	36,959	22,265	38,958	39,634
Stormwater	3,109,676	3,512,149	2,952,656	2,819,067	2,809,426	2,546,945	2,505,707	2,160,888	2,296,654	2,586,383
Solid Waste	5,757,349	5,856,951	5,387,645	5,082,304	4,839,020	4,754,935	4,383,528	4,261,659	4,456,951	5,394,611
Total business-type activities expenses	120,516,531	118,758,548	116,608,300	117,676,491	116,055,825	113,264,732	114,555,947	112,156,217	109,209,483	105,687,958
Total primary government expenses	\$198,983,079	\$197,574,703	\$189,342,379	\$188,792,135	\$182,044,653	\$176,700,270	\$175,001,661	\$174,530,265	\$173,685,428	\$169,518,157
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$9,288,124	\$10,022,999	\$9,505,566	\$9,557,074	\$8,671,960	\$8,828,665	\$7,266,484	\$7,654,425	\$8,066,339	\$8,852,324
Public Safety	1,712,116	1,538,995	1,459,428	1,359,470	1,382,880	1,100,880	1,092,265	841,503	1,063,056	850,748
Public Works and Cemeteries	57,094	58,266	53,182	55,506	49,644	51,016	46,644	40,739	53,677	81,070
Cultural and Recreation	473,616	580,349	812,469	867,727	780,680	684,506	628,538	608,559	605,687	616,093
Economic and physical development	35,317	468,182	405,778	282,952	487,727	63,084	134,659	53,384	66,640	127,886
Operating grants and contributions	5,094,061	4,527,774	4,893,681	4,529,686	4,932,336	4,325,061	4,581,909	4,585,445	5,306,834	4,428,450
Capital grants and contributions	5,163,691	5,053,363	2,938,494	2,947,980	2,359,934	877,236	429,810	439,408	505,279	1,406,920
Total governmental activities program revenues	21,765,019	17,701,908	20,158,798	19,589,705	18,665,158	15,930,429	14,177,309	14,283,463	15,867,512	16,361,471
Business-type activities:										
Charges for services:										
Water and Sewer	42,122,472	40,746,707	40,736,180	37,682,461	36,296,497	35,561,282	34,338,725	34,121,040	33,348,282	32,586,363
Electric	89,928,204	84,359,635	78,949,075	79,255,929	78,441,784	76,514,684	75,350,298	75,152,951	72,289,496	69,229,324
Transit	48,099	226,439	190,531	162,466	278,780	221,302	201,679	213,649	266,732	221,549
Golf	-	-	-	-	-	-	-	-	-	-
Stormwater	3,068,474	2,862,903	2,580,268	2,619,731	2,573,238	2,549,033	2,526,881	2,140,036	2,090,130	2,056,131
Solid Waste	3,140,658	3,064,965	2,688,310	2,172,476	2,055,849	1,330,939	1,222,829	1,223,413	1,146,749	1,511,139
Operating grants and contributions	-	-	-	-	2,207,607	1,054,588	2,498,530	2,259,217	914,077	1,333,951
Capital grants and contributions	10,333,550	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
Total business-type activities program revenues	148,641,457	137,843,669	131,654,429	124,878,970	123,736,795	119,167,213	117,208,509	115,566,370	110,592,599	108,513,765
Total primary government program revenues	\$170,426,476	\$155,550,577	\$151,813,227	\$144,478,675	\$142,481,953	\$135,697,642	\$131,385,818	\$129,829,833	\$126,260,111	\$124,875,236

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net (Expense)/Revenue										
Governmental activities	(\$6,681,529)	(\$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)
Business-type activities	28,124,926	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
Total primary government net expense	(\$28,556,603)	(\$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)
General Revenues and Other Changes in Net Position										
Governmental activities										
Ad valorem taxes	\$36,931,674	\$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
Sales taxes	14,716,163	12,750,343	12,110,099	11,373,689	10,798,202	10,115,362	9,636,696	9,168,630	9,245,172	9,461,249
Payments in lieu of taxes	4,733,059	4,360,255	4,160,439	3,768,366	3,549,931	3,366,991	3,328,873	3,299,138	3,108,107	3,077,026
Utility franchise taxes	12,288	6,097	8,249	1,767	2,240	2,240	903,042	3,739,996	3,734,179	3,636,750
Other taxes	7,099,925	6,666,626	7,193,071	7,104,021	6,684,289	6,407,474	6,450,830	1,923,653	1,682,131	1,551,035
Interest earned on investments	204,099	1,201,656	1,073,931	978,751	745,380	715,572	670,356	670,401	682,081	701,594
Gain (loss) on disposal of assets	-364,924	-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
Transfers	63,334,314	61,035,195	56,017,767	53,378,860	50,517,380	47,644,217	48,073,586	46,734,359	44,899,348	43,600,634
Total governmental activities	52,131	719,148	816,176	589,504	398,904	146,241	57,982	66,580	74,924	103,004
Business-type activities:										
Interest earned on investments	364,924	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
Gain (loss) on disposal of assets	417,055	1,033,949	1,136,670	1,647,264	1,862,829	2,209,920	2,202,436	1,771,906	1,969,460	2,154,362
Total Business-type activities	\$63,751,369	\$62,069,144	\$57,154,437	\$55,026,124	\$52,380,209	\$49,854,137	\$50,276,022	\$48,506,265	\$46,666,828	\$45,754,996
Total primary government	\$6,652,785	(\$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)
Governmental activities	28,541,981	20,124,070	16,282,799	8,849,743	9,603,799	8,712,401	4,854,988	5,212,059	3,352,586	4,980,169
Business-type activities	\$35,194,766	\$20,045,018	\$19,625,285	\$10,712,664	\$12,797,509	\$6,851,509	\$6,660,179	\$3,805,633	(\$756,489)	\$1,112,075
Total primary government										

(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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Non Spendable	561,648	1,337,871	674,941	623,318	1,115,263	997,969	903,034	644,336	727,185	743,112
Restricted	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	12,008,945
Assigned	79,500	885,000	1,359,364	1,075,528	2,219,036	1,185,733	1,563,000	-	-	-
Unassigned	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	30,029,164
Total general fund	<u>\$18,255,394</u>	<u>\$20,916,901</u>	<u>\$24,945,960</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>	<u>\$42,781,221</u>
All other Governmental Funds										
Non Spendable	\$1,599,078	\$1,735,269	\$1,599,078	\$2,531,330	\$-	\$-	\$-	\$-	\$-	\$ 29,030
Restricted										
Mayor/Council Capital Project Fund	4,678,039	-	-	-	340,937	1,816,720	2,762,790	1,786,942	34,929,606	2,766,386
Streets Capital Project Fund	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	2,859,278
Other Governmental Funds	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	5,451,114
Assigned										
Mayor/Council Capital Project Fund	-	-	-	-	1,099,397	1,290,634	-	994,588	-	-
Other Governmental Funds	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	1,799,236
Unassigned										
Other Governmental Funds	(1,955,138)	(1,760,494)	(1,542,588)	(829,029)	(975,230)	(676,031)	(141,174)	(266,450)	(1,712,905)	(670,745)
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>\$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>	<u>\$12,234,299</u>

Note: The significant increase in other governmental funds fund balances in 2020 was directly related to the issuance of capital project debt. The decrease in 2021 was due to use of these debt proceeds.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Ad valorem taxes	\$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	\$37,085,572
Other taxes and licenses	17,726,060	17,789,589	18,091,417	20,321,441	19,892,067	21,034,138	22,268,043	23,471,858	23,983,321	26,563,465
Unrestricted intergovernmental revenues	1,629,995	1,893,441	1,724,860	1,844,467	2,086,035	2,216,249	2,130,622	2,310,339	2,298,097	2,085,949
Restricted intergovernmental revenues	4,640,456	5,395,363	4,618,211	4,660,242	4,673,553	4,846,038	5,370,916	5,090,667	4,677,542	6,589,613
Permits and fees	809,381	782,845	942,613	1,075,019	1,368,815	1,287,879	1,229,305	1,084,807	1,374,067	2,211,546
Sales and services	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	2,561,001
Investment earnings	538,938	518,166	500,644	497,689	543,150	563,738	763,974	980,490	1,139,794	188,795
Miscellaneous	3,128,408	917,813	736,893	836,479	947,822	587,591	1,151,963	715,970	1,432,220	1,103,127
Total revenues	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	78,389,068
Expenditures										
Current:										
General government	8,391,686	8,045,356	8,392,694	7,652,922	8,432,653	8,611,305	8,769,056	9,474,233	10,219,791	10,501,980
Public Safety	26,706,437	26,463,281	25,884,059	26,361,638	27,929,197	29,290,869	30,058,429	31,744,048	32,784,233	33,770,147
Public works and cemeteries	5,759,727	5,226,613	5,244,937	5,449,447	5,497,190	5,828,965	5,667,571	7,154,730	9,829,522	8,241,856
Cultural and recreation	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	6,053,064
Economic and physical development	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	1,437,793
Capital outlay	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	18,720,095
Debt Service:										
Principal repayments	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	2,926,237
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Interest	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	1,534,456
Total expenditures	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	83,185,628
Revenues over (under) expenditures	(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)	(4,796,560)
Other Financing Sources (Uses)										
Payments to refund bond debt	(1,649,848)	-	-	-	-	-	-	-	-	(17,805,000)
Transfers from other funds	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	6,739,012
Transfers to other funds	(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)	(7,103,936)
Operating transfers from component unit	-	-	-	-	-	-	-	-	-	-
Section 108 loan proceeds	1,694,000	-	-	-	-	-	-	-	32,640,000	17,872,000
Issuance of long term debt	-	-	-	-	-	-	-	-	-	-
Bond premium received	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(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	(297,924)
Net change in fund balances	-\$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	-\$5,094,484
Debt service as a percentage of noncapital expenditures	11.12%	10.88%	12.84%	13.63%	12.55%	10.39%	8.20%	7.75%	19.26%	7.12%

Note: The significant increases and decreases in fund balance in the years presented are mostly related to the issuance of debt and the use of the debt proceeds; however, the increase in revenues in 2020 was mostly due to a property tax base reassessment and the increase in 2021 was related to an increase in sales tax distributions.

Schedule 5
City of Gastonia
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Local Option Sales Tax	Utility Sales Tax	Franchise Tax	Video Franchise Tax	Beer and Wine Tax	Rental Vehicle Tax	Total
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
2021	36,749,813	14,718,183	4,496,204	12,298	456,213	324,809	88,930	56,846,450

Notes:

In Fiscal Year 2015 the State implemented a Utility Sales Tax and repealed the Utility Franchise Tax statute.

The increase in property tax revenues was due to the results of a State required property revaluation. The State requires revaluations to be performed, at a minimum, every eight years. See Schedule 6 for the increase in assessed value.

Schedule 6
City of Gastonia
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year	Real Property ⁽¹⁾	Personal Property	Motor Vehicles	Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
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
2021	5,411,854	750,103	572,537	159,113	6,893,607	0.5200	8,224,073

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 2012 through 2015 taxable value (market value) was estimated to be approximately 100% of the County assessed value. A County reappraisal was completed in 2015 and was applicable to the assessed values reported for 2016. The estimated tax values subsequent to that were derived using estimated housing market increases / decreases obtained from 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. The estimated tax value for 2021 was derived using the estimated average housing market increase for the 2021 fiscal year obtained from the Gaston Association of Realtors, 19.3% increase.

⁽¹⁾ North Carolina General Statutes 105-286 require that an octennial reappraisal of real property be conducted; however, State statutes allow more frequent reappraisals if adopted by each county. The last reappraisal of all taxable property took place in January of 2019 and was effective for the Fiscal Year 2020 property taxes. Gaston County's policy is to perform reappraisals every four years. The next reappraisal is scheduled in 2023.

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

Fiscal Year	Basic Rate		City Direct Rates		Total Direct Rate	Overlapping Rates	Combined Tax Rate
	General Fund	Debt Retirement	Debt Retirement	Retirement			
2012	0.4075	0.1125	0.1125	0.1125	0.5200	0.8350	1.3550
2013	0.4175	0.1125	0.1125	0.1125	0.5300	0.8350	1.3650
2014	0.4175	0.1125	0.1125	0.1125	0.5300	0.8700	1.4000
2015	0.4175	0.1125	0.1125	0.1125	0.5300	0.8700	1.4000
2016	0.4175	0.1125	0.1125	0.1125	0.5300	0.8700	1.4000
2017	0.4175	0.1125	0.1125	0.1125	0.5300	0.8700	1.4000
2018	0.4175	0.1125	0.1125	0.1125	0.5300	0.8700	1.4000
2019	0.4175	0.1125	0.1125	0.1125	0.5300	0.8700	1.4000
2020	0.4075	0.1125	0.1125	0.1125	0.5200	0.8700	1.3900
2021	0.4075	0.1125	0.1125	0.1125	0.5200	0.8700	1.3900

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

	2021				2012			
	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	
	Daimler Trucks North America	\$114,283,191	1	1.81%	\$51,759,521	1	1.09%	
(a)	Owens Corning	89,371,315	2	1.42%	-	-	-	
	Triangle Real Estate	60,972,920	3	0.97%	45,871,280	2	0.96%	
	Southwood Realty	58,064,073	4	0.92%	26,264,714	8	0.55%	
	Mann+Hummel Filtration - Wix	53,703,016	5	0.85%	28,865,767	6	0.61%	
	Duke Energy	44,696,505	6	0.71%	-	-	-	
(b)	Dominion Energy	44,159,902	7	0.70%	45,355,231	3	0.95%	
	Stabilus Inc.	40,753,724	8	0.65%	32,776,192	4	0.69%	
	Wal-Mart Real Estate TR	36,924,654	9	0.59%	23,109,136	10	0.48%	
	Roechling	35,913,142	10	0.57%	-	-	-	
	Bellsouth Tel Co	-	-	-	29,415,112	5	0.62%	
	Centro Bradley Spe 1 LLC	-	-	-	27,293,721	7	0.57%	
(c)	BRE Retail Residual NC	-	-	-	23,649,095	9	0.50%	

Source: Gaston County Assessors Office

- (a) Owens Corning just finished construction in the past several years on a new facility in the Gastonia Technology Park .
- (b) Formally PSNC Energy
- (c) E&A Franklin Square LTD owned the Franklin Square Mall in 2012 and BRE Retail Residual NC currently owns Franklin Square Mall .

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

Fiscal Year 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
2012	26,969	26,139	96.92%	778	26,917	99.81%
2013	27,802	26,930	96.87%	826	27,756	99.83%
2014	28,998	28,420	98.01%	525	28,945	99.82%
2015	28,347	27,931	98.53%	354	28,285	99.78%
2016	28,134	27,779	98.74%	299	28,078	99.80%
2017	29,301	28,965	98.85%	270	29,235	99.77%
2018	30,289	29,978	98.97%	215	30,193	99.68%
2019	30,886	30,611	99.10%	172	30,783	99.67%
2020	35,095	34,643	98.71%	288	34,931	99.53%
2021	35,847	35,556	99.19%	-	35,556	99.19%

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
	General Obligation Bonds	Certificates of Participation	Installment Financing	Obligation Bonds & Premium	Section 108 Loan	General Obligation Bonds	Water Revenue Bonds & Premium	Installment Financing	State Revolving Loans	Total Primary Government			
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	3.58%	1,577	
2021	18,665	-	15,715	24,000	-	332	23,244	-	33,687	115,643	NA	1,438	

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
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
2021	18,997	0.28%	80,411	236

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Schedule 12
City of Gastonia
Direct and Overlapping Governmental Activities Debt
As of June 30, 2021
(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	\$58,379 ⁽¹⁾	100%	\$58,379
Overlapping Debt			
Gaston County	<u>204,212 ⁽³⁾</u>	33.55%	<u>\$68,513</u>
Total direct and overlapping debt	<u>\$262,591</u>		<u>\$126,892</u>

Notes:

(1) Total debt was calculated as general obligation bonds, installment purchases, limited obligation bonds, and bond premiums less general obligation bonds incurred for business-type activities.

(2) Allocated based on assessed valuation.

(3) Overlapping debt is owned by Gaston County and benefits all areas within the county. Payment of this debt is the responsibility of Gaston County. Net debt is calculated as general obligation bonds, certificates of participation, state revolving loans, installment purchases, capital leases, and bond premiums less debt incurred for enterprise funds.

Schedule 13
City of Gastonia
Legal Debt Margin Information,
Last Ten Fiscal Years
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	\$6,893,606
Debt limit (8% of assessed value)	551,488
Debt applicable to limit:	
Authorized & Outstanding bonded debt	64,461
Outstanding debt not evidenced by bonds	49,402
	<u>113,863</u>
Statutory Deductions:	
Bonds and other debt not evidenced by	55,483
bonds applicable to Enterprise Funds	-
Amount designated for payment of gross	<u>55,483</u>
debt other than Enterprise Funds	
Net Debt	<u>58,379</u>
Legal Debt Limit	<u><u>\$493,109</u></u>

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$414,915	\$418,317	\$411,170	\$427,876	\$424,656	\$442,277	\$457,188	\$466,206	\$539,918	\$551,488
Total net debt applicable to limit	66,505	60,980	60,049	55,577	51,427	47,599	44,419	40,660	61,317	58,379
Legal debt margin	<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>	<u>\$493,109</u>
Total net debt applicable to the limit	16.03%	14.58%	14.60%	12.99%	12.11%	10.76%	9.72%	8.72%	11.36%	10.59%
as a percentage of debt limit										

Schedule 14
City of Gastonia
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Water Revenue Bonds					
	Gross Utility Revenues ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service Principal ⁽³⁾	Debt Service Interest ⁽⁴⁾	Coverage
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
2021	41,572	26,314	15,258	4,105	928	3.03

⁽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⁾
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	3,396,989	44,103	9.4%
2021	80,411	NA	NA	6.1%

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 2020 unemployment rate was directly related to the labor market effects of the State's Stay-At-Home order due to the COVID-19 pandemic, and the decrease in 2021 was due to the relaxation of this State order.

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

	2021			2012		
	Approximate Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Caromont Health	1,000 & Over	1	-	1,000 & Over	2	-
Gaston County Schools	1,000 & Over	2	-	1,000 & Over	1	-
Freightliner	1,000 & Over	3	-	500-999	8	-
Gaston County	1,000 & Over	4	-	1,000 & Over	4	-
Wal-mart Association, Inc.	1,000 & Over	5	-	1,000 & Over	3	-
Mann+Hummel Filtration (a)	1,000 & Over	6	-	1,000 & Over	5	-
American & Efird LLC	1,000 & Over	7	-	1,000 & Over	6	-
Food Lion	500-999	8	-	-	-	-
City of Gastonia	500-999	9	-	500-999	7	-
Bud Antle Inc	500-999	10	-	-	-	-
Gaston College	-	-	-	500-999	9	-
Dole	-	-	-	500-999	10	-

Note: Employers in the City of Gastonia and Gaston County in close proximity to the City

Source: NC Department of Commerce.

Due to the confidentiality policies of many employers, the exact number of employees for the principal employers is not available, therefore the percentage of total city employment is not determinable. The Gaston County Economic Development Commission and NC Employment Security Commission provides this information in ranges only.

(a) Entity name was FKA Wix Filtration Corp in 2012

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	148	151	164	172	172	163	176	178	185	175
Police	171	170	164	158	168	167	177	183	185	181
Fire	137	134	137	137	137	137	142	141	138	144
Public Works	92	89	74	74	73	70	61	66	66	67
Cultural and Recreation	49	48	46	53	52	53	68	72	70	68
Water and Sewer	134	130	131	131	122	119	130	122	122	133
Electric	46	45	44	43	44	42	46	45	45	43
Transit	20	20	21	22	21	27	37	35	36	35
Solid Waste	48	40	38	39	40	40	44	43	42	47
Stormwater	8	7	6	7	6	6	6	8	8	9
Total	853	834	825	836	835	824	887	893	897	902

Notes: All fiscal years are actual data obtained from the Budget Division.

In fiscal year 2018 the City reclassified the cemetery staff from Public Works to Recreation and the landscaping staff from Water & Sewer to Recreation.

In fiscal year 2019 the City hired additional staff in the General Government function however also transferred certain employees to the Public Works function.

In fiscal year 2019 a street repair cost center was moved from the water & sewer fund to the general fund and was then moved back in fiscal year 2021.

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Commercial Construction										
Commercial Building permits issued	636	629	467	368	396	381	592	347	384	291
Commercial Building permit value	97,074	64,292	120,524	62,040	104,774	73,094	67,410	84,113	98,674	247,663
Residential Construction										
Residential Building permits issued	514	347	545	733	718	748	649	687	684	949
Residential Building permit value	68,468	46,624	53,848	94,602	117,328	133,065	98,617	124,297	140,203	216,944
Police										
Physical arrests	7,605	7,454	6,359	7,612	6,191	5,940	6,405	5,826	3,972	3,916
Parking violations	53	34	23	17	10	22	13	14	23	15
Traffic violations	8,836	9,092	8,634	7,003	9,619	7,440	6,864	6,035	6,126	6,806
Fire										
Number of calls answered	8,689	9,082	9,567	10,060	10,729	11,307	10,725	10,305	8,662	10,176
Fires extinguished	293	336	283	326	325	274	330	285	339	347
Inspections	4,293	3,066	4,505	3,848	4,084	5,087	4,821	6,489	5,248	6,346
Sanitation/Solid Waste										
Residential Refuse collected (tons annually)	21,532	18,939	18,710	18,707	19,394	20,783	21,696	23,089	25,431	28,852
Commercial Refuse collected (tons annually)	20,395	-	-	(A)	-	(A)	-	(A)	-	(A)
Contractor/Recyclables collected (tons annually)	2,348	3,741	4,042	4,025	4,148	3,868	4,220	4,294	3,498	- (B)
City Crews/Recyclables collected (tons annually)	103	32	28	27	24	25	29	14	-	-
Other public works										
Street resurfacing (miles)	-	0.44	1.23	1.06	1.70	6.20	11.00	-	14.68	10.41
Potholes repaired	1,052	691	1,052	460	1,586	1,412	1,465	1,759	1,788	1,560
Water										
Number of service connections	27,684	27,648	28,095	28,899	29,523	30,125	30,383	30,956	31,215	32,801
Water main breaks	111	144	149	110	204	170	201	138	203	126
Average daily consumption (thousands of gallons)	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	13.7 MGD
Maximum daily capacity of plant in gallons (thousands of gallons)	27.3 MGD	25.2MGD	26MGD	25.3 MGD	26 MGD	25.2 MGD	25.2 MGD	27.3 MGD	27.3 MGD	27.3 MGD
Wastewater										
Average daily sewage treatment (thousands of gallons)	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	11.2 MGD
Maximum daily capacity of treatment in gallons	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD
Number of service connections	25,244	25,210	25,610	26,389	26,934	27,562	27,927	28,234	28,529	29,790
Transit										
Total route miles	289,028	293,896	284,602	280,808	291,530	292,204	288,582	303,204	301,014	306,067

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.

Note (B): The City terminated the recycling program in the 2021 fiscal year and constructed a recycling center for residents to drop off their recycle materials.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	159	154	152	157	155	156	156	156	140	156
Fire Stations	8	8	8	8	8	8	8	8	8	8
Refuse collection										
Collection trucks	22	21	21	21	25	26	26	26	24	25
Other Public Works										
Streets (miles)	335.56	336	337.23	338.29	339.99	340.97	343	345	348	352
Streetlights	9120	9180	9195	9242	9261	9397	9741	9835	10031	10076
Parks and recreation										
Acres	587	587	587	587	587	587	587	587	587	742
Parks	16	16	16	16	16	16	16	16	16	18
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	32	32	32	32	28	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	0	0	0	0	0	0	0	0	0
Franklin Urban Sports & Entertainment Facility	0	0	0	0	0	0	0	0	0	1
Water										
Water mains (miles)	589	591.77	593.2	594.95	597.42	600.62	601	664	675	675
Fire Hydrants	3,497	3512	3538	3564	3592	3622	4179	4205	4185	4185
Maximum daily capacity of plant in gallons	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	27.3 MGD
Wastewater										
Number of treatment plants	3	3	3	3	3	3	3	3	3	3
Sanitary Sewers (miles)	542	553.19	554.7	556.9	558.91	561.55	561	628	628	628
Storm sewers (miles)	160	160	160	160	160	160	160	160	168	168
Maximum daily capacity of treatment in gallons	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD
Transit										
Buses	9	9	9	8	8	8	8	8	8	8
ADA vans	5	5	5	5	5	5	5	5	5	5
Electric										
Distribution miles	471	473	483	474	474	487	489	497	509	509
Customers	26067	26268	26850	27054	27906	28208	28496	28919	29130	29130
Conference Centers	1	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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 27, 2021. 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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2021-001 that we consider to be a material weakness.

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 an instance of non-compliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2021-001.

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
October 27, 2021

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, 2021. 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, 2021.

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
October 27, 2021

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, 2021. 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, 2021.

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
October 27, 2021

CITY OF GASTONIA, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

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? Yes
- Significant deficiency(s) identified? None reported

Non-compliance material to financial statements noted? Yes

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? No

Identification of major federal programs:

<u>Program Name</u>	<u>AL #</u>
Federal Transit Cluster	20.507
COVID-19 Coronavirus Relief Fund	21.019

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, 2021**

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

State Aid to Airports (DOT-8)
Bessemer City Water Interconnection Project

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

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

Finding 2021-001

Material Weakness

Material Non-Compliance

Criteria: Management should have a control system in place to reduce the likelihood that violations of North Carolina General Statutes occur and go undetected. N.C. General Statute 159-32 requires that all monies collected or received by officers and employees be deposited daily unless the governing board has approved that a deposit does not have to be made until the amount on hand is over \$250.

Condition: Controls are not in place to ensure timely deposit of non-routine grant reimbursement checks. In one department, checks were held and aggregated over a period of time and then deposited together.

Effect: Assets of the City are not being controlled, and cash is not available to fund operations or invest as needed.

Cause: It is the City's policy to make timely deposit of all funds received. However, management has not provided adequate training and/or oversight of the department to ensure they are following the internal policy to meet the statutory requirement.

Recommendation: The City should provide the department head with further training regarding job responsibilities for receiving and depositing grant reimbursements. This should include a mechanism for ongoing monitoring of compliance and providing additional feedback as needed over time. Alternatively, the City could reassign those duties to a more centralized grant management position within the City's administration so that the responsibility for making grant related deposits does not rest within the department.

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.

CITY OF GASTONIA, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

None.

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

None.



Financial Services Department

Corrective Action Plan For the Year Ended June 30, 2021

Material Weakness Material Non-Compliance Finding 2021-001

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

Corrective Action: Upon notification of this statute violation, several steps were taken to correct and prevent this from happening again. Outreach was made to applicable persons (Department Head and Division Head) causing this weakness and provided information and an understanding of the severity of their previous actions.

To ensure grant moneys are deposited daily in the future, all departments who apply for grants have now changed all grant payments/reimbursements to be in the form of electronic payment and/or changed the remittance address of check grant payments to be delivered to our new Grants Manager. With any physical check being delivered directly to the Grants Manager, it ensures funds will be handled according to N.C.G.S. and deposited daily, as required.

Completed Date: 10/14/2021

CITY OF GASTONIA, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

Significant Deficiency

Finding 2020-001

Status: Corrected.

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal AL 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		\$ 251,042	\$ -	\$ 74,970
COVID-19 Community Development Block Grant	14.218		24,290	-	24,290
Total CDBG - Entitlement Grants Cluster			<u>275,332</u>	<u>-</u>	<u>99,260</u>
Home Investment Partnership Program	14.239		266,755	-	53,482
Total U.S. Dept of Housing and Urban Development			<u>542,087</u>	<u>-</u>	<u>152,742</u>
<u>U.S. Dept. of Transportation</u>					
Direct Program:					
Federal Transit Cluster:					
Federal Transit Formula Grants					
COVID-19 Urbanized Area Formula-Operating-CARES ACT	20.507		1,692,702	-	-
COVID-19 Urbanized Area Formula-Capital-CARES ACT	20.507	NC-2020-028-00	662,372	-	-
Urbanized Area Formula-Capital	20.507	NC-2020-064, NC-2018-055, NC-2019-037	681,072	-	-
Total Federal Transit Cluster			<u>3,036,146</u>	<u>-</u>	<u>-</u>
Federal Transit Formula Grants:					
Passed-through the N.C. Department of Transportation:					
Highway Planning and Construction Cluster:					
Highway Planning, Research and Construction Cluster:					
Hwy Planning, Research and Construction-Section 104(d)	20.205	104(d) Planning Funds WBS 48476.1.8 Planning Funds	204,812	-	-
Hwy Planning, Research and Construction-Section 5303	20.205	WBS 36230.11.20.6 SPR Funding Planning Funds- WBS #48478.3.4/TIP	23,829	2,979	-
Hwy Planning, Research and Construction-SPR Funding	20.205	M0533CD Catawba Crossing Feasibility Study SPR Funding Planning Funds- Agreement #5964 WBS	270,465	50,715	-
Hwy Planning, Research and Construction-SPR Funding	20.205	#48478.3.1 NCDOT EB-5701 X972023	74,002	-	-
NCDOT: Franklin Blvd Sidewalks Project	20.205		18,930	-	-
Total Highway Planning and Construction Cluster / Highway Planning, Research and Construction Cluster			<u>592,038</u>	<u>53,694</u>	<u>-</u>
Highway Safety Cluster:					
State Community and Highway Safety - YR2 Grant	20.600	PT-21-06-19	24,368	-	-
State Community and Highway Safety - Vehicles	20.600	PT-21-06-34	68,961	-	-
State Community and Highway Safety - YR1 Grant	20.600	PT-20-06-32	20,853	-	-
Total Highway Safety Cluster			<u>114,182</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Transportation</u>					
Passed-through the N.C. Department of Transportation Division of Aviation					
Airport Improvement Program and COVID-19 Airport Programs:					
Airport Runway Lighting Rehab	20.106	36237.55.13.1/ap50107	52,663	-	-
Airport Layout Plan	20.106	36237.55.12.2/ap50105	99,490	-	-
COVID-19 CARES Act Grant Airport Improvement Program	20.106	36237.55.12.3	30,000	-	-
Total Airport Improvement Program			<u>182,153</u>	<u>-</u>	<u>-</u>
<u>U.S. Environmental Protection Agency</u>					
Direct Program:					
Brownfield Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818		150,838	-	-
<u>U.S. Department of Justice</u>					
Direct Program:					
Edward Byrne Memorial Justice Assistance Grant Programs:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0544	54,770	-	16,481
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0252	7,988	-	-
Bullet Proof Vest Partnership Program	16.607	2018-BU-BX-094655	649	-	-
Bullet Proof Vest Partnership Program	16.607	2019-BU-BX-19019570	13,781	-	-
Bullet Proof Vest Partnership Program	16.607	2020-BU-BX-20019570	1,941	-	-
Direct Program:					
Equitable Sharing Program	16.922		333,460	-	-
Total U.S. Department of Justice			<u>412,589</u>	<u>-</u>	<u>16,481</u>

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
<u>U.S. Department of Treasury</u>					
Passed through the N.C. Office of State Budget and Management					
N.C. Pandemic Recovery Office					
Passed through Gaston County:					
COVID-19 Coronavirus Relief Fund	21.019	02-36-06	1,128,787	-	-
Passed through N.C. Alliance of YMCA:					
COVID-19 Coronavirus Relief Fund	21.019	103-01-079-01	7,237	-	-
Passed through N.C. Outdoor Heritage Advisory Council:					
COVID-19 Coronavirus Relief Fund	21.019	Grant #427 GOGRANT 103020	2,500	-	-
Direct Program:					
Equitable Sharing Program	21.016		54,588	-	-
Total U.S. Department of Treasury			<u>1,193,112</u>	<u>-</u>	<u>-</u>
Total assistance - Federal programs			<u>6,223,145</u>	<u>53,694</u>	<u>169,223</u>
State Grants:					
Cash Assistance:					
<u>N.C. Department of Transportation</u>					
Powell Bill					
Direct Program: NCDOTYMCA Traffic and Crosswalks		WBS# 47751/Agreement #7776	-	1,766,804	-
State Aid to Airports - Airfield Pavement Rehabilitation		DOT-8/36244.13.4.2/ap50102	-	162,199	-
State Aid to Airports - Taxiway Lighting & Signage		DOT-8/36244.13.4.3/ap50101	-	585,028	-
State Aid to Airports - Airport Improvements: Self Serve avgas fuel system		DOT-8/36244.13.4.1/ap50108	-	554,595	-
Total N.C. Department of Transportation			<u>-</u>	<u>15,898</u>	<u>-</u>
			<u>-</u>	<u>3,084,524</u>	<u>-</u>
<u>North Carolina Department of Commerce</u>					
City is Subrecipient-Passed-through City of Bessemer City					
Bessemer City Water Interconnection Project		Grant U-504	-	863,286	-
<u>North Carolina Department of Environmental Quality</u>					
Division of Water Infrastructure					
Water Asset Inventory and Assessment		H-AIA-D-18-0112	-	3,650	-
Wastewater Asset Inventory and Assessment		E-AIA-W-18-0110	-	3,650	-
Total assistance - State programs			<u>-</u>	<u>3,955,110</u>	<u>-</u>
Total assistance			<u>\$ 6,223,145</u>	<u>\$ 4,008,804</u>	<u>\$ 169,223</u>

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, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the City of Gastonia, it is not intended to, and does not present the financial position, changes in net position, or cash flows of the City of Gastonia.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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