

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR YEAR ENDED JUNE 30, 2022



CITY OF GASTONIA, NORTH CAROLINA

City of Gastonia
North Carolina

Annual Comprehensive Financial Report
for
Fiscal Year Ended June 30, 2022



Prepared by
The Financial Services
Department

City of Gastonia

North Carolina

Annual Comprehensive Financial Report

Year Ended June 30, 2022

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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INTRODUCTORY SECTION

Letter of Transmittal

City Facts

Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart





City of Gastonia

A COMMITMENT TO EXCELLENCE

OFFICE OF
THE CITY MANAGER

October 31, 2022

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 Annual Comprehensive Financial Report of the City of Gastonia, North Carolina for the fiscal year ended June 30, 2022, with comparative numbers for the fiscal year ended June 30, 2021.

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, 2022, 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, 2022 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

COMMERCE, INDUSTRY and ECONOMIC OUTLOOK

The City’s economy has benefited from its location within a major population center, its proximity to Charlotte and its access to major interstate highways and Charlotte-Douglas International Airport (the “Airport”) and the Charlotte Regional Intermodal Facility at the Airport (the “CLT Intermodal Facility”), an inland port operated by the North Carolina State Ports Authority and capable of handling more than 30,000 containers annually. For many years, the textile industry played a major role in the city. However, many companies relocated manufacturing facilities outside the United States resulting in a significant loss 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 serves as a catalyst for redevelopment. The new multi-sport and entertainment venue was developed with proceeds of \$24,000,000 in Taxable Limited Obligation Bonds, issued on October 3, 2019, and is the anchor of the FUSE District. The City purchased approximately 16 acres of contiguous property and the multi-use sports and entertainment facility opened in the Spring of 2021.

The City has executed a management services agreement and facility lease for the multi-use CaroMont Health Park. The ballpark opened in Spring 2021 by the Gastonia Honey Hunters Atlantic League Professional Baseball team. Trenton Mill Apartments was the first development to open in 2022 with a successful lease percentage. The City expects that the private development of Dirty Bull Brewery to be completed in 2022. The historical Coca-Cola building will continue to move forward in the next year as well as an anticipated redevelopment of the former YMCA property.

It is important to note that, all parcels of the surrounding FUSE private development pads have been identified and are beginning the development process. As stated, Florida-based Lansing Melbourne Group's redevelopment of the old Trenton Mill building has resulted in the development of 84 loft apartments. Durham-based Dirty Bull Brewing Co. will occupy the 5,000 square-foot space behind 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 they are currently exploring their options for hotel, retail, and office uses. Highline Partners is planning a redevelopment of the former Central YMCA to 7,000 square feet of commercial space and 200 market-rate apartments with a \$50 million investment. This private development is estimated at a \$125 Million investment, which is five times more than the Taxable Limited Obligation Bond issued for the public development of the stadium.

Gateway 85 has developed in 2022 to be a premier location for warehouse and distribution in Gastonia. The development sits on the former "Lineberger Property" that stretches across the city limit line with Lowell. Currently, three buildings with a collective amount of over two (2) million square feet of space are nearing completion and have tenants that have been announced in 2022, including Amazon and USPS.

Coming out of COVID-19 and potential economic adversity, the City of Gastonia has seen a surge in residential permits. Since January 2020, the City of Gastonia has issued over 1,200 permits for new residential construction. The challenge now for Gastonia is to continue to attract various quality developments. Developments with high values are more fiscally sustainable and will contribute more to the expansion of the tax base. Consistent with the City's land development plans, Gastonia encourages commercial, office, industrial, and residential development in each sector of the City. In particular, infill developments are the most desirable form of economic growth because the infrastructure is already in place, thereby reducing the cost to serve the new development.

The Gastonia Technology Park (GTP) remains the premier home for several international industries. Project Grappa announced their intention to locate on 16 acres of property. This is a \$45 million expansion bringing 45 additional jobs to Gastonia. This year, American company Polykemi Inc, a fully-owned subsidiary of the Swedish family business Polykemi AB, 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 worked with the County on development of a new business park known as the Apple Creek Corporate Center to be built on approximately 312 acres of land located adjacent to the Gastonia Technology Park. The Apple Creek Corporate Center will be able to support approximately 1,700,000 square feet at full build-out. This year, GNT USA, Inc. opened their North American headquarters on approximately 49.24 acres in the Apple Creek Corporate Center. GNT USA, Inc. invested of \$30 million to construct a food processing operation in the Apple Creek Corporate Center. The company intends to create approximately 40 jobs at this location over several phases. GNT USA, Inc. will utilize interstate and regional sources of specific vegetable varieties for production. Additionally, 2022 saw the announcement of Hans Kissele locating in Apple Creek. This is a \$42 million investment and will create 219 jobs.

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

CaroMont Health has announced an investment over the next five years in the County of \$350 million, of which over \$70 million is being invested in the City. The new four story critical care tower addition on the main campus in Gastonia has started and will be completed in 2023. This will add over 65 more licensed beds to the facility.

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

This past year also brought forward approval for Center City Crossings by Kuester Development from Fort Mill, SC and the group started construction this year. Center City Crossings is a six-

story 90-unit luxury apartment building in the heart of Downtown Gastonia. This projects represents the renewed interested from Charlotte-area developers in investing in Gastonia. It signals that Gastonia’s market is growing. The project is scheduled for completion in 2023.

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-unit multi-family project for Downtown Gastonia – Center City Crossings. Construction started in Summer 2022. Anticipate 2023 completion.
- Successfully welcomed LMG with the ribbon cutting for Trenton Mill Apartments.
- Successfully recruited, and navigated, private development for FUSE pads through the permitting/environmental process: Highline Partners, North of Fifth Investors, and Lenox Development.
- Completed phase 1 of Downtown Art initiative for signal boxes and transformers.
- Continued utilization of the \$300,000 Brownfield Assessment Grant from the US Environmental Protection Agency. This is already being used directly on four projects throughout the downtown area.

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

MAJOR INITIATIVES

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

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

With the unprecedented federal spending bill, commonly known as the American Rescue Plan Act of 2021, staff has identified allowable projects that will assist the citizens of Gastonia and improve the services of the City. Some of these projects include a new pool and pool house at Erwin Center, replacement of playground equipment at four community centers, upgrades to the FUSE facility and grounds, new tasers and body cameras for the police department, \$1.5M towards street resurfacing, and community partnerships for affordable housing, workforce development and county school athletic facility upgrade.

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

BUDGET / FISCAL PRINCIPLES and OBJECTIVES

The focus for the City's fiscal management is centered on 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 2023 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 3.0%. The recommended and adopted property tax rate for Fiscal Year 2023 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, during the Fiscal Year 2022, there was an addition of 12 new positions. These positions included a fire department logistics captain, employee development and engagement manager, process improvement manager, property and evidence custodian, quarter master, homelessness coordinator, three electric line technicians, and an IT security analyst. Due to these mid-year additions, no new positions were added with the Fiscal Year 2023 budget.

Electric Fund

No general retail electric rate changes were recommended in the Fiscal Year 2023 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 2023 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 2023 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 2023 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 2023 and is construction scheduled to begin in Fiscal Year 2023 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 2023 budget included a solid waste fee increase of \$2.50 per household. 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 increase will maintain the City's approved strategy for the next two years and accounts for the rising costs of personnel, landfill increases, contract, increases, CPI increases, Duke Street and Farmers Market Recycling Center contract operation, fuel increases and additional equipment.

Stormwater Fund

The Fiscal Year 2023 budget included a Stormwater fee increase of \$1.25, resulting in the cost per ERU to b \$5.00. 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 continuing to work 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 2023 is 939 and no salary increases. In January 2022, due to multiple economic factors and to remain competitive with other organization, employees received a salary increase where each employee received a minimum of 6.5%, with the average increase being 10.7%. The budget maintained the annual \$350 Holiday 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 2023 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 452 miles of paved streets (352 miles of local streets) along with sidewalks and traffic control systems, 686 miles of water lines, 650 miles of sewer lines, and 509 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. Payments for these loans are spread over a 59-month period; thereby, leveling the impact of equipment needs from year to year. Approximately \$8.27 million worth of vehicles and equipment were requested by departments during the FY 2023 budget process, with roughly \$5.07 million being approved for purchase per recommendations from the Division Manager of Fleet Services and Director of Public Works. In addition, \$657,180 in technology equipment was requested and approved. However, due to low interest rates at that time and the uncertainties surrounding future rates, the City opted to enter into a second loan in FY 2022, rather than waiting until FY 2023. Therefore, the FY 2023 budget does not appropriate new funds for an additional loan, but includes only payments for prior loans.

Transportation

The Fiscal Year 2023 budget provide \$588,265 for resurfacing and repairing local City streets. This is in conjunction with \$1,500,000 that has been allocated from American Rescue Plan Act (ARPA) for a three-year resurfacing project. The North Carolina Department of Transportation (NCDOT) Project upgrading the US 321/I-85 Interchange was completed in 2021. 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 2023, 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 the construction of a new self-serve fuel station and perimeter fencing along Union Road.

The City Council approved a \$75 million Transportation General Obligation Bond referendum at its August 2, 2022 meeting. City residents will vote on the referendum on the November 8, 2022 election ballot. If approved, the bond proceeds will be used for street resurfacing, intersection improvements, safety improvements around schools and parks, sidewalk and pedestrian safety, roadway manhole repairs, planning and early engineering for future road projects, and I-85 widening utility relocation and design enhancements.

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 2023. Finally, the City will continue to partner with the Gaston-Cleveland-Lincoln Metropolitan Planning Organization, the City of Belmont, the Town of Cramerton, and Gaston County to complete the Catawba Crossings Feasibility Study (bridge crossings over the South Fork and Catawba Rivers). This is a critically important transportation project, connecting South New Hope Road to NC160, with connections to I-485 and Charlotte-Douglas International Airport. This study should be completed in FY 2023.

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, 2022, 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 2023 budget appropriates \$1,986,850 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.

The City must always be vigilant in searching for ways to reduce operating costs. Some operating costs will increase no matter what the City does 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 the City makes this expenditure, what kind of investment return will the City receive? We must view each new expenditure as one that may cause us to reduce an expenditure elsewhere within the City. A request to spend funds must always be viewed within the larger context of our budget. The City must 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 2023 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. The City will continue to evaluate operations and processes for methods of efficiency and effectiveness. The City will persistently strive to improve the quality of city services at the lowest cost possible, while seeking opportunity to improve all of our citizens' quality of life.

INTERNAL CONTROLS

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

The City's most significant internal control is the budget used to monitor and manage expenditures. North Carolina General Statutes require the adoption of an annual budget for all funds except fiduciary funds, internal service funds and those funds for which expenditures are authorized by project ordinance. The annual budget is adopted on the modified accrual basis of accounting, as mandated by 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, 2022 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 2023 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, 2022 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+. In October 2022, Standard and Poor's upgraded the City's general obligation bonds to AA from AA-.

Pursuant to the North Carolina General Statutes, the City's outstanding general obligation debt is subject to a legal limitation based on 8 percent of the total assessed valuation of real and personal property. As of June 30, 2022, the City's legal debt limit was \$558,685,880. The outstanding debt subject to this limit was \$59,826,325, leaving a net legal debt margin of \$498,859,555. The total gross bonded debt at June 30, 2022, was \$58,974,000. 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 \$21.202 billion, which includes the City's valuation of \$6.983 billion, resulting in a City to County ratio of 32.94%.

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, 2022, 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, 2021. The 2021 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-nine (29) years. The City believes the report for Fiscal Year 2022 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 2022. The City has received this award for the past thirty (30) 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 2023 budget continues to conform to program requirements and it has been submitted to the GFOA to determine its eligibility for another award.

ACKNOWLEDGMENTS

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

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

Respectfully,



Michael C. Peoples
City Manager



Crystal Certain
Director of Financial Services

City of Gastonia

North Carolina



- Gastonia is located in south-central North Carolina on the South Carolina border.
- Gastonia is located 20 minutes west of Charlotte.
- Gastonia is the County Seat for Gaston County
- Gastonia is the largest of the County's thirteen municipalities with 51.69 square miles and more than 81,161 residents

City Facts

General Description

The City of Gastonia is located in the heart of the Piedmont section of North Carolina on the South Carolina border. It is the thirteenth largest city in the State and is the third largest city in the Charlotte-Concord-Gastonia-Rock Hill Metropolitan Statistical Area (MSA) as defined by the United States Bureau of the Census. The MSA currently has a current population estimate of just over 2,600,000 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 81,161 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 17873 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 81,161 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 June 30, 2022, the City of Gastonia has 939 authorized full-time equivalent positions.

Fiscal Control and the Budget Process

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

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

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

Property Taxes

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

Property Tax Rate

The tax rate is set each year by the City Council when the budget ordinance is adopted. The City of Gastonia's tax rate of \$.52 for the new fiscal year beginning July 1, 2022. 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 expected to be 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 has been defined as a metropolitan-dominated region, with Charlotte serving as the central economic engine and employment center. Within this context, the City and Gaston County are fast becoming what economists refer to as a "regional retail center." With the establishment of the City as a retail destination, an influx of shoppers from surrounding counties such as Lincoln, Cleveland, York and Mecklenburg has been noted.

Daimler Trucks North America is the City's largest taxpayer with 1.68% 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 8.38% 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 454 linear miles of paved streets in the City. The City and State maintain approximately 354 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 179 destinations, including international locations and three U.S. territories. American Airlines 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 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 7,500 students each term and averages over 10,000 students in its Continuing Education programs. Through affiliation with the constituent institutions of The University of North Carolina, course credits transfer between these educational institutions based on a plan jointly developed and approved by the North Carolina Community College System and The University of North Carolina. Also, Belmont Abbey College is a private liberal arts college located five miles east of the City with an enrollment of over 1,700 students and offers undergraduate and adult degree programs.

Cultural and Recreational Activities

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

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

The City sponsors a full range of recreation programs. Recreation facilities are located on approximately 652 acres of land including six community centers, eight jogging tracks, 28 tennis courts, 23 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.



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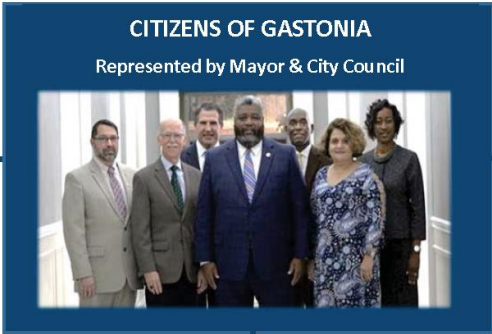
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

City of Gastonia North Carolina



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

CITY CLERK
 Suzanne Gibbs
 704-866-6719

CITY MANAGER
 Michael C. Peoples
 704-866-6721

CITY ATTORNEY
 L. Ashley Smith
 704-866-6735

DEPUTY CITY MANAGER
 Todd Carpenter
 704-866-6860

ASSISTANT CITY MANAGER
 Melody Braddy
 704-854-6678

ASSISTANT CITY MANAGER
 Quentin McPhatter
 704-866-6013

PUBLIC UTILITIES
 Joseph Albright
 704-869-1929

PUBLIC WORKS
 Dale Denton
 704-866-6028

COMMUNICATIONS & MARKETING
 Mary Elliott
 704-866-6749

POLICE
 Chief Travis Brittain
 704-866-6891

FIRE
 Chief Philip Welch Jr
 704-866-6806

HUMAN RESOURCES
 Judy Smith
 704-866-6786

DIVERSITY, EQUITY & INCLUSION
 Cherie Jzar
 704-866-6705

TECHNOLOGY SERVICES
 Chris Koltyk
 704-866-7856

FINANCIAL SERVICES
 Crystal Certain
 704-866-6800

PARKS AND RECREATION
 Cam Carpenter
 704-866-6841

SCHIELE MUSEUM
 Dr. Ann Tippitt
 704-866-6902

INTERNAL AUDITOR
 Vacant
 TBD

DEVELOPMENT SERVICES
 Rusty Bost
 704-854-6635

ECONOMIC DEVELOPMENT
 Kristy Crisp
 704-842-5105

PLANNING
 Jason Thompson
 704-854-6629

HOUSING & COMMUNITY ENGAGEMENT
 Danette Dye
 704-866-6758

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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gastonia, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditor, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gastonia, North Carolina, as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the American Rescue Plan Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City of Gastonia ABC Board, which represents 80%, 75% and 95%, respectively, of the assets, net position, and revenues of the discretely presented component units as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Gastonia ABC Board, is based solely on the report of the other auditors.

Basis for Opinions

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

Change in Accounting Principle

As discussed in note 9 to the financial statements, for fiscal year ended June 30, 2022, the City of Gastonia adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated October 31, 2022, on our consideration of the City of Gastonia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Gastonia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Gastonia's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 31, 2022

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, 2022. 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 \$474,940,623 (*net position*). This is a \$14,949,437 increase from the beginning net position.
- Governmental activities' net position increased by \$326,377, and business-type activities increased by \$14,623,060.
- As of the close of the current fiscal year, the City of Gastonia's General Fund reported an ending fund balance of \$48,893,850, an increase of \$6,112,629 from the prior year ending fund balance. Approximately 64% of this total amount, or \$31,302,060, 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 \$36,483,849, or 47.96%, of total General Fund expenditures, including transfers to other funds, for the fiscal year. Prior year *available fund balance* was \$31,253,603, or 44.59%, of total General Fund expenditures, including transfers to other funds. This is a \$5,230,246 increase in *available fund balance* and is mostly due to a \$6,112,629 increase in total fund balance along with an increase of \$740,837 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 2022 fiscal year with a net position of \$7,717,168, as compared to a 2021 fiscal year ending net position of \$6,506,264. For the year ended June 30, 2022, charges for services exceeded claims, HSA contributions, administration fees, and stop/loss premiums by \$1,210,904. Charges for services and interest revenue were up by \$327,605 from 2021, and claims and other administrative expenses were up by \$1,787,417, of which \$1,698,169 was directly related to an increase 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 \$1,792,720, and (\$9,028,965), for the year ended June 30, 2022, respectively, as compared to changes in net position (full accrual basis) of \$7,765,318 and \$5,990,084, respectively. The City's non-major enterprise funds are the Transit Fund, Municipal Golf Course Fund, Solid Waste Fund, and Stormwater Fund. These funds had revenues and other financing sources over (under) expenditures and other financing uses (budgetary basis) of \$534,275, \$21,268, (\$332,177), and (\$113,886), for the year ended June 30, 2022, respectively, as compared to changes in net position (full accrual basis) of \$626,774, (\$13,436), (\$212,643) and \$147,001, respectively.
- The City's American Rescue Plan Special Revenue Fund recognized revenues of \$1,002,244 and expenditures and transfers to other funds of \$986,742 for the year ended June 30, 2022. As of June 30, 2022, the fund reported unexpended advance grant funding of \$14,675,181, along with a fund balance of \$17,085.

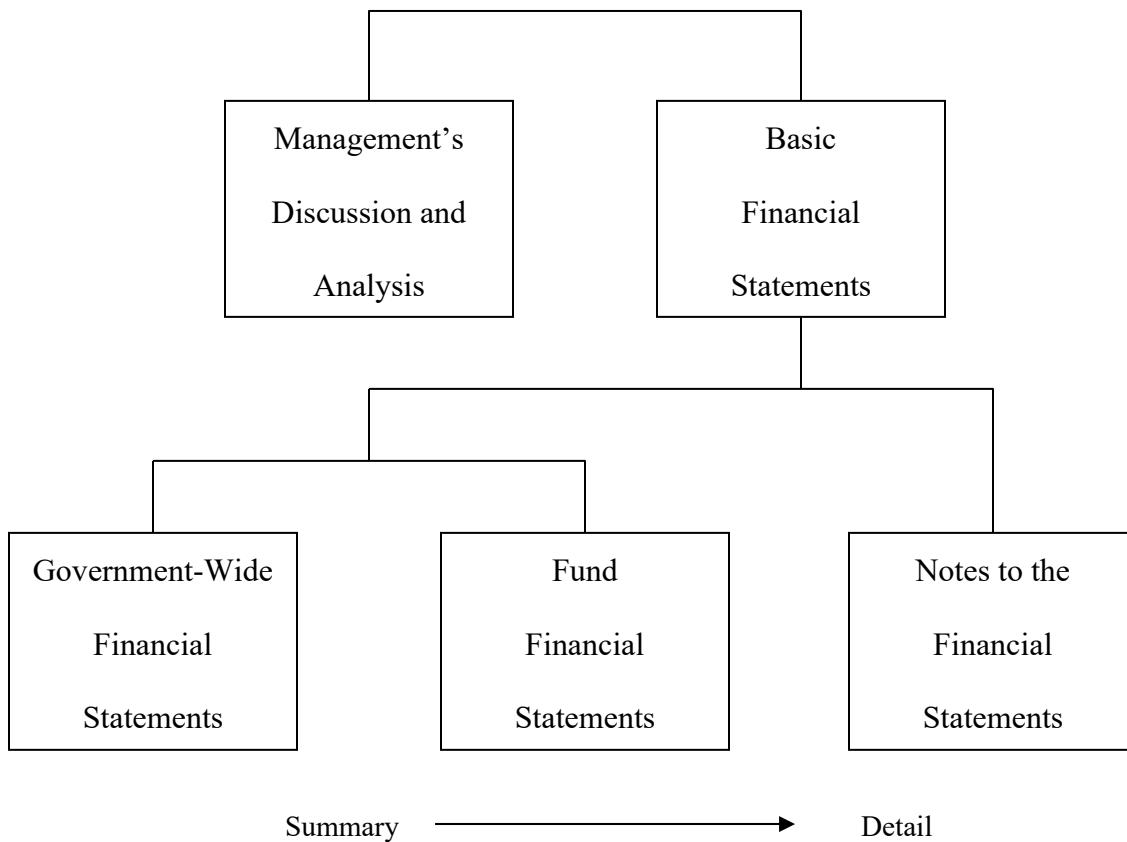
- The City of Gastonia’s total financing debt obligations decreased from \$113,862,699 to \$113,640,215 during the current fiscal year, a decrease of \$222,484 (0.2%). The key factors in this decrease were the overall scheduled debt retirements of \$11,819,279, while the City incurred \$11,596,795 of new financing debt obligations. New debt obligations consisted of \$9,080,000 vehicle equipment-financing instrument, and \$2,516,795 of a North Carolina State Revolving loan.
- The current credit ratings for general obligation debt are: Standard and Poor’s Corporation AA-, Moody’s Investor Service Aa2, and Fitch AA. The current credit ratings for revenue bond debt are: Standard and Poor’s Corporation AA-, Moody’s Investor Service Aa2, and Fitch AA+. In October 2022, Standard and Poor’s upgraded the City’s general obligation bonds to AA from AA-.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Gastonia, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City of Gastonia can be divided into 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 North Carolina General Statutes. The budget is a legally-adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Mayor and Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current-period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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

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

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

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

Government-Wide Financial Analysis

City of Gastonia’s Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	Total
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 105,602,703	\$ 78,251,135	\$ 107,545,102	\$ 100,355,345	\$ 213,147,805	\$ 178,606,480
Capital assets	169,639,210	177,422,234	350,528,673	340,797,601	520,167,883	518,219,835
Total assets	275,241,913	255,673,369	458,073,775	441,152,946	733,315,688	696,826,315
Deferred Outflows of Resources						
	31,121,101	28,002,372	7,742,612	6,460,891	38,863,713	34,463,263
Liabilities:						
Long-term liabilities outstanding	136,800,093	152,764,417	67,500,174	74,823,052	204,300,267	227,587,469
Other liabilities	35,299,662	24,085,788	21,446,776	16,568,295	56,746,438	40,654,083
Total liabilities	172,099,755	176,850,205	88,946,950	91,391,347	261,046,705	268,241,552
Deferred Inflows of Resources						
	28,917,811	2,439,100	6,641,627	617,740	35,559,438	3,056,840
Net Position:						
Net investment in capital assets	119,691,275	123,935,617	300,126,877	285,989,957	419,818,152	409,925,574
Restricted	20,025,187	18,193,045	-	-	20,025,187	18,193,045
Unrestricted	(35,003,649)	(37,742,226)	70,100,933	69,614,793	35,097,284	31,872,567
Total net position	\$ 104,712,813	\$ 104,386,436	\$ 370,227,810	\$ 355,604,750	\$ 474,940,623	\$ 459,991,186

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 \$474,940,623 as of June 30, 2022. The City's net position increased by \$14,949,437 for the fiscal year ended June 30, 2022. However, the largest portion of the City's total net position, \$419,818,152 (88.39%), 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. \$20,025,187 of the City's net position is restricted by State statute or external parties. The remaining balance of \$35,097,284 is unrestricted. The City's governmental activities attributed to \$326,377 of the increase; whereas, the business-type activities attributed to \$14,623,060 of increase in the City-wide net position. The particular aspects that influenced the increase in City-wide net position are discussed in the following Governmental Activities and Business-Type Activities sections.

City of Gastonia's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 14,736,546	\$ 11,567,267	\$ 129,210,335	\$ 138,307,907	\$ 143,946,881	\$ 149,875,174
Operating grants and contributions	4,768,967	5,054,061	9,799	-	4,778,766	5,054,061
Capital grants and contributions	2,191,799	5,163,691	8,148,903	10,333,550	10,340,702	15,497,241
General revenues:						
Ad valorem taxes	37,480,750	36,931,674	-	-	37,480,750	36,931,674
Local option sales tax	16,972,083	14,718,183	-	-	16,972,083	14,718,183
Other taxes	12,064,212	11,845,282	-	-	12,064,212	11,845,282
Interest earned on investments	286,522	204,099	135,444	52,131	421,966	256,230
Total revenues	88,500,879	85,484,257	137,504,481	148,693,588	226,005,360	234,177,845
Expenses:						
General government	17,256,712	15,641,563	-	-	17,256,712	15,641,563
Public safety	38,668,926	34,687,943	-	-	38,668,926	34,687,943
Public works and cemeteries	19,283,315	17,396,766	-	-	19,283,315	17,396,766
Cultural and recreation	8,862,070	7,798,607	-	-	8,862,070	7,798,607
Economic and physical development	1,745,398	1,437,793	-	-	1,745,398	1,437,793
Interest on long-term debt	1,296,656	1,503,876	-	-	1,296,656	1,503,876
Water and sewer	-	-	41,833,807	39,648,939	41,833,807	39,648,939
Electric	-	-	69,909,999	68,878,550	69,909,999	68,878,550
Transit	-	-	2,970,694	3,087,212	2,970,694	3,087,212
Golf	-	-	34,704	34,805	34,704	34,805
Stormwater	-	-	3,388,265	3,109,676	3,388,265	3,109,676
Solid waste	-	-	5,805,377	5,757,349	5,805,377	5,757,349
Total expenses	87,113,077	78,466,548	123,942,846	120,516,531	211,055,923	198,983,079
Change in net position before transfers	1,387,802	7,017,709	13,561,635	28,177,057	14,949,437	35,194,766
Transfers	(1,061,425)	(364,924)	1,061,425	364,924	-	-
Change in net position	326,377	6,652,785	14,623,060	28,541,981	14,949,437	35,194,766
Net Position:						
Beginning of year - July 1	104,386,436	97,733,651	355,604,750	327,062,769	459,991,186	424,796,420
End of year - June 30	\$ 104,712,813	\$ 104,386,436	\$ 370,227,810	\$ 355,604,750	\$ 474,940,623	\$ 459,991,186

Governmental Activities. Governmental activities increased the City's net position by \$326,377, thereby adding to the total growth in the net position of the City of Gastonia. Key elements of the 2022 fiscal year governmental activities increase to net position are as follows:

Total governmental-type revenues increased by \$3,016,622 from the fiscal year 2021 revenues. Local option sales tax revenues contributed to \$2,253,900 (14.06%) of this increase. Retail sales made in Gaston County increased by 17.07% and Statewide retail sales increased by 14.50%. The State's sales tax statute has multiple articles and the sales tax collected under each article is either distributed based on the County in which the retail sales were transacted or pooled Statewide and distributed based on County populations. Charges for services increased by \$3,169,279. This increase was influenced by the reopening of the City's museum and recreational facilities after extended shutdowns due to the pandemic and the Gastonia Tourism Development Authority conference center funding was back to its normal funding level. The General Fund funded the conference center losses in fiscal year 2021 and the City's Conference Center Operating Fund utilized debt service reserves, accumulated from previous year's Tourism Authority debt service pre-funding, to make fiscal year 2021 conference center debt service payments. Capital grants and contributions revenues decreased from fiscal year 2021 by \$2,971,892 and was due to less developer street infrastructure contributions and less airport grant funding. All other revenue sources were fairly consistent with the previous fiscal year. Investment earnings were \$286,522, as compared to \$204,099 in the 2021 fiscal year. The increase in investment earnings was due to an increase in cash and investments and the improvement in the rates of return in the investment markets.

Total governmental-type expenses increased by \$8,646,459. Salaries and employee benefits increased by \$5,216,795 from fiscal year 2021. The City implemented the results of a salary market study in January 2022. The average wage increase was approximately 10% and the City's required contribution rates for the Local Governmental Employees' Retirement Plan increased from 10.90% to 12.10% for law enforcement officers and from 10.15% to 11.35% for general employees and firefighters. Other non-wage-related expenditures increased by \$3,357,284. Of this increase, depreciation on capital assets accounted for \$1,824,655. This increase was mostly related to the placement of the FUSE sports and entertainment facility into service at the end of fiscal year 2021. An increase in economic development projects contributed to \$725,133 of the increase and City-street maintenance increased by \$383,166. OPEB and pension expenses increased by \$435,028. Interest on long-term debt decreased by \$207,220 due to the continued reduction of outstanding long-term debt.

Net transfers to/from the business-type activities increased by \$696,501 and were mostly due to a reduction of \$1,038,340 in transfers from the City's electric business activity to governmental activities capital projects funds. In the previous three fiscal years, the electric activity had increased its transfers to the governmental activities in assisting with the funding of certain economic development projects in the downtown area.

Business-Type Activities. The 2022 fiscal year business-type activities increase in net position of \$14,623,060 was primarily due to the following: fiscal year 2022 charges for services, operating grants, capital grants, and contributions exceeded program expenses by \$13,561,635, as compared to \$28,177,057 for the 2021 fiscal year. Charges for services, operating grants, and capital grants and contributions were \$137,369,037 in fiscal year 2022 as compared to \$148,641,457 in fiscal year 2021. Expenses were \$123,942,846 in fiscal year 2022 as compared to \$120,516,531 in fiscal year 2021. The business-type funds reported a net transfer in from the governmental funds of \$1,061,425, as compared to \$364,924 in the 2021 fiscal year. Investment earnings were \$135,444, as compared to \$52,131 in the 2021 fiscal year. The increase in investment earnings was mostly a reflection of the improved rate of returns in the investment markets.

The decrease of \$9,097,572 in charges for services was mostly due to a \$4,675,861 increase in utility charges for services and a \$13,537,829 decrease in electric power agency refunds. The increase in utility charges for services was due to a 1.7% increase in water & sewer consumption coupled with a 5% increase in water & sewer rates. Electric rates remained the same as in fiscal year 2021 however electric consumption increased by 7%. In fiscal year 2021 the City received a \$13,537,829 one-time distribution of excess working capital from the North Carolina Municipal Power Agency. Capital grants and contributions decreased by \$2,184,647 due to decreased contributed infrastructure from developers.

Total expenses were \$123,942,846 in fiscal year 2022 as compared to \$120,516,531 in fiscal year 2021, an increase of \$3,426,315. This increase was mostly due to a \$2,357,193 increase in salaries and employee benefits, an increase of \$785,541 in the cost of wholesale electricity, and a \$221,786 increase in OPEB and pension expenses.

Net transfers to/from the governmental activities decreased by \$696,501 and were mostly due to a reduction of \$1,038,340 in transfers from the City's electric business activity to governmental activities capital projects funds. In the previous three fiscal years, the electric activity had increased its transfers to the governmental activities to assist with funding of certain economic development projects in the downtown area.

Financial Analysis of the City's Funds

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

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

At June 30, 2022, the governmental funds of the City of Gastonia reported a combined fund balance of \$59,532,510, a \$4,516,990 increase from the prior year. Included in this change in fund balance is a \$6,112,629 increase in fund balance in the General Fund, a \$15,502 increase in fund balance in the American Rescue Plan Special Revenue Fund, and a \$1,611,141 decrease in the fund balance in other non-major governmental funds.

Total General Fund revenues increased by \$3,875,738. A \$2,253,900 increase in sales tax accounted for the majority of the increase, please refer back to the sales tax discussion in the above governmental activities section for the reasons for the increase. Ad valorem taxes accounted for \$467,736 of the increase and was related to a 1.3% increase in property valuations due to growth. Recreation fees and museum admissions increased by \$456,895 and were influenced by the reopening of the City's museum and recreational facilities subsequent to extended shutdowns due to the pandemic. Reimbursement for services increased by \$600,000 and was mostly due to the Gastonia Tourism Development Authority conference center funding was back to its normal level. Please refer back to the governmental activities section for a further discussion of the Gastonia Tourism Authority funding revenue.

Total General Fund expenditures increased by \$9,593,650. Salaries and employee benefits accounted for \$5,216,795 of the increase. The City implemented the results of a market study in January 2022. The average wage increase was approximately 10% and the City's required contribution rates for the Local Governmental Employees' Retirement Plan increased from 10.90% to 12.10% for law enforcement officers and from 10.15% to 11.35% for general employees and firefighters. Debt service increased by \$1,250,926

was due to reduced debt service on older debt issues and fiscal year 2022 being the initial year for principal payments related to the Series 2020 General Obligation Refunding Bonds. An increase in economic development projects contributed to \$725,133 of the increase and City-street maintenance increased by \$383,166. Operating expenditures increased by \$2,017,630 in various other general fund departments and cost centers.

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 \$36,483,849, a \$5,230,246 increase from the prior year. Total fund balance increased by \$6,112,629 to \$48,893,850 from the prior year amount of \$42,781,221. 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 47.96% of total General Fund expenditures and transfers out to other funds, while total fund balance represents 64.28% of that same amount.

The \$1,611,141 decrease in the other non-major governmental funds was due to increased project activities in the non-major governmental capital projects funds and increased economic development activities in the various governmental special revenue funds.

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 \$11,967,374. The increase was funded through an increase in appropriated fund balance of \$8,907,450, an increase in revenues of \$1,892,394, an increase in the recognition of other financing sources related to capital leases of \$565,000, and an increase in transfers from other funds of \$602,530. The increase in appropriated fund balance consisted of the following: purchase order carryovers from the 2021 fiscal year accounted for \$1,325,651 of the increase, \$2,263,519 was to carryover certain General Fund unspent prior year budget amounts for the Unified Development Ordinance and FUSE funding, \$1,960,123 was to carryover certain unspent prior year budget amounts in the smaller funds that are reported as part of General Fund, \$269,900 was appropriated to fund the design of a potential FUSE parking deck, \$2,470,700 was appropriated to fund mid-year salary increases, \$368,104 was appropriated to transfer restricted fund balance related building services revenues to the newly established Building Services Fund, and \$249,453 was appropriated for various other projects. The increase in other revenues consisted of the following: additional grant funding of \$902,311, an increase in recreational and museum fees of \$494,000, additional private funding for traffic impact studies of \$340,000, and various other funding sources of \$156,083. The increase in transfers from other funds consisted of the following: transfers from the ARPA fund for pandemic related paid leave of \$13,210, repayment from the Economic Stimulus Grants Fund to the General Fund related to a prior year's assistance with the funding an economic development loan in the amount of \$263,816, repayment from the Municipal Service District Fund of the General Fund's initial funding of the economic development revolving loan program in the amount of \$50,000, a transfer from the Infrastructure Rehabilitation Fund to fund the purchase of certain properties for redevelopment opportunities in the amount of \$257,811, and a \$17,693 transfer from the General Fund Capital Projects Fund for certain FUSE operations.

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 \$224,795,997; the Electric Fund amounted to \$106,720,410; the Stormwater Fund amounted to \$32,234,235; and the other nonmajor funds, Transit, Municipal Golf Course, and Solid Waste, amounted to \$3,805,938. 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, 2022 totals \$520,167,883 (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 \$32,217,645 and \$3,266,082, respectively, and the net effect of depreciation of \$27,003,515 resulted in an overall increase of \$1,948,048.

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 \$13,876,106. Construction in progress water and sewer infrastructure improvements placed in service totaled \$509,346. Various other water and sewer capital asset improvements of \$730,690 were incurred, along with the purchase of \$238,954 of machinery and equipment.
- Construction in progress of \$2,899,986 in governmental-type activities, which was mostly related to the FUSE project of \$1,364,133, FFA/NCDOT/Division of Aviation projects \$268,821, New Hope Widening project \$993,631, and the project for Erwin Center Additional Parking \$96,482.
- Various general infrastructure additions and other improvements of \$845,219 in the governmental-type activities.
- Construction in progress for electrical capital asset improvements of \$4,053,527 and \$893,000 placed in service.
- Construction in progress for stormwater infrastructure of \$259,981 and \$323,832 completed stormwater infrastructure.
- Electrical distribution capital assets of \$1,866,670 for new line construction.
- Internal Service Fund capital assets of \$4,779,096 of which included various vehicles and equipment. Entity-wide disposals mainly consisted of various surplus vehicles and equipment.

City of Gastonia’s Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land, land improvements, and buildings	\$ 134,146,917	\$ 132,557,225	\$ 96,944,296	\$ 96,682,185	\$ 231,091,213	\$ 229,239,410
Water and sewer treatment facilities	-	-	69,672,879	69,659,203	69,672,879	69,659,203
Machinery/equipment/vehicles	67,757,263	62,813,560	25,957,445	25,245,258	93,714,708	88,058,818
Electrical distribution	-	-	107,099,624	104,434,313	107,099,624	104,434,313
Water and sewer system	-	-	218,519,292	217,120,077	218,519,292	217,120,077
General infrastructure	302,416,926	301,469,440	-	-	302,416,926	301,469,440
Stormwater infrastructure	-	-	54,067,933	53,605,934	54,067,933	53,605,934
Construction in progress	3,198,716	4,829,473	28,415,715	11,934,842	31,614,431	16,764,315
Total	507,519,822	501,669,698	600,677,184	578,681,812	1,108,197,006	1,080,351,510
Less accumulated depreciation	337,880,612	324,247,464	250,148,511	237,884,211	588,029,123	562,131,675
Capital assets, net	\$ 169,639,210	\$ 177,422,234	\$ 350,528,673	\$ 340,797,601	\$ 520,167,883	\$ 518,219,835

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

Long-Term Debt. As of June 30, 2022, the City of Gastonia had total financing debt outstanding of \$113,640,215. Of this, \$16,832,000 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
General obligation bonds	\$ 16,548,288	\$ 18,664,526	\$ 283,712	\$ 332,474	\$ 16,832,000	\$ 18,997,000
Limited obligation bonds	22,665,000	24,000,000	-	-	22,665,000	24,000,000
Direct placement installment purchases	20,644,732	15,714,769	-	-	20,644,732	15,714,769
State revolving loans	-	-	34,021,483	33,686,930	34,021,483	33,686,930
Revenue bonds	-	-	19,477,000	21,464,000	19,477,000	21,464,000
Total	<u>\$ 59,858,020</u>	<u>\$ 58,379,295</u>	<u>\$ 53,782,195</u>	<u>\$ 55,483,404</u>	<u>\$ 113,640,215</u>	<u>\$ 113,862,699</u>

The City of Gastonia’s total financing debt obligations decreased from \$113,862,699 to \$113,640,215 during the current fiscal year, a decrease of \$222,484 (0.2%). The key factors in this decrease were the overall scheduled debt retirements of \$11,819,279, while the City incurred \$11,596,795 of new financing debt obligations. New debt obligations consisted of \$9,080,000 vehicle equipment-financing instrument and \$2,516,795 of proceeds from a North Carolina State Revolving loan.

As mentioned in the financial highlights section of this document, the current credit ratings for general obligation debt are: Standard and Poor’s Corporation AA-, Moody’s Investor Service Aa2, and Fitch AA. The current credit ratings for revenue bond debt are: Standard and Poor’s Corporation AA-, Moody’s Investor Service Aa2, and Fitch AA. In October 2022, Standard & Poor’s upgraded the City’s general obligation 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, 2022, the City had a legal debt margin of approximately \$499,000,000. Additional information regarding the City of Gastonia’s long-term debt can be found in note 2.B. of this report.

Economic Factors and Next Year’s Budgets and Rates

Economic Factors

- Unemployment in the City was 4.4% at fiscal year-end June 30, 2022, higher than the County rate of 4.1%, higher than the State rate of 4.1%, and higher than the national average of 3.8%. Unemployment in the City was 4.1% as of July 2022. The prior year rates for the City were 6.1% and 5.5% for the months ended June 2021 and July 2021, 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 if the Federal Reserve continues to increase interest rates there is a 75/25 chance that the North Carolina's economy may enter into a recession in 2023.

The annual N.C. real (inflation-adjusted) Gross Domestic Product (GDP) is expected to increase by 2.1% in 2023.

All 15 economic sectors in North Carolina will experience output growth in 2023, with Hospitality and Leisure Services experiencing the largest increases.

North Carolina employment is expected to reach 4,818,500 by December 2022, an increase of 3.5% over December 2021. The State is expected to have added 162,400 net jobs in 2022.

Connaughton is projecting that the North Carolina economy is expected to add 74,000 net jobs in 2023, reducing the unemployment rate to around 3.9% by December 2023.

- Construction activity within the City resulted in 1,289 permits issued on construction of \$496,928,317 as compared to 1,240 permits issued on construction of \$464,606,839 in the prior year. This included residential permits of 888 and commercial permits of 401, with construction costs of \$242,005,908 and \$254,922,409, respectively. Prior year residential permits issued were 949 and commercial permits issued were 291, with construction costs of \$216,943,672 and \$247,663,167, 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, 2023

Governmental Activities. The FY 2023 budget was balanced while achieving strategic objectives and priorities established by the City Council and while maintaining the ad valorem tax rate of \$0.52 per \$100 of valuation. In order to do so, an appropriation of \$1,986,850 from General Fund fund balance was necessary, along with a transfer from American Rescue Plan Act (ARPA) funds in the amount of \$500,000 to assist with covering salaries related to projects/activities being financed by those funds.

The Covid-19 pandemic created unprecedented times and circumstances that resulted in the City receiving significant one-time funding. While the budget for those funds was recognized in prior years, they will continue to carry forward until depleted. Thus, these funds played an important factor in the City's FY 2023 budget.

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

Approximately two-thirds of the funds, \$10 million, have been designated as revenue replacement. Projects earmarked from this funding source include: Police tasers, body cameras and the necessary server storage at a cost of \$1,275,942; three-year street resurfacing project totaling \$1.5 million; contractually required improvements at the Franklin Urban Sports & Entertainment (FUSE) stadium in the amount of \$750,000, \$1 million PARTF grant match for Linwood Springs Park; repair and paving of Bob and Pat Boyd Drive and associated parking areas in conjunction with Gaston College for \$850,000; \$45,000 towards traffic preemption devices for Fire vehicles in partnership with NCDOT; partnership with Gaston County schools in the amount of \$750,000 for athletic facilities; a one-time \$500,000 transfer to the General Fund to assist with balancing the FY 2023 budget; and the remaining amount of \$3,907,895 going towards upgrading various Public Works facilities.

The other funds totaling \$5,661,923 must be spent on projects or items that fall within four categories identified by the US Treasury. Qualified expenditures to date include: miscellaneous Covid-19 public health items totaling \$764,750; \$500,000 earmarked for an ARPA grants position to assist with processing and reporting; and technology upgrades for cybersecurity in the amount of \$232,000. The remaining funds have been approved by City Council for use towards the following projects: \$1.3 million for the Erwin Center pool replacement and pool house renovation; replacing playgrounds at four community centers for a total of \$500,000; security cameras at Martha Rivers Park for a cost of \$95,173; a three-year advertising campaign being spearheaded by the Communications & Marketing department, along with additional wayfinding signing, at \$75,000 each; \$70,000 for a bridge replacement at the Catawba Creek Golf Course; miscellaneous updates at the Gastonia Conference Center totaling \$500,000; \$1 million towards affordable housing; and a potential partnership with a local non-profit for workforce development in the amount of \$250,000.

Unlike recent years, the FY 2023 budget does not include pay increases because mid-year salary increases were approved during FY 2022 that became effective January 1, 2022. The FY 2023 budget did however, maintain the \$350 Holiday 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 with a 5% contribution.

Like other public and private organizations, controlling health care costs remains a budgetary challenge that will continue for the foreseeable future. As such, the FY 2023 budget was adopted with a 5.15% increase in these costs. The budget continues to include a \$750 payment in July to the Health Savings Account of each employee covered by the City's health insurance program. In addition, the FY 2023 adopted budget maintains \$2 million in a reserve account to cover any unexpected costs to prevent supplementary transfers from other funds, as needed in prior years.

Business-Type Activities. The Water and Sewer Fund saw a 5% rate increase with the FY 2023 budget, which amounts to approximately \$2 million of increased revenues. About half of those revenues will be consumed for personnel expenditures due to the mid-year salary increases all employees received in January 2022, with another fairly significant portion being placed into a reserve account to cover unforeseen expenditures that may arise. Another expenditure area with noteworthy cost increases is chemicals.

The FY 2023 Electric Fund budget included no retail electric rate changes, but did include a fee schedule that consolidated some rate classifications in an attempt to provide equity and consistency, as well as to simplify the rate structure. The budget was still able to provide funding for current and future capital projects, including construction of a new municipal operations center, new development infrastructure and the ongoing LED street light conversion throughout the City. The transfer to the General Fund from the Electric Fund remained at \$2 million, 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 a fee increase of \$2.50, going from \$8.50 to \$11.00 per month. With this increase and expected growth in the customer base due to new development, revenues are projected to increase 36.01%, which is approximately \$958,000. These revenues will be utilized to cover increased costs for adding vehicles to the fleet, as well as additional personnel costs in preparation for the growing customer base. Early in FY 2022, nine new positions were approved and all employees received mid-year salary increases effective January 1, 2022.

Another fund that adopted a rate change with the FY 2023 budget is Stormwater, with a \$1.25 increase, going from \$3.75 to \$5.00 per equivalent residential unit (ERU) per month. This rate increase, along with the expected growth in the customer base due to new development, resulted in projected revenues rising 36.81% or approximately \$1.1 million. A significant portion of these revenues will be funding capital projects, with that transfer increasing approximately \$500,000. The remainder will offset costs for additional vehicles/equipment, increased personnel expenditures and a reserve account for unexpected future expenditures.

The adopted FY 2023 budget saw a decrease in City funding to the Transit Fund due to the Transit Funds' receipt of \$6.5 million from the Coronavirus Aid, Relief and Economic Security (CARES) Act in FY 2020. In addition, the City received \$956,194 in American Rescue Plan Act (ARPA) funds during FY 2022. Funds from both sources will continue to carry forward each year until fully 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, 2022

	Primary Government			Component Units	
	Governmental	Business-Type	Total	City of	Gastonia
	Activities	Activities		Gastonia	Tourism
				ABC Board	Development Authority
Assets:					
Cash and cash equivalents	\$ 53,831,948	\$ 78,880,064	\$ 132,712,012	\$ 3,349,523	\$ 1,231,335
Taxes receivable, net	783,300	-	783,300	-	-
Accounts receivable, net	2,668,794	16,838,832	19,507,626	363	-
Long-term receivable	1,836,422	-	1,836,422	-	-
Leases receivable	6,491,078	270,606	6,761,684	-	-
Interest receivable	18,709	-	18,709	-	-
Due from other governments	8,376,179	250,157	8,626,336	-	304,675
Internal balances	(2,671,230)	2,671,230	-	-	-
Inventories	1,751,678	1,666,172	3,417,850	1,223,625	-
Prepaid items	90,859	-	90,859	69,707	-
Cash and cash equivalents, restricted	32,134,334	6,801,112	38,935,446	-	-
Right to use assets, net	290,632	166,929	457,561	-	-
Non-depreciable assets	18,276,496	42,099,236	60,375,732	688,637	-
Capital assets, net	<u>151,362,714</u>	<u>308,429,437</u>	<u>459,792,151</u>	<u>640,511</u>	<u>-</u>
Total assets	<u>275,241,913</u>	<u>458,073,775</u>	<u>733,315,688</u>	<u>5,972,366</u>	<u>1,536,010</u>
Deferred Outflows of Resources:					
OPEB deferrals	14,801,650	4,174,823	18,976,473	-	-
Pension deferrals	<u>16,319,451</u>	<u>3,567,789</u>	<u>19,887,240</u>	<u>317,058</u>	<u>-</u>
Total deferred outflows	<u>31,121,101</u>	<u>7,742,612</u>	<u>38,863,713</u>	<u>317,058</u>	<u>-</u>
Liabilities:					
Current liabilities:					
Accounts payable	3,734,375	12,895,205	16,629,580	1,333,595	-
Accrued salaries and benefits	1,927,070	609,878	2,536,948	-	-
Accrued interest	212,380	130,909	343,289	-	-
Prepaid fees	-	56,533	56,533	-	-
Advances from grantors	18,486,673	-	18,486,673	-	-
Liabilities to be paid from restricted assets:					
Accounts payable	632,635	-	632,635	-	-
Customer deposits	-	1,808,226	1,808,226	-	-
Non-current liabilities:					
Due within one year	10,939,164	5,946,025	16,885,189	-	-
Due in more than one year	<u>136,800,093</u>	<u>67,500,174</u>	<u>204,300,267</u>	<u>149,832</u>	<u>-</u>
Total liabilities	<u>172,732,390</u>	<u>88,946,950</u>	<u>261,679,340</u>	<u>1,483,427</u>	<u>-</u>
Deferred Inflows of Resources:					
Lease deferrals	6,432,064	267,770	6,699,834	-	-
OPEB deferrals	10,583,267	2,985,025	13,568,292	-	-
Pension deferrals	<u>11,902,480</u>	<u>3,388,832</u>	<u>15,291,312</u>	<u>214,065</u>	<u>-</u>
Total deferred inflows of resources	<u>28,917,811</u>	<u>6,641,627</u>	<u>35,559,438</u>	<u>214,065</u>	<u>-</u>

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government			Component Units	
	Governmental	Business-Type	Total	City of Gastonia ABC Board	Gastonia Tourism Development Authority
	Activities	Activities			
Net Position:					
Net investment in capital assets	119,691,275	300,126,877	419,818,152	1,329,148	-
Restricted for:					
Stabilization by state statute	15,546,816	-	15,546,816	-	304,675
General government	1,803,156	-	1,803,156	-	-
Public safety	801,294	-	801,294	-	-
Public works - Powell Bill	466,775	-	466,775	-	-
Community development and improvements	1,283,432	-	1,283,432	-	-
Culture and recreation	123,714	-	123,714	-	-
Tourism promotion	-	-	-	-	1,231,335
Working capital	-	-	-	480,633	-
Unrestricted	<u>(35,003,649)</u>	<u>70,100,933</u>	<u>35,097,284</u>	<u>2,782,151</u>	<u>-</u>
Total net position	<u>\$ 104,712,813</u>	<u>\$ 370,227,810</u>	<u>\$ 474,940,623</u>	<u>\$ 4,591,932</u>	<u>\$ 1,536,010</u>

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, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 17,256,712	\$ 11,981,534	\$ 182,992	\$ -
Public safety	38,668,926	1,718,183	448,951	-
Public works and cemeteries	19,283,315	61,115	2,777,072	1,877,261
Cultural and recreation	8,862,070	930,511	-	-
Economic and physical development	1,745,398	45,203	1,359,952	314,538
Interest on long-term debt	1,296,656	-	-	-
Total governmental activities	<u>87,113,077</u>	<u>14,736,546</u>	<u>4,768,967</u>	<u>2,191,799</u>
Business-Type Activities:				
Water and sewer	41,833,807	44,986,737	4,678	4,877,277
Electric	69,909,999	77,785,299	5,121	26,564
Transit	2,970,694	9,828	-	2,921,230
Golf	34,704	21,268	-	-
Stormwater	3,388,265	3,206,409	-	323,832
Solid waste	5,805,377	3,200,794	-	-
Total business-type activities	<u>123,942,846</u>	<u>129,210,335</u>	<u>9,799</u>	<u>8,148,903</u>
Total primary government	<u>\$ 211,055,923</u>	<u>\$ 143,946,881</u>	<u>\$ 4,778,766</u>	<u>\$ 10,340,702</u>
Component Units:				
ABC Board	\$ 15,985,509	\$ 16,290,850	\$ -	\$ -
Tourism Development Authority	<u>631,083</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 16,616,592</u>	<u>\$ 16,290,850</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, 2022

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	\$ (5,092,186)	\$ -	\$ (5,092,186)		
Public safety	(36,501,792)	-	(36,501,792)		
Public works and cemeteries	(14,567,867)	-	(14,567,867)		
Cultural and recreation	(7,931,559)	-	(7,931,559)		
Economic and physical development	(25,705)	-	(25,705)		
Interest on long-term debt	(1,296,656)	-	(1,296,656)		
Total governmental activities	(65,415,765)	-	(65,415,765)		
Business-Type Activities:					
Water and sewer	-	8,034,885	8,034,885		
Electric	-	7,906,985	7,906,985		
Transit	-	(39,636)	(39,636)		
Golf	-	(13,436)	(13,436)		
Stormwater	-	141,976	141,976		
Solid waste	-	(2,604,583)	(2,604,583)		
Total business-type activities	-	13,426,191	13,426,191		
Total primary government	(65,415,765)	13,426,191	(51,989,574)		
Component Units:					
ABC Board				\$ 305,341	\$ -
Tourism Development Authority				-	(631,083)
Total component units				305,341	(631,083)
General Revenues:					
Taxes:					
Ad valorem taxes	37,480,750	-	37,480,750	-	-
Sales taxes	16,972,083	-	16,972,083	-	-
Payments in lieu of taxes	4,863,005	-	4,863,005	-	-
Franchise taxes	7,136	-	7,136	-	-
Other taxes	7,194,071	-	7,194,071	-	857,543
Interest earned on investments	286,522	135,444	421,966	1,305	231
Total general revenues, excluding transfers	66,803,567	135,444	66,939,011	1,305	857,774
Transfers	(1,061,425)	1,061,425	-	-	-
Total general revenues and transfers	65,742,142	1,196,869	66,939,011	1,305	857,774
Change in net position	326,377	14,623,060	14,949,437	306,646	226,691
Net Position:					
Beginning of year - July 1	104,386,436	355,604,750	459,991,186	4,285,286	1,309,319
End of year - June 30	\$ 104,712,813	\$ 370,227,810	\$ 474,940,623	\$ 4,591,932	\$ 1,536,010

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



CITY OF GASTONIA, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>Major</u>			<u>Total</u>
	<u>General Fund</u>	<u>American Rescue Plan Fund</u>	<u>Other Nonmajor Governmental Funds</u>	
Assets:				
Cash and cash equivalents	\$ 38,699,775	\$ -	\$ 6,237,142	\$ 44,936,917
Taxes receivable, net	776,077	-	7,223	783,300
Accounts receivable, net	1,964,156	-	140,671	2,104,827
Long-term receivable	-	-	1,836,422	1,836,422
Leases receivable	3,131,021	-	3,360,057	6,491,078
Interest receivable	18,709	-	-	18,709
Prepaid items	65,149	-	25,710	90,859
Property acquired for rehabilitation and re-sale	-	-	959,499	959,499
Inventory	792,179	-	-	792,179
Cash and investments, restricted	3,381,175	15,325,259	7,123,547	25,829,981
Due from other funds	890,099	-	-	890,099
Due from other governments	8,177,189	-	198,990	8,376,179
Total assets	<u>\$ 57,895,529</u>	<u>\$ 15,325,259</u>	<u>\$ 19,889,261</u>	<u>\$ 93,110,049</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,354,947	\$ -	\$ 1,510,786	\$ 2,865,733
Accrued salaries and benefits	1,814,906	-	-	1,814,906
Due to other funds	1,655,490	-	609,812	2,265,302
Advances from grantors	-	14,675,181	3,811,492	18,486,673
Liabilities payable from restricted assets:				
Accounts payable	-	632,635	-	632,635
Due to other funds	-	358	-	358
Total liabilities	<u>4,825,343</u>	<u>15,308,174</u>	<u>5,932,090</u>	<u>26,065,607</u>
Deferred Inflows of Resources:				
Lease deferrals	3,103,691	-	3,328,373	6,432,064
Property taxes receivable	776,077	-	7,223	783,300
Unavailable revenue	296,568	-	-	296,568
Total deferred inflows of resources	<u>4,176,336</u>	<u>-</u>	<u>3,335,596</u>	<u>7,511,932</u>
Fund Balances:				
Non-spendable:				
Leases	27,330	-	31,684	59,014
Inventories	792,179	-	-	792,179
Prepays	65,149	-	25,710	90,859
Restricted:				
Stabilization by state statute	11,525,343	661,767	3,359,706	15,546,816
Restricted, all other	3,194,939	-	4,886,482	8,081,421
Committed	-	17,085	-	17,085
Assigned	1,986,850	-	2,832,661	4,819,511
Unassigned	31,302,060	(661,767)	(514,668)	30,125,625
Total fund balances	<u>48,893,850</u>	<u>17,085</u>	<u>10,621,575</u>	<u>59,532,510</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 57,895,529</u>	<u>\$ 15,325,259</u>	<u>\$ 19,889,261</u>	<u>\$ 93,110,049</u>

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

CITY OF GASTONIA, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Total
Reconciliation with Net Position of Governmental Activities - Government-Wide (Exhibit A):	
Total fund balances - modified accrual (see above)	\$ 59,532,510
Capital assets and right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	157,125,001
Net pension liability LGERS	(7,654,747)
Total pension liability LEOSSA	(24,212,812)
Total OPEB liability	(51,251,627)
Pension related deferrals	4,416,971
OPEB related deferrals	4,218,383
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.	14,685,581
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.	(2,671,230)
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(50,387,970)
The governmental activities net position includes an accrual for interest on long-term debt.	(167,115)
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.	1,079,868
Net position of governmental activities - government-wide (Exhibit A)	\$ 104,712,813

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, 2022

	Major			Total
	General Fund	American Rescue Plan Fund	Other Nonmajor Governmental Funds	
Revenues:				
Ad valorem taxes	\$ 37,385,136	\$ -	\$ 185,622	\$ 37,570,758
Other taxes and licenses	28,178,752	-	857,543	29,036,295
Unrestricted intergovernmental revenues	2,112,550	-	-	2,112,550
Restricted intergovernmental revenues	3,784,422	986,742	1,136,549	5,907,713
Permits and fees	2,383,201	-	-	2,383,201
Sales and services	4,151,798	-	45,203	4,197,001
Investment earnings	156,503	15,502	93,074	265,079
Miscellaneous	832,707	-	882,338	1,715,045
Total revenues	<u>78,985,069</u>	<u>1,002,244</u>	<u>3,200,329</u>	<u>83,187,642</u>
Expenditures:				
Current:				
General government	12,580,722	670,636	-	13,251,358
Public safety	37,271,714	-	-	37,271,714
Public works and cemeteries	10,077,161	-	-	10,077,161
Cultural and recreation	6,919,166	-	-	6,919,166
Economic and physical development	-	-	1,745,398	1,745,398
Capital outlay	-	-	2,895,319	2,895,319
Debt service:				
Principal repayments	4,589,541	-	-	4,589,541
Interest	1,122,078	-	-	1,122,078
Total expenditures	<u>72,560,382</u>	<u>670,636</u>	<u>4,640,717</u>	<u>77,871,735</u>
Revenues over (under) expenditures	<u>6,424,687</u>	<u>331,608</u>	<u>(1,440,388)</u>	<u>5,315,907</u>
Other Financing Sources (Uses):				
Lease liabilities issued	445,451	-	-	445,451
Transfers from other funds	2,642,530	-	1,223,262	3,865,792
Transfers to other funds	(3,507,096)	(316,106)	(1,394,015)	(5,217,217)
Total other financing sources (uses)	<u>(419,115)</u>	<u>(316,106)</u>	<u>(170,753)</u>	<u>(905,974)</u>
Net change in fund balances	6,005,572	15,502	(1,611,141)	4,409,933
Fund Balances:				
Beginning of year - July 1	42,781,221	1,583	12,232,716	55,015,520
Increase (decrease) in inventories and property/ land acquired redevelopment/rehabilitation	107,057	-	-	107,057
End of year - June 30	<u>\$ 48,893,850</u>	<u>\$ 17,085</u>	<u>\$ 10,621,575</u>	<u>\$ 59,532,510</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, 2022**

Net change in fund balances - total governmental funds per Exhibit D	\$ 4,409,933
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.	(90,008)
Miscellaneous revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	(30,706)
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.	107,057
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.	(435,028)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets and right-to-use leased assets.	
Capital outlay for capital assets	4,090,473
Capital outlay for right-to-use leased assets	445,451
Depreciation expense allocates the costs of capital assets over their useful lives. Amortization expense allocates the cost to use leased assets over the terms of the leases. They are not reported as expenditures in the governmental funds statement.	
Depreciation expense	(11,451,209)
Amortization expense	(160,870)
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.	890,519
Principal repayments and bond refunding payments on long-term debt and leases are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	4,589,541
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.	(2,890,374)
Proceeds from issuance of debt and leases are reported as revenues in the governmental funds statement. However, in the Statement of Activities, they are not a revenue, rather they are an increase in liabilities.	(445,451)
Interest on long-term debt incurred, but not paid, is reported as an expense in the governmental activities statements.	17,203
Portion of Internal Service Fund activities change in net position allocable to the governmental activities are reported with governmental activities.	<u>1,279,846</u>
Change in net position of governmental activities per Exhibit B	<u>\$ 326,377</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, 2022**

	<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	\$ 36,289,118	\$ 36,289,118	\$ 37,385,136	\$ 1,096,018
Other taxes and licenses	25,971,555	25,971,555	28,178,752	2,207,197
Unrestricted intergovernmental revenues	1,395,500	1,395,500	2,112,550	717,050
Restricted intergovernmental revenues	2,546,450	3,457,509	3,784,422	326,913
Permits and fees	1,508,900	1,541,550	2,383,201	841,651
Sales and services	3,252,535	3,693,535	4,151,798	458,263
Interest earned on investments	30,050	30,050	156,503	126,453
Miscellaneous	394,200	901,885	832,707	(69,178)
Total revenues	<u>71,388,308</u>	<u>73,280,702</u>	<u>78,985,069</u>	<u>5,704,367</u>
Expenditures:				
General government	13,290,470	16,256,527	12,580,722	3,675,805
Public safety	35,138,025	38,353,214	37,271,714	1,081,500
Public works and cemeteries	9,342,653	11,115,474	10,077,161	1,038,313
Cultural and recreation	7,229,821	8,199,425	6,919,166	1,280,259
Debt service:				
Principal	4,426,237	6,779,669	4,589,541	2,190,128
Interest and fees	1,122,688	1,187,059	1,122,078	64,981
Total expenditures	<u>70,549,894</u>	<u>81,891,368</u>	<u>72,560,382</u>	<u>9,330,986</u>
Revenues over (under) expenditures	<u>838,414</u>	<u>(8,610,666)</u>	<u>6,424,687</u>	<u>15,035,353</u>
Other Financing Sources (Uses):				
Lease liabilities issued	-	565,000	445,451	(119,549)
Transfers from other funds	2,040,000	2,642,530	2,642,530	-
Transfers (to) other funds	(2,881,196)	(3,507,096)	(3,507,096)	-
Appropriated fund balance	2,782	8,910,232	-	(8,910,232)
Total other financing sources (uses)	<u>(838,414)</u>	<u>8,610,666</u>	<u>(419,115)</u>	<u>(9,029,781)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	6,005,572	<u>\$ 6,005,572</u>
Fund Balance:				
Beginning of year - July 1			42,781,221	
Increase (decrease) in inventories and property/ land acquired redevelopment/rehabilitation			<u>107,057</u>	
End of year - June 30			<u>\$ 48,893,850</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, 2022

	<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	\$ 986,742	\$ (15,386,604)
Investment earnings	-	-	15,502	15,502
Total revenues	-	16,373,346	1,002,244	(15,371,102)
Expenditures:				
General government	-	16,057,240	670,636	15,386,604
Revenues over (under) expenditures	-	316,106	331,608	15,502
Other Financing Sources (Uses):				
Transfers to other funds	-	(316,106)	(316,106)	-
Net change in fund balance	\$ -	\$ -	15,502	\$ 15,502
Fund Balance:				
Beginning of year - July 1			1,583	
End of year - June 30			\$ 17,085	

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Business-Type Activities			Total	Governmental
	Water and Sewer Fund	Electric Fund	Other Nonmajor Funds		Internal Service Funds
Assets:					
Current assets:					
Cash, cash equivalents, and investments	\$ 24,666,937	\$ 50,648,242	\$ 3,564,885	\$ 78,880,064	\$ 8,895,031
Accounts receivable, net	6,609,238	9,429,810	799,784	16,838,832	563,967
Inventory	245,460	1,420,712	-	1,666,172	-
Due from other governments	-	-	250,157	250,157	-
Due from other funds	-	-	-	-	1,655,848
Leases receivable, current	-	12,707	-	12,707	-
Cash and cash equivalents, restricted	5,484,854	1,316,258	-	6,801,112	6,304,353
Total current assets	<u>37,006,489</u>	<u>62,827,729</u>	<u>4,614,826</u>	<u>104,449,044</u>	<u>17,419,199</u>
Non-current assets:					
Leases receivable	-	257,899	-	257,899	-
Right to use assets, net	155,770	1,817	9,342	166,929	6,051
Depreciable capital assets, net	225,099,460	49,589,108	33,740,869	308,429,437	12,798,790
Non-depreciable capital assets	33,532,648	7,975,484	591,104	42,099,236	-
Total capital assets, net	<u>258,632,108</u>	<u>57,564,592</u>	<u>34,331,973</u>	<u>350,528,673</u>	<u>12,798,790</u>
Total non-current assets	<u>258,787,878</u>	<u>57,824,308</u>	<u>34,341,315</u>	<u>350,953,501</u>	<u>12,804,841</u>
Total assets	<u>295,794,367</u>	<u>120,652,037</u>	<u>38,956,141</u>	<u>455,402,545</u>	<u>30,224,040</u>
Deferred Outflows of Resources:					
OPEB deferrals	2,466,941	1,138,588	569,294	4,174,823	-
Pension deferrals	2,171,696	930,728	465,365	3,567,789	-
Total deferred outflows	<u>4,638,637</u>	<u>2,069,316</u>	<u>1,034,659</u>	<u>7,742,612</u>	<u>-</u>
Liabilities:					
Current liabilities:					
Accounts payable	5,038,059	7,403,379	453,767	12,895,205	868,642
Accrued salaries and benefits	301,502	173,042	135,334	609,878	112,164
Compensated absences	442,862	238,494	175,500	856,856	185,000
Accrued interest	130,909	-	-	130,909	45,265
Current portion of long-term debt	5,036,553	48,153	4,463	5,089,169	4,020,318
Due to other funds	-	-	-	-	280,287
Prepaid fees	56,533	-	-	56,533	-
Liabilities to be paid from restricted assets:					
Customer deposits	491,968	1,316,258	-	1,808,226	-
Total current liabilities	<u>11,498,386</u>	<u>9,179,326</u>	<u>769,064</u>	<u>21,446,776</u>	<u>5,511,676</u>
Non-current liabilities:					
Non-current portion of compensated absences	147,621	79,498	58,544	285,663	61,567
Non-current portion of long-term debt	50,230,647	237,301	4,494	50,472,442	9,965,216
Net pension liability	1,391,771	596,474	298,237	2,286,482	-
Total OPEB liability	<u>8,541,937</u>	<u>3,942,432</u>	<u>1,971,218</u>	<u>14,455,587</u>	<u>-</u>
Total non-current liabilities	<u>60,311,976</u>	<u>4,855,705</u>	<u>2,332,493</u>	<u>67,500,174</u>	<u>10,026,783</u>
Total liabilities	<u>71,810,362</u>	<u>14,035,031</u>	<u>3,101,557</u>	<u>88,946,950</u>	<u>15,538,459</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, 2022

	Business-Type Activities			Total	Governmental
	Water and Sewer Fund	Electric Fund	Other Nonmajor Funds		Internal Service Funds
Deferred Inflows of Resources:					
Lease deferrals	-	267,770	-	267,770	-
OPEB deferrals	1,763,878	814,098	407,049	2,985,025	-
Pension deferrals	2,062,767	884,044	442,021	3,388,832	-
Total deferred inflows	<u>3,826,645</u>	<u>1,965,912</u>	<u>849,070</u>	<u>6,641,627</u>	<u>-</u>
Net Position:					
Net investment in capital assets	208,513,564	57,280,955	34,332,358	300,126,877	5,123,660
Unrestricted	<u>16,282,433</u>	<u>49,439,455</u>	<u>1,707,815</u>	<u>67,429,703</u>	<u>9,561,921</u>
Total net position	<u>\$ 224,795,997</u>	<u>\$ 106,720,410</u>	<u>\$ 36,040,173</u>	<u>\$ 367,556,580</u>	<u>\$ 14,685,581</u>
Total net position - proprietary funds presentation				\$ 367,556,580	
Portion of profit generated by Internal Service Fund allocated to business-type activities - history to date				<u>2,671,230</u>	
Net position of business-type activities - government-wide				<u>\$ 370,227,810</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, 2022

	Business-Type Activities			Total	Governmental
	Water and Sewer Fund	Electric Fund	Other Nonmajor Funds		Internal Service Funds
Operating Revenues:					
Charges for services	\$ 42,879,471	\$ 75,200,920	\$ 6,317,561	\$ 124,397,952	\$ 20,819,378
Utilities for City use	1,299,770	1,856,692	69,387	3,225,849	-
Other operating revenues	487,534	727,687	51,351	1,266,572	1,160,437
Total operating revenues	<u>44,666,775</u>	<u>77,785,299</u>	<u>6,438,299</u>	<u>128,890,373</u>	<u>21,979,815</u>
Operating Expenses:					
Water treatment/electric and other purchases	5,116,387	54,493,539	-	59,609,926	-
Administration	12,484,327	7,891,145	3,261,507	23,636,979	-
Facility maintenance	1,830,814	-	-	1,830,814	-
Payseur Mountain resource recovery	1,741,603	-	-	1,741,603	-
Sewage treatment	7,743,079	-	-	7,743,079	-
Substation operations	-	739,720	-	739,720	-
Maintenance	3,667,234	3,241,067	535,563	7,443,864	-
ADA/Para-transit expenses	-	-	266,664	266,664	-
Operations area	-	-	6,873,839	6,873,839	17,460,387
Street lights	-	631,561	-	631,561	-
Depreciation and amortization	8,590,895	2,576,222	1,224,948	12,392,065	3,203,274
Total operating expenses	<u>41,174,339</u>	<u>69,573,254</u>	<u>12,162,521</u>	<u>122,910,114</u>	<u>20,663,661</u>
Operating income (loss)	<u>3,492,436</u>	<u>8,212,045</u>	<u>(5,724,222)</u>	<u>5,980,259</u>	<u>1,316,154</u>
Non-Operating Revenues (Expenses):					
Federal and state grants	4,678	-	5,121	9,799	612
Miscellaneous	-	-	-	-	1,949
Investment earnings	49,105	80,569	5,770	135,444	21,443
Gain (loss) on disposal of capital assets	27,707	(323,738)	(36,429)	(332,460)	161,431
Interest on long-term debt	(687,175)	(13,007)	(90)	(700,272)	(191,781)
Total non-operating revenues (expenses)	<u>(605,685)</u>	<u>(256,176)</u>	<u>(25,628)</u>	<u>(887,489)</u>	<u>(6,346)</u>
Income (loss) before capital contributions and transfers	2,886,751	7,955,869	(5,749,850)	5,092,770	1,309,808
Capital Contributions:					
Federal and state grants	1,072,990	26,564	2,921,230	4,020,784	-
Local contributions	730,689	-	323,832	1,054,521	-
Development fee	3,073,598	-	-	3,073,598	-
Transfers:					
Transfers from other funds	1,290	7,651	3,052,484	3,061,425	290,000
Transfers to other funds	-	(2,000,000)	-	(2,000,000)	-
Change in net position	7,765,318	5,990,084	547,696	14,303,098	1,599,808
Net Position:					
Beginning of year - July 1	217,030,679	100,730,326	35,492,477	353,253,482	13,085,773
End of year - June 30	<u>\$ 224,795,997</u>	<u>\$ 106,720,410</u>	<u>\$ 36,040,173</u>	<u>\$ 367,556,580</u>	<u>\$ 14,685,581</u>
Reconciliation with Exhibit B Change in Net Position - Business-Type Activities:					
Change in net position - fund perspective				\$ 14,303,098	
Internal Service Fund profits allocated to business-type activities				319,962	
Change in net position - entity-wide perspective - Exhibit B				<u>\$ 14,623,060</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, 2022

	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	\$ 42,984,122	\$ 76,647,854	\$ 6,263,501	\$ 125,895,477	\$ 21,680,163
Cash paid to suppliers	(22,449,556)	(63,295,155)	(6,033,793)	(91,778,504)	(16,955,056)
Cash paid to employees	(10,516,703)	(3,384,164)	(4,954,328)	(18,855,195)	(972,831)
Net cash provided (used) by operating activities	<u>10,017,863</u>	<u>9,968,535</u>	<u>(4,724,620)</u>	<u>15,261,778</u>	<u>3,752,276</u>
Cash Flows from Non-Capital Financing Activities:					
Changes in due to/from other funds	-	-	-	-	(317,689)
Transfers from other funds	1,290	7,651	3,052,484	3,061,425	290,000
Transfers to other funds	-	(2,000,000)	-	(2,000,000)	-
Net cash provided (used) by non-capital financing activities	<u>1,290</u>	<u>(1,992,349)</u>	<u>3,052,484</u>	<u>1,061,425</u>	<u>(27,689)</u>
Cash Flows from Capital and Related Financing Activities:					
Federal and state grants	1,077,668	26,564	2,956,193	4,060,425	612
Expansion fee	3,073,598	-	-	3,073,598	-
Proceeds from issuance of debt	2,516,795	-	-	2,516,795	9,080,000
Principal paid on long-term debt and leases	(4,206,130)	(49,637)	(4,501)	(4,260,268)	(3,177,952)
Proceeds from sale of capital assets	27,707	14,621	-	42,328	162,352
Acquisition and construction of capital assets	(10,828,861)	(5,527,389)	(930,340)	(17,286,590)	(4,577,968)
Interest paid on long-term debt	(864,367)	(13,007)	(90)	(877,464)	(167,274)
Net cash provided (used) by capital and related financing activities	<u>(9,203,590)</u>	<u>(5,548,848)</u>	<u>2,021,262</u>	<u>(12,731,176)</u>	<u>1,319,770</u>
Cash Flows from Investing Activities:					
Interest on investments	<u>49,105</u>	<u>80,569</u>	<u>5,770</u>	<u>135,444</u>	<u>21,443</u>
Net increase (decrease) in cash and cash equivalents	864,668	2,507,907	354,896	3,727,471	5,065,800
Cash and Cash Equivalents:					
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 30,151,791</u>	<u>\$ 51,964,500</u>	<u>\$ 3,564,885</u>	<u>\$ 85,681,176</u>	<u>\$ 15,199,384</u>

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, 2022

	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)	\$ 3,492,436	\$ 8,212,045	\$ (5,724,222)	\$ 5,980,259	\$ 1,316,154
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	8,590,895	2,576,222	1,224,948	12,392,065	3,203,274
Non-operating revenues (expenses)	-	-	(21,268)	(21,268)	1,949
Change in assets and liabilities:					
(Increase) decrease in accounts receivables	(1,650,496)	(833,584)	(153,530)	(2,637,610)	(301,601)
(Increase) decrease in leases receivable	-	(270,606)	-	(270,606)	-
(Increase) decrease in deferred outflows - pension	(320,903)	(137,530)	(68,765)	(527,198)	-
(Increase) decrease in deferred outflows - OPEB	(445,854)	(205,779)	(102,890)	(754,523)	-
Increase (decrease) in deferred inflows - OPEB	1,419,592	655,197	327,599	2,402,388	-
Increase (decrease) in net pension liability	(1,999,774)	(857,046)	(428,523)	(3,285,343)	-
Increase (decrease) deferred inflows - pension	2,041,400	874,886	437,443	3,353,729	-
Increase (decrease) deferred inflows - leases	-	267,770	-	267,770	-
(Increase) decrease in inventories	(82,311)	(25,709)	-	(108,020)	-
Increase (decrease) in accounts payable	(245,585)	303,638	(98,549)	(40,496)	(482,132)
Increase (decrease) in accrued salaries	80,910	62,930	44,566	188,406	-
Increase (decrease) in compensated absences	58,695	57,427	43,721	159,843	14,632
Increase (decrease) in other post-employment benefits	(888,985)	(410,301)	(205,150)	(1,504,436)	-
Increase (decrease) in customer deposits	(2,442)	(26,263)	-	(28,705)	-
Increase (decrease) in deferred revenues	(29,715)	(274,762)	-	(304,477)	-
Net cash provided (used) by operating activities	<u>\$ 10,017,863</u>	<u>\$ 9,968,535</u>	<u>\$ (4,724,620)</u>	<u>\$ 15,261,778</u>	<u>\$ 3,752,276</u>
Supplemental Disclosure of Noncash Activity:					
Right-to-use leased assets/lease obligations issued	<u>\$ 191,221</u>	<u>\$ 2,617</u>	<u>\$ 13,458</u>	<u>\$ 207,296</u>	<u>\$ 8,717</u>
Local developer contributions	<u>\$ 730,689</u>	<u>\$ -</u>	<u>\$ 323,832</u>	<u>\$ 1,054,521</u>	<u>\$ -</u>

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



CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022

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

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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.

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

The City reports the following major enterprise funds:

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues, except for property tax revenue and other taxes and licenses, to be available if they are collected within 90 days of June 30, 2022. Property tax revenue and other taxes and licenses, except for local option sales tax and utility franchise tax, are recognized when collected. Local option sales tax and utility franchise tax are recognized if collected within 90 days and 60 days of June 30 year-end, respectively. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

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

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

D. Basis of Presentation – Fund Accounting

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The City has the following fund categories:

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

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

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

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

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

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

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

E. Budgetary Data

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

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

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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)(8)] 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 has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than six months.

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

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

Cash, Cash Equivalents, and Investments

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Restricted Assets

Unexpended debt proceeds are presented as restricted cash as their use is completely restricted to the purposes for which the funds were received or designated for by an outside third party. IRS regulatory funds for section 125 withholdings, grant funds restricted, and conference center management agreement funds are classified as restricted assets in the General Fund because their use is restricted for IRS specified disbursements or by revenue source for specific expenditures. Advances from grantors in the American Rescue Plan Fund and other governmental funds are classified as restricted because their use is completely restricted for the purpose for which the grant funding was awarded. G.S. 160A-414 restricts the expenditure of building inspection fees and permits to those expenditures incurred for the support of the administration and activities of the inspection department and for no other purpose. Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected.

Governmental Activities:

General Fund:

Unspent building permit revenues	\$	1,803,156
IRS regulatory section 125 restricted		186,236
Grant funds restricted		801,294
Conference center management agreement		123,714
Public works - Powell Bill		466,775

Internal Service Fund:

Vehicle Renewal and Replacement Fund:

Unexpended bond proceeds		6,304,353
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Other Nonmajor Governmental Fund:

Unexpended bond proceeds		3,603,050
Unspent grant proceeds, including interest		3,520,497

American Rescue Plan Fund:

Unspent grant proceeds, including interest		15,325,259
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Total governmental activities		32,134,334
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Business-Type Activities:

Electric Fund:

Customer deposits		1,316,258
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Water and Sewer Fund:

Unexpended bond proceeds		4,992,886
Customer deposits		491,968

Total business-type activities		6,801,112
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Total restricted cash	\$	38,935,446
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CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2021. Collections of City taxes are made by the County and remitted to the City as collected.

Allowances for Doubtful Accounts

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

Leases Receivable

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

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

Inventories and Prepaid Items

Inventories in the City's governmental funds are carried at cost. Costing methods used are moving average, FIFO, and specific cost. The City's General Fund inventories consist of expendable supplies that are 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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Capital Assets

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

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

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

Right-to-Use Assets

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criteria, pension deferrals and OPEB deferrals. In addition to liabilities, the

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criteria for this category - unavailable revenue, property taxes receivable, lease deferrals, 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.

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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Defined Benefit Cost-Sharing Plans

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

Reimbursements for Pandemic-Related Expenditures

During the 2021 fiscal year, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The City was allocated \$15,661,923 of fiscal recovery funds, which were paid in two equal installments. The first installment of \$7,830,962 was received in May 2021, and the second equal installment was received in June 2022. City plans to use the standard allowance of \$10,000,000 for revenue replacement during fiscal year 2023, which will include various projects such as public works upgrade, street resurfacing, and police equipment. The remaining balance will be used for COVID-19 direct expenses. \$986,742 was spent during fiscal year 2022. Revenue replacement funds will be transferred to the appropriate funds as the City determines the specific use of the funds.

Net Position/Fund Balances

Net Position

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

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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

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

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

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

Restricted Fund Balance

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

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

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

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

Restricted fund balance at June 30, 2022 is as follows:

Purpose	General Fund	Other Governmental Funds
Restricted, All Other:		
General government	\$ 1,803,156	\$ -
Public safety	801,294	-
Public works - Powell Bill	466,775	-
Cultural and recreation	123,714	-
Community development and improvement	-	4,886,482
Total	\$ 3,194,939	\$ 4,886,482

Restricted fund balance/net position on Exhibit A varies from Exhibit C by the amount of unexpended bond proceeds of \$3,603,050 at June 30, 2022.

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.

Committed for General Government – ARPA – portion of fund balance committed by Council 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, 2022

Assigned Fund Balance

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

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

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

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

Assigned fund balance at June 30, 2022 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>
Subsequent year's expenditures	\$ 1,986,850	\$ -
Economic and physical development	-	286,053
Capital outlays	-	2,546,608
Total	<u>\$ 1,986,850</u>	<u>\$ 2,832,661</u>

Unassigned Fund Balance

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

Total fund balance - General Fund		\$ 48,893,850
Less:		
Leases		27,330
Inventories		792,179
Prepays		65,149
Stabilization by state statute		11,525,343
Total available fund balance		<u>\$ 36,483,849</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, 2022 are detailed as follows:

		<u>Encumbrances</u>
General Fund	\$	771,758
ARPA Fund		661,767
Nonmajor Governmental Funds:		
Special revenue funds:		
CDBG Program Fund		248,259
Home Investment Trust Fund		67,910
Uptown Municipal Tax District Fund		8,539
Capital project funds:		
Mayor/Council Capital Project Fund		467,300
Streets Capital Project Fund		306,991
Airport Fund		6,624
Downtown Revitalization Fund		78,000
Total	\$	<u>2,617,148</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Interfund Transactions

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

Use of Estimates

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

Comparative Data/Reclassifications

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

2. Detailed Notes On All Funds

A. Assets

Deposits

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022, the City's deposits had a carrying amount of \$14,148,953 and a bank balance of \$14,388,127. 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 \$29,570 cash on hand as of June 30, 2022.

Investments

At June 30, 2022, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2022</u>	<u>Maturity</u>	<u>S&P/Moody's Ratings</u>
Agricultural Bank China CP	Fair Value - Level 2	\$ 998,838	7/12/2022	A1/P1
Agricultural Bank China CP	Fair Value - Level 2	1,997,149	7/26/2022	A1/P1
Credit Suisse First Boston NY CP	Fair Value - Level 2	1,987,873	10/3/2022	A1/P1
Credit Agricole CP	Fair Value - Level 2	1,988,100	10/14/2022	A1/P1
Natixis NY CP	Fair Value - Level 2	1,985,665	11/10/2022	A1/P1
JP Morgan Securities CP	Fair Value - Level 2	1,985,000	11/14/2022	A1/P1
Credit Suisse First Boston NY CP	Fair Value - Level 2	1,972,502	12/16/2022	A1/P1
Natixis NY CP	Fair Value - Level 2	1,965,500	2/6/2023	A1/P1
Credit Agricole CIB NY CP	Fair Value - Level 2	1,951,909	3/17/2023	A1/P1
FHLB Agency	Fair Value - Level 2	1,456,764	6/9/2023	AA+/Aaa
NC Capital Management Trust Government Portfolio	Fair Value - Level 1	<u>139,179,635</u>	N/A	AAA-m/AAA-mf
Total		<u><u>\$ 157,468,935</u></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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022. The investments in commercial paper carried credit ratings of A1 by Standard & Poor's and P1 by Moody's Investors Service. The investment in the Federal Home Loan Bank is rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

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

Receivables

The amounts presented in Exhibit A, the Statement of Net Position, are net of the following allowances for doubtful accounts as of June 30, 2022:

General Fund:	
Property taxes	\$ 130,461
Other receivables	1,620,822
Enterprise Funds:	
Water and Sewer Fund - utility receivables	525,545
Electric Fund - utility receivables	1,300,695
Stormwater Fund - utility receivables	115,554
Solid Waste Fund - customer receivables	109,950

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Due from other governments at the government-wide level at June 30, 2022:

Governmental Funds:

General Fund:

Sales and use tax distribution	\$	4,629,552
Taxes and other due from County		754,180
Sales tax refund		1,731,548
Due from ABC Board		762,782
Federal and state grants		190,439
Other		108,688
Total General Fund		<u>8,177,189</u>

Other Governmental Funds:

Occupancy tax		<u>198,990</u>
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Total governmental funds	\$	<u>8,376,179</u>
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Business-Type Funds:

Transit System Fund:

Grants	\$	<u>250,157</u>
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Total business-type funds	\$	<u>250,157</u>
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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, 2022 is \$122,391 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, 2022 is \$1,714,031.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Leases Receivable

The financial statements for the year ended June 30, 2022 include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Details of the City's leases receivable at June 30, 2022 are as follows:

On the implementation date of July 1, 2021, the City was the lessor of a 151-month lease for the use of land. An initial lease receivable was recorded in the amount of \$308,577. As of June 30, 2022, the value of the lease receivable and the deferred inflow of resources was \$288,342 and \$284,151, respectively. The lessee is required to make annual fixed payments of \$23,603, including interest at a rate of 1.836%. The City recognized lease revenue of \$24,426 during the fiscal year. The lessee has two options to extend the lease for 60 months each.

On the implementation date of July 1, 2021, the City was the lessor of a 241-month lease for the use of land. An initial lease receivable was recorded in the amount of \$1,328,756. As of June 30, 2022, the value of the lease receivable and the deferred inflow of resources was \$1,273,984 and \$1,262,594, respectively. The lessee is required to make monthly fixed payments of \$6,926, including interest at a rate of 2.378%. The City recognized lease revenue of \$66,162 during the fiscal year. The lessee has three options to extend the lease for 60 months each.

On the implementation date of July 1, 2021, the City was the lessor of a 241-month lease for the use of land. An initial lease receivable was recorded in the amount of \$1,887,020. As of June 30, 2022, the value of the lease receivable and the deferred inflow of resources was \$1,809,236 and \$1,793,060, respectively. The lessee is required to make monthly fixed payments of \$9,836, including interest at a rate of 2.378%. The City recognized lease revenue of \$93,960 during the fiscal year. The lessee has three options to extend the lease for 60 months each.

On the implementation date of July 1, 2021, the City was the lessor of a 250-month lease for the use of land. An initial lease receivable was recorded in the amount of \$394,630. As of June 30, 2022, the value of the lease receivable and the deferred inflow of resources was \$381,909 and \$375,735, respectively. The lessee is required to make monthly fixed payments of \$1,749, including interest at a rate of 2.398%. The City recognized lease revenue of \$18,894 during the fiscal year. The lessee has four options to extend the lease for 60 months each.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

On the implementation date of July 1, 2021, the City was the lessor of a 238-month lease for the use of land. An initial lease receivable was recorded in the amount of \$670,242. As of June 30, 2022, the value of the lease receivable and the deferred inflow of resources was \$642,198 and \$636,449, respectively. The lessee is required to make monthly variable payments of \$3,528 based on a CPI index, including interest at a rate of 2.378%. The City recognized lease revenue of \$33,794 during the fiscal year. The lessee has three options to extend the lease for 60 months each.

On the implementation date of July 1, 2021, the City was the lessor of a 276-month lease for the use of land. An initial lease receivable was recorded in the amount of \$324,849. As of June 30, 2022, the value of the lease receivable and the deferred inflow of resources was \$317,145 and \$310,759, respectively. The lessee is required to make monthly fixed payments of \$1,200, including interest at a rate of 2.440%. The City recognized lease revenue of \$14,090 during the fiscal year. The lessee has four options to extend the lease for 60 months each.

On the implementation date of July 1, 2021, the City was the lessor of a 241-month lease for the use of land. An initial lease receivable was recorded in the amount of \$1,196,000. As of June 30, 2022, the value of the lease receivable and the deferred inflow of resources was \$1,146,945 and \$1,136,645, respectively. The lessee is required to make monthly fixed payments of \$6,214, including interest at a rate of 2.378%. The City recognized lease revenue of \$59,355 during the fiscal year.

On the implementation date of July 1, 2021, the City was the lessor of a 222-month lease for the fiber optic strands. An initial lease receivable was recorded in the amount of \$283,025. As of June 30, 2022, the value of the lease receivable and the deferred inflow of resources was \$270,606 and \$267,770, respectively. The lessee is required to make monthly fixed payments of \$1,567, including interest at a rate of 2.300%. The City recognized lease revenue of \$15,255 during the fiscal year. The lessee has one option to extend the lease for 60 months.

On the implementation date of July 1, 2021, the City was the lessor of a 227-month lease for the use of land. An initial lease receivable was recorded in the amount of \$523,202. As of June 30, 2022, the value of the lease receivable and the deferred inflow of resources was \$499,160 and \$495,633, respectively. The lessee is required to make annual fixed payments of \$35,808, including interest at a rate of 2.300%. The City recognized lease revenue of \$27,569 during the fiscal year.

On October 1, 2021, the City entered into a 96-month lease as the lessor for the use of land. An initial lease receivable was recorded in the amount of \$151,213. As of June 30, 2022, the value of the lease receivable and the deferred inflow of resources was \$132,159 and \$137,038, respectively. The lessee is required to make annual fixed payments of \$20,000, including interest at a rate of 1.462%. The City recognized lease revenue of \$14,176 during the fiscal year.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Capital Assets

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

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2022</u>
Non-Depreciable Assets:					
Land	\$ 14,668,188	\$ 313,110	\$ -	\$ 96,482	\$ 15,077,780
Construction in progress	4,829,473	2,899,986	(2,882,802)	(1,647,941)	3,198,716
Total non-depreciable capital assets	<u>19,497,661</u>	<u>3,213,096</u>	<u>(2,882,802)</u>	<u>(1,551,459)</u>	<u>18,276,496</u>
Depreciable Assets:					
Other improvements	63,463,084	121,276	(2)	1,052,654	64,637,012
Buildings	54,298,321	6,172	-	-	54,304,493
Building - Internal Service Fund	127,632	-	-	-	127,632
Equipment	13,043,627	795,229	(151,612)	396,538	14,083,782
Equipment - Internal Service Fund	49,769,933	4,779,096	(875,548)	-	53,673,481
General infrastructure	301,469,440	845,219	-	102,267	302,416,926
Total depreciable capital assets	<u>482,172,037</u>	<u>6,546,992</u>	<u>(1,027,162)</u>	<u>1,551,459</u>	<u>489,243,326</u>
Less Accumulated Depreciation:					
Other improvements	16,980,195	2,860,319	-	-	19,840,514
Buildings	29,049,869	1,290,035	-	-	30,339,904
Building - Internal Service Fund	61,127	2,856	-	-	63,983
Equipment	10,131,751	577,871	(144,042)	-	10,565,580
Equipment - Internal Service Fund	38,615,215	3,197,752	(874,627)	-	40,938,340
General infrastructure	229,409,307	6,722,984	-	-	236,132,291
Total accumulated depreciation	<u>324,247,464</u>	<u>\$ 14,651,817</u>	<u>\$ (1,018,669)</u>	<u>\$ -</u>	<u>337,880,612</u>
Capital assets, net	<u>\$ 177,422,234</u>				<u>\$ 169,639,210</u>

Depreciation Allocation

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

	<u>Governmental</u> <u>Funds</u>	<u>Internal</u> <u>Service</u> <u>Funds</u>	<u>Total</u>
Governmental Activities:			
General government	\$ 1,946,706	\$ 544,103	\$ 2,490,809
Public safety	572,560	160,030	732,590
Public works	7,328,774	2,048,390	9,377,164
Cultural and recreation	1,603,169	448,085	2,051,254
Total	<u>\$ 11,451,209</u>	<u>\$ 3,200,608</u>	<u>\$ 14,651,817</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Enterprise Fund Capital Assets

The capital assets for the major enterprise funds of the City at June 30, 2022 are as follows:

	Balance					Balance
	July 1, 2021	Additions	Retirements	Transfers		June 30, 2022
Water and Sewer Fund:						
Non-Depreciable Assets:						
Land	\$ 12,409,353	\$ -	\$ -	\$ -		\$ 12,409,353
Construction in progress	7,756,535	13,876,106	-	(509,346)		21,123,295
Total non-depreciable capital assets	20,165,888	13,876,106	-	(509,346)		33,532,648
Depreciable Assets:						
Land improvements	71,720,103	-	-	(36,454)		71,683,649
Buildings	69,659,203	13,676	-	-		69,672,879
Machinery, equipment, and vehicles	15,360,629	211,679	(15,072)	27,275		15,584,511
Water and sewer system	217,120,077	880,690	-	518,525		218,519,292
Total depreciable capital assets	373,860,012	1,106,045	(15,072)	509,346		375,460,331
Less Accumulated Depreciation:						
Land improvements	6,271,680	3,463,912	-	-		9,735,592
Buildings	41,493,325	1,313,051	-	-		42,806,376
Machinery, equipment, and vehicles	11,211,152	525,422	(15,072)	-		11,721,502
Water and sewer system	82,844,342	3,253,059	-	-		86,097,401
Total accumulated depreciation	141,820,499	\$ 8,555,444	\$ (15,072)	\$ -		150,360,871
Capital assets, net	\$ 252,205,401					\$ 258,632,108
	Balance	Additions	Retirements	Transfers		Balance
	July 1, 2021	Additions	Retirements	Transfers		June 30, 2022
Electric Fund:						
Non-Depreciable Assets:						
Land	\$ 1,069,300	\$ -	\$ (206,406)	\$ 26		\$ 862,920
Construction in progress	4,083,837	4,053,501	(131,774)	(893,000)		7,112,564
Total non-depreciable capital assets	5,153,137	4,053,501	(338,180)	(892,974)		7,975,484
Depreciable Assets:						
Land improvements	6,854,820	-	-	4,365		6,859,185
Buildings	117,129	-	-	7,689		124,818
Electrical distribution	104,434,313	1,866,670	(6,686)	805,327		107,099,624
Machinery, equipment, and vehicles	4,290,411	62,442	(57,219)	75,593		4,371,227
Total depreciable capital assets	115,696,673	1,929,112	(63,905)	892,974		118,454,854
Less Accumulated Depreciation:						
Land improvements	77,126	342,246	-	-		419,372
Buildings	86,947	5,254	-	-		92,201
Electrical distribution	62,320,925	2,126,849	(6,507)	-		64,441,267
Machinery, equipment, and vehicles	3,869,052	101,073	(57,219)	-		3,912,906
Total accumulated depreciation	66,354,050	\$ 2,575,422	\$ (63,726)	\$ -		68,865,746
Capital assets, net	\$ 54,495,760					\$ 57,564,592

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The capital assets for the nonmajor enterprise funds of the City at June 30, 2022 are as follows:

	Balance July 1, 2021	Additions	Retirements	Transfers	Balance June 30, 2022
Nonmajor Enterprise Funds:					
Non-Depreciable Assets:					
Land	\$ 411,248	\$ -	\$ -	\$ -	\$ 411,248
Construction in progress	<u>94,470</u>	<u>259,981</u>	<u>(36,428)</u>	<u>(138,167)</u>	<u>179,856</u>
Total non-depreciable capital assets	<u>505,718</u>	<u>259,981</u>	<u>(36,428)</u>	<u>(138,167)</u>	<u>591,104</u>
Depreciable Assets:					
Land improvements	2,440,209	483,929	-	-	2,924,138
Buildings	1,660,023	8,962	-	-	1,668,985
Stormwater infrastructure	53,605,934	323,832	-	138,167	54,067,933
Machinery, equipment, and vehicles	<u>5,594,218</u>	<u>416,089</u>	<u>(8,600)</u>	<u>-</u>	<u>6,001,707</u>
Total depreciable capital assets	<u>63,300,384</u>	<u>1,232,812</u>	<u>(8,600)</u>	<u>138,167</u>	<u>64,662,763</u>
Less Accumulated Depreciation:					
Land improvements	984,072	122,638	-	-	1,106,710
Buildings	1,001,693	37,119	-	-	1,038,812
Stormwater infrastructure	23,286,181	731,004	-	-	24,017,185
Machinery, equipment, and vehicles	<u>4,437,716</u>	<u>330,071</u>	<u>(8,600)</u>	<u>-</u>	<u>4,759,187</u>
Total accumulated depreciation	<u>29,709,662</u>	<u>\$ 1,220,832</u>	<u>\$ (8,600)</u>	<u>\$ -</u>	<u>30,921,894</u>
Capital assets, net	<u>\$ 34,096,440</u>				<u>\$ 34,331,973</u>

Right-to-Use Assets

The City is the lessee for non-cancellable leases of buildings and equipment. The City recognizes lease liabilities and an intangible right-to-use the leased assets (right-to-use assets) in the government-wide and proprietary financial statements. The lease liabilities are discussed in Note 2.B., Lease Liabilities. The right-to-use assets are being amortized on a straight-line basis over the lease terms.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Right-to-use asset activity for governmental activities for the year ended June 30, 2022 was as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
Governmental Activities:				
Right-to-use assets:				
Buildings	\$ -	\$ 313,630	\$ -	\$ 313,630
Equipment	-	131,821	-	131,821
Equipment - ISF	-	8,717	-	8,717
Total	-	454,168	-	454,168
Accumulated amortization:				
Buildings	-	120,059	-	120,059
Equipment	-	40,811	-	40,811
Equipment - ISF	-	2,666	-	2,666
Total	-	\$ 163,536	\$ -	163,536
Right-to-use assets, net	\$ -		\$ -	\$ 290,632

Right-to-use asset activity for business-type activities for the year ended June 30, 2022 was as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
Business-Type Activities:				
Water and Sewer Fund:				
Right-to-use assets:				
Buildings	\$ -	\$ 165,494	\$ -	\$ 165,494
Equipment	-	25,727	-	25,727
Total	-	191,221	-	191,221
Accumulated amortization:				
Buildings	-	27,582	-	27,582
Equipment	-	7,869	-	7,869
Total	-	\$ 35,451	\$ -	35,451
Right-to-use assets, net	\$ -		\$ -	\$ 155,770

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
Electric Fund:				
Right-to-use assets:				
Equipment	\$ -	\$ 2,617	\$ -	\$ 2,617
Accumulated amortization:				
Equipment	-	800	-	800
Right-to-use assets, net	\$ -			\$ 1,817
Nonmajor Enterprise Funds:				
Right-to-use assets:				
Equipment	\$ -	13,458	-	\$ 13,458
Accumulated amortization:				
Equipment	-	\$ 4,116	\$ -	4,116
Right-to-use assets, net	\$ -			\$ 9,342

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2022 is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net	\$ 169,639,210	\$ 350,528,673
Right-to-use assets, net	290,632	166,929
Long-term debt and leases	(60,145,970)	(55,561,611)
Unspent debt proceeds	9,907,403	4,992,886
Net investment in capital assets	\$ 119,691,275	\$ 300,126,877

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 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, 2022, was 12.10% of compensation for law enforcement officers and 11.35% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Gastonia were \$6,103,813 for the year ended June 30, 2022.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022, the City reported a liability of \$9,941,229 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021 (measurement date), the City’s proportion was 0.6482%, which was a decrease of 0.0297% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$4,108,981. At June 30, 2022, 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	\$ 3,162,662	\$ -
Changes of assumptions	6,245,631	-
Net difference between projected and actual earnings on pension plan investments	-	14,203,030
Changes in proportion and differences between City contributions and proportionate share of contributions	-	531,016
City contributions subsequent to the measurement date	6,103,813	-
Total	\$ 15,512,106	\$ 14,734,046

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

\$6,103,813 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, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	<u>Amount</u>
2023	\$ 729,464
2024	(487,628)
2025	(1,221,375)
2026	(4,346,214)
2027	-
Thereafter	-
Total	<u>\$ (5,325,753)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020 valuation, with the exception of the discount rate, were based on the results of an actuarial experience study for the period ended January 1, 2015 to December 31, 2019.

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2021 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the net pension liability (asset)	\$ 38,591,025	\$ 9,941,229	\$ (13,635,888)

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2020, the Separation Allowance's membership consisted of:

Retirees receiving benefits	118
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>312</u>
Total	<u><u>430</u></u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

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

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Actuarial Assumptions. The entry age normal actuarial cost method was used in the December 31, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate*	2.25 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, 2020 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ended December 31, 2019.

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

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

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

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

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

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 \$1,816,786 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, 2022, the City reported a total pension liability of \$24,212,812. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the City recognized pension expense of \$2,672,608.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 751,152	\$ -
Changes of assumptions and other inputs	2,773,459	557,266
Benefit payments and administrative expenses subsequent to the measurement date	850,523	-
Total	<u>\$ 4,375,134</u>	<u>\$ 557,266</u>

The City paid \$850,523 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2023	\$ 1,106,273
2024	1,214,192
2025	660,390
2026	(13,510)
2027	-
Thereafter	-
Total	<u>\$ 2,967,345</u>

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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 2.25 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 (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	<u>\$ 26,023,210</u>	<u>\$ 24,212,812</u>	<u>\$ 22,560,283</u>

Schedule of Changes in Total Pension Liability

Law Enforcement Officers' Special Separation Allowance

Beginning balance	<u>\$ 24,878,526</u>
Service cost	787,730
Interest	462,624
Difference between expected and actual experience	462,350
Changes of assumptions and other inputs	(561,632)
Benefit payments	<u>(1,816,786)</u>
Net change in total pension liability	<u>(665,714)</u>
Ending balance of total pension liability	<u>\$ 24,212,812</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 1.93 percent at December 31, 2020 to 2.25 percent at December 31, 2021.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

	LGERS	LEOSSA	Total
Pension expense	\$ 4,108,981	\$ 2,672,608	\$ 6,781,589
Pension liability	9,941,229	24,212,812	34,154,041
Proportionate share of the net pension liability	0.6482%	N/A	-

Deferred of Outflows of Resources:

Differences between expected and actual experience	\$ 3,162,662	\$ 751,152	\$ 3,913,814
Changes of assumptions	6,245,631	2,773,459	9,019,090
Benefit payments and administrative costs paid subsequent to the measurement date	6,103,813	850,523	6,954,336
Total	\$ 15,512,106	\$ 4,375,134	\$ 19,887,240

Deferred of Inflows of Resources:

Changes of assumptions	\$ -	\$ 557,266	\$ 557,266
Net difference between projected and actual earnings on pension	14,203,030	-	14,203,030
Changes in proportion and differences between employer contributions and proportionate share of contributions	531,016	-	531,016
Total	\$ 14,734,046	\$ 557,266	\$ 15,291,312

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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 \$572,374 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 \$433,044 for the reporting year. No amounts were forfeited.

Supplemental Retirement Income Plan

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

Funding Policy. The City contributes to the North Carolina 401(k) Plan on a bi-weekly basis an amount equal to five percent of each employee's salary, and all amounts are vested immediately. Also, the employees may make voluntary contributions to the plans. The City made contributions of \$1,667,223 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,

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

or an unforeseeable emergency. The City contributes to the Plan five percent of the City Attorney's and City Manager's salaries. Contributions to the 457 Plan for the year ended June 30, 2022 were \$71,096, which consisted of \$49,519 from the City and \$21,577 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, 2022, the City made payments for post-retirement health benefit premiums of \$4,286,655. 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, 2022, the City made payments for post-retirement life insurance benefit premiums of \$63,428.

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

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

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

Total OPEB Liability

The City's total OPEB liability of \$65,707,214 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

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

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation:	
General employees	3.25 - 8.41 percent
Firefighters	3.25 - 8.15 percent
Law enforcement officers	3.25 - 7.90 percent
Municipal bond index rate:	
Prior measurement date	2.21 percent
Measurement date	2.16 percent
Healthcare cost trend rates, Pre-Medicare medical and prescription drug	7.00 percent for 2021 decreasing to an ultimate rate of 4.50 percent by 2031
Medicare medical and prescription drug	5.125 percent for 2021 decreasing to an ultimate rate of 4.50 percent by 2024

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at July 1, 2021	\$ 72,545,560
Changes for the year:	
Service cost	2,906,690
Interest	1,640,660
Differences between expected and actual experience	(14,725,987)
Changes in assumptions	5,782,134
Benefit payments	<u>(2,441,843)</u>
Net changes	<u>(6,838,346)</u>
Balance at June 30, 2022	<u>\$ 65,707,214</u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 2.21% to 2.16%.

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

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

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

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 72,822,876	\$ 65,707,214	\$ 59,554,064

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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:

	<u>1%</u> <u>Decrease</u>	<u>Current</u>	<u>1%</u> <u>Increase</u>
Total OPEB liability	<u>\$ 60,113,298</u>	<u>\$ 65,707,214</u>	<u>\$ 72,291,635</u>

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$4,938,594. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,572,942	\$ 12,607,587
Changes of assumptions and other inputs	11,116,876	960,705
Benefit payments and administrative expenses subsequent to the measurement date	<u>4,286,655</u>	<u>-</u>
Total	<u>\$ 18,976,473</u>	<u>\$ 13,568,292</u>

\$4,286,655 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, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

<u>Year Ending June 30</u>	<u>Amount</u>
2023	\$ 462,865
2024	962,045
2025	813,514
2026	(691,000)
2027	(425,898)
Thereafter	<u>-</u>
Total	<u>\$ 1,121,526</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Other Employment Benefits

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

Deferred Outflows and Inflows of Resources

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

	<u>Amount</u>
(Pensions) - Differences between expected and actual experience	\$ 3,913,814
(Pensions) - Changes of assumptions	9,019,090
(OPEB) - Differences between expected and actual experience	3,572,942
(OPEB) - Changes of assumptions	11,116,876
Benefit payments for the OPEB plan paid subsequent to the measurement date	4,286,655
Contributions to pension plan subsequent to measurement date (LGERS)	6,103,813
Benefit payments and administrative costs paid subsequent to the measurement date (LEOSSA)	850,523
Total	<u>\$ 38,863,713</u>

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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

	Governmental Fund Level	Government- Wide Level
(Pensions) - Changes of assumptions	\$ -	\$ 557,266
(Pensions) - Changes in proportion and differences between employer contributions and proportionate share of contributions	-	531,016
(Pensions) - Net difference between projected and actual earnings on pension plan investments	-	14,203,030
(OPEB) - Differences between expected and actual experience	-	12,607,587
(OPEB) - Changes of assumptions	-	960,705
Taxes receivable, net (General Fund)	776,077	-
Lease deferrals	6,432,064	6,699,834
Other receivables, net	296,568	-
Taxes receivable, net (SRF)	7,223	-
Total	<u>\$ 7,511,932</u>	<u>\$ 35,559,438</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Commitments

The City had the following outstanding or planned projects as of June 30, 2022. 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	
Bond counsel for GOB referendum	\$ 60,000
Town of Stanley downtown transportation corridor study	56,977
Boiler replacements at police department	74,500
Total	191,477
General Government - Airport Capital Projects Fund	
Various airport improvements	491,917
General Government - Streets Capital Projects Fund	
Franklin urban sports and entertainment projects	254,309
General Government - Mayor/Council Capital Projects Fund	
Franklin urban sports and entertainment projects	414,189
General Government - Downtown Capital Projects Fund	
Conference center parking deck expansion	60,000
General Government - General Fund and Community Development Special Revenue Funds:	
ARPA funded police body cameras and tasers	656,489
Various community development projects	185,801
Total	842,290
General Government - Vehicle Replacement Internal Service Fund	
Various equipment and vehicle purchases	3,005,447
Total commitments - governmental activities	\$ 5,259,629
Business-Type Activities Projects	
Water and sewer capital projects	\$ 11,556,772
Stormwater capital projects	78,832
Electric capital projects	8,223,216
Water and sewer operations	609,263
Electric operations	3,011,025
Solid waste operations	196,564
Transit operations	38,910
Total commitments - business-type activities	\$ 23,518,018

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

The agreement is for an initial term beginning August 25, 2020 and extending through June 30, 2025, with renewals for additional one-year terms. The agreement calls for a monthly management fee of \$7,917 with certain annual incentives based on gross revenues generated. The agreement also requires the City to fund all annual net operating losses. The City intends to manage these losses through strict annual budget requirements and City approvals for going over budgeted expenditures. Funded losses for the 2021 and 2022 fiscal years were \$348,693 and \$173,740, respectively.

Risk Management

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

The City purchases property coverage up to the total insured values of the property which is \$454,153,630 for the 2021/22 coverage year. This coverage includes earthquake and flood coverage of five million. The City also purchases a fine arts policy covering articles at the Schiele Museum and Military Museum in the amount of \$5,734,968 as well as an inland marine policy in the amount of \$6,229,630 to cover various types of contractor equipment and \$9,493,500 for computer equipment. The deductible on the property coverages is \$50,000 per incident. There have been no significant reductions in insurance coverage in the prior year. and settled claims have not exceeded coverage in any of the past three years.

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

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more of the City's funds at any given time are covered under the liability coverage for \$250,000. The Finance Officer is individually bonded for \$150,000.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Reconciliation of Claims Liability

Changes in the City’s claims liability balance during fiscal year 2022 are as follows:

	Dental Self-Insurance Fund	Medical Self-Insurance Fund	Total
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
Add incurred claims (including IBNRs) and changes in estimates	306,060	8,629,589	8,935,649
Deduct claims payments	(306,060)	(9,160,974)	(9,467,034)
Balance, June 30, 2022	\$ -	\$ 465,347	\$ 465,347

Claims and Judgments

At June 30, 2022, the City was a defendant in various matters of litigation. While any litigation contains an element of uncertainty, attorneys engaged by the City’s insurance carrier believe that the outcome of any lawsuit or claim, which is pending, or all of them combined, will not have a material adverse effect on the City’s financial position. These matters are generally covered by insurance.

Long-Term Obligations

\$8,640,000 Installment Financing Agreement

In April 2020, the City entered into a direct placement loan agreement with a bank. The \$8,640,000 installment financing agreement was used to refund the remaining outstanding principal balances of the Series 2010A and Series 2010B Limited Obligation Bonds, the purpose of which was the acquisition/construction of a conference center, parking deck, improvements to the Schiele Museum, and other City projects. The mortgaged properties are pledged as collateral for the debt while it is outstanding. The loan agreement calls for annual principal installments ranging from \$560,000 to \$1,000,000 from April 1, 2021 to April 1, 2033, with semi-annual interest payments at 1.66%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2022 is \$6,665,000. The loan is being serviced by the General Fund.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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

Year Ending			
June 30	Principal	Interest	Total
2023	\$ 560,000	\$ 110,639	\$ 670,639
2024	570,000	101,343	671,343
2025	580,000	91,881	671,881
2026	590,000	82,253	672,253
2027	600,000	72,459	672,459
2028-2032	3,110,000	210,986	3,320,986
2033	<u>655,000</u>	<u>10,873</u>	<u>665,873</u>
Total	<u>\$ 6,665,000</u>	<u>\$ 680,434</u>	<u>\$ 7,345,434</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 from May 17, 2018 to October 17, 2022, including interest at 1.838%. 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, 2022 is \$326,182. 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
2023	<u>\$ 326,182</u>	<u>\$ 2,499</u>	<u>\$ 328,681</u>

\$2,955,000 Installment Financing Agreement

On October 25, 2018, the City entered into a direct placement financing agreement with a bank for the acquisition of various vehicles and equipment. Total loan proceeds received by the City amounted to \$2,955,000. The vehicles and equipment are pledged as collateral for the debt while it is outstanding. The terms of the agreement call for semi-annual payments of \$320,415 from April 25, 2019 through September 25, 2023, including interest at 3.0078%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2022 is \$933,800. The loan is being carried in the Internal Service Fund.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Debt service requirements to maturity as of June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 617,351	\$ 23,479	\$ 640,830
2024	316,449	3,966	320,415
Total	<u>\$ 933,800</u>	<u>\$ 27,445</u>	<u>\$ 961,245</u>

\$3,110,000 Installment Financing Agreement

On October 25, 2019, the City entered into a direct placement financing agreement with a bank for the acquisition of various vehicles and equipment. Total loan proceeds received by the City amounted to \$3,110,000. The vehicles and equipment are pledged as collateral for the debt while it is outstanding. The terms of the agreement call for semi-annual payments of \$326,921 from April 25, 2020 through September 25, 2024, including interest at 1.8418%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2022 is \$1,590,874. The loan is being carried in the Internal Service Fund.

Debt service requirements to maturity as of June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 627,417	\$ 26,426	\$ 653,843
2024	639,026	14,816	653,842
2025	324,431	2,490	326,921
Total	<u>\$ 1,590,874</u>	<u>\$ 43,732</u>	<u>\$ 1,634,606</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, 2022 is \$2,367,156. The loan is being carried in the Internal Service Fund.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Debt service requirements to maturity as of June 30, 2022 are as follows:

Year Ending			
June 30	Principal	Interest	Total
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>\$ 2,367,156</u>	<u>\$ 41,544</u>	<u>\$ 2,408,700</u>

\$3,220,000 Installment Financing Agreement

On October 21, 2021, the City entered into a direct placement financing agreement with a bank for the acquisition of equipment. Total loan proceeds received by the City amounted to \$3,220,000. The equipment is pledged as collateral for the debt while it is outstanding. The terms of the agreement call for semi-annual payments of \$328,715 from March 21, 2022 through September 21, 2026, including interest at 0.7778%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2022 is \$2,901,720. The loan is being carried in the Internal Service Fund.

Debt service requirements to maturity as of June 30, 2022 are as follows:

Year Ending			
June 30	Principal	Interest	Total
2023	\$ 636,095	\$ 21,335	\$ 657,430
2024	641,052	16,378	657,430
2025	646,048	11,382	657,430
2026	651,083	6,347	657,430
2027	327,442	1,273	328,715
Total	<u>\$ 2,901,720</u>	<u>\$ 56,715</u>	<u>\$ 2,958,435</u>

\$5,860,000 Installment Financing Agreement

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

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Debt service requirements to maturity as of June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 1,141,290	\$ 75,141	\$ 1,216,431
2024	1,155,284	61,146	1,216,430
2025	1,171,282	45,148	1,216,430
2026	1,187,502	28,929	1,216,431
2027	1,204,642	11,789	1,216,431
Total	<u>\$ 5,860,000</u>	<u>\$ 222,153</u>	<u>\$ 6,082,153</u>

\$159,077 Water and Sewer State Revolving Loan

In 2009, the City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources for improvements to the sewer system infrastructure. The loan is payable solely from the revenues of the project or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan agreement calls for \$79,538 of principal to be forgiven. The loan agreement calls for 20 annual principal installments of \$3,977, each on May 1 of each year. The first principal payment was due May 1, 2010. The loan bears no interest. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal immediately due and payable. The amount outstanding at June 30, 2022 is \$27,835. 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
2023	\$ 3,977	\$ -	\$ 3,977
2024	3,977	-	3,977
2025	3,977	-	3,977
2026	3,977	-	3,977
2027	3,977	-	3,977
2028-2029	7,950	-	7,950
Total	<u>\$ 27,835</u>	<u>\$ -</u>	<u>\$ 27,835</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

\$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, 2022 is \$24,000,000. 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
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	1,500,000	-	1,500,000
2028-2032	7,500,000	-	7,500,000
2033-2037	7,500,000	-	7,500,000
2038	1,500,000	-	1,500,000
Total	<u>\$ 24,000,000</u>	<u>\$ -</u>	<u>\$ 24,000,000</u>

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

In 2015, the City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources for improvements to the water system infrastructure. The loan is payable solely from the revenues of the project or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit 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, 2022 is \$3,750,000. 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, 2022

Debt service requirements to maturity are as follows:

Year Ending			
June 30	Principal	Interest	Total
2023	\$ 250,000	\$ -	\$ 250,000
2024	250,000	-	250,000
2025	250,000	-	250,000
2026	250,000	-	250,000
2027	250,000	-	250,000
2028-2032	1,250,000	-	1,250,000
2033-2037	1,250,000	-	1,250,000
Total	<u>\$ 3,750,000</u>	<u>\$ -</u>	<u>\$ 3,750,000</u>

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

The City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources. The loan is payable solely from the revenues of the transferred system or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan is due in annual principal installments of \$266,276 from May 1, 2012 through May 1, 2027; semi-annual interest payments at 2.305% from November 1, 2011 through May 1, 2027. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2022 is \$1,331,380. 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
2023	\$ 266,276	\$ 24,551	\$ 290,827
2024	266,276	18,413	284,689
2025	266,276	12,275	278,551
2026	266,276	12,275	278,551
2027	266,276	6,138	272,414
Total	<u>\$ 1,331,380</u>	<u>\$ 73,652</u>	<u>\$ 1,405,032</u>

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

\$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, 2022 is \$95,973. 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	Principal	Interest	Total
June 30			
2023	\$ 11,996	\$ -	\$ 11,996
2024	11,996	-	11,996
2025	11,996	-	11,996
2026	11,996	-	11,996
2027	11,996	-	11,996
2028-2030	<u>35,993</u>	<u>-</u>	<u>35,993</u>
Total	<u>\$ 95,973</u>	<u>\$ -</u>	<u>\$ 95,973</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, 2022 is \$2,299,500. 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, 2022**

Debt service requirements to maturity are as follows:

Year Ending				
June 30	Principal	Interest	Total	
2023	\$ 149,992	\$ -	\$ 149,992	
2024	149,991	-	149,991	
2025	149,991	-	149,991	
2026	149,991	-	149,991	
2027	149,991	-	149,991	
2028-2032	749,960	-	749,960	
2033-2037	749,960	-	749,960	
2038-2039	49,624	-	49,624	
Total	\$ 2,299,500	\$ -	\$ 2,299,500	

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

The City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources for a water treatment plan renovation project. The loan is payable solely from the revenues of the project or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan calls for drawdowns as the project is completed and debt service does not begin until the project is complete. The loan agreement calls for 20 annual principal installments of \$770,000, each on May 1 of each year, projected to start May 1, 2024. Interest is due semi-annually with a beginning date of November 1, 2023, carrying an interest rate of 1.10%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal immediately due and payable. Draws on the loan totaled \$2,516,795 at June 30, 2022. The loan is being carried in the Water and Sewer Fund.

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

Year Ending				
June 30	Principal	Interest	Total	
2023	\$ 770,000	\$ 27,685	\$ 797,685	
2024	770,000	19,215	789,215	
2025	770,000	10,744	780,744	
2026	206,795	2,274	209,069	
Total	\$ 2,516,795	\$ 59,918	\$ 2,576,713	

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022 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.	\$ 676,288
\$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.	<u>15,872,000</u>
Total general obligation bonds - governmental activities	<u>16,548,288</u>

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.	<u>283,712</u>
Total general obligation bonds - business-type activities	<u>283,712</u>
Total general obligation bonds - governmental and business-type activities	<u>\$ 16,832,000</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Refunding Bonds

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

Revenue Bonds:

Serviced by the Water and Sewer Fund:

\$20,130,000 2015 combined utility system revenue bonds, series 2015 due in annual principal installments from \$660,000 to \$1,455,000 from May 1, 2017 through May 1, 2036, with semi-annual interest payments from May 1, 2016 through May 1, 2036 at rates ranging from 3.00% to 5.00%.	\$ 15,755,000
\$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.	1,867,000
\$5,895,000 combined enterprise system refunding bonds, Series 2013 due in annual principal installments of \$55,000 to \$630,000 from May 1, 2014 through May 1, 2025; interest payable semi-annually beginning November 1, 2013 at 2.15%	<u>1,855,000</u>
Total revenue bonds	<u>\$ 19,477,000</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, 2022, the City had a legal debt margin of approximately \$499,000,000.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022 is as follows:

Gross revenues available for debt service	\$ 46,318,236
Expenses, as defined in the covenants	<u>29,636,829</u>
Income available for debt service	<u>\$ 16,681,407</u>
Debt service, principal and interest, parity indebtedness	<u>\$ 2,804,017</u>
Debt service coverage ratio	<u>594.91%</u>
Debt service, principal and interest, parity and subordinated indebtedness	<u>\$ 5,023,084</u>
Debt service coverage ratio	<u>332.09%</u>

At June 30, 2022, the City was in compliance with the requirements described above.

The City has pledged future water and sewer revenues, net of specified operating expenses, to repay \$53,498,483 in combined utility system revenue bonds, state revolving loans, and an installment loan issued from 2009 to 2021. 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 \$59,084,346. Principal and interest paid for the current year, and total customer gross revenues, were \$5,023,084 and \$46,318,236, respectively.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Annual debt service requirements to maturity for general obligation bonds as of June 30, 2022 are as follows:

Governmental Activities:

Year Ending June 30	Principal	Interest	Total
2023	\$ 2,137,715	\$ 255,099	\$ 2,392,814
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	1,863,715	125,362	1,989,077
2028-2032	6,795,713	207,948	7,003,661
Total	\$ 16,548,288	\$ 1,155,393	\$ 17,703,681

Business-Type Activities:

Year Ending June 30	Principal	Interest	Total
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	47,285	3,759	51,044
2028-2030	47,287	1,891	49,178
Total	\$ 283,712	\$ 38,915	\$ 322,627

Annual debt service requirements to maturity for revenue bonds as of June 30, 2022 are as follows:

Business-Type Activities:

Year Ending June 30	Principal	Interest	Total
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	995,000	508,288	1,503,288
2028-2032	5,730,000	1,769,286	7,499,286
2033-2037	5,440,000	567,200	6,007,200
Total	\$ 19,477,000	\$ 5,452,291	\$ 24,929,291

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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%.

\$ 22,665,000

Annual debt service requirements to maturity for limited obligation bonds as of June 30, 2022 are as follows:

Governmental Activities:

Year Ending	Principal	Interest	Total
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2027	1,335,000	536,653	1,871,653
2028-2032	6,660,000	2,130,611	8,790,611
2033-2027	6,670,000	1,125,480	7,795,480
2038-2039	<u>2,660,000</u>	<u>138,054</u>	<u>2,798,054</u>
Total	<u>\$ 22,665,000</u>	<u>\$ 6,413,695</u>	<u>\$ 29,078,695</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Lease Liabilities

The financial statements for the year ended June 30, 2022 include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information on the right-to-use lease assets refer to Note 2.A., Right-to-Use Assets. Details of the City's leases liabilities at June 30, 2022 are as follows:

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

On the implementation date of July 1, 2021, the City was the lessee of a 232-month lease for the use of a building. An initial lease liability was recorded in the amount of \$15,485. As of June 30, 2022, the value of the lease liability was \$15,485. The City is required to make annual fixed payments of \$1,000, including interest at a rate of 2.300%. As a result of the lease, the City has recorded a right-to-use asset with a net book value of \$14,684 at June 30, 2022. The City has one extension option for 120 months.

On the implementation date of July 1, 2021, the City was the lessee of a 72-month lease for the use of a building. An initial lease liability was recorded in the amount of \$165,494. As of June 30, 2022, the value of the lease liability was \$137,210. The City is required to make annual fixed payments of \$28,452, including interest at a rate of 1.217%. As a result of the lease, the City has recorded a right-to-use asset with a net book value of \$137,912 at June 30, 2022. The City has the option to purchase the building for \$483,436, and has one extension option for 36 months.

On the implementation date of July 1, 2021, the City was the lessee of an 18-month lease for the use of a building. An initial lease liability was recorded in the amount of \$298,145. As of June 30, 2022, the value of the lease liability was \$179,270. The City is required to make annual fixed payments of \$120,000, including interest at a rate of 0.514%. As a result of the lease, the City has recorded a right-to-use asset with a net book value of \$178,887 at June 30, 2022. The City has also entered into a sublease agreement with the lessor of the building. To the extent that the lessor collects rent payments from other tenants, the City receives a portion. These variable payments are contingent on future sublease tenant payments and have not been included in the measurement of the City's lease liability. The City recognized rent revenues of approximately \$43,627 under this arrangement during the year ended June 30, 2022.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

On the implementation date of July 1, 2021, the City was the lessee of a 34-month lease for the use of postage equipment. An initial lease liability was recorded in the amount of \$12,413. As of June 30, 2022, the value of the lease liability was \$7,922. The City is required to make quarterly fixed payments of \$1,140, including interest at a rate of 0.727%. As a result of the lease, the City has recorded a right-to-use asset with a net book value of \$8,124 at June 30, 2022.

On the implementation date of July 1, 2021, the City was the lessee of a 39-month lease for the use of copier equipment. An initial lease liability was recorded in the amount of \$169,927. As of June 30, 2022, the value of the lease liability was \$113,095. The City is required to make annual fixed payments of \$57,165, including interest at a rate of 0.727%. As a result of the lease, the City has recorded a right-to-use asset with a net book value of \$117,954 at June 30, 2022.

Changes in Long-Term Liabilities

During the year ended June 30, 2022, the following changes occurred in long-term liabilities:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
General Fund:					
General obligation bonds	\$ 18,664,526	\$ -	\$ 2,116,238	\$ 16,548,288	\$ 2,137,715
Limited obligation bonds	24,000,000	-	1,335,000	22,665,000	1,335,000
Lease liabilities	-	445,451	163,303	282,148	164,131
Compensated absences	3,722,045	2,995,216	2,489,727	4,227,534	2,537,000
Net pension (LGERS)	18,653,502	-	10,998,755	7,654,747	-
Total pension (LEO)	24,878,526	-	665,714	24,212,812	-
Total OPEB liability	56,585,537	-	5,333,910	51,251,627	-
Direct placement installment purchases	7,640,000	-	975,000	6,665,000	560,000
Internal Service Funds:					
Direct placement installment purchases	8,074,769	9,080,000	3,175,037	13,979,732	4,017,428
Lease liabilities	-	8,717	2,915	5,802	2,890
Compensated absences	231,935	163,635	149,003	246,567	185,000
Governmental activity long-term liabilities	<u>\$ 162,450,840</u>	<u>\$ 12,693,019</u>	<u>\$ 27,404,602</u>	<u>\$ 147,739,257</u>	<u>\$ 10,939,164</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Business-Type Activities:					
Electric Fund:					
General obligation bonds	\$ 332,474	\$ -	\$ 48,762	\$ 283,712	\$ 47,285
Lease liabilities	-	2,617	875	1,742	868
Net pension (LGERS)	1,453,520	-	857,046	596,474	-
Compensated absences	260,565	342,116	284,689	317,992	238,494
Total OPEB liability	<u>4,352,733</u>	<u>-</u>	<u>410,301</u>	<u>3,942,432</u>	<u>-</u>
Electric Fund long-term liabilities	<u>\$ 6,399,292</u>	<u>\$ 344,733</u>	<u>\$ 1,601,673</u>	<u>\$ 5,142,352</u>	<u>\$ 286,647</u>

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Water and Sewer Fund:					
Compensated absences	\$ 531,788	\$ 420,412	\$ 361,717	\$ 590,483	\$ 442,862
Total OPEB liability	9,430,922	-	888,985	8,541,937	-
Net pension (LGERS)	3,391,545	-	1,999,774	1,391,771	-
Revenue bonds	21,464,000	-	1,987,000	19,477,000	2,049,000
Bond premium	1,780,193	-	165,809	1,614,384	-
Lease liabilities	-	191,221	36,888	154,333	35,312
State revolving loans	<u>33,686,930</u>	<u>2,516,795</u>	<u>2,182,242</u>	<u>34,021,483</u>	<u>2,952,241</u>
Water and Sewer Fund long-term liabilities	<u>\$ 70,285,378</u>	<u>\$ 3,128,428</u>	<u>\$ 7,622,415</u>	<u>\$ 65,791,391</u>	<u>\$ 5,479,415</u>

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Nonmajor Business-Type Activities:					
Compensated absences	\$ 190,323	\$ 216,314	\$ 172,593	\$ 234,044	\$ 175,500
Net pension (LGERS)	726,760	-	428,523	298,237	-
Lease liabilities	-	13,458	4,501	8,957	4,463
Total OPEB liability	<u>2,176,368</u>	<u>-</u>	<u>205,150</u>	<u>1,971,218</u>	<u>-</u>
Nonmajor business-type activities long-term liabilities	<u>\$ 3,093,451</u>	<u>\$ 229,772</u>	<u>\$ 810,767</u>	<u>\$ 2,512,456</u>	<u>\$ 179,963</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

3. Jointly Governed Organizations

North Carolina Electric Agency

The City, in conjunction with 18 other local governments, is a member of the North Carolina Municipal Power Agency Number 1 (Agency). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one 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, 2022 were \$53,390,220. These expenses are reflected in the Electric Fund's operations. Complete financial statements for the Agency can be obtained from the Agency's administrative offices at P.O. Box 29513, Raleigh, NC 27626-0513.

Centralina Council of Governments

The Centralina Council of Governments is a voluntary association of eight County governments and 60 municipalities. The Council was established by the participating governments to coordinate funding from federal and state agencies. Each participating government appoints one member to the Council's governing board, whose responsibilities include approving the budget and designating the management of the Council. The City paid membership dues of \$18,463 during the fiscal year ended June 30, 2022.

4. Joint Venture

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

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

5. Related Organization

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

6. Summary Disclosure of Significant Contingencies

Federal and State-Assisted Programs

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

7. Related Party Transactions

In 2022, 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	\$ 573,243
Electricity for street lights	802,905
Electricity charges for street lights billed by outside parties	<u>249,951</u>
Total	<u>\$ 1,626,099</u>

At June 30, 2022, the City owed the Gastonia Tourism Development Authority (TDA) \$304,675 for occupancy taxes collected on its behalf, \$288,647 reported in the Occupancy Tax Fund and \$16,028 reported in the General Fund. The City of Gastonia ABC Board owed the City \$750,000 in profit distributions and \$12,782 in service reimbursements. During the year, the City collected and remitted \$857,543 of occupancy taxes to the TDA. The TDA paid \$594,954 to the City for tourism support. During the year, the ABC Board paid \$1,300,000 in profit distributions and \$60,389 in service reimbursements to the City.

CITY OF GASTONIA, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

8. Interfund Balances and Activity

Transfers From/To Other Funds

Transfers From/To Other Funds:	Amount	Purpose
From General Fund to:		
Transit System Fund	\$ 663,404	To underwrite operations
Solid Waste Fund	2,385,125	To underwrite operations
Capital project funds	<u>458,567</u>	To fund capital projects
	<u>3,507,096</u>	
From ARPA Fund to:		
General Fund	13,210	To reimburse grant expenditures
Internal Service Fund	290,000	To reimburse grant expenditures
Water and Sewer Fund	1,290	To reimburse grant expenditures
Electric Fund	7,651	To reimburse grant expenditures
Transit Fund	2,285	To reimburse grant expenditures
Stormwater Fund	<u>1,670</u>	To reimburse grant expenditures
	<u>316,106</u>	
From Electric Fund to:		
General Fund	<u>2,000,000</u>	To distribute profits to general government
From Uptown Municipal Tax District		
Fund to:		
General Fund	<u>90,000</u>	To assist with conference center operations
From Economic Stimulus Grants		
Fund to:		
General Fund	263,816	To return \$245,000 plus interest
Rehabilitation Fund	<u>709,695</u>	To transfer remaining loan payoff to be used for affordable housing
	<u>973,511</u>	
From Capital project funds to:		
General Fund	275,504	Transfer funds for land purchase and return unused budget
Capital project funds	<u>55,000</u>	To purchase property
	<u>330,504</u>	
Total interfund transfers	<u>\$ 7,217,217</u>	

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2022 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	\$ 609,812
	Internal service funds	280,287
Internal service funds	General Fund	1,655,490
	ARPA Fund	358
Total		<u>\$ 2,545,947</u>

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

9. Change in Accounting Principle

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

10. Subsequent Events

The City Council approved a \$75 million transportation general obligation bond referendum at its August 2, 2022 meeting. City residents will vote on the referendum on the November 8, 2022 election ballot. If approved the bond proceeds will be used for street paving, intersection improvements, safety improvements around schools and parks, sidewalk and pedestrian safety, roadway manhole repairs, planning and early engineering for future road projects, and I-85 widening utility relocation and design enhancements.



REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Schedule of Changes in Total Pension Liability for Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll for the Law Enforcement Officers' and Firefighters' Special Separation Allowance
- Schedule of Changes in the Total OPEB Liability and Related Ratios
- Local Governmental Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability (Asset) and its Contributions

CITY OF GASTONIA, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' AND FIREFIGHTERS'
SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS**

Law Enforcement Officers' and Firefighters' Special Separation Allowance			
	2022	2021	2020
Beginning balance	\$ 24,878,526	\$ 20,320,317	\$ 19,972,541
Service cost	787,730	547,059	508,284
Interest on the total pension liability	462,624	634,663	698,690
Changes in assumptions or other inputs	(561,632)	4,533,803	510,478
Difference between expected and actual experience	462,350	546,962	185,848
Benefit payments	<u>(1,816,786)</u>	<u>(1,704,278)</u>	<u>(1,555,524)</u>
Ending balance of the total pension liability	<u>\$ 24,212,812</u>	<u>\$ 24,878,526</u>	<u>\$ 20,320,317</u>

The amounts presented for each fiscal year were determined as of the prior year ending December 31.

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

CITY OF GASTONIA, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' AND FIREFIGHTERS'
SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS**

Law Enforcement Officers' and Firefighters' Special Separation Allowance			
	2019	2018	2017
Beginning balance	\$ 21,000,133	\$ 19,498,226	\$ 20,191,374
Service cost	520,225	445,690	455,233
Interest on the total pension liability	638,878	721,936	694,796
Changes in assumptions or other inputs	(648,461)	985,226	(384,595)
Difference between expected and actual experience	26,694	939,506	-
Benefit payments	(1,564,928)	(1,590,451)	(1,458,582)
Ending balance of the total pension liability	<u>\$ 19,972,541</u>	<u>\$ 21,000,133</u>	<u>\$ 19,498,226</u>

CITY OF GASTONIA, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY
AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' AND FIREFIGHTERS'
SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS**

Law Enforcement Officers' and Firefighters' Special Separation Allowance			
	2022	2021	2020
Total pension liability	\$ 24,212,812	\$ 24,878,526	\$ 20,320,317
Covered-employee payroll	18,255,271	18,187,883	18,277,474
Total pension liability as a percentage of covered-employee payroll	132.63%	136.79%	111.18%

Notes to Schedules:

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

Pension schedules are intended to show information for ten years.

Additional years' information will be displayed as it comes available.

CITY OF GASTONIA, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY
AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' AND FIREFIGHTERS'
SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS**

Law Enforcement Officers' and Firefighters' Special Separation Allowance			
	2019	2018	2017
Total pension liability	\$ 19,972,541	\$ 21,000,133	\$ 19,498,226
Covered-employee payroll	17,197,034	17,295,292	16,621,291
Total pension liability as a percentage of covered-employee payroll	116.14%	121.42%	117.31%

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS

	Other Post-Employment Benefits				
	2022	2021	2020	2019	2018
Service cost	\$ 2,906,690	\$ 2,140,481	\$ 1,831,593	\$ 1,891,872	\$ 2,042,691
Interest	1,640,660	2,248,799	2,013,627	1,854,318	1,638,209
Differences between expected and actual experience	(14,725,987)	(973,416)	6,871,822	763,715	(321,457)
Changes in assumptions	5,782,134	8,160,332	2,228,953	(1,660,646)	(2,912,550)
Benefit payments	(2,441,843)	(2,263,646)	(2,926,414)	(3,416,925)	(2,166,610)
Net change in total OPEB liability	(6,838,346)	9,312,550	10,019,581	(567,666)	(1,719,717)
Total OPEB liability - beginning	<u>72,545,560</u>	<u>63,233,010</u>	<u>53,213,429</u>	<u>53,781,095</u>	<u>55,500,812</u>
Total OPEB liability - ending	<u>\$ 65,707,214</u>	<u>\$ 72,545,560</u>	<u>\$ 63,233,010</u>	<u>\$ 53,213,429</u>	<u>\$ 53,781,095</u>
Covered-employee payroll	\$ 39,207,812	\$ 42,663,989	\$ 42,663,989	\$ 39,707,373	\$ 39,707,373
Total OPEB liability as a percentage of covered-employee payroll	167.59%	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
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

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

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



CITY OF GASTONIA, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2022	2021	2020	2019	2018
City of Gastonia's proportion of the net pension liability (asset) (%)	0.6482%	0.6779%	0.6919%	0.6917%	0.6954%
City of Gastonia's proportion of the net pension liability (asset) (\$)	\$ 9,941,229	\$ 24,225,327	\$ 18,894,431	\$ 16,409,491	\$ 10,624,397
City of Gastonia's covered payroll	\$ 48,364,744	\$ 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	20.55%	50.48%	40.40%	36.63%	23.81%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	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 NINE FISCAL YEARS***

	Local Governmental 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 NINE FISCAL YEARS**

Local Governmental Employees' Retirement System					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 6,103,813	\$ 4,933,515	\$ 4,327,515	\$ 3,661,487	\$ 3,391,208
Contributions in relation to the contractually required contribution	<u>6,103,813</u>	<u>4,933,515</u>	<u>4,327,515</u>	<u>3,661,487</u>	<u>3,391,208</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Gastonia's covered payroll	\$ 53,581,396	\$ 48,364,744	\$ 47,985,430	\$ 46,766,460	\$ 44,801,218
Contributions as a percentage of covered payroll	11.39%	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 NINE FISCAL YEARS**

	Local Governmental Employees' Retirement System			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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, 2022

	<u>Nonmajor</u>		<u>Total</u>
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	
Assets:			
Cash, cash equivalents, and investments	\$ -	\$ 6,237,142	\$ 6,237,142
Taxes receivable, net	7,223	-	7,223
Accounts receivable, net	122,163	18,508	140,671
Due from other governments	198,990	-	198,990
Long-term receivable	1,714,031	122,391	1,836,422
Leases receivable	-	3,360,057	3,360,057
Prepaid items	25,710	-	25,710
Cash and cash equivalents, restricted	4,837,285	2,286,262	7,123,547
Property acquired for rehabilitation and resale	959,499	-	959,499
	<u>\$ 7,864,901</u>	<u>\$ 12,024,360</u>	<u>\$ 19,889,261</u>
Total assets			
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 388,328	\$ 1,122,458	\$ 1,510,786
Advances from grantors	3,486,840	324,652	3,811,492
Due to General Fund	609,812	-	609,812
Total liabilities	<u>4,484,980</u>	<u>1,447,110</u>	<u>5,932,090</u>
Deferred Inflows of Resources:			
Lease deferrals	-	3,328,373	3,328,373
Unavailable taxes	7,223	-	7,223
Total deferred inflows of resources	<u>7,223</u>	<u>3,328,373</u>	<u>3,335,596</u>
Fund Balances:			
Non-spendable:			
Leases	-	31,684	31,684
Prepays	25,710	-	25,710
Restricted:			
Stabilization by state statute	2,359,892	999,814	3,359,706
Restricted, all other	1,215,711	3,670,771	4,886,482
Assigned	286,053	2,546,608	2,832,661
Unassigned	(514,668)	-	(514,668)
Total fund balances (deficits)	<u>3,372,698</u>	<u>7,248,877</u>	<u>10,621,575</u>
	<u>\$ 7,864,901</u>	<u>\$ 12,024,360</u>	<u>\$ 19,889,261</u>
Total liabilities, deferred inflows of resources, and fund balances			

CITY OF GASTONIA, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Nonmajor</u>		
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
Revenues:			
Ad valorem taxes	\$ 185,622	\$ -	\$ 185,622
Other taxes and licenses	857,543	-	857,543
Restricted intergovernmental	822,011	314,538	1,136,549
Sales and services	45,203	-	45,203
Investment earnings	3,764	89,310	93,074
Miscellaneous	6,640	875,698	882,338
Total revenues	<u>1,920,783</u>	<u>1,279,546</u>	<u>3,200,329</u>
Expenditures:			
Economic and physical development	1,738,809	6,589	1,745,398
Capital outlay	-	2,895,319	2,895,319
Total expenditures	<u>1,738,809</u>	<u>2,901,908</u>	<u>4,640,717</u>
Revenues over (under) expenditures	<u>181,974</u>	<u>(1,622,362)</u>	<u>(1,440,388)</u>
Other Financing Sources (Uses):			
Transfers from other funds	709,695	513,567	1,223,262
Transfers to other funds	<u>(1,063,511)</u>	<u>(330,504)</u>	<u>(1,394,015)</u>
Total other financing sources (uses)	<u>(353,816)</u>	<u>183,063</u>	<u>(170,753)</u>
Net change in fund balances	(171,842)	(1,439,299)	(1,611,141)
Fund Balances:			
Beginning of year - July 1	<u>3,544,540</u>	<u>8,688,176</u>	<u>12,232,716</u>
End of year - June 30	<u>\$ 3,372,698</u>	<u>\$ 7,248,877</u>	<u>\$ 10,621,575</u>

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2022

<u>Fiscal Year</u>	<u>Balance July 1, 2021</u>	<u>Additions and Adjustments</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2022</u>
2021-2022	\$ -	\$ 36,314,582	\$ 36,026,436	\$ 288,146
2020-2021	291,128	6,831	185,543	112,416
2019-2020	163,969	6,941	65,978	104,932
2018-2019	103,278	6,990	27,808	82,460
2017-2018	95,945	-	18,767	77,178
2016-2017	66,391	-	11,311	55,080
2015-2016	55,383	-	7,193	48,190
2014-2015	61,385	-	9,470	51,915
2013-2014	52,433	-	6,331	46,102
2012-2013	45,588	-	5,469	40,119
2011-2012	51,882	-	51,882	-
Total	<u>\$ 987,382</u>	<u>\$ 36,335,344</u>	<u>\$ 36,416,188</u>	906,538
Less: Allowance for uncollectible ad valorem taxes receivable				<u>(130,461)</u>
Ad valorem taxes receivable - net				<u>\$ 776,077</u>
Reconcilement with Revenues:				
Taxes - ad valorem				\$ 37,385,136
Reconciling items:				
Penalties and interest				(179,279)
Last list fees				49,494
Amounts written off for tax year 2011-2012				47,451
Prior year NCVTS motor vehicle collections				(886,097)
Prior year releases and adjustments of uncollected taxes				2,478
Miscellaneous adjustments				<u>(2,995)</u>
Total collections and credits				<u>\$ 36,416,188</u>

CITY OF GASTONIA, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
FOR THE YEAR ENDED JUNE 30, 2022

	City-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 6,968,242,340	\$ 0.0052	\$ 36,234,860	\$ 33,399,060	\$ 2,835,800
Discoveries:					
Current year taxes	27,747,462	0.0052	144,287	120,189	24,098
Abatements:					
Current year taxes	(12,416,302)		(64,565)	(63,727)	(838)
Total property valuation	\$ 6,983,573,500				
Net Levy			36,314,582	33,455,522	2,859,060
Uncollected taxes at June 30, 2022			288,146	273,718	14,428
Current year's tax collections			\$ 36,026,436	\$ 33,181,804	\$ 2,844,632
Current Levy Collection Percentage			<u>99.21%</u>	<u>99.18%</u>	<u>99.50%</u>
Prior Year Collection Percentage			<u>99.19%</u>	<u>99.11%</u>	<u>100.00%</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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Current year	\$ 35,053,118	\$ 35,982,839	\$ 929,721	\$ 35,526,995
Prior year	1,101,000	1,223,018	122,018	1,222,818
Penalties and interest	135,000	179,279	44,279	167,587
Total	<u>36,289,118</u>	<u>37,385,136</u>	<u>1,096,018</u>	<u>36,917,400</u>
Other Taxes and Licenses:				
Local option sales tax	14,700,000	16,972,083	2,272,083	14,718,183
Utility sales tax	4,499,000	4,468,324	(30,676)	4,496,204
Payments in lieu of taxes	4,863,005	4,863,005	-	4,733,059
Utility franchise tax	4,500	7,136	2,636	12,298
Penalties and interest	50	34	(16)	22
Auto tag fee	1,825,000	1,771,389	(53,611)	1,914,847
Rental vehicle tax	80,000	96,781	16,781	88,930
Total	<u>25,971,555</u>	<u>28,178,752</u>	<u>2,207,197</u>	<u>25,963,543</u>
Unrestricted Intergovernmental Revenues:				
Beer and wine	326,500	324,098	(2,402)	324,809
City of Gastonia ABC Board	600,000	1,300,000	700,000	1,300,000
Court costs	10,000	15,363	5,363	4,927
Video franchise tax	459,000	473,089	14,089	456,213
Total	<u>1,395,500</u>	<u>2,112,550</u>	<u>717,050</u>	<u>2,085,949</u>
Restricted Intergovernmental Revenues:				
Powell Bill allocation	1,936,096	2,362,945	426,849	1,936,096
Coronavirus Relief Fund	-	-	-	1,128,787
Section 104(f) - federal grant	315,689	185,856	(129,833)	204,812
Brownfield EPA grant	-	140,737	140,737	150,838
Coronavirus grant - BJA	164,488	163,408	(1,080)	-
CARES remote learning grant	-	-	-	39,737
Section 5303 - federal/state	53,303	56,719	3,416	26,805
Federal asset forfeitures	100,640	102,162	1,522	18,019
State asset forfeitures	45,769	52,367	6,598	86,294
FEMA reimbursement	-	49,739	49,739	-
State grants	68,000	36,542	(31,458)	114,182
Miscellaneous federal and state grants	250,572	258,824	8,252	484,844
Gaston County	413,500	294,460	(119,040)	42,750
US DOJ JAG grant	109,452	69,552	(39,900)	62,758
Federal grants - vest	-	11,111	11,111	16,371
Total	<u>3,457,509</u>	<u>3,784,422</u>	<u>326,913</u>	<u>4,312,293</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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
Permits	1,541,550	2,383,201	841,651	2,211,546
Sales, Services, and Rents:				
Administration fees	720,000	724,475	4,475	638,200
NC DOT reimbursement for services	415,000	414,127	(873)	310,221
Airport fees and rents	125,000	120,907	(4,093)	118,830
Commercial waste disposal fee	50,000	61,115	11,115	57,094
Decorative street lights	-	-	-	7,654
Hanson surcharge	45,680	98,855	53,175	91,412
Museum	449,600	548,448	98,848	226,201
Reconnection fees	160,000	243,995	83,995	226,140
Recreation	317,400	382,063	64,663	247,415
Reimbursement for services	1,032,447	1,186,534	154,087	585,720
Rents	276,408	266,598	(9,810)	225,849
Report copies	2,000	702	(1,298)	1,496
Sale of property	-	26,030	26,030	18,794
Skeet, trap, and pistol/rifle fees	100,000	77,949	(22,051)	80,879
Total	3,693,535	4,151,798	458,263	2,835,905
Investment Earnings:				
Regular investments	30,000	155,180	125,180	168,528
Federal asset forfeitures	-	633	633	504
State asset forfeitures	-	290	290	146
Police Memorial - Fund 75	-	(9)	(9)	(4)
Block Grant - Fund 76	-	150	150	26
Hanson surcharge	50	259	209	42
Total	30,050	156,503	126,453	169,242
Miscellaneous:				
Donations	41,000	42,255	1,255	6,063
Parking violations	500	71	(429)	5
Discounts earned	500	-	(500)	117
Other	859,885	789,951	(69,934)	566,491
Insurance proceeds	-	430	430	40,777
Total	901,885	832,707	(69,178)	613,453
Total revenues	73,280,702	78,985,069	5,704,367	75,109,331

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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
Expenditures:				
General Government:				
Mayor and Council:				
Salaries and employee benefits	145,773	145,766	7	145,660
Operating expenditures	331,479	314,529	16,950	214,439
Overhead allocated to other funds	(207,107)	(167,353)	(39,754)	(128,181)
Total	<u>270,145</u>	<u>292,942</u>	<u>(22,797)</u>	<u>231,918</u>
Miscellaneous Grants and Donations:				
Operating expenditures	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
Communications and Marketing:				
Salaries and employee benefits	313,831	300,614	13,217	314,683
Operating expenditures	53,212	51,276	1,936	40,711
Overhead allocated to other funds	(268,636)	(269,921)	1,285	(258,870)
Total	<u>98,407</u>	<u>81,969</u>	<u>16,438</u>	<u>96,524</u>
City Manager:				
Salaries and employee benefits	702,411	702,353	58	668,518
Operating expenditures	95,729	78,361	17,368	57,277
Overhead allocated to other funds	(358,988)	(368,187)	9,199	(333,951)
Total	<u>439,152</u>	<u>412,527</u>	<u>26,625</u>	<u>391,844</u>
Assistant City Manager - Director of Human Resources and Administration:				
Salaries and employee benefits	257,394	257,301	93	216,706
Operating expenditures	23,447	20,165	3,282	12,897
Overhead allocated to other funds	(202,483)	(225,190)	22,707	(184,670)
Total	<u>78,358</u>	<u>52,276</u>	<u>26,082</u>	<u>44,933</u>
Assistant City Manager - Public Infrastructure:				
Salaries and employee benefits	194,820	194,742	78	208,748
Operating expenditures	13,117	12,971	146	17,062
Overhead allocated to other funds	(170,700)	(196,603)	25,903	(196,192)
Total	<u>37,237</u>	<u>11,110</u>	<u>26,127</u>	<u>29,618</u>
Human Resources:				
Salaries and employee benefits	2,676,838	2,665,372	11,466	2,579,926
Operating expenditures	1,853,616	1,817,816	35,800	1,568,018
Overhead allocated to other funds	(644,406)	(703,872)	59,466	(597,720)
Total	<u>3,886,048</u>	<u>3,779,316</u>	<u>106,732</u>	<u>3,550,224</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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
Technology Services:				
Admin Apps:				
Operating expenditures	40,329	36,198	4,131	75,142
Financial Services:				
Accounting Division:				
Salaries and employee benefits	620,468	616,229	4,239	599,966
Operating expenditures	178,525	95,331	83,194	157,382
Overhead allocated to other funds	(256,117)	(237,071)	(19,046)	(242,348)
Total	542,876	474,489	68,387	515,000
Budget Division:				
Salaries and employee benefits	239,740	239,160	580	218,425
Operating expenditures	113,556	107,982	5,574	59,631
Overhead allocated to other funds	(202,210)	(205,784)	3,574	(163,163)
Total	151,086	141,358	9,728	114,893
Accounts Receivable Division:				
Salaries and employee benefits	521,215	519,906	1,309	478,764
Operating expenditures	245,146	230,722	14,424	219,781
Overhead allocated to other funds	(188,689)	(204,308)	15,619	(302,815)
Total	577,672	546,320	31,352	395,730
Purchasing Division:				
Salaries and employee benefits	276,670	276,424	246	251,170
Operating expenditures	36,233	34,269	1,964	36,042
Overhead allocated to other funds	(145,730)	(151,244)	5,514	(139,642)
Total	167,173	159,449	7,724	147,570
Warehouse Division:				
Salaries and employee benefits	152,476	119,144	33,332	126,923
Operating expenditures	77,683	85,307	(7,624)	70,327
Overhead allocated to other funds	(170,784)	(146,090)	(24,694)	(163,137)
Total	59,375	58,361	1,014	34,113
Financial Services Administration:				
Salaries and employee benefits	296,173	281,068	15,105	192,466
Operating expenditures	25,597	15,709	9,888	12,274
Overhead allocated to other funds	(110,551)	(105,008)	(5,543)	(65,324)
Total	211,219	191,769	19,450	139,416

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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
Garage Parts Room:				
Salaries and employee benefits	161,660	159,852	1,808	135,074
Operating expenditures	4,394	68,186	(63,792)	(5,868)
Overhead allocated to other funds	(42,152)	(47,746)	5,594	(40,079)
Total	123,902	180,292	(56,390)	89,127
Revenue Administration:				
Salaries and employee benefits	281,528	274,955	6,573	263,386
Operating expenditures	13,700	13,043	657	9,311
Overhead allocated to other funds	(274,953)	(270,718)	(4,235)	(256,333)
Total	20,275	17,280	2,995	16,364
Customer Service:				
Salaries and employee benefits	737,457	726,431	11,026	668,572
Operating expenditures	676,889	678,937	(2,048)	540,368
Overhead allocated to other funds	(971,897)	(1,002,372)	30,475	(892,974)
Total	442,449	402,996	39,453	315,966
Meter Services:				
Salaries and employee benefits	886,185	851,334	34,851	712,943
Operating expenditures	183,769	177,635	6,134	106,870
Overhead allocated to other funds	(939,292)	(1,028,969)	89,677	(811,247)
Total	130,662	-	130,662	8,566
Total financial services	2,426,689	2,172,314	254,375	1,776,745
City Attorney:				
Salaries and employee benefits	524,496	499,798	24,698	456,389
Operating expenditures	55,277	47,365	7,912	47,385
Overhead allocated to other funds	(102,454)	(104,248)	1,794	(94,245)
Total	477,319	442,915	34,404	409,529
Special Project and Strategic Development:				
Operating expenditures	609,000	360,259	248,741	-
Development Services:				
Planning:				
Salaries and employee benefits	803,159	733,300	69,859	659,610
Operating expenditures	258,738	226,601	32,137	236,409
Overhead allocated to other funds	(103,145)	(105,771)	2,626	(95,839)
Total	958,752	854,130	104,622	800,180

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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
Zoning:				
Operating expenditures	1,000	971	29	10,852
Economic Development:				
Salaries and employee benefits	324,516	314,412	10,104	269,820
Operating expenditures	1,221,739	1,069,848	151,891	707,715
Capital outlay	267,811	267,810	1	-
Overhead allocated to other funds	(798,028)	(1,242,690)	444,662	(631,816)
Total	1,016,038	409,380	606,658	345,719
Transportation Planning:				
Salaries and employee benefits	377,045	341,869	35,176	359,660
Operating expenditures	296,238	200,115	96,123	438,110
Total	673,283	541,984	131,299	797,770
Building Services:				
Salaries and employee benefits	999,109	887,105	112,004	746,964
Operating expenditures	247,633	217,455	30,178	161,240
Capital outlay	90,600	86,967	3,633	-
Total	1,337,342	1,191,527	145,815	908,204
Neighborhoods and Housing:				
Salaries and employee benefits	137,761	101,734	36,027	118,256
Operating expenditures	62,876	52,317	10,559	65,622
Overhead allocated to other funds	(116,914)	(91,509)	(25,405)	(113,335)
Total	83,723	62,542	21,181	70,543
Keep Gastonia Beautiful:				
Salaries and employee benefits	205,311	187,902	17,409	177,404
Operating expenditures	40,974	38,907	2,067	19,595
Total	246,285	226,809	19,476	196,999
Diversity, Equity, and Inclusion:				
Salaries and employee benefits	134,563	134,172	391	65,144
Operating expenditures	62,848	31,535	31,313	15,507
Total	197,411	165,707	31,704	80,651
Uptown Development:				
Operating expenditures	7,219	7,219	-	75,907

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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
Neighborhood and Community Resources:				
Salaries and employee benefits	100,853	99,613	1,240	12,173
Operating expenditures	15,138	14,501	637	-
Total	115,991	114,114	1,877	12,173
Code Enforcement:				
Salaries and employee benefits	325,076	308,123	16,953	212,236
Operating expenditures	128,536	107,850	20,686	88,971
Total	453,612	415,973	37,639	301,207
Sister Cities:				
Salaries and employee benefits	31,541	17,041	14,500	21,342
Operating expenditures	2,952	2,951	1	7,080
Total	34,493	19,992	14,501	28,422
Community Improvement - Downtown:				
Salaries and employee benefits	153,336	145,822	7,514	108,456
Operating expenditures	31,270	26,131	5,139	11,548
Overhead allocated to other funds	(3,867)	(12,948)	9,081	(2,969)
Total	180,739	159,005	21,734	117,035
Neighborhood Stabilization Program:				
Operating expenditures	48,789	48,245	544	15,506
Total development services	5,354,677	4,217,598	1,137,079	3,761,168
Loray Mills:				
Operating expenditures	-	-	-	59,090
City Hall Renovations:				
Operating expenditures	119,568	71,167	48,401	75,245
Capital outlay	10,500	10,070	430	-
Total	130,068	81,237	48,831	75,245
General Administration:				
Operating expenditures	226,421	214,343	12,078	-
Capital outlay	550,000	425,718	124,282	-
Total	776,421	640,061	136,360	-
Non-Departmental:				
Operating expenditures	1,629,677	-	1,629,677	-
Total general government	16,256,527	12,580,722	3,675,805	10,501,980

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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
Public Safety:				
Police Department:				
Administration:				
Salaries and employee benefits	685,663	683,136	2,527	634,579
Operating expenditures	1,639,881	1,637,426	2,455	1,645,893
Total	2,325,544	2,320,562	4,982	2,280,472
Recruiting:				
Operating expenditures	4,394	4,393	1	4,989
Justice Funds:				
Operating expenditures	278,023	166,238	111,785	102,991
Capital outlay	251,539	-	251,539	230,469
Total	529,562	166,238	363,324	333,460
Treasury Funds:				
Operating expenditures	8,748	-	8,748	18,702
Capital outlay	22	-	22	35,886
Total	8,770	-	8,770	54,588
Investigations:				
Salaries and employee benefits	4,059,954	3,995,881	64,073	3,687,794
Operating expenditures	307,059	290,894	16,165	252,931
Total	4,367,013	4,286,775	80,238	3,940,725
Field Services:				
Salaries and employee benefits	10,711,939	10,528,773	183,166	9,141,235
Operating expenditures	1,235,984	1,224,419	11,565	1,064,877
Capital outlay	8,000	8,000	-	7,307
Total	11,955,923	11,761,192	194,731	10,213,419
P.A.R.C.:				
Salaries and employee benefits	301,111	299,781	1,330	274,233
Operating expenditures	11,782	11,780	2	7,566
Total	312,893	311,561	1,332	281,799
Support Services:				
Salaries and employee benefits	694,994	688,713	6,281	568,855
Operating expenditures	245,393	243,934	1,459	195,496
Total	940,387	932,647	7,740	764,351

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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
ABC Enforcement:				
Salaries and employee benefits	98,299	95,003	3,296	85,596
Operating expenditures	9,794	9,421	373	8,248
Total	108,093	104,424	3,669	93,844
Early Police Retirement:				
Salaries and employee benefits	1,015,300	1,007,037	8,263	974,877
Asset Forfeiture:				
Operating expenditures	147,600	9,927	137,673	-
Capital outlay	70,223	47,778	22,445	12,367
Total	217,823	57,705	160,118	12,367
Police Foundation:				
Operating expenditures	23,120	21,988	1,132	16,632
Special Situations:				
Operating expenditures	45,142	44,047	1,095	24,689
Capital outlay	-	-	-	958
Total	45,142	44,047	1,095	25,647
Police Department Grants:				
Salaries and employee benefits	147,353	78,556	68,797	53,504
Operating expenditures	151,206	84,905	66,301	22,181
Capital outlay	175,967	174,887	1,080	127,408
Total	474,526	338,348	136,178	203,093
Police Records Bureau:				
Salaries and employee benefits	856,724	842,626	14,098	788,160
Operating expenditures	12,820	12,817	3	8,741
Total	869,544	855,443	14,101	796,901
Total police department	23,198,034	22,212,360	985,674	19,997,164
Fire Department:				
Administration:				
Salaries and employee benefits	521,708	520,551	1,157	464,471
Operating expenditures	519,780	518,116	1,664	504,252
Total	1,041,488	1,038,667	2,821	968,723

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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
Life Safety:				
Salaries and employee benefits	517,688	516,885	803	471,339
Operating expenditures	59,719	59,214	505	31,270
Total	577,407	576,099	1,308	502,609
Operations:				
Salaries and employee benefits	10,754,512	10,693,498	61,014	9,725,342
Operating expenditures	1,788,462	1,762,859	25,603	1,586,870
Capital outlay	10,026	10,026	-	24,155
Total	12,553,000	12,466,383	86,617	11,336,367
Training:				
Salaries and employee benefits	117,107	114,154	2,953	103,668
Operating expenditures	11,178	11,041	137	827
Total	128,285	125,195	3,090	104,495
Early Fire Retirement:				
Salaries and employee benefits	855,000	853,010	1,990	799,781
Total fire department	15,155,180	15,059,354	95,826	13,711,975
Total public safety	38,353,214	37,271,714	1,081,500	33,709,139
Public Works:				
Enterprise Services:				
Refuse Disposal:				
Operating expenditures	319,443	110,060	209,383	-
Garage Inventory:				
Operating expenditures	117,529	441,558	(324,029)	(131,461)
Overhead allocated to other funds	(21,099)	(21,846)	747	(3,976)
Total	96,430	419,712	(323,282)	(135,437)
Equipment Services:				
Salaries and employee benefits	1,369,748	1,354,545	15,203	1,180,910
Operating expenditures	226,571	226,717	(146)	174,284
Capital outlay	31,746	31,571	175	22,774
Overhead allocated to other funds	(597,604)	(610,126)	12,522	(520,815)
Total	1,030,461	1,002,707	27,754	857,153

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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
Airport Operations:				
Operating expenditures	115,579	80,600	34,979	103,423
Capital outlay	5,000	-	5,000	10,571
Total	<u>120,579</u>	<u>80,600</u>	<u>39,979</u>	<u>113,994</u>
Total enterprise services	<u>1,566,913</u>	<u>1,613,079</u>	<u>(46,166)</u>	<u>835,710</u>
Building and Grounds:				
Salaries and employee benefits	971,918	966,604	5,314	842,342
Operating expenditures	891,482	782,268	109,214	472,010
Overhead allocated to other funds	(98,825)	(140,576)	41,751	(78,712)
Total	<u>1,764,575</u>	<u>1,608,296</u>	<u>156,279</u>	<u>1,235,640</u>
Engineering:				
Salaries and employee benefits	2,469,287	2,416,201	53,086	2,296,689
Operating expenditures	840,148	650,438	189,710	416,130
Overhead allocated to other funds	(1,293,130)	(1,434,277)	141,147	(1,238,630)
Total	<u>2,016,305</u>	<u>1,632,362</u>	<u>383,943</u>	<u>1,474,189</u>
Traffic Services:				
Salaries and employee benefits	676,346	673,999	2,347	598,926
Operating expenditures	240,141	218,087	22,054	167,981
Capital outlay	8,952	8,951	1	590
Total	<u>925,439</u>	<u>901,037</u>	<u>24,402</u>	<u>767,497</u>
Street Department:				
Supervision				
Salaries and employee benefits	300,661	300,013	648	469,574
Operating expenditures	42,481	41,354	1,127	205,447
Overhead allocated to other funds	(265,545)	(277,457)	11,912	(593,724)
Total	<u>77,597</u>	<u>63,910</u>	<u>13,687</u>	<u>81,297</u>
Powell Bill Street Funds:				
Salaries and employee benefits	1,765,217	1,629,282	135,935	1,556,846
Operating expenditures	2,591,383	2,386,127	205,256	2,002,961
Capital outlay	59,659	46,439	13,220	-
Overhead allocated to other funds	(205,936)	(210,842)	4,906	(182,225)
Total	<u>4,210,323</u>	<u>3,851,006</u>	<u>359,317</u>	<u>3,377,582</u>
Landscape:				
Operating expenditures	<u>80,000</u>	<u>-</u>	<u>80,000</u>	<u>-</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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
Cemeteries:				
Salaries and employee benefits	365,695	355,232	10,463	303,404
Operating expenditures	108,627	52,239	56,388	166,537
Total	<u>474,322</u>	<u>407,471</u>	<u>66,851</u>	<u>469,941</u>
Total public works	<u>11,115,474</u>	<u>10,077,161</u>	<u>1,038,313</u>	<u>8,241,856</u>
Cultural and Recreational:				
Recreational:				
Administration:				
Salaries and employee benefits	384,744	382,001	2,743	359,345
Operating expenditures	282,415	175,901	106,514	150,804
Capital outlay	2,943	-	2,943	-
Total	<u>670,102</u>	<u>557,902</u>	<u>112,200</u>	<u>510,149</u>
Athletics and Special Facilities:				
Salaries and employee benefits	580,363	522,971	57,392	545,123
Operating expenditures	549,375	495,330	54,045	392,624
Total	<u>1,129,738</u>	<u>1,018,301</u>	<u>111,437</u>	<u>937,747</u>
Roland E. Bradley Community Center:				
Salaries and employee benefits	230,050	225,171	4,879	169,262
Operating expenditures	28,746	27,645	1,101	119,431
Total	<u>258,796</u>	<u>252,816</u>	<u>5,980</u>	<u>288,693</u>
Erwin Community Center:				
Salaries and employee benefits	230,331	227,685	2,646	213,708
Operating expenditures	129,680	101,727	27,953	103,310
Total	<u>360,011</u>	<u>329,412</u>	<u>30,599</u>	<u>317,018</u>
Martha Rivers Park:				
Salaries and employee benefits	293,847	246,277	47,570	261,097
Operating expenditures	124,693	108,260	16,433	80,169
Capital outlay	11,333	6,313	5,020	-
Total	<u>429,873</u>	<u>360,850</u>	<u>69,023</u>	<u>341,266</u>
Phillips Community Center:				
Salaries and employee benefits	229,373	208,953	20,420	197,430
Operating expenditures	91,704	40,623	51,081	20,702
Total	<u>321,077</u>	<u>249,576</u>	<u>71,501</u>	<u>218,132</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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
Jeffers Community Center:				
Salaries and employee benefits	212,945	208,568	4,377	139,888
Operating expenditures	109,165	88,446	20,719	23,842
Total	322,110	297,014	25,096	163,730
Maintenance and Development:				
Salaries and employee benefits	988,713	981,419	7,294	838,446
Operating expenditures	300,254	245,760	54,494	228,242
Capital outlay	77,000	63,953	13,047	36,331
Overhead allocated to other funds	(507,700)	(534,014)	26,314	(435,820)
Total	858,267	757,118	101,149	667,199
Golf Course:				
Operating expenditures	1,500	208	1,292	5,653
Adult Recreation Center:				
Salaries and employee benefits	213,897	183,144	30,753	173,453
Operating expenditures	86,223	56,294	29,929	36,052
Total	300,120	239,438	60,682	209,505
Sims Park:				
Operating expenditures	37,800	37,140	660	14,074
Southeast Community Center:				
Operating expenditures	2,500	1,804	696	310
Skeet/Trap Range:				
Salaries and employee benefits	48,981	23,684	25,297	24,726
Operating expenditures	75,396	50,251	25,145	51,299
Total	124,377	73,935	50,442	76,025
Lineberger Park:				
Salaries and employee benefits	16,074	15,544	530	16,150
Operating expenditures	19,400	9,198	10,202	10,900
Total	35,474	24,742	10,732	27,050
Rankin Lake:				
Salaries and employee benefits	177,061	123,232	53,829	109,256
Operating expenditures	72,240	27,970	44,270	39,402
Total	249,301	151,202	98,099	148,658

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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
Greenways:				
Operating expenditures	20,780	11,604	9,176	11,791
FUSE:				
Operating expenditures	189,653	167,538	22,115	-
Capital outlay	95,808	15,485	80,323	-
Total	285,461	183,023	102,438	-
Total recreational	5,407,287	4,546,085	861,202	3,937,000
Museum:				
Collections/Research:				
Salaries and employee benefits	213,759	212,603	1,156	175,147
Operating expenditures	8,337	8,336	1	1,034
Total	222,096	220,939	1,157	176,181
Education:				
Salaries and employee benefits	448,938	355,575	93,363	307,343
Operating expenditures	39,048	38,020	1,028	20,280
Total	487,986	393,595	94,391	327,623
Exhibits:				
Salaries and employee benefits	204,729	165,760	38,969	159,845
Operating expenditures	19,500	18,990	510	22,922
Total	224,229	184,750	39,479	182,767
Administration:				
Salaries and employee benefits	383,400	345,771	37,629	292,408
Operating expenditures	471,807	427,906	43,901	260,240
Total	855,207	773,677	81,530	552,648
Operations:				
Salaries and employee benefits	325,809	308,865	16,944	254,901
Operating expenditures	164,791	146,331	18,460	149,436
Total	490,600	455,196	35,404	404,337
Programs:				
Salaries and employee benefits	108,782	89,885	18,897	76,298
Operating expenditures	22,880	21,363	1,517	16,348
Total	131,662	111,248	20,414	92,646

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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
Special Projects:				
Operating expenditures	3,600	-	3,600	-
Total museum	2,415,380	2,139,405	275,975	1,736,202
Farmer's Market Operations				
Operating expenditures	12,951	10,966	1,985	-
Webb Theatre - Nicks:				
Operating expenditures	120,000	-	120,000	-
Conference Center:				
Operating expenditures	243,807	222,710	21,097	379,862
Total cultural and recreational	8,199,425	6,919,166	1,280,259	6,053,064
Debt Service:				
Principal	6,779,669	4,589,541	2,190,128	2,926,237
Interest	1,120,459	1,120,078	381	1,466,056
Bond issuance costs	62,000	2,000	60,000	66,400
Service charges	4,600	-	4,600	2,000
Total	7,966,728	5,711,619	2,255,109	4,460,693
Total expenditures	81,891,368	72,560,382	9,330,986	62,966,732
Revenues over (under) expenditures	(8,610,666)	6,424,687	15,035,353	12,142,599
Other Financing Sources (Uses):				
Issuance of long-term debt	-	-	-	17,872,000
Debt principal - current refunding	-	-	-	(17,805,000)
Lease liabilities issued	565,000	445,451	(119,549)	-
Transfers from other funds:				
Electric Fund	2,000,000	2,000,000	-	2,000,000
Special revenue funds	367,026	367,026	-	40,000
Capital project funds	275,504	275,504	-	-
Transfers to other funds:				
Transit Fund	(663,404)	(663,404)	-	(395,000)
Solid waste	(2,385,125)	(2,385,125)	-	(3,008,264)
Capital project funds	(458,567)	(458,567)	-	(3,660,672)
Budgetary amounts:				
Appropriated fund balance	8,910,232	-	(8,910,232)	-
Total other financing sources (uses)	8,610,666	(419,115)	(9,029,781)	(4,956,936)

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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	<u>2022</u>			<u>2021</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Net change in fund balance	\$ -	6,005,572	\$ 6,005,572	7,185,663
Fund Balance:				
Beginning of year - July 1		42,781,221		35,580,740
Increase (decrease) in inventories and property/ land acquired for redevelopment/rehabilitation		<u>107,057</u>		<u>14,818</u>
End of year - June 30		<u>\$ 48,893,850</u>		<u>\$ 42,781,221</u>

SPECIAL REVENUE FUNDS

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

American Rescue Plan 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.

State Grants Fund

The purpose of this fund is to account for State Capital Infrastructure Fund grants awarded to the City.

Community Development Block Grant Program Fund

The purpose of this fund is to account for grant revenues and related expenditures under various federal and State grants.

Occupancy Tax Fund

The purpose of this fund is to account for occupancy tax assessed for tourism development purposes.

Uptown Municipal 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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 16,373,346	\$ 986,742	\$ (15,386,604)
Investment earnings	-	15,502	15,502
Total revenues	<u>16,373,346</u>	<u>1,002,244</u>	<u>(15,371,102)</u>
Expenditures:			
General government:			
Salaries and employee benefits	522,432	40,211	482,221
Operating expenditures	11,935,635	630,425	11,305,210
Capital outlay	3,599,173	-	3,599,173
Total expenditures	<u>16,057,240</u>	<u>670,636</u>	<u>15,386,604</u>
Revenues over (under) expenditures	316,106	331,608	15,502
Other Financing Sources (Uses):			
Transfers to other funds	<u>(316,106)</u>	<u>(316,106)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>15,502</u>	<u>\$ 15,502</u>
Fund Balance:			
Beginning of year - July 1		<u>1,583</u>	
End of year - June 30		<u>\$ 17,085</u>	

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	Community Development Block Grant					
	State Grants Fund	Program Fund	Affordable Housing Fund	Rehabilitation Fund	Home Investment Trust Fund	108 Loan/ Revitalization
Assets:						
Taxes receivable, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	-	91,217	-	-	29,316	-
Prepaid items	-	25,710	-	-	-	-
Due from other governments	-	-	-	-	-	-
Cash and investments, restricted	3,520,497	-	143,625	711,181	-	-
Long-term receivable	-	7,357	99,139	-	994,161	13,703
Property acquired for rehabilitation and resale	-	459,840	-	39,779	412,530	-
Total assets	\$ 3,520,497	\$ 584,124	\$ 242,764	\$ 750,960	\$ 1,436,007	\$ 13,703
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 30,847	\$ 41,290	\$ -	\$ -	\$ 23,301	\$ -
Due to General Fund	-	385,968	-	-	210,141	13,703
Advances from grantors	3,486,840	-	-	-	-	-
Total liabilities	3,517,687	427,258	-	-	233,442	13,703
Deferred Inflows of Resources:						
Property taxes receivable	-	-	-	-	-	-
Fund Balances:						
Non-spendable:						
Prepays	-	25,710	-	-	-	-
Restricted:						
Stabilization by state statute	-	346,833	99,139	-	1,091,387	13,703
Restricted, all other	2,810	-	143,625	711,181	-	-
Assigned	-	-	-	39,779	198,924	-
Unassigned	-	(215,677)	-	-	(87,746)	(13,703)
Total fund balances	2,810	156,866	242,764	750,960	1,202,565	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,520,497	\$ 584,124	\$ 242,764	\$ 750,960	\$ 1,436,007	\$ 13,703

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	CDBG (continued)					Total
	108 Loan/ Economic	Economic Development	Occupancy Tax Fund	Uptown Municipal Tax District	Economic Stimulus Grants Fund	
Assets:						
Taxes receivable, net	\$ -	\$ -	\$ -	\$ 7,223	\$ -	\$ 7,223
Accounts receivable, net	-	-	-	1,630	-	122,163
Prepaid items	-	-	-	-	-	25,710
Due from other governments	-	-	198,990	-	-	198,990
Cash and investments, restricted	47,328	2	91,105	226,269	97,278	4,837,285
Long-term receivable	-	-	-	-	599,671	1,714,031
Property acquired for rehabilitation and resale	47,350	-	-	-	-	959,499
Total assets	<u>\$ 94,678</u>	<u>\$ 2</u>	<u>\$ 290,095</u>	<u>\$ 235,122</u>	<u>\$ 696,949</u>	<u>\$ 7,864,901</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 288,647	\$ 1,651	\$ 2,592	\$ 388,328
Due to General Fund	-	-	-	-	-	609,812
Advances from grantors	-	-	-	-	-	3,486,840
Total liabilities	<u>-</u>	<u>-</u>	<u>288,647</u>	<u>1,651</u>	<u>2,592</u>	<u>4,484,980</u>
Deferred Inflows of Resources:						
Property taxes receivable	-	-	-	7,223	-	7,223
Fund Balances:						
Non-spendable:						
Prepays	-	-	-	-	-	25,710
Restricted:						
Stabilization by state statute	-	-	198,990	10,169	599,671	2,359,892
Restricted, all other	47,328	2	-	216,079	94,686	1,215,711
Assigned	47,350	-	-	-	-	286,053
Unassigned	-	-	(197,542)	-	-	(514,668)
Total fund balances	<u>94,678</u>	<u>2</u>	<u>1,448</u>	<u>226,248</u>	<u>694,357</u>	<u>3,372,698</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 94,678</u>	<u>\$ 2</u>	<u>\$ 290,095</u>	<u>\$ 235,122</u>	<u>\$ 696,949</u>	<u>\$ 7,864,901</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, 2022

	Community Development Block Grant					
	State Grants Fund	Program Fund	Affordable Housing Fund	Rehabilitation Fund	Home Investment Trust Fund	
Revenues:						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	-	-	-	-	-	-
Restricted intergovernmental	138,160	446,170	-	-	232,681	-
Sales and services	-	11,093	2,141	-	31,969	-
Investment earnings	2,810	(642)	2	437	(363)	-
Miscellaneous	-	159	-	-	167	-
Total revenues	<u>140,970</u>	<u>456,780</u>	<u>2,143</u>	<u>437</u>	<u>264,454</u>	<u>-</u>
Expenditures:						
Economic and physical development	<u>138,160</u>	<u>490,688</u>	<u>-</u>	<u>-</u>	<u>128,146</u>	<u>278</u>
Revenues over (under) expenditures	<u>2,810</u>	<u>(33,908)</u>	<u>2,143</u>	<u>437</u>	<u>136,308</u>	<u>(278)</u>
Other Financing Sources (Uses):						
Transfers from other funds	-	-	-	709,695	-	-
Transfers (to) other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>709,695</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,810	(33,908)	2,143	710,132	136,308	(278)
Fund Balances:						
Beginning of year - July 1	<u>-</u>	<u>190,774</u>	<u>240,621</u>	<u>40,828</u>	<u>1,066,257</u>	<u>278</u>
End of year - June 30	<u>\$ 2,810</u>	<u>\$ 156,866</u>	<u>\$ 242,764</u>	<u>\$ 750,960</u>	<u>\$ 1,202,565</u>	<u>\$ -</u>

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	CDBG (continued)					Total
	108 Loan/ Economic	Economic Development	Occupancy Tax Fund	Uptown Municipal Tax District	Economic Stimulus Grants Fund	
Revenues:						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 185,622	\$ -	\$ 185,622
Other taxes and licenses	-	-	857,543	-	-	857,543
Restricted intergovernmental	-	-	-	5,000	-	822,011
Sales and services	-	-	-	-	-	45,203
Investment earnings	73	-	-	400	1,047	3,764
Miscellaneous	-	-	-	5,028	1,286	6,640
Total revenues	<u>73</u>	<u>-</u>	<u>857,543</u>	<u>196,050</u>	<u>2,333</u>	<u>1,920,783</u>
Expenditures:						
Economic and physical development	-	-	857,543	123,994	-	1,738,809
Revenues over (under) expenditures	<u>73</u>	<u>-</u>	<u>-</u>	<u>72,056</u>	<u>2,333</u>	<u>181,974</u>
Other Financing Sources (Uses):						
Transfers from other funds	-	-	-	-	-	709,695
Transfers (to) other funds	-	-	-	(90,000)	(973,511)	(1,063,511)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,000)</u>	<u>(973,511)</u>	<u>(353,816)</u>
Net change in fund balances	73	-	-	(17,944)	(971,178)	(171,842)
Fund Balances:						
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 94,678</u>	<u>\$ 2</u>	<u>\$ 1,448</u>	<u>\$ 226,248</u>	<u>\$ 694,357</u>	<u>\$ 3,372,698</u>

CITY OF GASTONIA, NORTH CAROLINA

STATE GRANTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 3,625,000	\$ 138,160	\$ (3,486,840)
Investment earnings	-	2,810	2,810
Total revenues	<u>3,625,000</u>	<u>140,970</u>	<u>(3,484,030)</u>
Expenditures:			
Economic and physical development:			
FUSE District	1,500,000	138,160	1,361,840
Airport security fencing	250,000	-	250,000
Cultural and recreation:			
Greenways	1,850,000	-	1,850,000
Recreation center signs	25,000	-	25,000
Total expenditures	<u>3,625,000</u>	<u>138,160</u>	<u>3,486,840</u>
Net change in fund balance	<u>\$ -</u>	2,810	<u>\$ 2,810</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 2,810</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 2,551,057	\$ 446,170	\$ (2,104,887)
Sales and services	-	11,093	11,093
Investment earnings	-	(642)	(642)
Miscellaneous	-	159	159
Total revenues	<u>2,551,057</u>	<u>456,780</u>	<u>(2,094,277)</u>
Expenditures:			
Economic and physical development:			
Administration	145,195	117,756	27,439
Housing rehabilitation	2,467,716	364,924	2,102,792
Fair housing	10,446	8,008	2,438
Total expenditures	<u>2,623,357</u>	<u>490,688</u>	<u>2,132,669</u>
Revenues over (under) expenditures	(72,300)	(33,908)	38,392
Other Financing Sources (Uses):			
Appropriated fund balance	<u>72,300</u>	-	<u>(72,300)</u>
Net change in fund balance	<u>\$ -</u>	(33,908)	<u>\$ (33,908)</u>
Fund Balance:			
Beginning of year - July 1		<u>190,774</u>	
End of year - June 30		<u>\$ 156,866</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Sales and services	\$ 16,680	\$ 16,680	\$ -
Investment earnings	-	2	2
Total revenues	<u>16,680</u>	<u>16,682</u>	<u>2</u>
Expenditures:			
Economic and physical development:			
Affordable housing	<u>16,680</u>	<u>-</u>	<u>16,680</u>
Net change in fund balance	<u>\$ -</u>	16,682	<u>\$ 16,682</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(14,539)</u>	
Net change in fund balance - modified accrual basis		2,143	
Fund Balance:			
Beginning of year - July 1		<u>240,621</u>	
End of year - June 30		<u>\$ 242,764</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 437	\$ 437
Expenditures:			
Economic and physical development:			
Housing rehabilitation	<u>709,695</u>	<u>-</u>	<u>709,695</u>
Revenues over (under) expenditures	(709,695)	437	710,132
Other Financing Sources (Uses):			
Transfer from other funds	<u>709,695</u>	<u>709,695</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	710,132	<u>\$ 710,132</u>
Fund Balance:			
Beginning of year - July 1		<u>40,828</u>	
End of year - June 30		<u>\$ 750,960</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 1,977,031	\$ 232,681	\$ (1,744,350)
Sales and services	17,962	52,280	34,318
Investment earnings	-	(363)	(363)
Miscellaneous	-	167	167
Total revenues	<u>1,994,993</u>	<u>284,765</u>	<u>(1,710,228)</u>
Expenditures:			
Economic and physical development: Home program	<u>2,261,827</u>	<u>549,947</u>	<u>1,711,880</u>
Revenues over (under) expenditures	(266,834)	(265,182)	1,652
Other Financing Sources (Uses):			
Appropriated fund balance	<u>266,834</u>	-	<u>(266,834)</u>
Net change in fund balance	<u>\$ -</u>	<u>(265,182)</u>	<u>\$ (265,182)</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan increases		421,801	
Current year loan repayments		<u>(20,311)</u>	
Net change in fund balance - modified accrual basis		136,308	
Fund Balance:			
Beginning of year - July 1		<u>1,066,257</u>	
End of year - June 30		<u>\$ 1,202,565</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, 2022

	<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 adjustment		(278)	
Current year loan repayments		<u>(1,111)</u>	
Net change in fund balance - modified accrual basis		(278)	
Fund Balance:			
Beginning of year - July 1		<u>278</u>	
End of year - June 30		<u>\$ -</u>	

CITY OF GASTONIA, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
 108 LOAN/ECONOMIC
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 73	\$ 73
Net change in fund balance	<u>\$ -</u>	73	<u>\$ 73</u>
Fund Balance:			
Beginning of year - July 1		<u>94,605</u>	
End of year - June 30		<u>\$ 94,678</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, 2022**

	<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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Other taxes and licenses	\$ 885,000	\$ 857,543	\$ (27,457)
Expenditures:			
Economic and physical development:			
Gastonia Tourism Development Authority	<u>885,000</u>	<u>857,543</u>	<u>27,457</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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ -	\$ 5,000	\$ 5,000
Ad valorem taxes	164,107	185,622	21,515
Investment earnings	200	400	200
Miscellaneous	1,926	5,028	3,102
Total revenues	<u>166,233</u>	<u>196,050</u>	<u>29,817</u>
Expenditures:			
Economic and physical development: Community improvement downtown	<u>320,425</u>	<u>123,994</u>	<u>196,431</u>
Revenues over (under) expenditures	<u>(154,192)</u>	<u>72,056</u>	<u>226,248</u>
Other Financing Sources (Uses):			
Transfers to other funds	(90,000)	(90,000)	-
Appropriated fund balance	<u>244,192</u>	<u>-</u>	<u>(244,192)</u>
Total other financing sources (uses)	<u>154,192</u>	<u>(90,000)</u>	<u>(244,192)</u>
Net change in fund balance	<u>\$ -</u>	<u>(17,944)</u>	<u>\$ (17,944)</u>
Fund Balance:			
Beginning of year - July 1		<u>244,192</u>	
End of year - June 30		<u>\$ 226,248</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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 1,047	\$ 1,047
Miscellaneous	<u>922,543</u>	<u>922,559</u>	<u>16</u>
Total revenues	<u>922,543</u>	<u>923,606</u>	<u>1,063</u>
Revenues over (under) expenditures	<u>922,543</u>	<u>923,606</u>	<u>1,063</u>
Other Financing Sources (Uses):			
Transfers to other funds	(973,511)	(973,511)	-
Appropriated fund balance	<u>50,968</u>	<u>-</u>	<u>(50,968)</u>
Total other financing sources (uses)	<u>(922,543)</u>	<u>(973,511)</u>	<u>(50,968)</u>
Net change in fund balance	<u>\$ -</u>	(49,905)	<u>\$ (49,905)</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(921,273)</u>	
Net change in fund balance - modified accrual basis		(971,178)	
Fund Balance:			
Beginning of year - July 1		<u>1,665,535</u>	
End of year - June 30		<u>\$ 694,357</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

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	<u>Mayor/Council Fund</u>	<u>Streets Capital Project Fund</u>	<u>Developer Sidewalk Fund</u>	<u>Airport Fund</u>
Assets:				
Cash and cash equivalents	\$ 2,183,654	\$ 1,116,707	\$ -	\$ 107,558
Cash and cash equivalents, restricted	733	1,730,230	230,647	324,652
Accounts receivable	9,832	3,028	-	-
Long-term receivable	-	-	-	-
Leases receivable	-	-	-	-
Total assets	<u>\$ 2,194,219</u>	<u>\$ 2,849,965</u>	<u>\$ 230,647</u>	<u>\$ 432,210</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 110,603	\$ 1,002,268	\$ -	\$ 9,587
Advances from grantors	-	-	-	324,652
Total liabilities	<u>110,603</u>	<u>1,002,268</u>	<u>-</u>	<u>334,239</u>
Deferred Inflows of Resources:				
Lease deferrals	-	-	-	-
Fund Balances:				
Non-spendable:				
Leases	-	-	-	-
Restricted:				
Stabilization by state statute	477,132	310,019	-	6,624
Restricted, all other	1,606,484	727,962	230,647	-
Assigned	-	809,716	-	91,347
Total fund balances	<u>2,083,616</u>	<u>1,847,697</u>	<u>230,647</u>	<u>97,971</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,194,219</u>	<u>\$ 2,849,965</u>	<u>\$ 230,647</u>	<u>\$ 432,210</u>

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	Downtown Revitalization Fund	Infrastructure Rehabilitation Fund	Total
Assets:			
Cash and cash equivalents	\$ 1,183,678	\$ 1,645,545	\$ 6,237,142
Cash and cash equivalents, restricted	-	-	2,286,262
Accounts receivable	-	5,648	18,508
Long-term receivable	-	122,391	122,391
Leases receivable	-	3,360,057	3,360,057
Total assets	<u>\$ 1,183,678</u>	<u>\$ 5,133,641</u>	<u>\$ 12,024,360</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 1,122,458
Advances from grantors	-	-	324,652
Total liabilities	<u>-</u>	<u>-</u>	<u>1,447,110</u>
Deferred Inflows of Resources:			
Lease deferrals	<u>-</u>	<u>3,328,373</u>	<u>3,328,373</u>
Fund Balances:			
Non-spendable:			
Leases	-	31,684	31,684
Restricted:			
Stabilization by state statute	78,000	128,039	999,814
Restricted, all other	1,105,678	-	3,670,771
Assigned	<u>-</u>	<u>1,645,545</u>	<u>2,546,608</u>
Total fund balances	<u>1,183,678</u>	<u>1,805,268</u>	<u>7,248,877</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,183,678</u>	<u>\$ 5,133,641</u>	<u>\$ 12,024,360</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, 2022**

	Mayor/Council Fund	Streets Capital Project Fund	Developer Sidewalk Fund	Airport Fund
Revenues:				
Payment in lieu of construction	\$ 230,000	\$ -	\$ 17,280	\$ -
Restricted intergovernmental revenues	-	5,701	-	308,837
Investment earnings	3,527	3,038	367	705
Miscellaneous revenues	8,361	17	-	-
Total revenues	<u>241,888</u>	<u>8,756</u>	<u>17,647</u>	<u>309,542</u>
Expenditures:				
Administration	-	-	-	-
Capital outlay	1,231,865	1,336,030	-	327,424
Total expenditures	<u>1,231,865</u>	<u>1,336,030</u>	<u>-</u>	<u>327,424</u>
Revenues over (under) expenditures	<u>(989,977)</u>	<u>(1,327,274)</u>	<u>17,647</u>	<u>(17,882)</u>
Other Financing Sources (Uses)				
Transfers to other funds	(17,693)	-	-	-
Transfers from other funds	324,900	172,000	-	16,667
Total other financing sources (uses)	<u>307,207</u>	<u>172,000</u>	<u>-</u>	<u>16,667</u>
Net change in fund balances	(682,770)	(1,155,274)	17,647	(1,215)
Fund Balances:				
Beginning of year - July 1	<u>2,766,386</u>	<u>3,002,971</u>	<u>213,000</u>	<u>99,186</u>
End of year - June 30	<u>\$ 2,083,616</u>	<u>\$ 1,847,697</u>	<u>\$ 230,647</u>	<u>\$ 97,971</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, 2022

	Downtown Revitalization Fund	Infrastructure Rehabilitation Fund	Total
Revenues:			
Payment in lieu of construction	\$ -	\$ -	\$ 247,280
Restricted intergovernmental revenues	-	-	314,538
Investment earnings	1,891	79,782	89,310
Miscellaneous revenues	270	619,770	628,418
Total revenues	<u>2,161</u>	<u>699,552</u>	<u>1,279,546</u>
Expenditures:			
Administration	6,589	-	6,589
Capital outlay	-	-	2,895,319
Total expenditures	<u>6,589</u>	<u>-</u>	<u>2,901,908</u>
Revenues over (under) expenditures	<u>(4,428)</u>	<u>699,552</u>	<u>(1,622,362)</u>
Other Financing Sources (Uses)			
Transfers to other funds	-	(312,811)	(330,504)
Transfers from other funds	-	-	513,567
Total other financing sources (uses)	<u>-</u>	<u>(312,811)</u>	<u>183,063</u>
Net change in fund balances	(4,428)	386,741	(1,439,299)
Fund Balances:			
Beginning of year - July 1	<u>1,188,106</u>	<u>1,418,527</u>	<u>8,688,176</u>
End of year - June 30	<u>\$ 1,183,678</u>	<u>\$ 1,805,268</u>	<u>\$ 7,248,877</u>

CITY OF GASTONIA, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUND - MAYOR / COUNCIL
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
Revenues:			
Restricted intergovernmental revenue	\$ 408,824	\$ -	\$ (408,824)
Investment earnings	-	3,527	3,527
Payment in lieu of construction	230,000	230,000	-
Miscellaneous revenues	-	8,361	8,361
Total revenues	<u>638,824</u>	<u>241,888</u>	<u>(396,936)</u>
Expenditures:			
Capital outlay:			
Mayor's youth council	300	-	300
Financial services - accounting	107,863	-	107,863
Transportation planning	564,122	-	564,122
Public works - Powell Bill	385	133	252
Marth Rivers Park	3,114	-	3,114
2010 LOBs - recreation projects	24	-	24
Greenways	267,801	31,565	236,236
Gastonia Optimist Club Park	33,719	-	33,719
Recreation/Administration	133,746	110,745	23,001
Planning/City planning	522,837	15,818	507,019
Downtown sports & entertainment complex	2,021,566	1,073,604	947,962
Debt service:			
Interest / bond service charges	1,895	-	1,895
Total expenditures	<u>3,657,372</u>	<u>1,231,865</u>	<u>2,425,507</u>
Revenues over (under) expenditures	<u>(3,018,548)</u>	<u>(989,977)</u>	<u>2,028,571</u>
Other Financing Sources (Uses):			
Transfers from other funds	324,900	324,900	-
Transfers to other funds	(17,693)	(17,693)	-
Appropriated fund balance	2,711,341	-	(2,711,341)
Total other financing sources (uses)	<u>3,018,548</u>	<u>307,207</u>	<u>(2,711,341)</u>
Net change in fund balance	<u>\$ -</u>	<u>(682,770)</u>	<u>\$ (682,770)</u>
Fund Balance:			
Beginning of year - July 1		<u>2,766,386</u>	
End of year - June 30		<u>\$ 2,083,616</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 1,453,070	\$ 5,701	\$ (1,447,369)
Miscellaneous revenues	-	17	17
Investment earnings	-	3,038	3,038
Total revenues	<u>1,453,070</u>	<u>8,756</u>	<u>(1,444,314)</u>
Expenditures:			
Capital outlay:			
Joint Venture - Street Improvements	28,221	-	28,221
Speed humps	78,543	25,057	53,486
Traffic signal system improvements	327,598	7,699	319,899
General Obligation Bonds Road Widening	1,609,293	1,287,622	321,671
General Obligation Bonds Sidewalks	1,921,709	11,452	1,910,257
Bridge repairs and replacement	75,000	-	75,000
Transportation planning	583,600	4,200	579,400
Total expenditures	<u>4,623,964</u>	<u>1,336,030</u>	<u>3,287,934</u>
Revenues over (under) expenditures	<u>(3,170,894)</u>	<u>(1,327,274)</u>	<u>1,843,620</u>
Other Financing Sources (Uses):			
Transfers from other funds	172,000	172,000	-
Appropriated fund balance	2,998,894	-	(2,998,894)
Total other financing sources (uses)	<u>3,170,894</u>	<u>172,000</u>	<u>(2,998,894)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,155,274)</u>	<u>\$ (1,155,274)</u>
Fund Balance:			
Beginning of year - July 1		<u>3,002,971</u>	
End of year - June 30		<u>\$ 1,847,697</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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Payment in lieu of construction	\$ -	\$ 17,280	\$ 17,280
Investment earnings	-	367	367
Total revenues	<u>-</u>	<u>17,647</u>	<u>17,647</u>
Net change in fund balance	<u>\$ -</u>	<u>17,647</u>	<u>\$ 17,647</u>
Fund Balance:			
Beginning of year - July 1		<u>213,000</u>	
End of year - June 30		<u>\$ 230,647</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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 1,296,238	\$ 308,837	\$ (987,401)
Investment earnings (loss)	<u>-</u>	<u>705</u>	<u>705</u>
Total revenues	<u>1,296,238</u>	<u>309,542</u>	<u>(986,696)</u>
Expenditures:			
Airport operations/non-routine	<u>1,412,091</u>	<u>327,424</u>	<u>1,084,667</u>
Revenues over (under) expenditures	<u>(115,853)</u>	<u>(17,882)</u>	<u>97,971</u>
Other Financing Sources (Uses):			
Transfers from other funds	16,667	16,667	-
Appropriated fund balance	<u>99,186</u>	<u>-</u>	<u>(99,186)</u>
Total other financing sources (uses)	<u>115,853</u>	<u>16,667</u>	<u>(99,186)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,215)</u>	<u>\$ (1,215)</u>
Fund Balance:			
Beginning of year - July 1		<u>99,186</u>	
End of year - June 30		<u>\$ 97,971</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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Miscellaneous revenues	\$ -	\$ 270	\$ 270
Investment earnings	-	1,891	1,891
Total revenues	<u>-</u>	<u>2,161</u>	<u>2,161</u>
Expenditures:			
Administration:			
Downtown plan	1,128,671	6,589	1,122,082
Youth sports complex	50,013	-	50,013
Total	<u>1,178,684</u>	<u>6,589</u>	<u>1,172,095</u>
Revenues over (under) expenditures	(1,178,684)	(4,428)	1,174,256
Other Financing Sources (Uses):			
Appropriated fund balance	<u>1,178,684</u>	-	<u>(1,178,684)</u>
Net change in fund balance	<u>\$ -</u>	(4,428)	<u>\$ (4,428)</u>
Fund Balance:			
Beginning of year - July 1		<u>1,188,106</u>	
End of year - June 30		<u>\$ 1,183,678</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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ 6,560	\$ 79,782	\$ 73,222
Miscellaneous	256,200	694,431	438,231
Total revenues	<u>262,760</u>	<u>774,213</u>	<u>511,453</u>
Expenditures:			
Economic and physical development	87,609	-	87,609
Capital project reserve	839,213	-	839,213
General obligation bonds properties	112,127	-	112,127
Total expenditures	<u>1,038,949</u>	<u>-</u>	<u>1,038,949</u>
Revenues over (under) expenditures	<u>(776,189)</u>	<u>774,213</u>	<u>1,550,402</u>
Other Financing Sources (Uses):			
Transfers to other funds	(312,811)	(312,811)	-
Appropriated fund balance	1,089,000	-	(1,089,000)
Total other financing sources (uses)	<u>776,189</u>	<u>(312,811)</u>	<u>(1,089,000)</u>
Net change in fund balance	<u>\$ -</u>	461,402	<u>\$ 461,402</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(74,661)</u>	
Net change in fund balance - modified accrual basis		386,741	
Fund Balance:			
Beginning of year - July 1		<u>1,418,527</u>	
End of year - June 30		<u>\$ 1,805,268</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, 2022

	Transit System Fund	Municipal Golf Course Fund	Solid Waste Fund	Stormwater Fund	Total
Assets:					
Current assets:					
Cash, cash equivalents, and investments	\$ 585,951	\$ 1,969	\$ 966,866	\$ 2,010,099	\$ 3,564,885
Accounts receivable, net	1,552	-	374,050	424,182	799,784
Due from other governments	250,157	-	-	-	250,157
Total current assets	<u>837,660</u>	<u>1,969</u>	<u>1,340,916</u>	<u>2,434,281</u>	<u>4,614,826</u>
Non-current assets:					
Right to use assets, net	6,523	-	2,819	-	9,342
Depreciable capital assets, net	2,387,293	300,434	392,744	30,660,398	33,740,869
Non-depreciable capital assets	290,786	67,992	-	232,326	591,104
Total capital assets	<u>2,678,079</u>	<u>368,426</u>	<u>392,744</u>	<u>30,892,724</u>	<u>34,331,973</u>
Total non-current assets	<u>2,684,602</u>	<u>368,426</u>	<u>395,563</u>	<u>30,892,724</u>	<u>34,341,315</u>
Total assets	<u>3,522,262</u>	<u>370,395</u>	<u>1,736,479</u>	<u>33,327,005</u>	<u>38,956,141</u>
Deferred Outflows of Resources:					
OPEB deferrals	379,529	-	-	189,765	569,294
Pension deferrals	310,243	-	-	155,122	465,365
Total deferred outflows of resources	<u>689,772</u>	<u>-</u>	<u>-</u>	<u>344,887</u>	<u>1,034,659</u>
Liabilities, Deferred Inflows of Resources, and Net Position:					
Liabilities:					
Current liabilities:					
Accounts payable	16,545	-	86,250	350,972	453,767
Accrued salaries and benefits	36,336	-	81,693	17,305	135,334
Current portion of long-term debt	3,116	-	1,347	-	4,463
Compensated absences	49,800	-	103,300	22,400	175,500
Total current liabilities	<u>105,797</u>	<u>-</u>	<u>272,590</u>	<u>390,677</u>	<u>769,064</u>
Non-current liabilities:					
Compensated absences, non-current	16,641	-	34,431	7,472	58,544
Non-current portion of long-term debt	3,138	-	1,356	-	4,494
Net pension liability	198,825	-	-	99,412	298,237
Total OPEB liability	<u>1,314,144</u>	<u>-</u>	<u>-</u>	<u>657,074</u>	<u>1,971,218</u>
Total non-current liabilities	<u>1,532,748</u>	<u>-</u>	<u>35,787</u>	<u>763,958</u>	<u>2,332,493</u>
Total liabilities	<u>1,638,545</u>	<u>-</u>	<u>308,377</u>	<u>1,154,635</u>	<u>3,101,557</u>
Deferred Inflows of Resources:					
OPEB deferrals	271,366	-	-	135,683	407,049
Pension deferrals	294,682	-	-	147,339	442,021
Total deferred inflows of resources	<u>566,048</u>	<u>-</u>	<u>-</u>	<u>283,022</u>	<u>849,070</u>
Net Position:					
Net investment in capital assets	2,678,348	368,426	392,860	30,892,724	34,332,358
Unrestricted	(670,907)	1,969	1,035,242	1,341,511	1,707,815
Total net position	<u>\$ 2,007,441</u>	<u>\$ 370,395</u>	<u>\$ 1,428,102</u>	<u>\$ 32,234,235</u>	<u>\$ 36,040,173</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, 2022**

	<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	\$ -	\$ -	\$ 3,181,562	\$ 3,135,999	\$ 6,317,561
Utilities for City use	-	-	-	69,387	69,387
Other operating revenues	9,828	21,268	19,232	1,023	51,351
Total operating revenues	<u>9,828</u>	<u>21,268</u>	<u>3,200,794</u>	<u>3,206,409</u>	<u>6,438,299</u>
Operating Expenses:					
Administration	741,382	-	656,644	1,863,481	3,261,507
Maintenance	339,510	-	-	196,053	535,563
ADA/Para-transit expenses	266,664	-	-	-	266,664
Operations area	1,295,655	-	5,062,874	515,310	6,873,839
Depreciation and amortization	327,465	34,704	85,787	776,992	1,224,948
Total operating expenses	<u>2,970,676</u>	<u>34,704</u>	<u>5,805,305</u>	<u>3,351,836</u>	<u>12,162,521</u>
Operating income (loss)	<u>(2,960,848)</u>	<u>(13,436)</u>	<u>(2,604,511)</u>	<u>(145,427)</u>	<u>(5,724,222)</u>
Non-Operating Revenues (Expenses):					
Federal and state grants	-	-	5,121	-	5,121
Investment earnings	721	-	1,694	3,355	5,770
Interest expense	(18)	-	(72)	-	(90)
Gain (loss) on disposal of capital assets	-	-	-	(36,429)	(36,429)
Total non-operating revenues (expenses)	<u>703</u>	<u>-</u>	<u>6,743</u>	<u>(33,074)</u>	<u>(25,628)</u>
Income (loss) before capital contributions and transfers	(2,960,145)	(13,436)	(2,597,768)	(178,501)	(5,749,850)
Capital Contributions:					
Federal and state grants	2,921,230	-	-	-	2,921,230
Local capital contributions	-	-	-	323,832	323,832
Transfers:					
Transfers from other funds	665,689	-	2,385,125	1,670	3,052,484
Change in net position	626,774	(13,436)	(212,643)	147,001	547,696
Net Position:					
Beginning of year - July 1	<u>1,380,667</u>	<u>383,831</u>	<u>1,640,745</u>	<u>32,087,234</u>	<u>35,492,477</u>
End of year - June 30	<u>\$ 2,007,441</u>	<u>\$ 370,395</u>	<u>\$ 1,428,102</u>	<u>\$ 32,234,235</u>	<u>\$ 36,040,173</u>

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Transit System Fund	Municipal Golf Course Fund	Solid Waste Fund	Stormwater Fund	Total
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 9,828	\$ -	\$ 3,147,296	\$ 3,106,377	\$ 6,263,501
Cash paid to suppliers	(1,124,363)	-	(2,994,828)	(1,914,602)	(6,033,793)
Cash paid to employees	(1,566,469)	-	(2,836,685)	(551,174)	(4,954,328)
Net cash provided (used) by operating activities	<u>(2,681,004)</u>	<u>-</u>	<u>(2,684,217)</u>	<u>640,601</u>	<u>(4,724,620)</u>
Cash Flows from Non-Capital Financing Activities:					
Transfers from other funds	<u>665,689</u>	<u>-</u>	<u>2,385,125</u>	<u>1,670</u>	<u>3,052,484</u>
Cash Flows from Capital and Related Financing Activities:					
Federal and state grants received	2,951,072	-	5,121	-	2,956,193
Principal paid on long-term debt and leases	(3,143)	-	(1,358)	-	(4,501)
Interest paid on long-term debt and leases	(18)	-	(72)	-	(90)
Acquisition and construction of capital assets	(369,388)	-	(160,459)	(400,493)	(930,340)
Net cash provided (used) by capital and related financing activities	<u>2,578,523</u>	<u>-</u>	<u>(156,768)</u>	<u>(400,493)</u>	<u>2,021,262</u>
Cash Flows from Investing Activities:					
Interest on investments	<u>721</u>	<u>-</u>	<u>1,694</u>	<u>3,355</u>	<u>5,770</u>
Net increase (decrease) in cash and cash equivalents	563,929	-	(454,166)	245,133	354,896
Cash and Cash Equivalents:					
Beginning of year - July 1	<u>22,022</u>	<u>1,969</u>	<u>1,421,032</u>	<u>1,764,966</u>	<u>3,209,989</u>
End of year - June 30	<u>\$ 585,951</u>	<u>\$ 1,969</u>	<u>\$ 966,866</u>	<u>\$ 2,010,099</u>	<u>\$ 3,564,885</u>
Reconciliation of Operating Income to Cash Flows from Operating Activities:					
Operating income (loss)	\$ (2,960,848)	\$ (13,436)	\$ (2,604,511)	\$ (145,427)	\$ (5,724,222)
Depreciation and amortization	327,465	34,704	85,787	776,992	1,224,948
Non-operating revenues	-	(21,268)	-	-	(21,268)
Change in assets and liabilities:					
(Increase) decrease in deferred outflows - pension	(45,843)	-	-	(22,922)	(68,765)
(Increase) decrease in deferred outflows OPEB	(68,593)	-	-	(34,297)	(102,890)
Increase (decrease) in deferred inflows OPEB	218,399	-	-	109,200	327,599
Increase (decrease) in net pension liability	(285,682)	-	-	(142,841)	(428,523)
Increase (decrease) in deferred inflows - pension	291,629	-	-	145,814	437,443
(Increase) decrease in accounts receivables	-	-	(53,498)	(100,032)	(153,530)
Increase (decrease) in accounts payable	(38,122)	-	(173,138)	112,711	(98,549)
Increase (decrease) in accrued salaries	5,666	-	33,922	4,978	44,566
Increase (decrease) in compensated absences	11,692	-	27,221	4,808	43,721
Increase (decrease) in other post-employment benefits	(136,767)	-	-	(68,383)	(205,150)
Net cash provided (used) by operating activities	<u>\$ (2,681,004)</u>	<u>\$ -</u>	<u>\$ (2,684,217)</u>	<u>\$ 640,601</u>	<u>\$ (4,724,620)</u>
Supplemental Disclosure of Noncash Activity:					
Right-to-use leased assets/lease obligations issued	<u>\$ 9,397</u>	<u>\$ -</u>	<u>\$ 4,061</u>	<u>\$ -</u>	<u>\$ 13,458</u>
Local developer contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 323,832</u>	<u>\$ 323,832</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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Water sales and sewer charges	\$ 42,762,400	\$ 41,528,865	\$ (1,233,535)	\$ 39,611,793
Utilities for City use	1,616,200	1,299,770	(316,430)	1,280,452
Water and sewer taps	210,000	614,078	404,078	499,337
Other operating revenues	76,906	92,113	15,207	307,911
Pretreatment monitoring charge	54,000	77,525	23,525	69,450
Total	<u>44,719,506</u>	<u>43,612,351</u>	<u>(1,107,155)</u>	<u>41,768,943</u>
Non-operating revenues:				
Proceeds from sale of capital assets	15,000	27,707	12,707	136,627
Federal and state grants	-	4,678	4,678	-
Investment earnings	15,500	32,745	17,245	13,497
Other non-operating revenues	86,000	119,349	33,349	116,791
Total	<u>116,500</u>	<u>184,479</u>	<u>67,979</u>	<u>266,915</u>
Total revenues	<u>44,836,006</u>	<u>43,796,830</u>	<u>(1,039,176)</u>	<u>42,035,858</u>
Expenditures:				
Operating expenditures:				
Administration:				
General services:				
Salaries and employee benefits	1,254,454	880,778	373,676	768,355
Other operating expenditures	7,653,270	5,244,546	2,408,724	4,840,900
Capital outlay	300,000	341,221	(41,221)	150,000
Renewal and replacement	2,352,000	-	2,352,000	-
Overhead charged by other departments	4,644,906	4,975,535	(330,629)	4,540,443
Total	<u>16,204,630</u>	<u>11,442,080</u>	<u>4,762,550</u>	<u>10,299,698</u>
Customer service:				
Salaries and employee benefits	217,784	204,691	13,093	203,408
Other operating expenditures	1,467,801	883,965	583,836	351,441
Capital outlay	33,055	-	33,055	44,150
Overhead charged by other departments	(500)	-	(500)	-
Total	<u>1,718,140</u>	<u>1,088,656</u>	<u>629,484</u>	<u>598,999</u>
Total administration	<u>17,922,770</u>	<u>12,530,736</u>	<u>5,392,034</u>	<u>10,898,697</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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Operations area:				
AM/FM GIS:				
Other operating expenditures	89,294	71,129	18,165	26,498
PW landscape:				
Salaries and employee benefits	240,666	228,364	12,302	154,370
Other operating expenditures	68,503	66,685	1,818	73,261
Total	309,169	295,049	14,120	227,631
Water and sewer street maintenance:				
Salaries and employee benefits	284,438	165,719	118,719	-
Other operating expenditures	151,740	143,717	8,023	-
Total	436,178	309,436	126,742	-
Water line maintenance:				
Salaries and employee benefits	1,381,847	1,287,395	94,452	1,070,266
Other operating expenditures	256,490	246,645	9,845	392,791
Overhead charged by other departments	(43,070)	(43,759)	689	(36,527)
Total	1,595,267	1,490,281	104,986	1,426,530
Sewer line maintenance:				
Salaries and employee benefits	1,509,312	1,382,444	126,868	1,247,386
Other operating expenditures	742,309	637,415	104,894	558,124
Capital outlay	79,759	69,073	10,686	7,743
Sewer line extensions	-	-	-	40,148
Overhead charged by other departments	(26,589)	(40,750)	14,161	(33,529)
Total	2,304,791	2,048,182	256,609	1,819,872
Total operations area	4,734,699	4,214,077	520,622	3,500,531
Water supply and treatment:				
Salaries and employee benefits	1,867,433	1,801,291	66,142	1,688,634
Other operating expenditures	3,654,999	3,199,590	455,409	2,778,546
Capital outlay	115,830	115,506	324	83,488
Total	5,638,262	5,116,387	521,875	4,550,668

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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Facility maintenance:				
Salaries and employee benefits	1,132,490	1,072,724	59,766	993,218
Other operating expenditures	871,263	758,090	113,173	748,863
Total	2,003,753	1,830,814	172,939	1,742,081
Sewage treatment:				
Salaries and employee benefits	3,637,801	3,604,097	33,704	3,248,782
Other operating expenditures	4,350,743	4,111,952	238,791	3,591,873
Capital outlay	27,031	27,030	1	25,292
Total	8,015,575	7,743,079	272,496	6,865,947
Payseur Mountain Resource Recovery:				
Other operating expenditures	1,770,059	1,741,603	28,456	1,495,008
Debt service:				
Debt principal	4,206,130	4,206,130	-	4,105,241
Interest and fees	867,008	864,367	2,641	937,563
Total	5,073,138	5,070,497	2,641	5,042,804
Total expenditures	45,158,256	38,247,193	6,911,063	34,095,736
Revenues over (under) expenditures	(322,250)	5,549,637	5,871,887	7,940,122
Other Financing Sources (Uses):				
Lease liabilities issued	150,000	191,221	41,221	-
Intrafund transfers	(3,949,428)	(3,949,428)	-	(5,113,900)
Transfers from other funds	1,290	1,290	-	-
Appropriated fund balance	4,120,388	-	(4,120,388)	-
Total other financing sources (uses)	322,250	(3,756,917)	(4,079,167)	(5,113,900)
Net change in fund balance	\$ -	\$ 1,792,720	\$ 1,792,720	\$ 2,826,222

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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	<u>2022</u>		<u>2021</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
			<u>Actual</u>
Reconciliation from Budgetary Basis			
to Full Accrual Basis:			
Net change in fund balance		\$ 1,792,720	
Reconciling items:			
Depreciation		(8,555,444)	
Amortization - leases		(35,451)	
Amortization of debt premiums		165,809	
Proceeds from lease liabilities issued		(191,221)	
Long-term debt principal repayments		4,206,130	
Increase (decrease) in deferred outflows - OPEB		445,854	
(Increase) decrease in deferred inflows - OPEB		(1,419,592)	
Intrafund transfers to capital project funds		3,949,428	
Capital project revenues		4,567,587	
Capital project expenditures		(14,133,740)	
Capital assets purchased/capitalized		14,251,462	
Contributed capital - developers		730,689	
Capital outlay - leases, capitalized		191,221	
Increase (decrease) in unbilled revenues receivable		566,890	
(Increase) decrease in accrued vacation pay		(58,695)	
Increase (decrease) deferred outflows - pension		320,903	
Increase (decrease) in net pension liability		1,999,774	
(Increase) decrease deferred inflows - pension		(2,041,400)	
Increase (decrease) in deferred revenues and inventories		112,026	
(Increase) decrease in accrued interest payable		11,383	
(Increase) decrease in OPEB liability		<u>888,985</u>	
Change in net position		<u>\$ 7,765,318</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Water and sewer system expansion fee	\$ 19,508,800	\$ 3,073,598	\$ (16,435,202)
Restricted intergovernmental	2,571,330	1,072,990	(1,498,340)
Investment earnings	-	16,360	16,360
Other	198,454	404,639	206,185
Total revenues	<u>22,278,584</u>	<u>4,567,587</u>	<u>(17,710,997)</u>
Expenditures:			
Non-departmental	299,256	-	299,256
Regionalization	358,658	246,518	112,140
Crowders Creek	598,254	194,219	404,035
NCDOT Sewer Utility	30,463	30,462	1
Municipal operations	69,999	-	69,999
Collection system	2,027,865	81,090	1,946,775
Special assessment	260	260	-
Pumpstation force main	3,499,422	2,495,123	1,004,299
Long Creek Wastewater Treatment Plant	650,773	24,078	626,695
Water improvements - NCDOT conflicts	140,540	140,539	1
Water distribution	2,172,895	726,753	1,446,142
Water supply and treatment	1,563,839	506,319	1,057,520
SCADA replacement	82,687	82,687	-
South East sewer expansion	18,059,123	9,425,327	8,633,796
AMI meter project	8,000,000	-	8,000,000
Wastewater outfall project	4,425,000	-	4,425,000
SCADA project	5,579,000	-	5,579,000
AMI meter project inventory	402,728	113,390	289,338
Lakewood pump station	1,990,600	43,475	1,947,125
Energy resilience scoping	23,500	23,500	-
Develop fee reserves	659,400	-	659,400
Total expenditures	<u>50,634,262</u>	<u>14,133,740</u>	<u>36,500,522</u>
Revenues over (under) expenditures	<u>(28,355,678)</u>	<u>(9,566,153)</u>	<u>18,789,525</u>
Other Financing Sources (Uses):			
Intrafund transfers	3,949,428	3,949,428	-
Issuance of long-term debt	15,400,000	2,516,795	(12,883,205)
Appropriated fund balance	9,006,250	-	(9,006,250)
Total other financing sources (uses)	<u>28,355,678</u>	<u>6,466,223</u>	<u>(21,889,455)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (3,099,930)</u>	<u>\$ (3,099,930)</u>

CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022		Variance Over/Under	2021
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Electricity sales	\$ 76,483,000	\$ 74,040,194	\$ (2,442,806)	\$ 74,519,200
Utilities for City use	2,110,400	1,856,692	(253,708)	1,877,834
Other operating revenues	780,100	726,841	(53,259)	725,914
Total	<u>79,373,500</u>	<u>76,623,727</u>	<u>(2,749,773)</u>	<u>77,122,948</u>
Non-operating revenues:				
Investment earnings	36,000	55,114	19,114	25,077
Federal and state grants	-	1,564	1,564	-
Power agency refund	-	-	-	13,537,829
Proceeds from sale of capital assets	7,000	14,621	7,621	9,929
Total	<u>43,000</u>	<u>71,299</u>	<u>28,299</u>	<u>13,572,835</u>
Total revenues	<u>79,416,500</u>	<u>76,695,026</u>	<u>(2,721,474)</u>	<u>90,695,783</u>
Expenditures:				
Operating expenditures:				
Administration:				
Salaries and employee benefits	1,353,796	1,267,245	86,551	1,260,995
Overhead charged by other departments	3,263,447	3,494,490	(231,043)	2,920,429
Other operating expenditures	3,323,574	3,169,525	154,049	3,170,012
Capital outlay	95,248	59,360	35,888	-
Total	<u>8,036,065</u>	<u>7,990,620</u>	<u>45,445</u>	<u>7,351,436</u>
Operations:				
AM/FM GIS:				
Other operating expenditures	<u>104,718</u>	<u>99,235</u>	<u>5,483</u>	<u>122,436</u>
Utility locator:				
Salaries and employee benefits	186,994	182,699	4,295	170,050
Other operating expenditures	40,461	32,704	7,757	27,036
Capital outlay	-	-	-	65,718
Reimbursement for services	(119,752)	(129,225)	9,473	(157,634)
Total	<u>107,703</u>	<u>86,178</u>	<u>21,525</u>	<u>105,170</u>

CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022		Variance Over/Under	2021
	Budget	Actual		Actual
Electric service:				
Salaries and employee benefits	985,156	960,656	24,500	964,980
Other operating expenditures	333,711	235,154	98,557	262,557
Capital outlay	14,255	5,699	8,556	4,676
Reimbursement of services	-	(375)	375	(245)
Total	<u>1,333,122</u>	<u>1,201,134</u>	<u>131,988</u>	<u>1,231,968</u>
Electric substation:				
Salaries and employee benefits	475,188	474,026	1,162	411,806
Other operating expenditures	<u>384,235</u>	<u>265,694</u>	<u>118,541</u>	<u>206,125</u>
Total	<u>859,423</u>	<u>739,720</u>	<u>119,703</u>	<u>617,931</u>
Street lights:				
Salaries and employee benefits	296,864	281,984	14,880	224,222
Other operating expenditures	<u>390,053</u>	<u>349,577</u>	<u>40,476</u>	<u>217,545</u>
Total	<u>686,917</u>	<u>631,561</u>	<u>55,356</u>	<u>441,767</u>
Electric line maintenance:				
Salaries and employee benefits	598,610	588,881	9,729	512,409
Other operating expenditures	1,237,852	1,143,340	94,512	928,076
Reimbursement for services	<u>(165,000)</u>	<u>(171,210)</u>	<u>6,210</u>	<u>(108,364)</u>
Total	<u>1,671,462</u>	<u>1,561,011</u>	<u>110,451</u>	<u>1,332,121</u>
Line construction:				
Salaries and employee benefits	994,122	990,186	3,936	865,293
Other operating expenditures	208,383	175,296	33,087	134,784
Capital outlay	<u>60,995</u>	<u>61,010</u>	<u>(15)</u>	<u>50,344</u>
Total	<u>1,263,500</u>	<u>1,226,492</u>	<u>37,008</u>	<u>1,050,421</u>
Underground line construction:				
Salaries and employee benefits	471,242	458,250	12,992	330,303
Other operating expenditures	82,792	70,132	12,660	54,268
Capital outlay	<u>76,600</u>	<u>76,248</u>	<u>352</u>	<u>40,486</u>
Total	<u>630,634</u>	<u>604,630</u>	<u>26,004</u>	<u>425,057</u>

CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022		Variance Over/Under	2021
	Budget	Actual		Actual
Financial services / warehouse:				
Other operating expenditures	295,175	226,759	68,416	(114,864)
Electric service - generators:				
Other operating expenditures	195,500	143,680	51,820	125,530
Reimbursement for services	(33,000)	(33,544)	544	(30,635)
Total	162,500	110,136	52,364	94,895
Renewal and replacement	7,062,850	-	7,062,850	-
Total operations	14,178,004	6,486,856	7,691,148	5,306,902
Reserves:				
Rate stabilization reserve	6,000,000	-	6,000,000	-
Purchased power:				
Cost of electricity purchased	58,000,000	54,493,539	3,506,461	53,707,998
Debt service:				
Debt principal	49,637	49,637	-	48,763
Interest and fees	13,014	13,007	7	14,918
Total	62,651	62,644	7	63,681
Total expenditures	86,276,720	69,033,659	17,243,061	66,430,017
Revenues over (under) expenditures	(6,860,220)	7,661,367	14,521,587	24,265,766
Other Financing Sources (Uses):				
Transfers to other funds	(2,000,000)	(2,000,000)	-	(3,038,340)
Transfers from other funds	7,651	7,651	-	-
Intrafund transfer	(14,700,600)	(14,700,600)	-	(5,396,195)
Lease liabilities issued	5,000	2,617	(2,383)	-
Appropriated fund balance	23,548,169	-	(23,548,169)	-
Total other financing sources (uses)	6,860,220	(16,690,332)	(23,550,552)	(8,434,535)

CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Net change in fund balance	\$ -	\$ (9,028,965)	\$ (9,028,965)	\$ 15,831,231
Reconciliation from Budgetary Basis				
to Full Accrual Basis:				
Net change in fund balance		\$ (9,028,965)		
Reconciling items:				
Depreciation		(2,575,422)		
Amortization		(800)		
Proceeds from lease liabilities issued		(2,617)		
Long-term debt principal repayments		49,637		
Increase (decrease) in deferred outflows - OPEB		205,779		
(Increase) decrease in deferred inflows - OPEB		(655,197)		
Intrafund transfers to capital project funds		14,700,600		
Capital project revenues		51,301		
Capital project expenditures		(4,334,865)		
Capital assets purchased/capitalized		5,982,613		
Loss on disposal of assets		(338,359)		
Capital outlay - leases, capitalized		2,617		
Increase (decrease) in unbilled revenues receivable		1,160,726		
(Increase) decrease deferred outflows - pension		137,530		
(Increase) decrease in net pension liability		857,046		
(Increase) decrease in accrued vacation pay		(57,427)		
(Increase) decrease deferred inflows - pension		(874,886)		
Increase (decrease) in deferred revenues and inventories		300,472		
(Increase) decrease in other post-employment benefits		410,301		
Change in net position		\$ 5,990,084		

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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 25,000	\$ 25,000	\$ -
Miscellaneous	-	846	846
Investment earnings	-	25,455	25,455
Total revenues	<u>25,000</u>	<u>51,301</u>	<u>26,301</u>
Expenditures:			
Economic development	184,507	-	184,507
Electric line construction	1,226,171	647,572	578,599
Electric service - generators	115,000	26	114,974
SCADA replacement	172,302	28,587	143,715
Long Creek generator project	893,022	7,331	885,691
City electrical tie lines	437,996	174,224	263,772
Kendrick extension	1,001	-	1,001
US 74 line extension	1,359,432	200,509	1,158,923
Electric development	382,328	259,350	122,978
Residential development	1,091,289	734,733	356,556
NCDOT city fiber	10,548	3,812	6,736
GO bonds project	21,638	-	21,638
Municipal Operations Center	11,142,208	2,269,307	8,872,901
Advanced Metering Infra (AMI)	1,130,000	-	1,130,000
Future projects transformer inventory	1,380,600	-	1,380,600
West Franklin Streetscape	1,000,000	9,414	990,586
Total expenditures	<u>20,548,042</u>	<u>4,334,865</u>	<u>16,213,177</u>
Revenues over (under) expenditures	<u>(20,523,042)</u>	<u>(4,283,564)</u>	<u>16,239,478</u>
Other Financing Sources (Uses):			
Intrafund transfers	14,700,600	14,700,600	-
Appropriated fund balance	5,822,442	-	(5,822,442)
Total other financing sources (uses)	<u>20,523,042</u>	<u>14,700,600</u>	<u>(5,822,442)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 10,417,036</u>	<u>\$ 10,417,036</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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Restricted intergovernmental	\$ 5,287,157	\$ 2,921,230	\$ (2,365,927)	\$ 3,036,146
Miscellaneous	-	9,828	9,828	48,099
Total operating revenues	<u>5,287,157</u>	<u>2,931,058</u>	<u>(2,356,099)</u>	<u>3,084,245</u>
Non-operating revenues:				
Investment earnings	-	721	721	(331)
Total revenues	<u>5,287,157</u>	<u>2,931,779</u>	<u>(2,355,378)</u>	<u>3,083,914</u>
Expenditures:				
Fleet services	<u>60,000</u>	<u>27,311</u>	<u>32,689</u>	<u>17,219</u>
Administration:				
Salaries and benefits	271,026	252,988	18,038	229,851
Other operating expenditures	101,054	83,421	17,633	107,919
Capital outlay	12,000	9,397	2,603	489,741
Overhead allocation from General Fund	469,637	461,887	7,750	429,072
Total	<u>853,717</u>	<u>807,693</u>	<u>46,024</u>	<u>1,256,583</u>
Operations:				
Salaries and benefits	852,011	833,012	18,999	800,400
Other operating expenditures	1,022,884	432,718	590,166	364,056
Capital outlay	680,129	394,790	285,339	362,370
Total	<u>2,555,024</u>	<u>1,660,520</u>	<u>894,504</u>	<u>1,526,826</u>
Maintenance:				
Salaries and benefits	278,791	268,509	10,282	254,300
Other operating expenditures	39,645	31,866	7,779	20,155
Capital outlay	6,866	6,866	-	14,933
Total	<u>325,302</u>	<u>307,241</u>	<u>18,061</u>	<u>289,388</u>
ADA / Paratransit:				
Salaries and benefits	254,485	242,357	12,128	227,093
Other operating expenditures	26,763	24,307	2,456	14,295
Total	<u>281,248</u>	<u>266,664</u>	<u>14,584</u>	<u>241,388</u>
CARES Act reserve	<u>2,027,815</u>	<u>-</u>	<u>2,027,815</u>	<u>-</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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Debt service:				
Debt principal	3,234	3,143	91	-
Interest and fees	66	18	48	-
Total	3,300	3,161	139	-
Total expenditures	6,106,406	3,072,590	3,033,816	3,331,404
Revenues over (under) expenditures	(819,249)	(140,811)	678,438	(247,490)
Other Financing Sources (Uses):				
Lease liabilities issued	12,000	9,397	(2,603)	-
Transfers from other funds	665,689	665,689	-	395,000
Appropriated fund balance	141,560	-	(141,560)	-
Total other financing sources (uses)	819,249	675,086	(144,163)	395,000
Net change in fund balance	\$ -	\$ 534,275	\$ 534,275	\$ 147,510
Reconciliation from Budgetary Basis to Full Accrual Basis:				
Net change in fund balance		\$ 534,275		
Reconciling items:				
Depreciation		(324,591)		
Amortization		(2,874)		
Increase (decrease) deferred outflows - pension		45,843		
(Increase) decrease in net pension liability		285,682		
(Increase) decrease deferred inflows - pension		(291,629)		
Capital outlay, capitalized		401,656		
Capital outlay - leases, capitalized		9,397		
Proceeds from lease liabilities issued		(9,397)		
Long-term debt and lease principal		3,143		
Increase (decrease) deferred outflows - OPEB		68,593		
(Increase) decrease in other post-employment benefits		136,767		
(Increase) decrease deferred inflows - OPEB		(218,399)		
(Increase) decrease in accrued vacation pay		(11,692)		
Change in net position		\$ 626,774		

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, 2022

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

	2022			2021
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Non-operating revenues:				
Miscellaneous	\$ -	\$ 21,268	\$ 21,268	\$ -
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 21,268</u>	<u>\$ 21,268</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis to Full Accrual Basis:				
Revenues over (under) expenditures		\$ 21,268		
Reconciling items:				
Depreciation		<u>(34,704)</u>		
Change in net position		<u>\$ (13,436)</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, 2022

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

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Collection and recycling fees	\$ 3,190,080	\$ 3,110,837	\$ (79,243)	\$ 3,147,643
Other operating revenues	1,000	19,232	18,232	6,388
Total	<u>3,191,080</u>	<u>3,130,069</u>	<u>(61,011)</u>	<u>3,154,031</u>
Non-operating revenues:				
Federal and state grants	-	5,121	5,121	-
Investment earnings	800	1,694	894	647
Total	<u>800</u>	<u>6,815</u>	<u>6,015</u>	<u>647</u>
Total revenues	<u>3,191,880</u>	<u>3,136,884</u>	<u>(54,996)</u>	<u>3,154,678</u>
Expenditures:				
Operating expenditures:				
Administration:				
Salaries and benefits	429,316	395,286	34,030	384,813
Other operating expenditures	331,264	234,137	97,127	286,378
Total	<u>760,580</u>	<u>629,423</u>	<u>131,157</u>	<u>671,191</u>
Refuse collection:				
Salaries and benefits	2,932,454	2,502,542	429,912	2,008,976
Other operating expenditures	2,800,304	2,555,005	245,299	2,889,517
Total	<u>5,732,758</u>	<u>5,057,547</u>	<u>675,211</u>	<u>4,898,493</u>
Refuse disposal:				
Other operating expenditures	11,500	5,327	6,173	74,136
Capital outlay	<u>186,555</u>	<u>164,520</u>	<u>22,035</u>	<u>145,492</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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2022</u>			<u>2021</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Debt service:				
Principal	1,358	1,358	-	-
Interest	72	72	-	-
Total	<u>1,430</u>	<u>1,430</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>6,692,823</u>	<u>5,858,247</u>	<u>834,576</u>	<u>5,789,312</u>
Revenues over (under) expenditures	<u>(3,500,943)</u>	<u>(2,721,363)</u>	<u>779,580</u>	<u>(2,634,634)</u>
Other Financing Sources (Uses):				
Transfers from other funds	2,385,125	2,385,125	-	3,008,264
Lease liabilities issued	5,000	4,061	(939)	-
Appropriated fund balance	<u>1,110,818</u>	<u>-</u>	<u>(1,110,818)</u>	<u>-</u>
Total other financing sources (uses)	<u>3,500,943</u>	<u>2,389,186</u>	<u>1,111,757</u>	<u>3,008,264</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (332,177)</u>	<u>\$ (332,177)</u>	<u>\$ 373,630</u>
Reconciliation from Budgetary Basis to Full Accrual Basis:				
Net change in fund balance		\$ (332,177)		
Reconciling items:				
Depreciation		(84,545)		
Amortization		(1,242)		
Capital outlay, capitalized		160,459		
Capital outlay - leases, capitalized		4,061		
Proceeds from lease liabilities issued		(4,061)		
Long-term debt and lease principal		1,358		
Increase (decrease) in unbilled revenues receivable		70,725		
(Increase) decrease in accrued vacation pay		<u>(27,221)</u>		
Change in net position		<u>\$ (212,643)</u>		

CITY OF GASTONIA, NORTH CAROLINA

**STORMWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2022</u>			<u>2021</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Operating revenues:				
Stormwater fees	\$ 3,004,000	\$ 3,044,989	\$ 40,989	\$ 3,015,306
Stormwater fees to other funds	73,096	69,387	(3,709)	71,228
Other operating revenues	<u>75</u>	<u>916</u>	<u>841</u>	<u>1,055</u>
Total	<u>3,077,171</u>	<u>3,115,292</u>	<u>38,121</u>	<u>3,087,589</u>
Non-operating revenues:				
Investment earnings	<u>500</u>	<u>1,365</u>	<u>865</u>	<u>410</u>
Total revenues	<u>3,077,671</u>	<u>3,116,657</u>	<u>38,986</u>	<u>3,087,999</u>
Expenditures:				
Operating expenditures:				
Administration:				
Salaries and benefits	253,917	235,697	18,220	158,771
Other operating expenditures	385,906	375,956	9,950	341,570
Overhead allocation from General Fund	<u>1,185,035</u>	<u>1,247,019</u>	<u>(61,984)</u>	<u>1,131,479</u>
Total	<u>1,824,858</u>	<u>1,858,672</u>	<u>(33,814)</u>	<u>1,631,820</u>
Operations:				
Salaries and benefits	414,978	311,834	103,144	357,731
Other operating expenditures	319,966	216,908	103,058	242,222
Capital outlay	<u>346,868</u>	<u>346,867</u>	<u>1</u>	<u>-</u>
Total	<u>1,081,812</u>	<u>875,609</u>	<u>206,203</u>	<u>599,953</u>
AM/FM/GIS:				
Other operating expenditures	<u>8,066</u>	<u>7,212</u>	<u>854</u>	<u>5,154</u>
Total expenditures	<u>2,914,736</u>	<u>2,741,493</u>	<u>173,243</u>	<u>2,236,927</u>

CITY OF GASTONIA, NORTH CAROLINA

**STORMWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2022</u>			<u>2021</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues over (under) expenditures	<u>162,935</u>	<u>375,164</u>	<u>212,229</u>	<u>851,072</u>
Other Financing Sources (Uses):				
Transfers from other funds	1,670	1,670	-	-
Intrafund transfer	(490,720)	(490,720)	-	(421,749)
Appropriated fund balance	<u>326,115</u>	<u>-</u>	<u>(326,115)</u>	<u>-</u>
Total other financing sources (uses)	<u>(162,935)</u>	<u>(489,050)</u>	<u>326,115</u>	<u>(421,749)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (113,886)</u>	<u>\$ (113,886)</u>	<u>\$ 429,323</u>

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

Net change in fund balance	\$ (113,886)
Reconciling items:	
Depreciation	(776,992)
Capital project revenues	2,097
Non-capitalized project expenditures	(188,841)
Intrafund transfer to Capital Project Fund	490,720
Capital outlay, capitalized	346,867
Developer capital contributions	323,832
Loss on disposal of assets	(36,429)
Increase (decrease) in deferred outflows - OPEB	34,297
(Increase) decrease in deferred inflows - OPEB	(109,198)
Increase (decrease) in unbilled revenues receivable	91,010
Increase (decrease) deferred outflows - pension	22,922
(Increase) decrease in net pension liability	142,841
(Increase) decrease deferred inflows - pension	(145,814)
(Increase) decrease in accrued vacation pay	(4,808)
(Increase) decrease in other post-employment benefits	<u>68,383</u>
Change in net position	<u>\$ 147,001</u>

CITY OF GASTONIA, NORTH CAROLINA

**STORMWATER CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 1,990	\$ 1,990
Miscellaneous revenues	-	107	107
Total revenues	<u>-</u>	<u>2,097</u>	<u>2,097</u>
Expenditures:			
Stormwater system	314,336	259,981	54,355
Stormwater, non-capital	<u>1,158,040</u>	<u>188,841</u>	<u>969,199</u>
Total expenditures	<u>1,472,376</u>	<u>448,822</u>	<u>1,023,554</u>
Revenues over (under) expenditures	<u>(1,472,376)</u>	<u>(446,725)</u>	<u>1,025,651</u>
Other Financing Sources (Uses):			
Intrafund transfer in	490,720	490,720	-
Appropriated fund balance	<u>981,656</u>	<u>-</u>	<u>(981,656)</u>
Total other financing sources (uses)	<u>1,472,376</u>	<u>490,720</u>	<u>(981,656)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 43,995</u>	<u>\$ 43,995</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, 2022

	Vehicle Replacement Fund	Information Technology Fund	Dental Self-Insurance Fund	Medical Self-Insurance Fund	Total
Assets:					
Current assets:					
Cash, cash equivalents, and investments	\$ -	\$ 2,133,720	\$ 343,672	\$ 6,417,639	\$ 8,895,031
Accounts receivable, net	-	327,844	1,097	235,026	563,967
Due from other funds	-	-	93,674	1,562,174	1,655,848
Cash and cash equivalents, restricted	6,304,353	-	-	-	6,304,353
Total current assets	<u>6,304,353</u>	<u>2,461,564</u>	<u>438,443</u>	<u>8,214,839</u>	<u>17,419,199</u>
Non-current assets:					
Right to use assets, net	-	6,051	-	-	6,051
Depreciable capital assets, net	12,531,832	266,958	-	-	12,798,790
Total non-current assets	<u>12,531,832</u>	<u>273,009</u>	<u>-</u>	<u>-</u>	<u>12,804,841</u>
Total assets	<u>18,836,185</u>	<u>2,734,573</u>	<u>438,443</u>	<u>8,214,839</u>	<u>30,224,040</u>
Liabilities:					
Current liabilities:					
Accounts payable	228,332	142,639	-	497,671	868,642
Accrued salaries and benefits	-	112,164	-	-	112,164
Compensated absences, current	-	185,000	-	-	185,000
Accrued interest	45,265	-	-	-	45,265
Due to other funds	-	-	280,287	-	280,287
Current portion of long-term debt	4,017,428	2,890	-	-	4,020,318
Total current liabilities	<u>4,291,025</u>	<u>442,693</u>	<u>280,287</u>	<u>497,671</u>	<u>5,511,676</u>
Non-current liabilities:					
Compensated absences, non-current	-	61,567	-	-	61,567
Non-current portion of long-term debt	9,962,304	2,912	-	-	9,965,216
Total non-current liabilities	<u>9,962,304</u>	<u>64,479</u>	<u>-</u>	<u>-</u>	<u>10,026,783</u>
Total liabilities	<u>14,253,329</u>	<u>507,172</u>	<u>280,287</u>	<u>497,671</u>	<u>15,538,459</u>
Net Position:					
Net investment in capital assets	4,856,453	267,207	-	-	5,123,660
Unrestricted	<u>(273,597)</u>	<u>1,960,194</u>	<u>158,156</u>	<u>7,717,168</u>	<u>9,561,921</u>
Total net position	<u>\$ 4,582,856</u>	<u>\$ 2,227,401</u>	<u>\$ 158,156</u>	<u>\$ 7,717,168</u>	<u>\$ 14,685,581</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, 2022**

	<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>
Operating Revenues:					
Charges for services	\$ 3,435,402	\$ 5,548,565	\$ 373,545	\$ 11,461,866	\$ 20,819,378
Other revenues	-	1,160,437	-	-	1,160,437
Total	<u>3,435,402</u>	<u>6,709,002</u>	<u>373,545</u>	<u>11,461,866</u>	<u>21,979,815</u>
Operating Expenses:					
Operations area	85,286	6,492,064	335,198	10,547,839	17,460,387
Depreciation and amortization	<u>2,943,425</u>	<u>259,849</u>	-	-	<u>3,203,274</u>
Total	<u>3,028,711</u>	<u>6,751,913</u>	<u>335,198</u>	<u>10,547,839</u>	<u>20,663,661</u>
Operating income (loss)	<u>406,691</u>	<u>(42,911)</u>	<u>38,347</u>	<u>914,027</u>	<u>1,316,154</u>
Non-Operating Revenues (Expenses):					
Federal and state grants	-	612	-	-	612
Miscellaneous	1,949	-	-	-	1,949
Investment earnings	11,430	3,101	35	6,877	21,443
Gain (loss) on disposal of fixed assets	161,431	-	-	-	161,431
Interest on long-term debt	<u>(191,681)</u>	<u>(100)</u>	-	-	<u>(191,781)</u>
Total non-operating revenues (expenses)	<u>(16,871)</u>	<u>3,613</u>	<u>35</u>	<u>6,877</u>	<u>(6,346)</u>
Income (loss) before and transfers	389,820	(39,298)	38,382	920,904	1,309,808
Transfers:					
Transfers from other funds	-	-	-	<u>290,000</u>	<u>290,000</u>
Change in net position	389,820	(39,298)	38,382	1,210,904	1,599,808
Net Position:					
Beginning of year - July 1	<u>4,193,036</u>	<u>2,266,699</u>	<u>119,774</u>	<u>6,506,264</u>	<u>13,085,773</u>
End of year - June 30	<u>\$ 4,582,856</u>	<u>\$ 2,227,401</u>	<u>\$ 158,156</u>	<u>\$ 7,717,168</u>	<u>\$ 14,685,581</u>

CITY OF GASTONIA, NORTH CAROLINA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	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	\$ 3,437,351	\$ 6,642,324	\$ 373,648	\$ 11,226,840	\$ 21,680,163
Cash paid to suppliers	(85,286)	(5,428,363)	(335,198)	(11,106,209)	(16,955,056)
Cash paid to employees	-	(972,831)	-	-	(972,831)
Net cash provided (used) by operating activities	<u>3,352,065</u>	<u>241,130</u>	<u>38,450</u>	<u>120,631</u>	<u>3,752,276</u>
Cash Flows from Non-Capital Financing Activities:					
Change in due to/from other funds	-	-	25,381	(343,070)	(317,689)
Transfers from other funds	-	-	-	290,000	290,000
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>-</u>	<u>25,381</u>	<u>(53,070)</u>	<u>(27,689)</u>
Cash Flows from Capital and Related Financing Activities:					
Federal and State grants received	-	612	-	-	612
Proceeds from issuance of debt	9,080,000	-	-	-	9,080,000
Principal paid on long-term debt and leases	(3,175,037)	(2,915)	-	-	(3,177,952)
Proceeds from sale of capital assets	162,352	-	-	-	162,352
Acquisition and construction of capital assets	(4,544,517)	(33,451)	-	-	(4,577,968)
Interest paid on long-term debt and leases	(167,174)	(100)	-	-	(167,274)
Net cash provided (used) by capital and related financing activities	<u>1,355,624</u>	<u>(35,854)</u>	<u>-</u>	<u>-</u>	<u>1,319,770</u>
Cash Flows from Investing Activities:					
Interest on investments	11,430	3,101	35	6,877	21,443
Net increase (decrease) in cash and cash equivalents	4,719,119	208,377	63,866	74,438	5,065,800
Cash and Cash Equivalents:					
Beginning of year - July 1	<u>1,585,234</u>	<u>1,925,343</u>	<u>279,806</u>	<u>6,343,201</u>	<u>10,133,584</u>
End of year - June 30	<u>\$ 6,304,353</u>	<u>\$ 2,133,720</u>	<u>\$ 343,672</u>	<u>\$ 6,417,639</u>	<u>\$ 15,199,384</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	\$ 406,691	\$ (42,911)	\$ 38,347	\$ 914,027	\$ 1,316,154
Depreciation and amortization	2,943,425	259,849	-	-	3,203,274
Non-operating revenues (expenses)	1,949	-	-	-	1,949
Change in assets and liabilities:					
(Increase) decrease in accounts receivables	-	(66,678)	103	(235,026)	(301,601)
Increase (decrease) in accounts payable	-	76,238	-	(558,370)	(482,132)
Increase (decrease) in compensated absences	-	14,632	-	-	14,632
Net cash provided (used) by operating activities	<u>\$ 3,352,065</u>	<u>\$ 241,130</u>	<u>\$ 38,450</u>	<u>\$ 120,631</u>	<u>\$ 3,752,276</u>
Supplemental Disclosure of Noncash Activity:					
Right to use leased assets/lease obligations issued	<u>\$ -</u>	<u>\$ 8,717</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,717</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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Vehicle and equipment rentals	\$ 3,435,402	\$ 3,435,402	\$ -	\$ 3,403,093
Non-Operating Revenues:				
Miscellaneous	-	1,949	1,949	247
Investment earnings	-	11,430	11,430	3,246
Total	-	13,379	13,379	3,493
Total revenues	3,435,402	3,448,781	13,379	3,406,586
Expenditures:				
Operating expenditures:				
Budget division:				
Capital outlay	52,725	50,988	1,737	97,565
Equipment manager:				
Other operating expenditures	6,500	4,106	2,394	6,102
Capital outlay	139,329	127,575	11,754	301,844
Total	145,829	131,681	14,148	307,946
Equipment Manager 2019:				
Other operating expenditures	-	-	-	43
Capital outlay	-	-	-	82,278
Total	-	-	-	82,321
Equipment Manager 2021:				
Other operating expenditures	864	-	864	31,933
Capital outlay	1,156,357	1,008,281	148,076	1,736,489
Total	1,157,221	1,008,281	148,940	1,768,422
Technology Systems 2019:				
Capital outlay	-	-	-	2,248
Technology Systems 2021:				
Other operating expenditures	-	-	-	410,999
Capital outlay	-	-	-	25,801
Total	-	-	-	436,800

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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Plan	Actual	Variance Over/Under	Actual
Public Safety vehicle:				
Capital outlay	33,326	33,325	1	510,410
Computer equipment 2020:				
Other operating expenditures	-	-	-	1,890
Capital outlay	-	-	-	61,248
Total	-	-	-	63,138
Capital reserve:				
Other operating expenditures	40,000	-	40,000	-
Conference center:				
Other operating expenditures	-	-	-	78,214
Equipment manager 2022:				
Capital outlay	2,911,050	1,483,286	1,427,764	-
Computer equipment 2022:				
Other operating expenditures	208,450	183,197	25,253	-
Capital outlay	80,500	17,790	62,710	-
Total	288,950	200,987	87,963	-
Equipment manager 2022 additional loan:				
Capital outlay	5,179,898	1,829,340	3,350,558	-
Computer equipment 2022 additional loan:				
Other operating expenditures	468,360	11,951	456,409	-
Capital outlay	188,820	81,092	107,728	-
Total	657,180	93,043	564,137	-
Total operating expenditures	10,466,179	4,830,931	5,635,248	3,347,064
Debt service:				
Principal repayments	3,176,759	3,175,037	1,722	3,470,897
Interest and fees	141,425	131,858	9,567	167,913
Debt issuance costs	40,000	30,500	9,500	17,750
Other debt service costs	7,105	4,816	2,289	3,432
Total	3,365,289	3,342,211	23,078	3,659,992
Total expenditures	13,831,468	8,173,142	5,658,326	7,007,056

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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Plan	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	<u>(10,396,066)</u>	<u>(4,724,361)</u>	<u>5,671,705</u>	<u>(3,600,470)</u>
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	144,274	162,352	18,078	285,039
Issuance of long-term debt	9,120,000	9,080,000	(40,000)	3,360,000
Appropriated fund balance	<u>1,131,792</u>	<u>-</u>	<u>(1,131,792)</u>	<u>-</u>
Total other financing sources (uses)	<u>10,396,066</u>	<u>9,242,352</u>	<u>(1,153,714)</u>	<u>3,645,039</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,517,991</u>	<u>\$ 4,517,991</u>	<u>\$ 44,569</u>
Reconciliation from Budgetary Basis to Full Accrual Basis:				
Net change in fund balance		\$ 4,517,991		
Reconciling items:				
Depreciation and amortization		(2,943,425)		
Book value of capital assets sold		(921)		
Proceeds from issuance of long-term debt		(9,080,000)		
Long-term debt principal repayments		3,175,037		
Capital outlay, capitalized		4,745,645		
(Increase) decrease in accrued interest		<u>(24,507)</u>		
Change in net position		<u>\$ 389,820</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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Technology services	\$ 5,548,565	\$ 5,548,565	\$ -	\$ 5,356,742
Other revenues	1,151,151	1,160,437	9,286	1,140,736
Total	6,699,716	6,709,002	9,286	6,497,478
Non-Operating Revenues:				
Federal and state grants	-	612	612	-
Investment earnings	-	3,101	3,101	579
Total	-	3,713	3,713	579
Total revenues	6,699,716	6,712,715	12,999	6,498,057
Expenditures:				
Operating expenditures:				
Technology services - administration:				
Salaries and employee benefits	239,389	232,118	7,271	234,881
Other operating expenditures	33,887	20,691	13,196	13,694
Capital outlay	15,000	8,717	6,283	-
Total	288,276	261,526	26,750	248,575
Admin - apps:				
Salaries and employee benefits	283,466	282,482	984	270,414
Other operating expenditures	138,699	123,025	15,674	76,987
Total	422,165	405,507	16,658	347,401
Database administration:				
Salaries and employee benefits	255,579	241,319	14,260	162,966
Other operating expenditures	88,568	55,763	32,805	71,992
Total	344,147	297,082	47,065	234,958
Geographic Information Systems AM/FM:				
Salaries and employee benefits	374,858	366,019	8,839	339,053
Other operating expenditures	68,364	60,629	7,735	51,074
Total	443,222	426,648	16,574	390,127

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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			2021
	Plan	Actual	Variance Over/Under	Actual
Tech services - website:				
Other operating expenditures	<u>134,917</u>	<u>101,855</u>	<u>33,062</u>	<u>121,705</u>
Tech services - CIS apps:				
Salaries and employee benefits	468,956	464,750	4,206	377,941
Other operating expenditures	<u>432,749</u>	<u>222,843</u>	<u>209,906</u>	<u>217,574</u>
Total	<u>901,705</u>	<u>687,593</u>	<u>214,112</u>	<u>595,515</u>
Communication division:				
Salaries and employee benefits	411,520	410,581	939	442,024
Other operating expenditures	78,604	35,406	43,198	35,214
Capital outlay	-	-	-	29,561
Total	<u>490,124</u>	<u>445,987</u>	<u>44,137</u>	<u>506,799</u>
Tech services - 800Mhz system:				
Other operating expenditures	<u>317,181</u>	<u>311,099</u>	<u>6,082</u>	<u>303,184</u>
Tech services - public safety:				
Salaries and employee benefits	389,708	347,481	42,227	372,817
Other operating expenditures	<u>336,649</u>	<u>272,306</u>	<u>64,343</u>	<u>256,179</u>
Total	<u>726,357</u>	<u>619,787</u>	<u>106,570</u>	<u>628,996</u>
Telephone communications:				
Salaries and employee benefits	175,130	90,124	85,006	61,292
Other operating expenditures	668,264	593,695	74,569	449,505
Capital outlay	<u>33,845</u>	<u>33,451</u>	<u>394</u>	-
Total	<u>877,239</u>	<u>717,270</u>	<u>159,969</u>	<u>510,797</u>
Technology services - computer support:				
Salaries and employee benefits	510,029	507,502	2,527	455,009
Other operating expenditures	<u>69,754</u>	<u>50,987</u>	<u>18,767</u>	<u>50,505</u>
Total	<u>579,783</u>	<u>558,489</u>	<u>21,294</u>	<u>505,514</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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			2021
	Plan	Actual	Variance Over/Under	Actual
Technology-city equipment:				
Other operating expenditures	258,933	258,933	-	236,798
Technology services - support administration:				
Salaries and employee benefits	281,266	276,537	4,729	245,718
Other operating expenditures	574,104	554,045	20,059	570,958
Total	855,370	830,582	24,788	816,676
Technology services - core services:				
Salaries and employee benefits	279,646	278,471	1,175	258,229
Other operating expenditures	169,215	151,464	17,751	140,511
Total	448,861	429,935	18,926	398,740
IT/Core applications:				
Other operating expenditures	192,915	167,307	25,608	206,968
Technology services - capital projects:				
Other operating expenditures	1,438,398	-	1,438,398	-
Debt service:				
Principal	2,915	2,915	-	-
Interest	145	100	45	-
Total	3,060	3,015	45	-
Total expenditures	8,722,653	6,522,615	2,200,038	6,052,753
Revenues over (under) expenditures	(2,022,937)	190,100	2,213,037	445,304
Other Financing Sources (Uses):				
Lease liabilities issued	15,000	8,717	(6,283)	-
Appropriated fund balance	2,007,937	-	(2,007,937)	-
Total other financing sources (uses)	2,022,937	8,717	(2,014,220)	-
Net change in fund balance	\$ -	\$ 198,817	\$ 198,817	\$ 445,304

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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022		2021
	Plan	Actual	Actual
Reconciliation from Budgetary Basis to Full Accrual Basis:			
Net change in fund balance		\$ 198,817	
Reconciling items:			
Depreciation and amortization		(257,183)	
Amortization		(2,666)	
Proceeds from lease liabilities issued		(8,717)	
Long-term debt and lease principal		2,915	
Capital outlay - leases, capitalized		8,717	
Capital outlay, capitalized		33,451	
(Increase) decrease in accrued vacation pay		<u>(14,632)</u>	
Change in net position		<u>\$ (39,298)</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, 2022

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

	2022			2021
	Plan	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Charges for services	\$ 365,486	\$ 373,545	\$ 8,059	\$ 362,481
Non-operating revenues:				
Investment earnings	300	35	(265)	208
Total revenues	365,786	373,580	7,794	362,689
Expenditures:				
Operating expenditures:				
Administration:				
Operating expenditures	365,786	335,198	30,588	347,388
Revenues over (under) expenditures	\$ -	\$ 38,382	\$ 38,382	\$ 15,301

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, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	<u>2022</u>			<u>2021</u>
	<u>Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Operating Revenues:				
Charges for services	\$ 11,264,202	\$ 11,461,866	\$ 197,664	\$ 11,129,867
Non-Operating Revenues:				
Investment earnings	8,000	6,877	(1,123)	11,271
Total revenues	<u>11,272,202</u>	<u>11,468,743</u>	<u>196,541</u>	<u>11,141,138</u>
Expenditures:				
Operating expenditures:				
Administration:				
Operating expenditures	<u>13,615,047</u>	<u>10,547,839</u>	<u>3,067,208</u>	<u>8,760,422</u>
Revenues over (under) expenditures	<u>(2,342,845)</u>	<u>920,904</u>	<u>3,263,749</u>	<u>2,380,716</u>
Other Financing Sources (Uses):				
Transfers from other funds	290,000	290,000	-	-
Appropriated fund balance	<u>2,052,845</u>	<u>-</u>	<u>(2,052,845)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,342,845</u>	<u>290,000</u>	<u>(2,052,845)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,210,904</u>	<u>\$ 1,210,904</u>	<u>\$ 2,380,716</u>

STATISTICAL SECTION

This part of the Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends - Schedules 1-4

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity – Schedules 5-9

These schedules contain information to help the reader assess the factors affecting the City's ability to generate property taxes.

Debt Capacity – Schedules 10-14

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information – Schedules 15-17

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information – Tables 18-19

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year.



Schedule 1
City of Gastonia
Net Position by Component
Last Ten Years
(accrual basis of accounting)

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Net investment in capital assets	\$119,691,275	\$123,935,617	\$128,510,185	\$122,614,226	\$124,777,914	\$124,133,499	\$118,307,559	\$118,844,527	\$120,843,698	\$126,226,919
Restricted	20,025,187	18,193,045	31,004,837	16,561,292	15,387,538	13,115,395	16,304,671	19,904,920	10,490,248	9,627,851
Unrestricted	(35,003,649)	(37,742,226)	(61,781,371)	(41,362,815)	(45,695,235)	(18,073,941)	(2,373,044)	(6,649,369)	2,587,020	(527,578)
Total governmental activities net position	<u>\$104,712,813</u>	<u>\$104,386,436</u>	<u>\$97,733,651</u>	<u>\$97,812,703</u>	<u>\$94,470,217</u>	<u>\$119,174,953</u>	<u>\$132,239,186</u>	<u>\$132,100,078</u>	<u>\$133,920,966</u>	<u>\$135,327,192</u>
Business Type activities										
Net investment in capital assets	\$300,126,877	\$285,989,957	\$273,789,996	\$265,730,268	\$258,184,586	\$255,523,817	\$239,879,539	\$236,950,245	\$229,381,517	\$225,259,816
Restricted										
Unrestricted	70,100,933	69,614,793	53,272,773	41,208,431	32,471,314	33,557,762	39,598,241	33,815,134	37,939,875	36,849,517
Total Business Type activities net position	<u>\$370,227,810</u>	<u>\$355,604,750</u>	<u>\$327,062,769</u>	<u>\$306,938,699</u>	<u>\$290,655,900</u>	<u>\$289,081,579</u>	<u>\$279,477,780</u>	<u>\$270,765,379</u>	<u>\$267,321,392</u>	<u>\$262,109,333</u>
Primary Government										
Net investment in capital assets	\$419,818,152	\$409,925,574	\$402,300,181	\$388,344,494	\$382,962,500	\$379,657,316	\$358,187,098	\$355,794,772	\$350,225,215	\$351,486,735
Restricted	20,025,187	18,193,045	31,004,837	16,561,292	15,387,538	13,115,395	16,304,671	19,904,920	10,490,248	9,627,851
Unrestricted	35,097,284	31,872,567	(8,508,598)	(154,384)	(13,223,921)	15,483,821	37,225,197	27,165,765	40,526,895	36,321,939
Total primary government net position	<u>\$474,940,623</u>	<u>\$459,991,186</u>	<u>\$424,796,420</u>	<u>\$404,751,402</u>	<u>\$385,126,117</u>	<u>\$408,256,532</u>	<u>\$411,716,966</u>	<u>\$402,865,457</u>	<u>\$401,242,358</u>	<u>\$397,436,525</u>

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental activities:										
General government	\$17,256,712	\$15,641,563	\$16,286,786	\$13,098,052	\$7,624,041	\$6,189,619	\$10,606,593	\$10,806,827	\$14,384,930	\$13,066,786
Public Safety	38,668,926	34,687,943	33,743,135	31,994,707	31,486,198	30,763,350	29,343,196	27,478,999	26,786,547	27,337,102
Public Works and Cemeteries	19,283,315	17,396,766	16,248,577	14,691,220	15,259,136	1,989,690	6,802,354	8,257,303	9,215,118	10,628,247
Cultural and Recreation	8,862,070	7,798,607	7,558,181	6,982,190	6,719,526	6,313,795	6,113,970	6,076,535	5,311,960	5,477,231
Economic and physical development	1,745,398	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
Interest on long-term debt	1,296,656	1,503,876	2,387,821	1,614,413	1,824,064	1,935,901	2,065,476	2,251,252	2,406,042	2,599,970
Total governmental activities expenses	87,113,077	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
Business-type activities:										
Water and Sewer	41,833,807	39,648,939	37,596,052	35,651,662	33,630,595	32,065,945	31,411,780	30,100,924	29,574,629	29,094,851
Electric	69,909,999	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
Transit	2,970,694	3,087,212	3,258,307	2,734,962	2,480,698	2,306,486	2,236,449	2,112,884	2,400,929	2,382,934
Golf	34,704	34,805	34,805	34,805	35,974	36,726	46,814	36,959	22,265	38,958
Stormwater	3,388,265	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
Solid Waste	5,805,377	5,757,349	5,856,951	5,367,645	5,082,304	4,839,020	4,754,935	4,383,528	4,261,659	4,456,951
Total business-type activities expenses	123,942,846	120,516,531	118,758,548	116,508,300	117,676,491	116,055,825	113,264,732	114,555,947	112,156,217	109,209,493
Total primary government expenses	\$211,055,923	\$198,983,079	\$197,574,703	\$189,342,379	\$188,792,135	\$182,044,653	\$176,700,270	\$175,001,661	\$174,530,265	\$173,685,428
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$11,981,534	\$9,289,124	\$10,022,999	\$9,505,566	\$9,557,074	\$8,671,960	\$8,828,665	\$7,266,484	\$7,654,425	\$8,066,339
Public Safety	1,718,183	1,712,116	1,538,995	1,459,428	1,359,470	1,382,880	1,100,861	1,092,265	841,503	1,063,056
Public Works and Cemeteries	61,115	57,094	58,266	53,182	55,506	49,641	51,016	46,644	40,739	53,677
Cultural and Recreation	930,511	473,616	580,349	812,469	867,727	780,680	684,506	628,538	608,559	605,687
Economic and physical development	45,203	35,317	468,162	405,778	282,252	487,727	63,084	134,659	53,384	66,640
Operating grants and contributions	4,768,967	5,054,061	4,527,774	4,983,881	4,529,696	4,932,336	4,325,061	4,581,909	4,595,445	5,306,834
Capital grants and contributions	2,191,799	5,163,691	505,363	2,938,494	2,947,980	2,359,934	877,236	426,810	439,408	505,279
Total governmental activities program revenues	21,697,312	21,785,019	17,701,908	20,158,798	19,599,705	18,665,158	15,930,429	14,177,309	14,233,463	15,667,512
Business-type activities:										
Charges for services:										
Water and Sewer	44,986,737	42,122,472	40,746,707	40,736,180	37,692,461	36,296,497	35,561,282	34,338,725	34,121,040	33,348,282
Electric	77,785,299	89,928,204	84,359,635	78,949,075	79,255,929	78,441,784	76,514,684	75,350,298	75,152,951	72,269,496
Transit	9,828	48,099	226,439	190,531	162,466	278,780	221,302	201,679	213,649	266,732
Golf	21,268	-	-	-	-	-	-	-	-	-
Stormwater	3,206,409	3,068,474	2,662,903	2,580,268	2,619,731	2,573,238	2,549,033	2,526,881	2,140,036	2,090,130
Solid Waste	3,200,794	3,140,658	3,064,965	2,689,310	2,172,476	2,055,849	1,330,939	1,222,829	1,223,413	1,146,749
Operating grants and contributions	9,799	-	-	-	-	2,207,607	1,054,568	2,498,530	2,259,217	914,077
Capital grants and contributions	8,148,903	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
Total business-type activities program revenues	137,369,037	148,641,457	137,848,669	131,654,429	124,878,970	123,796,795	119,767,213	117,208,509	115,596,370	110,592,599
Total primary government program revenues	\$159,066,349	\$170,426,476	\$155,550,577	\$151,813,227	\$144,478,675	\$142,461,953	\$135,697,642	\$131,385,818	\$129,829,833	\$126,260,111

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net (Expense)/Revenue										
Governmental activities	(\$65,415,765)	(\$56,681,529)	(\$61,114,247)	(\$52,675,281)	(\$51,515,939)	(\$47,323,670)	(\$47,505,109)	(\$46,268,405)	(\$48,140,585)	(\$48,808,423)
Business-type activities	13,426,191	28,124,926	19,090,121	15,146,129	7,202,479	7,740,970	6,502,481	2,652,562	3,440,153	1,383,106
Total primary government net expense	(\$51,989,574)	(\$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)
General Revenues and Other Changes in Net Position										
Governmental activities										
Ad valorem taxes	\$37,480,750	\$36,931,674	\$36,165,019	\$31,792,472	\$31,189,826	\$30,201,787	\$29,100,257	\$29,226,233	\$29,677,867	\$28,142,234
Sales taxes	16,972,083	14,718,183	12,750,343	12,110,099	11,373,889	10,798,202	10,115,362	9,638,696	9,188,630	9,245,172
Payments in lieu of taxes	4,863,005	4,733,059	4,360,255	4,160,439	3,788,366	3,549,931	3,366,991	3,328,873	3,239,138	3,108,107
Utility franchise taxes	7,136	12,298	6,097	8,249	1,767	1,716	2,240	903,042	3,739,996	3,734,179
Other taxes	7,194,071	7,099,925	6,866,626	7,193,071	7,104,021	6,684,289	6,407,474	6,450,830	1,923,653	1,682,131
Interest earned on investments	286,522	204,099	1,201,656	1,073,931	978,751	745,380	715,572	670,356	670,401	682,081
Transfers	-1,061,425	-364,924	-314,801	-320,494	-1,057,760	-1,463,925	-2,063,679	-2,144,444	-1,705,326	-1,894,556
Total governmental activities	65,742,142	63,334,314	61,035,195	56,017,767	53,378,860	50,517,380	47,644,217	48,073,586	46,734,359	44,699,348
Business-type activities:										
Interest earned on investments	135,444	52,131	719,148	816,176	589,504	398,904	146,241	57,992	66,580	74,924
Transfers	1,061,425	364,924	314,801	320,494	1,057,760	1,463,925	2,063,679	2,144,444	1,705,326	1,894,556
Total Business-type activities	1,196,869	417,055	1,033,949	1,136,670	1,647,264	1,862,829	2,209,920	2,202,436	1,771,906	1,969,480
Total primary government	\$66,939,011	\$63,751,369	\$62,069,144	\$57,154,437	\$55,026,124	\$52,380,209	\$49,854,137	\$50,276,022	\$48,506,265	\$46,668,828
Changes in Net Position										
Governmental activities	\$326,377	\$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)
Business-type activities	14,623,060	28,541,981	20,124,070	16,282,799	8,849,743	9,603,799	8,712,401	4,854,998	5,212,059	3,352,586
Total primary government	\$14,949,437	\$35,194,766	\$20,045,018	\$19,625,285	\$10,712,664	\$12,797,509	\$8,851,509	\$6,660,179	\$3,805,833	(\$756,489)

(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									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund										
Non Spendable	1,337,871	674,941	623,318	1,115,263	997,969	903,034	644,336	727,185	743,112	884,658
Restricted	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	14,720,282
Assigned	885,000	1,359,364	1,075,528	2,219,036	1,185,733	1,563,000	-	-	-	1,986,850
Unassigned	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	31,302,060
Total general fund	<u>\$20,916,901</u>	<u>\$24,945,980</u>	<u>\$28,103,665</u>	<u>\$29,548,756</u>	<u>\$27,727,640</u>	<u>\$30,808,513</u>	<u>\$33,207,609</u>	<u>\$35,580,740</u>	<u>\$42,781,221</u>	<u>\$48,893,850</u>
All other Governmental Funds										
Non Spendable										
Other Governmental Funds	\$1,735,269	\$1,599,078	\$2,531,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,030	\$ 57,394
Restricted										
Mayor/Council Capital Project Fund	-	-	-	340,937	1,816,720	2,762,790	1,786,942	34,929,606	2,766,386	2,083,616
Streets Capital Project Fund	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	1,037,981
American Rescue Plan Fund	-	-	-	-	-	-	-	-	-	661,767
Other Governmental Funds	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	5,124,591
Assigned										
Mayor/Council Capital Project Fund	-	-	-	1,099,397	1,290,634	-	994,588	-	-	-
Streets Capital Project Fund	-	-	-	-	-	-	-	-	-	809,716
Other Governmental Funds	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	2,022,945
Committed										
American Rescue Plan Fund	-	-	-	-	-	-	-	-	-	17,085
Unassigned										
Other Governmental Funds	(1,760,494)	(1,542,588)	(829,029)	(975,230)	(676,031)	(141,174)	(266,450)	(1,712,905)	(670,745)	(514,668)
Mayor/Council Capital Project Fund	-	-	-	-	-	(662,901)	-	(18,942,569)	-	-
American Rescue Plan Fund	-	-	-	-	-	-	-	-	-	(661,767)
Streets Capital Project Fund	-	(1,633,558)	(11,529,005)	(7,915,079)	(2,213,464)	(836,511)	(19,531)	(992,682)	-	-
Total all other governmental funds	<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>	<u>\$10,638,660</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)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Ad valorem taxes	\$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	\$37,570,758
Other taxes and licenses	17,769,589	18,091,417	20,321,441	19,892,067	21,034,138	22,268,043	23,471,858	23,983,321	26,563,465	29,036,295
Unrestricted intergovernmental revenues	1,883,441	1,724,860	1,844,467	2,086,035	2,216,249	2,130,622	2,310,339	2,298,097	2,085,949	2,112,550
Restricted intergovernmental revenues	5,395,363	4,618,211	4,680,242	4,673,553	4,846,038	5,370,916	5,090,667	4,677,542	6,589,613	6,321,840
Permits and fees	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	2,383,201
Sales and services	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	3,782,874
Investment earnings	518,166	500,644	497,689	543,150	563,738	763,974	980,490	1,139,794	188,795	265,079
Miscellaneous	917,813	736,893	836,479	947,822	587,591	1,151,963	715,970	1,432,220	1,103,127	1,715,045
Total revenues	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	83,187,642
Expenditures										
Current:										
General government	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	13,251,358
Public Safety	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	37,271,714
Public works and cemeteries	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	10,077,161
Cultural and recreation	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	6,919,166
Economic and physical development	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	1,745,398
Capital outlay	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	2,895,319
Debt Service:										
Principal repayments	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	4,589,541
Interest	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	1,122,078
Total expenditures	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	77,871,735
Revenues over (under) expenditures	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)	5,315,907
Other Financing Sources (Uses)										
Payments to refund bond debt	-	-	-	-	-	-	-	-	(17,805,000)	-
Transfers from other funds	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	3,865,792
Transfers to other funds	(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)	(5,217,217)
Lease liabilities issued	-	-	-	-	-	-	-	-	-	445,451.00
Issuance of long term debt	-	-	-	-	-	-	-	32,640,000	17,872,000	-
Total other financing sources (uses)	(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)	(905,974)
Net change in fund balances	\$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	\$4,409,933
Debt service as a percentage of noncapital expenditures	10.88%	12.84%	13.63%	12.55%	10.39%	8.20%	7.75%	19.26%	7.12%	7.77%

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)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Local Option Sales Tax</u>	<u>Utility Sales Tax</u>	<u>Franchise Tax</u>	<u>Video Franchise Tax</u>	<u>Beer and Wine Tax</u>	<u>Rental Vehicle Tax</u>	<u>Total</u>
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
2022	37,570,758	16,972,083	4,468,324	7,136	473,089	324,098	96,781	59,912,269

Notes:

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

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

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

<u>Fiscal Year</u>	<u>Real Property ⁽¹⁾</u>	<u>Personal Property</u>	<u>Motor Vehicles</u>	<u>Public Service Companies</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>
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
2022	5,537,647	734,403	549,980	161,543	6,983,573	0.5200	8,261,567

Note: The levy of property taxes each year is based on the assessed value of taxable property as of January 1, preceding the beginning of the fiscal year on July 1. All taxable property was assessed at one hundred percent (100%) of its estimated actual value at the time of the revaluation. Valuations presented in this schedule do not include property owned by the United States Government, the State of North Carolina, educational institutions, etc., that are not subject to taxation. Based on the economic conditions in the housing market from 2012 through 2015 taxable value (market value) was estimated to be approximately 100% of the County assessed value. A County reappraisal was completed in 2015 and was applicable to the assessed values reported for 2016. The estimated tax values subsequent to that were derived using estimated housing market increases / decreases obtained from 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 and 2022 was derived the estimated average housing market increase for the 2021 and 2022 fiscal years obtained from area real estate publications, 19.3% and 18.3% increase, respectively.

⁽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)

<u>Fiscal Year</u>	<u>City Direct Rates</u>			<u>Overlapping Rates</u>	<u>Combined Tax Rate</u>
	<u>Basic Rate General Fund</u>	<u>Debt Retirement</u>	<u>Total Direct Rate</u>	<u>Gaston County</u>	<u>City and County</u>
2013	0.4175	0.1125	0.5300	0.8350	1.3650
2014	0.4175	0.1125	0.5300	0.8700	1.4000
2015	0.4175	0.1125	0.5300	0.8700	1.4000
2016	0.4175	0.1125	0.5300	0.8700	1.4000
2017	0.4175	0.1125	0.5300	0.8700	1.4000
2018	0.4175	0.1125	0.5300	0.8700	1.4000
2019	0.4175	0.1125	0.5300	0.8700	1.4000
2020	0.4075	0.1125	0.5200	0.8400	1.3600
2021	0.4075	0.1125	0.5200	0.8300	1.3500
2022	0.4075	0.1125	0.5200	0.8300	1.3500

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

	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Taxpayer						
Daimler Trucks North America	\$107,762,395	1	1.68%	\$59,567,774	1	1.24%
Owens Corning (a)	65,221,933	2	1.02%	-	-	-
Triangle Real Estate	59,686,970	3	0.93%	45,963,431	2	0.96%
Southwood Realty	58,238,481	4	0.91%	25,117,739	8	0.52%
Duke Energy	47,271,534	5	0.74%	-	-	-
Mann+Hummel Filtration - Wix	45,533,126	6	0.71%	35,399,963	4	0.74%
Dominion Energy (b)	42,955,160	7	0.67%	36,276,163	3	0.75%
Stabilus Inc.	38,197,376	8	0.60%	32,327,120	5	0.67%
Roechling	36,575,167	8	0.57%	-	-	-
Lanxess Corporation	35,583,029	10	0.55%	-	-	-
Bellsouth Tel Co	-	-	-	28,981,920	6	0.60%
Centro Bradley Spe 1 LLC	-	-	-	27,293,721	7	0.57%
BRE Retail Residual NC (c)	-	-	-	23,649,095	9	0.49%
Wal-Mart Real Estate TR	-	-	-	23,109,136	10	0.48%

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)**

<u>Fiscal Year Ended June 30</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2013	27,802	26,930	96.87%	831	27,761	99.85%
2014	28,998	28,420	98.01%	532	28,952	99.84%
2015	28,347	27,931	98.53%	364	28,295	99.82%
2016	28,134	27,779	98.74%	307	28,086	99.83%
2017	29,301	28,965	98.85%	281	29,246	99.81%
2018	30,289	29,978	98.97%	234	30,212	99.75%
2019	30,886	30,611	99.10%	193	30,804	99.73%
2020	35,095	34,643	98.71%	347	34,990	99.70%
2021	35,847	35,556	99.19%	179	35,735	99.69%
2022	36,315	36,026	99.20%	-	36,026	99.20%

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	Limited Obligation Bonds & Premium	Section 108 Loan	General Obligation Bonds	Water Revenue Bonds & Premium	Installment Financing	State Revolving Loans				
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	
2022	16,548	-	20,645	22,665	-	284	21,091	-	34,021	115,254	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 obstinance of an additional vehicle and equipment loan in the 2022 fiscal year in order to take advantage of lower interest rates. The City does not have a vehicle and equipment loan in the 2023 fiscal year budget. The City also drew down the remaining loan proceeds related to the State Revolving Loan.

NA not available at publication time

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Population</u>	<u>Per Capita</u>
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
2022	16,832	0.24%	81,161	207

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, 2022
(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	\$59,858 ⁽¹⁾	100%	\$59,858
			-
Overlapping Debt			
Gaston County	<u>211,096 ⁽³⁾</u>	32.94%	<u>\$69,535</u>
Total direct and overlapping debt	<u><u>\$270,954</u></u>		<u><u>\$129,393</u></u>

Notes:

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

(2) Allocated based on assessed valuation.

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

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

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	\$6,983,574
Debt limit (8% of assessed value)	558,686
Debt applicable to limit:	
Authorized & Outstanding bonded debt	58,974
Outstanding debt not evidenced by bonds	54,666
	<u>113,640</u>
Statutory Deductions:	
Bonds and other debt not evidenced by bonds applicable to Enterprise Funds	53,782
Amount designated for payment of gross debt other than Enterprise Funds	32
	<u>53,814</u>
Net Debt	<u>59,826</u>
Legal Debt Limit	<u><u>\$498,860</u></u>

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	Fiscal Year									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt limit	\$418,317	\$411,170	\$427,876	\$424,656	\$442,277	\$457,188	\$466,206	\$539,918	\$551,488	\$558,686
Total net debt applicable to limit	60,980	60,049	55,577	51,427	47,599	44,419	40,660	61,317	58,379	59,826
Legal debt margin	<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>	<u>\$498,860</u>
Total net debt applicable to the limit as a percentage of debt limit	14.58%	14.60%	12.99%	12.11%	10.76%	9.72%	8.72%	11.36%	10.59%	10.71%

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

Water Revenue Bonds

Fiscal Year	Gross Utility Revenues ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service Principal ⁽³⁾	Debt Service Interest ⁽⁴⁾	Coverage
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
2022	46,318	29,637	16,681	4,206	817	3.32

(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⁾
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%
2022	81,161	NA	NA	4.4%

Notes:

- ⁽¹⁾ North Carolina Office of State Budget and Management
- ⁽²⁾ Per Capita Personal Income Extended By Population
- ⁽³⁾ US Department of Commerce - Bureau of Economic Analysis, 2021 and 2022 not available at publication date.
- ⁽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 and 2022 was due to the relaxation of this State order.

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

Employer	2022			2013		
	Approximate Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Food Lion	1,000 & Over	1	-	-	-	-
Gaston County Schools	1,000 & Over	2	-	1,000 & Over	1	-
Caromont Health	1,000 & Over	3	-	1,000 & Over	2	-
Freightliner	1,000 & Over	4	-	500-999	8	-
Gaston County	1,000 & Over	5	-	1,000 & Over	4	-
Wal-mart Association, Inc.	1,000 & Over	6	-	1,000 & Over	3	-
Mann+Hummel Filtration (a)	1,000 & Over	7	-	1,000 & Over	5	-
American & Efirid LLC	1,000 & Over	8	-	1,000 & Over	6	-
City of Gastonia	500-999	9	-	500-999	7	-
Gaston College	500-999	10	-	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 2013

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

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government	151	164	172	172	163	176	178	185	175	173
Police	170	164	158	168	167	177	183	185	181	204
Fire	134	137	137	137	137	142	141	138	144	144
Public Works	89	74	74	73	70	61	66	66	67	77
Cultural and Recreation	48	46	53	52	53	68	72	70	68	79
Water and Sewer	130	131	131	122	119	130	122	122	133	130
Electric	45	44	43	44	42	46	45	45	43	48
Transit	20	21	22	21	27	37	35	36	35	23
Solid Waste	40	38	39	40	40	44	43	42	47	53
Stormwater	7	6	7	6	6	6	8	8	9	8
Total	834	825	836	835	824	887	893	897	902	939

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	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Commercial Construction										
Commercial Building permits issued	629	467	368	396	381	592	347	384	291	291
Commercial Building permit value	64,292	120,524	62,040	104,774	73,094	67,410	84,113	98,674	247,663	247,663
Residential Construction										
Residential Building permits issued	347	545	733	718	748	649	687	684	949	949
Residential Building permit value	46,624	53,848	94,602	117,328	133,065	98,617	124,297	140,203	216,944	216,944
Police										
Physical arrests	7,454	6,359	7,612	6,191	5,940	6,405	5,826	3,972	3,916	3,928
Parking violations	34	23	17	10	22	13	14	23	15	1
Traffic violations	9,092	8,634	7,003	9,619	7,440	6,864	6,035	6,126	6,806	7,071
Fire										
Number of calls answered	9,082	9,567	10,060	10,729	11,307	10,725	10,305	8,662	10,176	11,626
Fires extinguished	336	283	326	325	274	330	285	339	347	682
Inspections	3,066	4,505	3,848	4,084	5,087	4,821	6,489	5,248	6,346	6,469
Sanitation/Solid Waste										
Residential Refuse collected (tons annually)	18,939	18,710	18,707	19,394	20,783	21,696	23,089	25,431	28,852	31,988
Commercial Refuse collected (tons annually)	-	-	-	-	-	-	-	-	-	-
Contractor/Recyclables collected (tons annually)	3,741	4,042	4,025	4,148	3,868	4,220	4,294	3,498	-	-
City Crews/Recyclables collected (tons annually)	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	10.41
Potholes repaired	691	1,052	460	1,586	1,412	1,465	1,759	1,788	1,560	1,106
Water										
Number of service connections	27,648	28,095	28,899	29,523	30,125	30,383	30,956	31,215	32,801	33,591
Water main breaks	144	149	110	204	170	201	138	203	126	102
Average daily consumption (thousands of gallons)	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	13.7 MGD
Maximum daily capacity of plant in gallons (thousands of gallons)	25.2MGD	26MGD	25.3 MGD	26 MGD	25.2 MGD	25.2 MGD	27.3 MGD	27.3 MGD	27.3 MGD	27.3 MGD
Wastewater										
Average daily sewage treatment (thousands of gallons)	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	9.7 MGD
Maximum daily capacity of treatment in gallons	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD
Number of service connections	25,210	25,610	26,389	26,934	27,562	27,927	28,234	28,529	29,790	30,471
Transit										
Total route miles	293,896	284,602	280,808	291,530	292,204	288,582	303,204	301,014	306,067	292,928

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	154	152	157	155	156	156	156	140	156	140
Fire Stations	8	8	8	8	8	8	8	8	8	8
Refuse collection										
Collection trucks	21	21	21	25	26	26	26	24	25	25
Other Public Works										
Streets (miles)	336	337.23	338.29	339.99	340.97	343	345	348	352	354
Streetlights	9180	9195	9242	9261	9397	9741	9835	10031	10076	10148
Parks and recreation										
Acreage	587	587	587	587	587	587	587	587	742	742
Parks	16	16	16	16	16	16	16	16	18	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	32	32	32	32	28	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	0	0	0	0	0	0	0	0	0	0
Franklin Urban Sports & Entertainment Facility	0	0	0	0	0	0	0	0	1	1
Water										
Water mains (miles)	591.77	593.2	594.95	597.42	600.62	601	664	675	675	686
Fire Hydrants	3512	3538	3564	3592	3622	4179	4205	4185	4185	4400
Maximum daily capacity of plant in gallons	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	27.3 MGD
Wastewater										
Number of treatment plants	3	3	3	3	3	3	3	3	3	3
Sanitary Sewers (miles)	553.19	554.7	556.9	558.91	561.55	561	628	628	628	650
Storm sewers (miles)	160	160	160	160	160	160	160	168	168	170
Maximum daily capacity of treatment in gallons	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD
Transit										
Buses	9	9	8	8	8	8	8	8	8	11
ADA vans	5	5	5	5	5	5	5	5	5	5
Electric										
Distribution miles	473	483	474	474	487	489	497	509	509	509
Customers	26268	26850	27054	27906	28208	28496	28919	29130	29130	30317
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 (*Government Auditing Standards*), the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gastonia, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 31, 2022. Our report includes a reference to other auditors who audited the financial statements of the City of Gastonia ABC Board, as described in our report on the City of Gastonia, North Carolina's, financial statements. The financial statements of the Gastonia Tourism Development Authority and the City of Gastonia ABC Board were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable non-compliance associated with the Gastonia Tourism Development Authority and the City of Gastonia ABC Board.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 31, 2022

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

Opinion on Each Major Federal Program

We have audited the City of Gastonia, North Carolina's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Gastonia's major federal programs for the year ended June 30, 2022. The City of Gastonia's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, the City of Gastonia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Gastonia and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Gastonia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act, we:

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in*

internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 31, 2022



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

Opinion on Each Major State Program

We have audited the City of Gastonia, North Carolina's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Gastonia's major state programs for the year ended June 30, 2022. The City of Gastonia's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses and Questioned Costs.

In our opinion, the City of Gastonia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Gastonia and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the City of Gastonia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control*

over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 31, 2022



CITY OF GASTONIA, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

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

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>Program Name</u>	<u>AL #</u>
Federal Transit Cluster	20.507
Clean Water State Revolving Fund	66.458
Coronavirus State and Local Fiscal Recovery Fund	21.027

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? No

CITY OF GASTONIA, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? No

Identification of major state programs:

Program Name

Powell Bill

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

None reported.

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

None reported.

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

None reported.

CITY OF GASTONIA, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

Finding 2021-001

Status: Corrected.



CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

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 Grant/Entitlement Grants Cluster:					
Community Development Block Grant/Entitlement Program	14.218		\$ 410,687	\$ -	\$ 66,000
COVID-19 Community Development Block Grant	14.218		79,988	-	79,988
Total CDBG - Entitlement Grants Cluster			<u>490,675</u>	<u>-</u>	<u>145,988</u>
Home Investment Partnership Program	14.239		549,948	-	44,134
Total U.S. Dept of Housing and Urban Development			<u>1,040,623</u>	<u>-</u>	<u>190,122</u>
<u>U.S. Department of Homeland Security</u>					
Direct Program:					
Federal Emergency Management Agency:					
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Project #552-0	61,713	-	-
Passed through N.C. Department of Public Safety:					
BRIC: Building Resilient Infrastructure and Communities	97.047	PDMC-PJ-04-NC-2019-004	43,475	-	-
Total U.S. Department of Homeland Security			<u>105,188</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Transportation</u>					
Passed-through the N.C. Department of Transportation:					
Direct Program:					
Federal Transit Cluster:					
Federal Transit Formula Grants					
COVID-19 Urbanized Area Formula-Operating-CARES ACT	20.507	NC-2020-028-00	1,655,292	-	-
COVID-19 Urbanized Area Formula-Capital-CARES ACT	20.507	NC-2020-028-00	407,410	-	-
Urbanized Area Formula-Capital	20.507	NC-2020-064-00	332,132	-	-
Urbanized Area Formula-Capital	20.507	NC-2018-055-00	274,687	-	-
Urbanized Area Formula-Operating	20.507	NC-2019-037-00	59,997	-	-
Total Federal Transit Cluster			<u>2,729,518</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 (Federal-Aid Highway Program)					
Hwy Planning, Research and Construction-Section 104(d)	20.205	104(d) Planning Funds WBS49599.1.8 Planning Funds	184,256	-	-
Hwy Planning, Research and Construction-Section 5303	20.205	WBS 48478.3.4 SPR Funding Planning Funds-	35,280	4,410	-
Hwy Planning, Research and Construction-SPR Funding	20.205	WBS #48478.3.4/ TIP	80,359	15,068	-
Hwy Planning, Research and Construction-SPR Funding	20.205	SPR Funding Planning Funds- WBS #49600.3.1 NCDOT EB-5701 X972023	71,814	-	-
NCDOT: Franklin Blvd Sidewalks Project	20.205		9,161	-	-
Total Highway Planning and Construction Cluster / Highway Planning, Research and Construction Cluster			<u>380,870</u>	<u>19,478</u>	<u>-</u>
Highway Safety Cluster:					
State and Community Highway Safety - YR2 Grant	20.600	PT-21-06-19	9,345	-	-
State and Community Highway Safety - YR3 Grant	20.600	PT-21-06-19	32,603	-	-
Total Highway Safety Cluster			<u>41,948</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Transportation</u>					
Department of Federal Aviation Administration, Transportation:					
Passed-through the N.C. Department of Transportation Division of Aviation Airport Improvement Program, COVID-19 Airport Programs, and Infrastructure Investment and Jobs Act Programs:					
Airport Layout Plan	20.106	36237.55.12.2	24,200	-	-
Airfield Pavement Rehabilitation	20.106	36244.13.4.2	17,500	-	-
Taxiway Lighting & Signage	20.106	36244.13.4.3	7,687	-	-
Total Airport Improvement Program			<u>49,387</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		140,737	-	-
Passed-through the N.C. Department of Environmental Quality Clean Water State Revolving Fund (CWSRF) Cluster:					
Capitalization Grant for Clean Water State Revolving Funds (note 4)					
Total Clean Water State Revolving Fund (CWSRF) Cluster	66.458	CS370744-05	7,580,391	-	-
Total U.S. Environmental Protection Agency			<u>7,721,128</u>	<u>-</u>	<u>-</u>

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2022

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 Justice</u>					
Direct Program:					
Edward Byrne Memorial Justice Assistance Grant Programs:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019JAG	1,918	-	1,918
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020JAG	36,484	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2021JAG	32,500	-	-
Coronavirus Emergency Supplemental Funding Program	16.034		163,408	-	-
Passed-through the N.C. Department of Public Safety:					
Bullet Proof Vest Partnership Program	16.607	2020BPVPP	12,375	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020GCC	23,340	-	-
Direct Program:					
Equitable Sharing Program	16.922		166,238	-	-
Total U.S. Department of Justice			436,263	-	1,918
<u>U.S. Department of Treasury</u>					
Direct Program:					
Coronavirus State and Local Fiscal Recovery Funds	21.027		986,742	-	-
Total assistance - Federal programs			13,491,667	19,478	192,040
State Grants:					
Cash Assistance:					
<u>N.C. Department of Transportation</u>					
Powell Bill			-	2,163,021	-
FY22 State Maintenance Final Payment Assistance Program (SMAP)			-	191,889	-
Division of Aviation:					
State Aid to Airports - Airport Improvements: Self Serve Fueling		DOT-8/36244.13.4.1	-	84,075	-
State Aid to Airports - Airport Improvements: Self Serve Fueling			-	191,273	-
Total N.C. Department of Transportation			-	2,630,258	-
<u>North Carolina Department of Commerce</u>					
OSBM Legislatively Directed Grant					
Fuse Stadium District		2022-058-1257-1913	-	138,160	-
City is Subrecipient-Passed-through City of Bessemer City					
Bessemer City Water Interconnection Project		Grant U-504	-	425,466	-
<u>North Carolina Department of Environmental Quality</u>					
North Carolina Volkswagen Settlement Program		2000046090	-	25,000	-
Total assistance - State programs			-	3,218,884	-
Total assistance			\$ 13,491,667	\$ 3,238,362	\$ 192,040

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, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the City of Gastonia, it is not intended to, and does not present the financial position, changes in net position, or cash flows of the City of Gastonia.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Loans Outstanding

City of Gastonia had the following loan balances outstanding at June 30, 2022 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstandings at June 30, 2022 consist of:

Program Name	Federal AL Number	Pass-through Grantor's Number	Amount Outstanding
Capitalization Grants for Clean Water State Revolving Funds - SE Sewer Expansion	66.458	CS370744-05	\$ 2,516,795