

FISCAL YEAR 2024

ANNUAL COMPREHENSIVE FINANCIAL REPORT



City of Gastonia
North Carolina

Annual Comprehensive Financial Report
for
Fiscal Year Ended June 30, 2024



Prepared by
The Financial Services
Department

City of Gastonia

North Carolina

Annual Comprehensive Financial Report

Year Ended June 30, 2024

Richard Franks, Mayor

Council Members

Ward 1 – Demetrios Koutsoupas

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





OFFICE OF
THE CITY MANAGER

City of Gastonia

A COMMITMENT TO EXCELLENCE

October 31, 2024

The Honorable Mayor, Members of the City Council and Citizens of the City of Gastonia
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, 2024, with comparative numbers for the fiscal year ended June 30, 2023.

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, 2024, 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, 2024, 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 in the past four years is the Franklin Urban Sports & Entertainment District (the “FUSE District”). The FUSE District, featuring CaroMont Health Park, is located in the former Trenton Mill neighborhood and serves as a catalyst for redevelopment. The CaroMont Health Park was built with proceeds of \$24,000,000 in Taxable Limited Obligation Bonds, issued on October 3, 2019., . The City purchased approximately 16 acres of contiguous property and the multi-use sports and entertainment facility opened in the Spring of 2021.

CaroMont Health Park has featured an Atlantic League Professional Baseball team since 2021. In 2023, the City executed a new management agreement and facility lease with Zawyer Sports and Entertainment for the operation of the multi-use FUSE Ballpark. Zawyer Sports has rebranded the baseball team as the Gastonia Ghost Peppers which brings a renewed excitement to the stadium. Zawyer has significant experience in managing sports teams and has also just purchased a majority share in the the Charlotte Checkers professional hockey team.

There are several parcels surrounding CaroMont Health Park facility that are primed for private development and are in various stages of redevelopment. Florida-based Lansing Melbourne Group's redevelopment of the old Trenton Mill building has resulted in the construction of 84 loft apartments with an investment of \$30 million. Durham-based Durty Bull Brewing Co. occupies the 5,000 square-foot space behind the historic former Coca-Cola bottling plant and opened in 2024. Lenox Development is redeveloping the remainder of the Coca-Cola plant into condos and other commercial spaces for prospective tenants, as well as the former Save-a-lot building. Lenox Development has secured Waterbean Coffee as a premier tenant for the commercial space. Highline Partners plans to redevelop the former Central YMCA to 7,000 square feet of commercial space and 200 market-rate apartments with a \$50 million investment. This collective private development is estimated at a total \$125 million investment, which is five times more than the Taxable Limited Obligation Bond issued for the public development of the stadium. While outside the FUSE District, Tribridge Residential has purchased the historic Loray Mill and has committed to a \$50 million investment to renovate the west wing which will feature over 100 additional residential units, "Phase 2" of the building is bringing more units to the property and finishing what is now a blighted structure attached to a beautiful redevelopment project.

The City of Gastonia has seen a surge in residential growth. Gastonia currently has almost 18,000 additional residential units planned and approved through our Planning Department. These developments are planned for all areas of Gastonia, indicating that the market is strong across the city. Consistent with our land development plans, Gastonia encourages commercial, office, industrial, and residential development in each sector of the City. In particular, infill developments are the most desirable form of economic growth because the infrastructure is already in place, thereby reducing the cost to serve the new development. Infill residential developments are being constructed across Gastonia in each quadrant of the City.

Industrial development remains strong in Gastonia. Gateway 85 was developed to be the premier location for warehouse and distribution in Gastonia. The development sits on the former "Lineberger Property" that stretches across the city limit line with the City of Lowell. Currently, five buildings have been completed and features the United States Postal Service and Newell Companies. Properties located along Interstate 85 have been a prime location for industrial development. Trinity Partners have completed an 872,000 square foot building representing a \$50 million investment. The West End Logistics Center has been completed off of Mt. Olive Church Road that is 188,604 square feet. Two buildings have been completed off Jenkins Road in the North West Logistics Center. Additionally, similar projects have been planned for vacant land along Interstate 85 in Gastonia and are planned to be developed over the next two years. Project Flower has announced a project off Interchange Drive and plans to invest \$1.5 million and 22 new jobs. An additional industrial space has been announced for Cox Road and will equal to be an investment totaling over \$27 million investment.

The Gastonia Technology Park (GTP) remains the premier home for several international industries. Project Grappa announced their intention to build on 16 acres of property. This is a \$45 million expansion bringing 45 additional jobs to Gastonia and will make their announcement in 2024. American company Polykemi Inc, a fully-owned subsidiary of the Swedish family business Polykemi AB, opened a manufacturing facility in the GTP. Since its establishment in 2013, Polykemi has worked towards launching its own manufacturing of high-quality plastic compounds on the US market. Project Capped has announced an expansion of their Gastonia Technology Park location with additional investment of \$3.5 million and 10 new jobs.

The City has worked with the Gaston County Economic Development Commission on the continued development of a new business park known as the Apple Creek Corporate Center, which is built on approximately 312 acres of land located adjacent to the Gastonia Technology Park. The Apple Creek Corporate Center is able to support approximately 1,700,000 square feet at full build-out. GNT USA, Inc. opened their North American headquarters on approximately 49.24 acres in the Apple Creek Corporate Center. GNT USA, Inc. made an investment of \$30 million to construct a food processing operation in the Apple Creek Corporate Center. The company intends to create approximately 40 jobs at this location over several phases. GNT USA, Inc. will utilize interstate and regional sources of specific vegetable varieties for production. Additionally, 2023 saw the opening of Hans Kissle locating in Apple Creek Corporate Center that is in the food production industry. This is a \$42 million investment and created 219 jobs. Hans Kissle annexed into the City of Gastonia and GNT USA, Inc. plans to annex also. Additionally, buildings for PreMix and Knoll are under construction and HeyCo have also announced plans to build.

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 headquarters in the City. CaroMont Health’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 476 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. CaroMont Health 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 continues to make investments in the community and this was recently done with the construction of new \$70 million four story tower on the main campus in Gastonia. This is part of an extensive \$350 million investment in Gaston County. The new four story tower on the main campus opened in May 2023 added an additional 65 rooms to the main campus.

The Downtown area of the City is experiencing significant reinvestment with the revitalization of the several vacant or underutilized buildings. The City completed a multi-million-dollar

streetscape project that connects Downtown to to the FUSE District making a strong pedestrian focused entertainment destination. Gastonia has also approved a Social District for this area that will support the entertainment venues and restaurants allowing patrons to carry alcohol on the sidewalk as they traverse the area of shipping and entertainment. In 2019, 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 and offers a Downtown hotel for out of town guests. Webb Custom Kitchen, located in the heart of downtown, has received national recognition for its cuisine and charm, and with its success, the owner has purchased two additional buildings for renovation. Pita Wheel is a locally successfully restaurant that opened in 2020 in Downtown with tremendous business. Pita Wheel offers music during the warmer months and fosters a fun and relaxed atmosphere with its craft beers and outdoor seating. The Viva Tequis restaurant has been a fixture in the Downtown restaurant scene for over 20 years providing a great Mexican street food option for those looking for a different experience.

Increasing residential density has been a goal of City Council for several years. In 2024, the Fort Mill, South Carolina based company Kuester Development opened the Center City Crossings project. Center City Crossings features a six story, 90-unit luxury apartment building in the heart of Downtown Gastonia. This project represents the renewed interested from Charlotte-area developers investing in Gastonia. It signals that Gastonia's market is growing.

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

Despite past challenges, the future of Gastonia remains bright. The City is located in one of the fastest growing and most affluent metropolitan areas in the United States and our city now has population of over 83,983 residents per the 2023 North Carolina State Demographer's estimate. . The Gastonia region is home to Charlotte, the second largest financial center in the country. Gastonia is located only twenty-five minutes west of this economic engine. Our location is excellent. Interstate 85, the transportation link between Atlanta and Charlotte, bisects our City with eight interchanges. US Highway 321 links Gastonia to South Carolina and Hickory and Interstate 40 to the North.

The City will continue to make strategic investments that capitalize on many of the abundant natural resources in the area. This includes Mountain Island Lake which is the City's source for drinking water, Rankin Lake Park which also serves as a water reservoir, Crowders Mountain State Park and its million annual visitors, and the City owned and operated Schiele Museum of Natural History that attracts people from throughout the region. The City continues to embrace natural amenities with the conversion of open space and also the construction of two new parks in the City. The City has recently completed the Walker E. Reid, III Park which features a walking trail, three multi-use linear fields, shelters, and a playground structure. The City is currently constructing a new 148 acre park in the western part of the City. Linwood Park features over five miles of walking trails, a huge playground, 18 hole disc golf course, 30 space recreational vehicle (RV) area, fishing ponds, and multiple shelters for rent. Gastonia also owns and contracts the

management of the Conference Center which is located downtown and draws thousands of people regionally to events year round.

AMERICAN RESCUE PLAN ACT (ARPA)

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

The funds do not come without restrictions. There are seven categories the U.S. Treasury identified that all expenditures must fit within: COVID response & adaptation, premium pay, revenue loss, infrastructure investments, Emergency Relief from natural disasters, surface transportation projects and Title I Projects eligible under CDBG guidelines.

Ten million dollars of the funds have been designated as revenue replacement, allowing a little more flexibility in spending and reporting. Projects or items identified to be purchased with this funding include Police defense equipment, body cameras, and the necessary server storage for (\$1,275,939), a three-year street resurfacing project for (\$1,500,000), contractual improvements at the CaroMont Health Park facility for increased capacity for (\$97,165), grant match for Linwood Park development (\$1,000,000), converting unused tennis courts into Pickleball courts at T. Jeffers Community Center (\$666,371), traffic preemption devices for the Fire department vehicles in partnership with NCDOT (\$116,495), upgrade to Public Works facility (\$3,910,398), partnership with Gaston County Schools for improved athletic facilities (\$750,000), upgrades to the Sims Park fence (\$50,000), repairs to the conference center parking deck (\$133,632) and a one-time transfer to assist with balancing the budget (\$500,000) in FY 2022-23.

The remaining funds (\$5,661,923) must be spent on projects or items that fall within the six other categories identified by the U. S. Treasury. Expenditures qualified to date are miscellaneous COVID-19 public health items (\$453,914), an ARPA grants position to assist with processing and reporting (\$253,674), the replacement of playground equipment at four community centers (\$492,224), security cameras for Martha Rivers Park Community Center, Erwin Community Center and T. Jeffers Center (\$149,625), a three-year advertising campaign for Communications and Marketing (\$64,545), Wayfinding signage for miscellaneous greenways and Parks and Recreation facilities (\$24,013), a bridge replacement at the Catawba Creek Golf Course (\$192,739) and miscellaneous upgrades for information technology security (\$208,601). During our budget outlook meeting in March 2023, City Council also approved funding multiple projects at Erwin Center including the pool and pool house replacement (\$1,506,171), the replacement of the gym floor in the community center (\$111,338), and adding fencing around the field (\$48,363). The remaining funds will be used towards contractual improvements at the CaroMont Health Park facility for increased capacity for (\$652,835, bringing the ARPA total for this project to \$750,000), and sound system and lighting updates to the Gastonia Conference Center (\$824,885). Other approved projects include multiple Parks and Recreation projects such as, new gym backboards at Bradley Center and T. Jeffers Center (\$120,000), pier and dock upgrades at Rankin

Lake, upgrades at Walker E Reid, III Park (\$100,000), and the replacement of the T. Jeffers Center Roof (\$103,000). The final projects consist of a drone and a thermal hazmat meter for the Fire Department.

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

STATE GRANT FUNDING

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

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

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

- Apple Creek Corporate Park wastewater infrastructure upgrade \$4,326,360
- Miscellaneous Water and Sewer Infrastructure Projects \$24,000,000
- African American Culture & History Museum \$50,000
- Gastonia Municipal Airport Runway Expansion Study \$2,300,000

DIRECT FEDERAL GRANT FUNDING

In the spring of 2024, the United States Federal Government approved a funding plan which included direct appropriations to the City of Gastonia totaling \$2,422,752. These allocations were made to the following projects:

- Real Time Crime Center- \$963,000
- Housing Rehabilitation Program -\$500,000
- Apple Creek Corporate Park Sewer Upgrade- \$959,752

MAJOR INITIATIVES

The City will continue to support public investments in economic development activities that produces jobs and capital investment by the private sector. 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.

The City has many initiatives which includes providing for the safety of all citizens, attainable housing, clean and enjoyable recreation spaces, the treatment and distribution of abundant clean water, the safe collection, treatment, and discharge of wastewater, the consistent collection of solid waste, safe streets and the provision of multiple modes of transportation, reliable electric service, and overall sustainable land use planning, while maintaining fiscal health.

BUDGET / FISCAL PRINCIPLES and OBJECTIVES

The focus for the FY 2024-25 budget is centered on four guiding principles: human resources, customer service, financial responsibility and economic development.

Human Resources includes the provision of competitive compensation and benefits to attract and retain a growing workforce. The City must continue to invest in our most important resource and that is our workforce. By having an adequate staff of well trained and educated team members the City will continue to take full advantage of opportunities as they arise and meet goals and objectives by the Mayor and City Council.

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

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

Economic development means that the City should invest public dollars in specific ways to grow and diversify Gastonia's economic base by catalyzing private investment. Expenditures in the budget that are targeted to encourage private sector economic investment are important because they create additional jobs and commerce in our City.

Budget Objectives

- Provide adequate funding for the essential operations of the City
- Provide competitive compensation and benefit structure to retain and recruit qualified employees; implement a higher level of employee engagement initiatives to ensure

inclusiveness throughout the workforce

- Provide adequate funding for the maintenance or replacement of City facilities and equipment
- Provide excellent customer service through effective and efficient programs and projects
- Maintain adequate fund balances compliant with the City's adopted fund balance policy
- Appropriately fund the City's Health Self-Insurance Fund
- Adequately maintain the City's existing infrastructure
- Expand the City's infrastructure to promote economic development
- Fund capital projects that enhance the City
- Make public investments in improvements to neighborhoods and commercial areas throughout the City as funds are available
- Look for opportunities to provide and implement more cost-effective municipal operations
- Maintain a tax rate that generates necessary funds and implement strategic fee increases necessary to raise capital for increased maintenance and capital investments
- Continue to invest in economic development strategies that grow our local economy

General Fund

The Fiscal Year 2024-25 budget maintains the City's property tax rate at the level adopted in Fiscal Year 2024. Overall, revenues are projected to increase with the majority of funds generated from projected Ad Valorem taxes from new development and interest earnings. The budget does not appropriate fund balance.

Sales tax and other taxes are projected to remain steady, so no increase was budgeted for FY 2024-25. There are several fees affecting the General Fund that have been modified including those for land development and engineering inspection fees, new specific fire code fees regulated by the State, and an increase in individual registration fees for sport programs provided by the City.

Electric Fund

There were no electric rate increases in the FY 2024-25 budget; however, a rate study is currently underway to ensure the fund's continued sustainability. The City will continue to utilize excess revenues over expenditures for future capital projects and funding for future rate stabilization. This will allow for a consistent rate structure for the foreseeable future. It is important to expand economic development into the areas served by the City's electric system. Capital funds will be available for redevelopment, as well as for new growth corridors. The FY 2024-25 budget maintains the amount of transfers to the General Fund at \$2,000,000. Gastonia must maintain the level of transfers approved by the Local Government Commission at no more than 3% of gross electric fixed assets. The FY 2024-25 budget also provides funding for maintenance and capital projects including such projects as the construction of a new southeast substation, continued funding for the Advance Metering Infrastructure (AMI) upgrade, the underground system replacement for CaroMont Health hospital, electric tie lines for an extension from the Nolen Farm subdivision to Union Mills and the necessary relocation of the substandard infrastructure for South New Hope Road widening. Expenditures in the Electric Fund are organized into priority areas:

safety, reliability and redundancy, maintenance, load growth initiatives, and use of innovative ideas and technology.

Water and Sewer Fund

The FY 2024-25 budget includes the implementation of the newly updated rate structure plan. This includes a 7.5% increase in water and sewer rates are included in the FY 2024-25 budget. The focus of the Water and Sewer Fund continues to be strategic investments in repairs to existing infrastructure, meeting demands for economic development extensions, and continuing to develop cooperative agreements with surrounding municipal systems and the County.

The City will continue to partner financially with the State, the private sector, other municipalities, and the County to extend service into our important growth areas. This is particularly important now as the City and County see increased development pressure in all areas of the City. Construction has begun on two gravity sewer contracts associated with the Southeast Utility Phase 2 improvements. Construction has also begun on the proposed Southeast Regional Pump Station on Union- New Hope Road. The remaining sewer improvements and water main improvements will begin later in calendar year 2024. The City is also planning to utilize the \$28,000,000 in designated funds from the State of North Carolina in its FY 2024-25 budget to fund the several capital infrastructure improvements.

Our priority for the Water and Sewer Fund will continue to be safety, increasing 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 FY 2024-25 budget includes a \$3.00 solid waste fee increase is included in the FY 2024-25 budget. The City's Solid Waste Fund receives revenues directly from solid waste fees and transfers from the General Fund. The City will experience an increase in solid waste disposal fees at the Gaston County landfill, increased personnel costs, and the continued automation of equipment.

Stormwater Fund

There was no increase to the stormwater fee in the FY 2024-25 budget. The Stormwater Fund pays for a wide variety of State compliance requirements, maintenance, and capital improvement projects.

The priority for stormwater projects is concentrated on those within public rights-of-way that the City has an obligation to maintain and repair. Improvements proposed for stormwater issues (outside of the right-of-ways) are prioritized by the Stormwater Citizen's Advisory Committee with projects rated according to a three-tier priority system. The City continues to seek Federal and State funding for improved infrastructure, stream restoration of Duharts Creek, and other needed capital and environmental improvements.

Employee Compensation and Benefits

Local Government is challenged with retaining and recruiting employees into an evolving and complex service delivery model that transcends various fields of expertise. The total number of authorized full-time employees in the upcoming fiscal year is 956, which includes 14 new positions. The growth in residential infill and new construction is placing increased demands on City services. The FY 2024-25 budget includes a 4% across the board (ATB) increase effective July 1, 2024 and the continuation of the 1% career development program that provides a method for employees to capitalize participation in professional development, DEI training, and wellness. If employees meet all of the requirements, the incentive will be effective the first full pay period in January. The City will continue the 401(k) program for all full-time employees and also continue to invest in the NC Local Government Retirement System at mandated levels.

Health care costs remains a challenge for both the City and employees and will continue to be so for the foreseeable future. The FY 2024-25 budget provides for an increase in the Health Savings Account (HSA) contribution for all employees covered by the City's Health Insurance Program from \$750 to \$1,000 annually. Wellness initiatives and incentives that positively impact employee health will continue for the upcoming fiscal year. The City relocated the health care clinic from City Hall to a newly renovated building within near proximity to City Hall as of July 1, 2024, and has expanded the existing health care clinic service to all those that participate in the City's insurance plan. Staff will continue to utilize employee wellness committees and focus groups to improve our overall employee health and wellness. Staff will also continue to monitor claims throughout the year and will provide consistent updates through the City's Monthly Financial Reporting.

Infrastructure

The City of Gastonia is responsible for approximately 450 miles of paved streets along with sidewalks and traffic control systems, 700 miles of water lines, 662 miles of sewer lines, and 520 miles of electrical distribution lines. Our municipal facilities are spread from Mountain Island Lake to Clover, South Carolina. One of the most important responsibilities of our city is to provide and maintain the critical public infrastructures that is often taken for granted. The City maintains electric lines, multiple electric substations, one water plant, three water storage tanks, stormwater systems, three wastewater treatment plants, many wastewater pump stations, greenways and sidewalks, parks, ballfields, and rights-of-ways. Additional challenges related to maintaining other aspects of our vast infrastructure will be addressed through this budget and future budgets. Maintenance of our infrastructure, such as streets, water, sewer, stormwater, electric, and other City facilities, while not glamorous, is critically important and commands significant resources. In order to provide an expected and necessary level of customer service, we must consistently maintain and expand our critical infrastructure.

Funding for Equipment

Vehicles, large equipment, and computer/communications hardware are funded through an annual equipment loan. The annual loan for the equipment is spread over a 59-month period, thereby leveling the impact of equipment needs from year to year. More than \$5,000,000 of vehicle

equipment was requested by City departments for replacement or additional equipment during budget development. The FY 2024-25 budget appropriates a total of \$3,102,088 in funding for equipment replacement and additions. This includes replacing various fleet vehicles and \$1,026,500 for Solid Waste vehicles. The total loan is budgeted for \$4,845,000, which includes the vehicle and equipment purchases, \$515,000 in technology, and \$1,200,000 to replace fire breathing apparatus. Requests by departments for replacement equipment that were approved by the Fleet Services Manager and the Public Works Director are included in the budget.

Transportation

The FY 2024-25 budget provides \$1,627,474 for resurfacing and repairing City streets. This is in conjunction with the remainder of the \$1,500,000 that has been allocated from American Rescue Plan Act (ARPA) for resurfacing. The NCDOT has several projects spanning across the City that equal to over \$1,000,000,000 in the next decade. The City will continue to partner with NCDOT on these critical projects; the widening of I-85 from the Catawba River to US 321, the widening of South New Hope Road from Titman Road to Union-New Hope Road, and the widening of Union Road from Garrison Boulevard to Niblick Drive.

The citizen approved General Obligation (GO) Bond revenues have already begun providing improvements to our street system. The first of two GO Bond resurfacing projects has been completed, resurfacing almost 40 miles of city- maintained streets. Included in the first resurfacing project was also the repair of almost 30 manholes along various streets such as Franklin Boulevard, Myrtle School Road, Bessemer City Road, and Garrison Boulevard. The second GO Bond resurfacing project started in April of 2024, and will include the resurfacing of approximately 25 to 30 miles of streets, in addition, the City will repair over 100 manholes along Franklin Boulevard, Garrison Blvd, US-321, Union Road, and Marietta Street.

The City also has several studies underway that will identify specific improvements that can be made to the streets around our parks and schools and at congested intersections. These study projects are intended to provide the basis for future projects where we can leverage GO Bond funds to match with state or federal funding to complete the projects. Prior year federal grant funds and the required City match of \$1,991,869 will assist the City in continuing to make pedestrian and sidewalk improvements. These sidewalk expansion projects have begun and will reach into FY 2024-25 for completion. Funding is available from state and federal grants for multiple Airport projects, including updates to runway lighting, a feasibility study for Runway Protection Zone (RPZ) Analysis for the lengthening of the runway, planning for a new terminal building, and the construction of additional wildlife fencing around the airport.

Ongoing communications with NCDOT will continue to identify and fund pedestrian improvements, medians, and lane realignments along the Franklin Boulevard corridor. Finally, the City will continue to partner with the Gaston-Cleveland-Lincoln Metropolitan Planning Organization (GCLMPO), the City of Belmont, the Town of Cramerton, and Gaston County to identify methods to continue moving the Catawba Crossings Project (bridge crossings over the South Fork and Catawba rivers) forward. This is a critically important transportation project,

connecting South New Hope Road to I-485 and NC 160 (Steele Creek Road) just south of the Charlotte-Douglas International Airport.

Maintaining Adequate Levels of Fund Balance

Gastonia is currently 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, 2024, the City's available fund balance was 46.43%, which is above the Council's adopted Fund Balance Policy of 25%. The Fiscal Year 2025 budget does not appropriate fund balance in the General Fund or any of the Enterprise funds.

Creating and Maintaining a Fiscally Sustainable Organization for the Future

In preparing the 2024-25 fiscal plan, staff looks beyond this year's budget to identify revenue and expenditure trends focused on the next three years. 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 as reflected in this proposed budget.

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

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

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

CHALLENGES AHEAD

There were many worthy operating and capital projects that were considered for Fiscal Year 2025 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, 2024 provided no findings of weaknesses in the internal controls over basic financial reporting, that was considered to be material weaknesses and significant deficiencies.

As a recipient of Federal and State financial awards, the City is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to these programs. The City's single audit for the fiscal year ended June 30, 2024 provided no findings of weaknesses in the internal controls over financial reporting and compliance, of reportable conditions or material violations of applicable laws and regulations relating to Federal and State financial awards.

DEBT ADMINISTRATION

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

Pursuant to the North Carolina General Statutes, the City's outstanding general obligation debt is subject to a legal limitation based on 8 percent of the total assessed valuation of real and personal property. As of June 30, 2024, the City's legal debt limit was \$888,894,774. The outstanding debt subject to this limit was \$82,845,973, leaving a net legal debt margin of \$806,048,801. The total gross bonded debt at June 30, 2024, was \$116,556,000. 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 \$33.708 billion, which includes the City's valuation of \$11.111 billion, resulting in a city-to-county ratio of 32.96%.

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, 2024, 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, 2023. The 2023 report was judged to conform to the high standards of financial reporting put forth by GFOA. The certificate is valid for a period of one year. The City has been awarded the certificate for the past thirty (30) years. The City believes the report for Fiscal Year 2024 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 2025. The City has received this award for the past thirty-two (32) 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.

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 54.63 square miles and more than 83,983 residents



City Facts

General Description

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

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

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

The City's History

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

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

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

City Recognitions

The City is a three-time All America City. The All America City Award is the oldest and most respected community recognition program in the nation. In its 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 quadrennially on a non-partisan basis and a six-member City Council, each of whom is elected for a four-year term. Each member of the City Council represents a defined geographical ward, but elections are determined by an at-large vote. Terms run on a staggered election format. Elections to the City Council are held in November of odd-numbered years. Any registered voter who resides within the city limits is eligible to run for City Council. The Council takes office on the first Tuesday in December following the November election. At its first meeting, the Council selects a Mayor Pro-Tempore from among its six members.

The major duties of the City Council are as follows:

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

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

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

Major duties of the Manager include:

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

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

Fiscal Control and the Budget Process

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

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

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

Property Taxes

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

Property Tax Rate

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

Economy, Commerce and Industry

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

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

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

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

Transportation

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

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

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

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

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

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

Education

There is one public school system that serves Gaston County. The Gaston County School Administrative Unit is governed by a Board of Education consisting of nine members elected for four-year terms. A school superintendent is appointed by the Board of Education. The school district is the 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 708 acres of land including six community centers, eight jogging tracks, 28 tennis courts, 23 baseball/softball fields, two swimming pools, two splash parks, 19 parks, four soccer fields, two disc-golf courses, a dog park, 15 newly constructed pickleball courts and a municipal skeet and trap range. The first portion of the City's Greenway System was dedicated in 2002 and currently consists of 14.4 miles of greenway and paved walking trails, stretching from Lineberger Park to the Gastonia Armory.

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

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

Summary

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



Government Finance Officers Association

**Certificate of
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Reporting**

Presented to

**City of Gastonia
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

CITIZENS OF GASTONIA

Represented by Mayor & City Council***



CITY OF GASTONIA

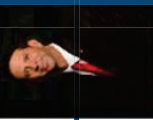
ORGANIZATIONAL CHART

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

CITY CLERK
Suzanne Gibbs



CITY MANAGER
Michael C. Peoples



CITY ATTORNEY
L. Ashley Smith



***Please note Demetrios Koutsoupias (not pictured) was appointed to fill the vacant seat for Ward 1 on June 18, 2024, replacing Robert J. Kellogg.

ASSISTANT CITY MANAGER
Adrian Miller



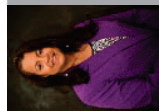
ASSISTANT CITY MANAGER
Melody Reagan



ASSISTANT CITY MANAGER
Quentin McPhatter



COMMUNICATIONS & MARKETING
Mary Elliott



FIRE
Chief Philip Welch, Jr.



FINANCIAL SERVICES
Crystal Certain



DEVELOPMENT SERVICES
Rusty Bost



PUBLIC UTILITIES
Brian Potocki



HUMAN RESOURCES
Judy Smith



PARKS AND RECREATION
Tripp White



ECONOMIC DEVELOPMENT
Kristy Crisp



HOUSING & COMMUNITY ENGAGEMENT
Danette Dye



POLICE
Chief Trent Conard



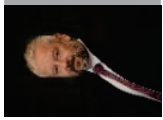
PUBLIC WORKS
Dale Denton



PLANNING
Jason Thompson



TECHNOLOGY SERVICES
Chris Koltyk



SCHIELE MUSEUM
Dr. Ann Tippitt



TRANSPORTATION
Randi Gates



FINANCIAL SECTION

Independent Auditor's Report

Management Discussion and Analysis

Financial Statements (Combined Statements – Overview)

Combining and Individual Fund Statements and Schedules

Other Supplementary Financial Data



MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gastonia, North Carolina, as of and for the year ended June 30, 2024, 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, 2024, 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 81%, 76% and 95%, respectively, of the assets, net position, and revenues of the discretely presented component units as of June 30, 2024. 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 and the Gastonia Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated October 31, 2024, 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, 2024

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, 2024. 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 \$527,887,233 (*net position*). This is a \$28,628,354 increase from the beginning net position.
- Governmental activities' net position decreased by \$857,776, and business-type activities increased by \$29,486,130.
- As of the close of the current fiscal year, the City of Gastonia's General Fund reported an ending fund balance of \$62,282,304, an increase of \$11,512,947 from the prior year ending fund balance. Approximately 57% of this total amount, or \$35,728,380, 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 \$41,085,727, or 46.43%, of total General Fund expenditures, including transfers to other funds, for the fiscal year. Prior year *available fund balance* was \$35,849,079, or 42.79%, of total General Fund expenditures, including transfers to other funds. This is a \$5,236,648 increase in *available fund balance* and is mostly due to a \$11,508,095 increase in total fund balance offset by an increase of \$6,251,800 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 2024 fiscal year with a net position of \$8,669,361, as compared to a 2023 fiscal year ending net position of \$8,107,452. For the year ended June 30, 2024, charges for services and investment earnings exceeded claims, HSA contributions, administration fees, and stop/loss premiums by \$561,909. Charges for services and investment revenue were up by \$351,072 from 2023, and claims and other administrative expenses increased by \$64,071. Claims decreased by \$13,803, other administrative expenditures increased by \$50,068 and depreciation increased by \$27,806. The Internal Service Fund predominantly services the governmental funds; thus, the fund's activities are included in the City's governmental activities.
- The City's major enterprise funds are the Water and Sewer Operating Fund and the Electric Operating Fund. These funds had revenues and other financing sources over (under) expenditures and other financing uses (budgetary basis) of \$3,323,072, and (\$142,159) for the year ended June 30, 2024, respectively, as compared to changes in net position (full accrual basis) of \$11,219,303 and \$15,293,855, 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 \$438,280, \$0, \$755,840, and \$697,066, for the year ended June 30, 2024, respectively, as compared to changes in net position (full accrual basis) of \$943,726, (\$34,195), \$815,932 and \$1,135,498, respectively.
- The City's Streets Capital Project Fund expended \$14,756,405 of the approximately \$37 million general obligation transportation bonds issued in fiscal year 2023, which was the main factor leading to a net decrease in fund balance of \$12,902,354 for the year ended June 30, 2024.

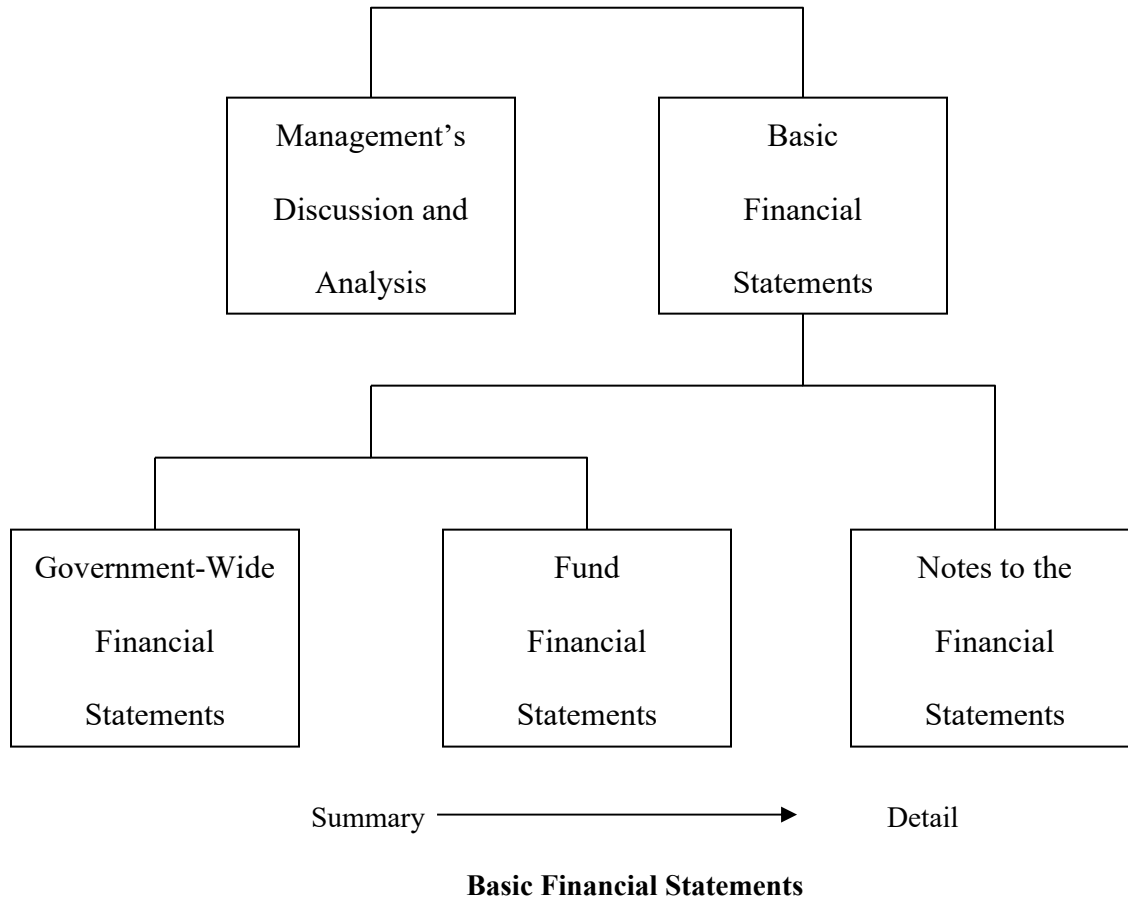
- The City's American Rescue Plan Special Revenue Fund recognized intergovernmental grant revenues of \$6,980,607, investment earnings of \$473,861 and other revenues of \$128. Expenditures and transfers to other funds were \$6,980,607 for the year ended June 30, 2024. As of June 30, 2024, the fund reported unexpended advance grant funding of \$3,775,933, along with a fund balance of \$1,079,648.
- The City of Gastonia's total financing debt obligations increased from \$147,395,792 to \$175,920,845 during the current fiscal year, a net increase of \$28,525,053 (19.4%). The key factors in this increase were the overall scheduled debt retirements of \$15,329,308, while the City incurred \$43,854,361 of new financing debt obligations. New debt obligations consisted of \$41,399,361 revenue bonds and premium, and \$2,455,000 in an equipment installment loan.
- The current credit ratings for general obligation debt are: Standard and Poor's Corporation AA, Moody's Investor Service Aa2, and Fitch AA. The current credit ratings for revenue bond debt are: Standard and Poor's Corporation AA-, Moody's Investor Service Aa2, and Fitch AA+.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



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

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Government-Wide Financial Analysis

City of Gastonia's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	Total
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	\$ 133,960,550	\$ 139,714,140	\$ 175,509,572	\$ 111,497,115	\$ 309,470,122	\$ 251,211,255
Capital assets	172,590,378	170,319,299	371,582,732	363,612,026	544,173,110	533,931,325
Total assets	<u>306,550,928</u>	<u>310,033,439</u>	<u>547,092,304</u>	<u>475,109,141</u>	<u>853,643,232</u>	<u>785,142,580</u>
Deferred Outflows of Resources	<u>32,888,851</u>	<u>34,198,559</u>	<u>8,525,355</u>	<u>8,903,498</u>	<u>41,414,206</u>	<u>43,102,057</u>
Liabilities:						
Long-term liabilities						
outstanding	177,614,519	179,674,869	109,446,655	71,999,816	287,061,174	251,674,685
Other liabilities	37,552,870	33,879,546	23,030,581	17,234,686	60,583,451	51,114,232
Total liabilities	<u>215,167,389</u>	<u>213,554,415</u>	<u>132,477,236</u>	<u>89,234,502</u>	<u>347,644,625</u>	<u>302,788,917</u>
Deferred Inflows of Resources	<u>16,652,369</u>	<u>22,199,786</u>	<u>2,873,211</u>	<u>3,997,055</u>	<u>19,525,580</u>	<u>26,196,841</u>
Net Position:						
Net investment in						
capital assets	117,381,628	118,025,799	320,977,048	308,114,234	438,358,676	426,140,033
Restricted	39,732,883	38,347,227	-	-	39,732,883	38,347,227
Unrestricted	(49,494,490)	(47,895,229)	99,290,164	82,666,848	49,795,674	34,771,619
Total net position	<u>\$ 107,620,021</u>	<u>\$ 108,477,797</u>	<u>\$ 420,267,212</u>	<u>\$ 390,781,082</u>	<u>\$ 527,887,233</u>	<u>\$ 499,258,879</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the City of Gastonia exceeded its liabilities and deferred inflows of resources by \$527,887,233 as of June 30, 2024. The City's net position increased by \$28,628,354 for the fiscal year ended June 30, 2024, from the June 30, 2023 net position. However, the largest portion of the City's total net position, \$438,358,676 (83.04%), 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. \$39,732,883 of the City's net position is restricted by state statute or external parties. The remaining balance of \$49,795,674 is unrestricted. The City's governmental activities generated a decrease of \$857,776 in the City-wide net position; whereas, the business-type activities attributed to \$29,486,130 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	Total
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 14,342,927	\$ 12,903,235	\$ 136,291,737	\$ 132,083,755	\$ 150,634,664	\$ 144,986,990
Operating grants and contributions	7,001,224	7,088,460	-	-	7,001,224	7,088,460
Capital grants and contributions	7,251,030	7,126,878	8,676,199	8,985,127	15,927,229	16,112,005
General revenues:						
Ad valorem taxes	53,523,782	38,954,815	-	-	53,523,782	38,954,815
Local option sales tax	19,130,046	18,161,325	-	-	19,130,046	18,161,325
Other taxes	10,359,945	12,490,375	-	-	10,359,945	12,490,375
Interest earned on investments	6,317,534	3,866,177	6,880,243	2,648,864	13,197,777	6,515,041
Total revenues	<u>117,926,488</u>	<u>100,591,265</u>	<u>151,848,179</u>	<u>143,717,746</u>	<u>269,774,667</u>	<u>244,309,011</u>
Expenses:						
General government	22,451,588	18,273,303	-	-	22,451,588	18,273,303
Public safety	40,780,705	41,094,864	-	-	40,780,705	41,094,864
Public works and cemeteries	33,357,375	18,781,394	-	-	33,357,375	18,781,394
Cultural and recreation	12,197,683	11,821,357	-	-	12,197,683	11,821,357
Economic and physical development	3,273,939	4,499,411	-	-	3,273,939	4,499,411
Interest on long-term debt	3,562,206	1,456,634	-	-	3,562,206	1,456,634
Water and sewer	-	-	46,892,267	45,972,202	46,892,267	45,972,202
Electric	-	-	64,625,299	64,477,252	64,625,299	64,477,252
Transit	-	-	3,258,742	3,453,132	3,258,742	3,453,132
Golf	-	-	34,195	34,195	34,195	34,195
Stormwater	-	-	3,718,357	3,226,963	3,718,357	3,226,963
Solid waste	-	-	6,993,957	6,900,048	6,993,957	6,900,048
Total expenses	<u>115,623,496</u>	<u>95,926,963</u>	<u>125,522,817</u>	<u>124,063,792</u>	<u>241,146,313</u>	<u>219,990,755</u>
Change in net position before transfers	2,302,992	4,664,302	26,325,362	19,653,954	28,628,354	24,318,256
Transfers	<u>(3,160,768)</u>	<u>(899,318)</u>	<u>3,160,768</u>	<u>899,318</u>	<u>-</u>	<u>-</u>
Change in net position	(857,776)	3,764,984	29,486,130	20,553,272	28,628,354	24,318,256
Net Position:						
Beginning of year - July 1	<u>108,477,797</u>	<u>104,712,813</u>	<u>390,781,082</u>	<u>370,227,810</u>	<u>499,258,879</u>	<u>474,940,623</u>
End of year - June 30	<u>\$ 107,620,021</u>	<u>\$ 108,477,797</u>	<u>\$ 420,267,212</u>	<u>\$ 390,781,082</u>	<u>\$ 527,887,233</u>	<u>\$ 499,258,879</u>

Governmental Activities. Governmental activities decreased the City's net position by \$857,776, thereby decreasing the total growth in the net position of the City of Gastonia. Key elements of the 2024 fiscal year governmental activities increase to net position are as follows:

Total governmental-type revenues increased by \$17,335,223 from the fiscal year 2023 revenues. Ad valorem taxes increased by \$14,568,967 (37.40%), mostly due to a 53.3% increase in assessed values due to the State mandated revaluation coupled with a 9.62% decrease in the tax rate. Local option sales tax revenues contributed to \$968,721 (5.33%) of this increase. Retail sales made in Gaston County increased by 1.98% and statewide retail sales increased by 2.97%. 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 \$1,439,692. This increase was mostly due a \$272,752 increase in permit fees, a \$621,324 increase in insurance proceeds, a \$300,000 increase in allocations from the Gastonia ABC Board, and a \$149,566 increase in miscellaneous revenues. Interest earned on investments increased by \$2,551,357 and was due to the change in the investments market and an increase in cash on hand from operations and from an increase in unspent debt proceeds. Other taxes decreased by \$2,130,430, mostly due to the discontinuance of certain payments in lieu of charges to the Water and Sewer Fund and the Electric Fund. All other revenue sources were fairly consistent with the previous fiscal year.

Total governmental-type expenses increased by \$19,696,533. Salaries and employee benefits increased by approximately \$3,158,000 (5.1%) from fiscal year 2023. The City implemented a Citywide pay increase in the 2024 fiscal year of 4% that was effective as of July 1, 2023 and a 1% career development increase that was effective as of January 1, 2024. The City's required contribution rates for the Local Governmental Employees' Retirement Plan increased from 13.10% to 14.04% for law enforcement officers and from 12.10% to 12.85% for general employees and firefighters. Other non-wage-related operating expenses increased by approximately \$14,177,000. Of this increase, road resurfacing and road maintenance accounted for approximately \$10,800,000. Overhead allocations to business-type activities increased by approximately \$775,000. Interest on long-term debt increased by approximately \$2,100,000 due to the prior prior-year issuance of \$33,190,000 of General Obligation Transportation Bonds. Other Post-Employment Benefits (OPEB), pension expenses, and compensated absences increased by approximately \$1,400,000.

Net transfers to/from the business-type activities increased by \$2,261,450. Of this increase, approximately \$960,000 was related to transfers from the General Fund to the Transit Fund to assist with sidewalk projects and the implementation of the new on-demand microtransit system, and approximately \$720,000 was related to transfers from the General Fund to the Solid Waste Fund to fund certain new vehicles.

Business-Type Activities. The 2024 fiscal year business-type activities increase in net position of \$29,486,130 was primarily due to the following: fiscal year 2024 charges for services, operating grants and contributions, capital grants and contributions exceeded program expenses by \$19,445,119, as compared to \$17,005,090 for the 2023 fiscal year. Charges for services, operating grants and contributions, and capital grants and contributions were \$144,967,936 in fiscal year 2024 as compared to \$141,068,882 in fiscal year 2023. Investment earnings were \$6,880,243, as compared to \$2,648,864 in the 2023 fiscal year. The increase in investment earnings was mostly a reflection of the improved rate of returns in the investment markets and the increase of cash on hand related to operations and debt issuances. Expenses were \$125,522,817 in fiscal year 2024 as compared to \$124,063,792 in fiscal year 2023. The business-type funds reported a net transfer in from the governmental funds of \$3,160,768, as compared to \$899,318 in the 2023 fiscal year, see the above discussion on the increase in the above Governmental Activities discussion.

Charges for services increased by \$4,207,982 and was mostly due to the following: Water and Sewer operations rates remained the same as in fiscal year 2023 and consumption was consistent with the prior year. Electric rates remained the same as in fiscal year 2023 however electric consumption increased by 2.77%, which accounted for the majority of the increase in total charges for services. Solid Waste operations and Stormwater operations rates remained at the same as in fiscal year 2023. Capital grants and contributions from developers remained fairly consistent with a decrease of \$308,928.

Total expenses increased by \$1,459,025 in fiscal year 2024 from fiscal year 2023. Salaries and employee benefits increased by approximately \$920,000, the cost of wholesale electricity decreased by approximately \$460,000, other operating expenditures decreased by approximately \$1,360,000 mostly due to the General Fund discontinuing a payment in lieu of charges to the Electric Fund and the Water and Sewer Fund, the loss on disposal of capital assets decreased by approximately \$770,000, accrued interest and arbitrage rebates increased by approximately \$1,140,000, interest on long-term debt increased by approximately \$1,400,000, and OPEB and pension expenses increased by approximately \$590,000.

Financial Analysis of the City's Funds

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

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

At June 30, 2024, the governmental funds of the City of Gastonia reported a combined fund balance of \$98,858,266, a \$557,411 decrease from the prior year. Included in this change in fund balance is a \$11,508,095 increase in fund balance in the General Fund, a \$12,902,354 decrease in fund balance in the Streets Capital Project Fund, a \$473,989 increase in fund balance in the American Rescue Plan Special Revenue Fund, and a \$358,007 increase in the fund balance in other non-major governmental funds.

Total General Fund revenues increased by \$16,563,158. Local option sales tax increased by approximately \$960,000 and was due to a 1.98% increase in County retail sales and a 2.97% increase in retail sales throughout the state. Ad valorem taxes accounted for approximately \$14,450,000 of the increase and was related to a 53.3% increase in property valuations due to a State mandated revaluation, coupled with a 9.62% decrease in the tax rate. Investment earnings increased by approximately \$1,400,000 and was related to increased rate of returns in the investment markets and an increase in cash on hand from operations. Permit fees increased by approximately by \$270,000, insurance proceeds increased by approximately \$620,000 for facility damages from a major storm, other taxes decreased by approximately \$2,100,000 mostly due to the discontinuance of certain payment in lieu of fees to the Water and Sewer Fund and the Electric Fund and a \$300,000 increase in allocations from the Gastonia ABC Board. The remaining increase was spread out among various revenue accounts.

Total General Fund expenditures increased by \$6,645,595. Salaries and employee benefits accounted for approximately \$2,800,000 of the increase. The City implemented a Citywide pay increase in the 2024 fiscal year of 4% that was effective as of July 1, 2023 and a 1% career development increase that was effective as of January 1, 2024. The City's required contribution rates for the Local Governmental Employees' Retirement Plan increased from 13.10% to 14.04% for law enforcement officers and from 12.10% to 12.85% for general employees and firefighters. Debt service increased by approximately \$2,820,000, mostly due to the issuance of General Obligation Bonds in the prior year. Operating expenditures increased by approximately \$1,880,000. Capital outlay expenditures decreased by approximately \$720,000. Overhead allocations to the enterprise funds increased by approximately \$100,000.

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 \$41,085,727, a \$5,236,648 increase from the prior year. Total fund balance increased by \$11,508,095 to \$62,282,304 from the prior year amount of \$50,774,209. 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 46.43% of total General Fund expenditures and transfers out to other funds, while total fund balance represents 70.38% of that same amount.

The American Rescue Plan special revenue fund reported grant revenues of \$6,980,607 in fiscal year 2024 as compared to \$3,918,642 in the fiscal year 2023. The grant is an advance grant and revenues are recognized as the allowable expenditures are incurred. In fiscal year 2024 the fund reported expenditures and transfers out of \$6,980,607, as compared to \$4,530,696 in fiscal year 2023. Investment earnings are recognized as revenue when received. The fund reported investment earnings of \$473,861 and \$588,518, respectively in fiscal years 2024 and 2023. As of June 30, 2024 the fund reported advances from grantors of \$3,775,933.

The Streets Capital Project Fund reported revenues and other financing sources of \$2,077,975 in fiscal year 2024 as compared to \$39,658,681 in fiscal year 2023. The reason for the significant decrease is related to the issuance of General Obligation Bonds in fiscal year 2023, with bonds proceeds of \$37,737,966 and a \$1,478,000 transfer in from the General Fund. The fund reported \$14,980,329 of expenditures in fiscal year 2024 as compared to \$2,910,469 in fiscal year 2023. The General Obligation Bonds were issued in April 2023. Fund balance was \$25,693,555 as of June 30, 2024 as compared to \$38,595,909 as of June 30, 2023. Investments earnings on unexpended bond proceeds were \$1,818,050 in fiscal year 2024 as compared to \$442,715 in fiscal year 2023.

The Other Nonmajor Governmental Funds reported revenues and other financing sources of \$9,881,498 in fiscal year 2024 as compared to \$6,373,454 in fiscal year 2023. The main reason for the increase is related to transfers in from the American Rescue Plan Fund of approximately \$4,300,000. The funds reported expenditures of \$9,423,591 in fiscal year 2024 as compared to \$5,650,541 in fiscal year 2023. The main reason for the increase was due to increased capital outlay expenditures of approximately \$4,000,000 Mayor/Council Capital Projects Fund.

General Fund Budgetary Highlights. The FY 2024 budget was revised on multiple occasions throughout the year, resulting in an overall increase of \$16,122,158. This increase was funded through multiple sources, including an appropriation of fund balance totaling \$14,530,682, increased revenues in the amount of \$1,606,403 and transfers from other funds equaling \$532,716.

Almost half of appropriated fund balance totaling \$6,790,703 was the result of additional appropriations, including: \$2,480,072 for fire department vehicles; \$1,645,201 for police vehicles; \$1,385,551 for payment to Gaston County for permitting requirements relating to state building codes; \$500,000 for transfers to Fuse Facility Operations fund for litigation; \$367,727 for transfers to Solid Waste fund to purchase department vehicles; \$191,889 to match North Carolina Department of Transportation State Maintenance Assistance Program (SMAP) funds and \$220,263 for various other purposes. Fund balance was also appropriated to carryover purchase orders from FY 2023 totaling \$3,230,595 along with unspent prior year amounts including: \$2,529,162 for FUSE; asset forfeiture funding totaling \$450,380; \$877,748 in Powell Bill funds; \$256,362 for the Conference Center; \$231,768 for Solid Waste Disposal Tax and \$73,352 for various other purposes.

Increased revenues are the result of various sources totaling \$1,606,403, including: \$672,610 in asset forfeiture funds; \$361,281 in additional current year ad valorem taxes; \$181,433 from insurance proceeds; \$78,543 in US Department of Justice grant funds, \$45,000 in Cares Act Grant funds, \$42,500 in miscellaneous grant funds, \$23,604 in additional interest earnings; and \$45,638 from other miscellaneous

sources. In addition, \$8,745 was carried forward from prior year for police grant funds not yet received. Transfers from other funds increased the budget a total of \$921,181, including \$500,000 for FUSE operations; \$361,281 in additional transfers to Powell Bill fund to cover non-Powell bill related project costs and \$59,900 for conference center parking lot repairs.

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 \$243,207,170; the Electric Fund amounted to \$132,857,803; and the other nonmajor funds, Stormwater, Transit, Municipal Golf Course, and Solid Waste, amounted to \$40,541,684. 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, 2024 totals \$544,173,110 (net of accumulated depreciation/amortization). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, vehicles, water and sewer infrastructure, electric distribution system, and stormwater infrastructure, as well as intangible right to use assets. Additions and disposals totaled \$40,799,668 and \$4,807,127, respectively, and the net effect of depreciation and amortization of \$25,750,756 resulted in an overall increase of \$10,241,785.

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 \$10,434,962. Construction in progress water and sewer infrastructure improvements placed in service totaled \$5,603,705. Various other water and sewer capital asset improvements of \$796,440 were incurred, along with the purchase of \$857,490 of machinery and equipment.
- Construction in progress of \$7,490,826 in governmental-type activities, which was mostly related to the Series 2023, Resurfacing Transportation General Obligation Bonds project \$958,264, FFA/NCDOT/Division of Aviation projects \$539,302, FUSE project \$1,127,521, Public Works Campus project \$3,601,985, Pedestrian Safety Improvement 2023 Transportation Bond project \$262,816, Remount Road Sidewalks project \$197,615, and Walker E. Reid III Park project \$104,775.
- Various general infrastructure additions and other improvements of \$136,350 in the governmental-type activities.
- Construction in progress of \$179,519 for stormwater infrastructure. There were no completed stormwater infrastructure.
- Electrical distribution capital assets of \$2,166,464 for new line construction.
- Internal Service Fund capital assets of \$6,839,615 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	
	2024	2023	2024	2023	2024	2023
Land, land improvements, and buildings	\$ 141,048,447	\$ 137,915,872	\$ 30,572,783	\$ 30,485,452	\$ 171,621,230	\$ 168,401,324
Machinery/equipment/vehicles	76,995,554	70,175,273	27,373,584	26,754,948	104,369,138	96,930,221
General infrastructure	305,667,913	305,531,563	-	-	305,667,913	305,531,563
Lease and subscription assets	3,276,356	3,276,356	219,991	247,121	3,496,347	3,523,477
Water and sewer treatment facilities	-	-	137,621,238	137,621,238	137,621,238	137,621,238
Water and sewer system	-	-	232,289,376	225,762,232	232,289,376	225,762,232
Electrical distribution	-	-	112,984,402	108,853,362	112,984,402	108,853,362
Stormwater infrastructure	-	-	55,065,577	55,003,827	55,065,577	55,003,827
Construction in progress	12,031,974	4,718,266	48,522,186	41,331,330	60,554,160	46,049,596
Total	539,020,244	521,617,330	644,649,137	626,059,510	1,183,669,381	1,147,676,840
Less accumulated depreciation and amortization	366,429,866	351,298,031	273,066,405	262,447,484	639,496,271	613,745,515
Capital assets, net	<u>\$ 172,590,378</u>	<u>\$ 170,319,299</u>	<u>\$ 371,582,732</u>	<u>\$ 363,612,026</u>	<u>\$ 544,173,110</u>	<u>\$ 533,931,325</u>

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

Long-Term Debt. As of June 30, 2024, the City of Gastonia had total financing debt outstanding of \$175,920,845. Of this, \$44,194,000 is debt backed by the full faith and credit of the City. The remainder of the City's financing debt represents bonds and installment purchases secured solely by buildings, equipment, or specified revenue sources (i.e. revenue bonds), and lease and subscription agreements for the right to use capital and intangible assets of others.

City of Gastonia's Financing Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 44,004,857	\$ 47,600,573	\$ 189,143	\$ 236,427	\$ 44,194,000	\$ 47,837,000
Limited obligation bonds	19,995,000	21,330,000	-	-	19,995,000	21,330,000
Direct placement installment purchases	14,525,548	16,067,305	-	-	14,525,548	16,067,305
Lease liabilities	13,260	120,048	83,320	124,388	96,580	244,436
Subscription liabilities	1,720,341	2,231,151	7,956	25,175	1,728,297	2,256,326
State revolving loans	-	-	33,283,943	36,236,184	33,283,943	36,236,184
Revenue bonds	-	-	52,367,000	17,428,000	52,367,000	17,428,000
Bond premiums	4,320,568	4,547,966	5,409,909	1,448,575	9,730,477	5,996,541
Total	<u>\$ 84,579,574</u>	<u>\$ 91,897,043</u>	<u>\$ 91,341,271</u>	<u>\$ 55,498,749</u>	<u>\$175,920,845</u>	<u>\$147,395,792</u>

The City of Gastonia's total financing debt obligations increased from \$147,395,792 to \$175,920,845 during the current fiscal year, an increase of \$28,525,053 (19.4%). The key factors in this increase were the overall scheduled debt retirements of \$15,329,308, while the City incurred \$43,854,361 of new financing debt obligations. New debt obligations consisted of \$41,399,361 general obligation transportation bonds and premium, and \$2,455,000 of equipment installment financing.

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

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. At June 30, 2024, the City had a legal debt margin of approximately \$806,000,000. 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, 2024, higher than the County rate of 4.0%, higher than the state rate of 4.1%, and higher than the national average of 4.3%. Unemployment in the City was 4.5% as of July 2024. The prior year rates for the City were 3.7% and 3.8% for the months ended June 2023 and July 2023, respectively. These figures are not seasonally adjusted.
- Estimated population growth since the 2010 census is approximately 17.0%. The most current population estimate per the North Carolina Office of State Budget and Management is 83,983. This estimate is up by 12,242 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 there was one big question for 2025. Will there be a recession? First, fiscal policy by Congress and the President continues to fight the Federal Reserve and its attempt to slow inflation, and second a new administration will emerge in January. In addition to fiscal policy concerns, we have seen unemployment rates rise. This has led to an increased probability that the Federal Reserve will continue to reduce the interest rates, however, if Congress does not begin to control fiscal spending we are likely to see a return of inflation in 2025.

The annual N.C. real (inflation-adjusted) Gross Domestic Product (GDP) is expected to increase by 2.3% in 2025.

All fifteen of the state's economic sectors in North Carolina are expected to experience output increases in 2025, with Information, Mining, Construction, Agriculture, and Business and Professional Services experiencing the largest increases.

North Carolina employment is expected to reach 5,100,800 by December 2025, an increase of 1.1% over December 2024.

Connaughton is projecting that the North Carolina economy is expected to add 53,400 net jobs in 2025, an increase of 1.1 percent.

- 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, 2025

Governmental Activities. The FY 2025 budget was balanced with achieving strategic objectives and priorities established by the City Council. The ad valorem tax rate remained the same as the prior year property tax rate of \$0.47/\$100.

The FY 2025 adopted budget includes funding for a 4.0% across the board increase in compensation, effective July 1, 2024, as well as an additional 1.0% for a newly created career development program. The latter encourages employees to participate in professional development activities, along with wellness and diversity, equity and inclusion (DEI) programs. This 1.0% increase is effective January 1, 2025 or any date thereafter that the employee successfully completes the career development program prior to the end of the fiscal year. The budget maintains the annual \$350 holiday bonus for eligible employees, as well as the 5.0% 401(k) contribution for all full-time employees. In addition, the budget continues to provide funding for the Educational Assistance Reimbursement Program. Employees who obtain prior approval are eligible to receive a maximum of \$2,000 annually, an increase from \$1,000 in prior years.

Like other public and private organizations, controlling health care costs remains a budgetary challenge that will continue for the foreseeable future, but the FY 2025 budget was adopted with a total budget increase of 10.5%. The budget includes a \$1,000 payment in July to the Health Savings Account of each employee covered by the City's health insurance program. In addition, the FY 2025 adopted budget maintains \$2,000,000 in a reserve account to cover any unexpected costs to prevent supplementary transfers from other funds, as needed in prior years.

Debt service makes up just under 6.0% of the total General Fund expenditures with an adopted budget amount for FY 2025. This is a slight reduction from the prior fiscal year.

Business-Type Activities. The Fiscal Year 2025 Electric Fund budget included no retail electric rate changes. The budget included a one-time return on investment from ElectriCities NC Municipal Power Agency One totaling over \$13 million. A portion (\$2.4 million) of these funds were transferred to the Rate Stabilization Fund and allow the City to have reserve funding on hand for future rate stabilization. The largest portion of these funds were transferred to Electric Capital Projects Fund for projects such as a Southeast Substation, Advanced Metering Infrastructure, and Residential Development/System Expansion. The transfer to the General Fund remained at \$2,000,000, as in prior years. This keeps the City under the maximum transfer level of 3.0% of gross electric capital asses, as established by the Local Government Commission.

The Water and Sewer Fund Fiscal Year 2025 budget includes a 7.5% rate increase, which amounts to approximately \$3.5 million of increased revenues. A portion of those revenues will be consumed with personnel costs, equipment purchases, an increased transfer to capital expenditures and a one-time developer payment for contractually obtained infrastructure. Phase two of the Southeast Water and Sewer Expansion is still underway. Funding for the project is coming from issuance of revenue bonds in the amount of \$37,055,000 issued in August of 2023.

The Solid Waste Fund included a fee increase of \$3.00, going from \$11.00 to \$14.00 per month. With this increase and expected growth in the customer base due to new development, revenues are projected to increase 11.8% which is \$426,800. The General Fund transfer also increased \$444,368 over the prior year's adopted budget. These revenues will be utilized to cover increased costs in personnel, tipping fees at the Gaston County landfill, bulk container and grinding expenses.

Through a contract with Via, the FY 2025 is the first year of providing on-demand Microtransit Services. The Transit Fund adopted budget saw a significant increase from prior year. This is primarily related to an increase in grant revenues of over \$2 million for multiple sidewalk projects. The City is matching funds as required - 50% for operating expenditures and 20% for capital.

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, 2024**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	City of Gastonia ABC Board	Gastonia Tourism Development Authority
Assets:					
Cash and cash equivalents	\$ 68,890,112	\$ 94,336,125	\$ 163,226,237	\$ 4,034,976	\$ 1,661,994
Taxes receivable, net	1,003,710	-	1,003,710	-	-
Accounts receivable, net	3,237,076	17,488,121	20,725,197	371	-
Long-term receivable	1,810,852	-	1,810,852	-	-
Leases receivable	5,457,599	244,896	5,702,495	-	-
Interest receivable	173,857	-	173,857	-	-
Due from other governments	9,706,214	2,122,021	11,828,235	-	184,256
Internal balances	(3,660,555)	3,660,555	-	-	-
Inventories	1,891,718	3,072,341	4,964,059	1,752,937	-
Prepaid items	372,549	-	372,549	91,496	-
Cash and cash equivalents, restricted	45,077,418	54,585,513	99,662,931	-	-
Capital assets:					
Non-depreciable capital assets	27,614,599	62,311,885	89,926,484	1,000,301	-
Depreciable capital assets, net	142,993,600	309,177,819	452,171,419	545,527	-
Right to use assets, net	1,982,179	93,028	2,075,207	113,716	-
Total capital assets, net	172,590,378	371,582,732	544,173,110	1,659,544	-
Total assets	306,550,928	547,092,304	853,643,232	7,539,324	1,846,250
Deferred Outflows of Resources:					
OPEB deferrals	8,084,280	2,280,182	10,364,462	-	-
Pension deferrals	24,804,571	6,245,173	31,049,744	489,323	-
Total deferred outflows of resources	32,888,851	8,525,355	41,414,206	489,323	-
Liabilities:					
Current liabilities:					
Accounts payable	8,765,576	12,305,581	21,071,157	1,592,845	93,766
Accrued salaries and benefits	2,351,235	694,286	3,045,521	-	-
Accrued interest and arbitrage	1,559,030	1,274,178	2,833,208	-	-
Prepaid fees	-	54,439	54,439	-	-
Advances from grantors	7,745,316	-	7,745,316	-	-
Liabilities to be paid from restricted assets:					
Accounts payable	25,810	-	25,810	-	-
Customer deposits and bonds held	491,346	1,892,611	2,383,957	-	-
Non-current liabilities:					
Due within one year	16,614,557	6,809,486	23,424,043	46,389	-
Due in more than one year	177,614,519	109,446,655	287,061,174	744,619	-
Total liabilities	215,167,389	132,477,236	347,644,625	2,383,853	93,766
Deferred Inflows of Resources:					
Lease deferrals	5,277,268	237,260	5,514,528	-	-
OPEB deferrals	9,141,682	2,578,423	11,720,105	-	-
Pension deferrals	2,233,419	57,528	2,290,947	3,553	-
Total deferred inflows of resources	16,652,369	2,873,211	19,525,580	3,553	-

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

CITY OF GASTONIA, NORTH CAROLINA

**STATEMENT OF NET POSITION
JUNE 30, 2024**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	City of Gastonia ABC Board	Gastonia Tourism Development Authority
Net Position:					
Net investment in capital assets	117,381,628	320,977,048	438,358,676	1,545,828	-
Restricted for:					
Stabilization by state statute	31,776,191	-	31,776,191	-	184,256
Public safety	1,608,023	-	1,608,023	-	-
Public works - Powell Bill	3,499,757	-	3,499,757	-	-
Community development and improvements	2,648,223	-	2,648,223	-	-
Culture and recreation	200,689	-	200,689	-	-
Tourism promotion	-	-	-	-	1,568,228
Working capital	-	-	-	541,706	-
Unrestricted	<u>(49,494,490)</u>	<u>99,290,164</u>	<u>49,795,674</u>	<u>3,553,707</u>	<u>-</u>
Total net position	<u>\$ 107,620,021</u>	<u>\$ 420,267,212</u>	<u>\$ 527,887,233</u>	<u>\$ 5,641,241</u>	<u>\$ 1,752,484</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, 2024

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 22,451,588	\$ 10,815,223	\$ 568,821	\$ 6,480,607
Public safety	40,780,705	1,804,376	866,145	-
Public works and cemeteries	33,357,375	472,033	2,644,683	151,350
Cultural and recreation	12,197,683	1,154,956	176,440	-
Economic and physical development	3,273,939	96,339	2,745,135	619,073
Interest and other charges on long-term debt	3,562,206	-	-	-
Total governmental activities	115,623,496	14,342,927	7,001,224	7,251,030
Business-Type Activities:				
Water and sewer	46,892,267	48,623,262	-	5,959,844
Electric	64,625,299	78,990,803	-	25,000
Transit	3,258,742	116,117	-	2,501,840
Golf	34,195	-	-	-
Stormwater	3,718,357	4,446,747	-	189,515
Solid waste	6,993,957	4,114,808	-	-
Total business-type activities	125,522,817	136,291,737	-	8,676,199
Total primary government	\$ 241,146,313	\$ 150,634,664	\$ 7,001,224	\$ 15,927,229
Component Units:				
ABC Board	\$ 18,062,523	\$ 18,349,308	\$ -	\$ -
Tourism Development Authority	895,026	-	-	-
Total component units	\$ 18,957,549	\$ 18,349,308	\$ -	\$ -

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, 2024

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	\$ (4,586,937)	\$ -	\$ (4,586,937)		
Public safety	(38,110,184)	-	(38,110,184)		
Public works and cemeteries	(30,089,309)	-	(30,089,309)		
Cultural and recreation	(10,866,287)	-	(10,866,287)		
Economic and physical development	186,608	-	186,608		
Interest on long-term debt	(3,562,206)	-	(3,562,206)		
Total governmental activities	(87,028,315)	-	(87,028,315)		
Business-Type Activities:					
Water and sewer	-	7,690,839	7,690,839		
Electric	-	14,390,504	14,390,504		
Transit	-	(640,785)	(640,785)		
Golf	-	(34,195)	(34,195)		
Stormwater	-	917,905	917,905		
Solid waste	-	(2,879,149)	(2,879,149)		
Total business-type activities	-	19,445,119	19,445,119		
Total primary government	(87,028,315)	19,445,119	(67,583,196)		
Component Units:					
ABC Board				\$ 286,785	\$ -
Tourism Development Authority				-	(895,026)
Total component units				286,785	(895,026)
General Revenues:					
Taxes:					
Ad valorem taxes	53,523,782	-	53,523,782	-	-
Sales taxes	19,130,046	-	19,130,046	-	-
Payments in lieu of taxes	2,521,121	-	2,521,121	-	-
Franchise taxes	20,318	-	20,318	-	-
Other taxes	7,818,506	-	7,818,506	-	904,586
Interest earned on investments	6,317,534	6,880,243	13,197,777	21,513	85,538
Total general revenues, excluding transfers	89,331,307	6,880,243	96,211,550	21,513	990,124
Transfers	(3,160,768)	3,160,768	-	-	-
Total general revenues and transfers	86,170,539	10,041,011	96,211,550	21,513	990,124
Change in net position	(857,776)	29,486,130	28,628,354	308,298	95,098
Net Position:					
Beginning of year - July 1	108,477,797	390,781,082	499,258,879	5,332,943	1,657,386
End of year - June 30	\$ 107,620,021	\$ 420,267,212	\$ 527,887,233	\$ 5,641,241	\$ 1,752,484

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



CITY OF GASTONIA, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	Major			Other Nonmajor	
	General	Streets	American	Governmental	Total
	Fund	Capital	Rescue	Funds	
		Project Fund	Plan Fund		
Assets:					
Cash and cash equivalents	\$ 48,853,558	\$ 3,200,261	\$ 1,079,648	\$ 6,085,391	\$ 59,218,858
Taxes receivable, net	983,970	-	-	19,740	1,003,710
Accounts receivable, net	2,181,247	-	-	267,401	2,448,648
Long-term receivable	-	-	-	1,810,852	1,810,852
Leases receivable	2,395,201	-	-	3,062,398	5,457,599
Interest receivable	173,857	-	-	-	173,857
Prepaid items	73,840	-	-	25,720	99,560
Property acquired for rehabilitation and re-sale	-	-	-	1,064,858	1,064,858
Inventory	826,860	-	-	-	826,860
Cash and investments, restricted	6,046,808	26,845,001	3,817,506	5,842,280	42,551,595
Due from other funds	1,303,949	-	-	-	1,303,949
Due from other governments	9,066,050	-	-	640,164	9,706,214
Total assets	<u>\$ 71,905,340</u>	<u>\$ 30,045,262</u>	<u>\$ 4,897,154</u>	<u>\$ 18,818,804</u>	<u>\$ 125,666,560</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,441,887	\$ 4,351,707	\$ -	\$ 1,102,834	\$ 6,896,428
Accrued salaries and benefits	2,230,697	-	-	-	2,230,697
Due to other funds	1,902,956	-	15,763	963,785	2,882,504
Advances from grantors	-	-	3,775,933	3,969,383	7,745,316
Liabilities payable from restricted assets:					
Performance bonds	491,346	-	-	-	491,346
Accounts payable	-	-	25,810	-	25,810
Total liabilities	<u>6,066,886</u>	<u>4,351,707</u>	<u>3,817,506</u>	<u>6,036,002</u>	<u>20,272,101</u>
Deferred Inflows of Resources:					
Lease deferrals	2,316,966	-	-	2,960,302	5,277,268
Property taxes receivable	983,970	-	-	19,741	1,003,711
Unavailable revenue	255,214	-	-	-	255,214
Total deferred inflows of resources	<u>3,556,150</u>	<u>-</u>	<u>-</u>	<u>2,980,043</u>	<u>6,536,193</u>
Fund Balances:					
Non-spendable:					
Leases	78,235	-	-	-	78,235
Inventories	826,860	-	-	-	826,860
Prepays	73,840	-	-	25,720	99,560
Restricted:					
Stabilization by state statute	20,217,642	5,636,126	746,686	5,175,737	31,776,191
Restricted, all other	5,308,469	26,845,001	-	2,648,223	34,801,693
Committed	-	-	332,962	86,088	419,050
Assigned	48,878	-	-	2,810,121	2,858,999
Unassigned	35,728,380	(6,787,572)	-	(943,130)	27,997,678
Total fund balances	<u>62,282,304</u>	<u>25,693,555</u>	<u>1,079,648</u>	<u>9,802,759</u>	<u>98,858,266</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 71,905,340</u>	<u>\$ 30,045,262</u>	<u>\$ 4,897,154</u>	<u>\$ 18,818,804</u>	<u>\$ 125,666,560</u>

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

CITY OF GASTONIA, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2024

	<u>Total</u>
Reconciliation with Net Position of Governmental Activities - Government-Wide (Exhibit A):	
Total fund balances - modified accrual (see above)	\$ 98,858,266
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	156,072,026
Net pension liability LGERS	(34,047,131)
Total pension liability LEOSSA	(22,511,438)
Total OPEB liability	(47,082,837)
Pension related deferrals	22,571,152
OPEB related deferrals	(1,057,402)
Internal service funds are used by management to charge the costs of equipment and vehicles to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	19,632,208
Internal service funds are considered predominantly governmental activities. However, a portion of the change in net assets is attributable to the business-type funds via an internal balance.	(3,660,555)
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(76,778,733)
The governmental activities net position includes an accrual for interest on long-term debt and arbitrage liabilities related to bonds.	(1,313,892)
Unamortized bond premium is a revenue source in the governmental funds statement and a deferred liability in the governmental activities Statement of Net Position.	(4,320,568)
Deferred inflows of resources in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.	<u>1,258,925</u>
Net position of governmental activities - government-wide (Exhibit A)	<u>\$ 107,620,021</u>

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Major			Other Nonmajor	
	General	Streets	American	Governmental	Total
	Fund	Capital	Rescue	Funds	
		Project Fund	Plan Fund		
Revenues:					
Ad valorem taxes	\$ 53,138,107	\$ -	\$ -	\$ 248,566	\$ 53,386,673
Other taxes and licenses	28,585,405	-	-	904,586	29,489,991
Unrestricted intergovernmental revenues	2,122,331	-	-	-	2,122,331
Restricted intergovernmental revenues	4,084,901	-	6,980,607	2,904,358	13,969,866
Permits and fees	1,050,110	-	-	-	1,050,110
Sales and services	4,568,221	104,887	-	96,339	4,769,447
Investment earnings	2,828,618	1,818,050	473,861	578,915	5,699,444
Miscellaneous	1,531,319	125,038	128	543,320	2,199,805
Total revenues	<u>97,909,012</u>	<u>2,047,975</u>	<u>7,454,596</u>	<u>5,276,084</u>	<u>112,687,667</u>
Expenditures:					
Current:					
General government	13,829,217	-	2,106,108	-	15,935,325
Public safety	42,471,257	-	-	-	42,471,257
Public works and cemeteries	9,005,956	13,089,478	-	-	22,095,434
Cultural and recreation	9,826,150	-	-	376,674	10,202,824
Economic and physical development	-	-	-	3,394,656	3,394,656
Capital outlay	-	1,890,851	-	5,652,261	7,543,112
Debt service:					
Principal repayments	5,664,042	-	280,688	-	5,944,730
Interest	2,455,379	-	41,593	-	2,496,972
Total expenditures	<u>83,252,001</u>	<u>14,980,329</u>	<u>2,428,389</u>	<u>9,423,591</u>	<u>110,084,310</u>
Revenues over (under) expenditures	<u>14,657,011</u>	<u>(12,932,354)</u>	<u>5,026,207</u>	<u>(4,147,507)</u>	<u>2,603,357</u>
Other Financing Sources (Uses):					
Transfers from other funds	2,099,900	30,000	-	4,605,414	6,735,314
Transfers to other funds	(5,243,964)	-	(4,552,218)	(99,900)	(9,896,082)
Total other financing sources (uses)	<u>(3,144,064)</u>	<u>30,000</u>	<u>(4,552,218)</u>	<u>4,505,514</u>	<u>(3,160,768)</u>
Net change in fund balances	11,512,947	(12,902,354)	473,989	358,007	(557,411)
Fund Balances:					
Beginning of year - July 1	50,774,209	38,595,909	605,659	9,324,035	99,299,812
Increase (decrease) in inventories and property/ land acquired redevelopment/rehabilitation	(4,852)	-	-	120,717	115,865
End of year - June 30	<u>\$ 62,282,304</u>	<u>\$ 25,693,555</u>	<u>\$ 1,079,648</u>	<u>\$ 9,802,759</u>	<u>\$ 98,858,266</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, 2024**

Net change in fund balances - total governmental funds per Exhibit D	\$ (557,411)
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.	137,109
Miscellaneous revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	(159,293)
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.	115,865
Expenses related to compensated absences, pension, and other post-employment benefits that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(5,281,339)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets and right-to-use assets.	12,336,199
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.	151,350
Depreciation expense allocates the costs of capital assets over their useful lives. Amortization expense allocates the cost of right to use assets over the terms of the agreements. They are not reported as expenditures in the governmental funds statement.	(12,319,365)
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.	(968,663)
Principal repayments and bond refunding payments on long-term debt are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	5,944,730
Bond premium received is reported as a deferred item in the Statement of Activities, rather than a revenue in the fund financial statements. Amortization of bond premium is a reduction of interest expense in the Statement of Activities.	227,398
Interest on long-term debt incurred, but not paid, is reported as an expense in the governmental activities statements. Arbitrage rebate liabilities related to bonds that do not require current financial resources are not reported in the governmental funds statement.	(932,401)
Portion of Internal Service Fund activities change in net position allocable to the governmental activities are reported with governmental activities.	<u>448,045</u>
Change in net position of governmental activities per Exhibit B	<u>\$ (857,776)</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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Over/Under
Revenues:				
Ad valorem taxes	\$ 48,601,000	\$ 48,962,281	\$ 53,138,107	\$ 4,175,826
Other taxes and licenses	28,353,421	28,353,421	28,585,405	231,984
Unrestricted intergovernmental revenues	1,398,000	1,398,000	2,122,331	724,331
Restricted intergovernmental revenues	3,084,363	3,944,178	4,084,901	140,723
Permits and fees	777,614	777,614	1,050,110	272,496
Sales and services	4,221,043	4,256,783	4,568,221	311,438
Interest earned on investments	984,976	1,008,580	2,828,618	1,820,038
Miscellaneous	702,344	1,028,307	1,531,319	503,012
Total revenues	<u>88,122,761</u>	<u>89,729,164</u>	<u>97,909,012</u>	<u>8,179,848</u>
Expenditures:				
General government	14,343,776	15,507,839	13,829,217	1,678,622
Public safety	43,090,944	51,042,286	42,471,257	8,571,029
Public works and cemeteries	10,486,346	13,243,444	9,005,956	4,237,488
Cultural and recreation	9,594,845	11,081,169	9,826,150	1,255,019
Debt service:				
Principal	5,606,595	7,772,665	5,664,042	2,108,623
Interest and fees	2,450,734	2,455,379	2,455,379	-
Total expenditures	<u>85,573,240</u>	<u>101,102,782</u>	<u>83,252,001</u>	<u>17,850,781</u>
Revenues over (under) expenditures	<u>2,549,521</u>	<u>(11,373,618)</u>	<u>14,657,011</u>	<u>26,030,629</u>
Other Financing Sources (Uses):				
Transfers from other funds	2,040,000	2,099,900	2,099,900	-
Transfers (to) other funds	(4,664,348)	(5,256,964)	(5,243,964)	13,000
Appropriated fund balance	74,827	14,530,682	-	(14,530,682)
Total other financing sources (uses)	<u>(2,549,521)</u>	<u>11,373,618</u>	<u>(3,144,064)</u>	<u>(14,517,682)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	11,512,947	<u>\$ 11,512,947</u>
Fund Balance:				
Beginning of year - July 1			50,774,209	
Increase (decrease) in inventories and property/ land acquired redevelopment/rehabilitation			<u>(4,852)</u>	
End of year - June 30			<u>\$ 62,282,304</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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over/Under
Revenues:				
Restricted intergovernmental revenues	\$ -	\$ 10,756,539	\$ 6,980,607	\$ (3,775,932)
Investment earnings	-	-	473,861	473,861
Miscellaneous	-	-	128	128
Total revenues	-	10,756,539	7,454,596	(3,301,943)
Expenditures:				
General government	-	5,436,202	2,106,108	3,330,094
Debt service:				
Principal	-	280,688	280,688	-
Interest and fees	-	41,593	41,593	-
Total expenditures	-	5,758,483	2,428,389	3,330,094
Revenues over (under) expenditures	-	4,998,056	5,026,207	28,151
Other Financing Sources (Uses):				
Transfers to other funds	-	(5,536,574)	(4,552,218)	984,356
Appropriated fund balance	-	538,518	-	(538,518)
Total other financing sources (uses)	-	(4,998,056)	(4,552,218)	445,838
Net change in fund balance	\$ -	\$ -	473,989	\$ 473,989
Fund Balance:				
Beginning of year - July 1			605,659	
End of year - June 30			\$ 1,079,648	

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Business-Type Activities				Governmental Activities
	Water and Sewer Fund	Electric Fund	Other Nonmajor Funds	Total	Internal Service Funds
Assets:					
Current assets:					
Cash, cash equivalents, and investments	\$ 26,184,904	\$ 60,806,758	\$ 7,344,463	\$ 94,336,125	\$ 9,671,254
Accounts receivable, net	5,649,575	10,573,483	1,265,063	17,488,121	788,428
Inventory	422,785	2,649,556	-	3,072,341	-
Due from other governments	1,172,373	-	949,648	2,122,021	-
Due from other funds	-	-	-	-	1,918,719
Prepays	-	-	-	-	272,989
Leases receivable, current	-	13,305	-	13,305	-
Cash and cash equivalents, restricted	53,211,742	1,373,771	-	54,585,513	2,525,823
Total current assets	86,641,379	75,416,873	9,559,174	171,617,426	15,177,213
Non-current assets:					
Leases receivable	-	231,591	-	231,591	-
Capital assets:					
Non-depreciable capital assets	41,981,068	19,528,360	802,457	62,311,885	-
Depreciable capital assets, net	224,478,215	51,203,139	33,496,465	309,177,819	16,307,648
Right to use assets, net	91,703	215	1,110	93,028	210,704
Total capital assets, net	266,550,986	70,731,714	34,300,032	371,582,732	16,518,352
Total non-current assets	266,550,986	70,963,305	34,300,032	371,814,323	16,518,352
Total assets	353,192,365	146,380,178	43,859,206	543,431,749	31,695,565
Deferred Outflows of Resources:					
OPEB deferrals	1,347,380	621,868	310,934	2,280,182	-
Pension deferrals	3,801,408	1,629,176	814,589	6,245,173	-
Total deferred outflows of resources	5,148,788	2,251,044	1,125,523	8,525,355	-
Liabilities:					
Current liabilities:					
Accounts payable	5,426,782	6,340,000	538,799	12,305,581	1,869,148
Accrued salaries and benefits	375,424	178,387	140,475	694,286	120,538
Accrued interest and arbitrage	1,274,178	-	-	1,274,178	245,138
Compensated absences	552,027	346,398	200,400	1,098,825	239,000
Current portion of OPEB	287,000	133,000	68,000	488,000	-
Current portion of long-term debt	5,175,376	47,285	-	5,222,661	3,450,965
Due to other funds	-	-	-	-	340,164
Prepaid fees	54,439	-	-	54,439	-
Liabilities to be paid from restricted assets:					
Customer deposits	518,840	1,373,771	-	1,892,611	-
Total current liabilities	13,664,066	8,418,841	947,674	23,030,581	6,264,953
Non-current liabilities:					
Compensated absences, non-current	184,009	115,466	66,873	366,348	79,312
Long-term debt, non-current	85,976,752	141,858	-	86,118,610	5,719,092
Net pension liability	6,190,387	2,653,023	1,326,512	10,169,922	-
Total OPEB liability, non-current	7,560,138	3,488,757	1,742,880	12,791,775	-
Total non-current liabilities	99,911,286	6,399,104	3,136,265	109,446,655	5,798,404
Total liabilities	113,575,352	14,817,945	4,083,939	132,477,236	12,063,357

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Business-Type Activities			Governmental Activities
	Water and Sewer Fund	Electric Fund	Other Nonmajor Funds	Internal Service Funds
Deferred Inflows of Resources:				
Lease deferrals	-	237,260	-	237,260
OPEB deferrals	1,523,614	703,206	351,603	2,578,423
Pension deferrals	35,017	15,008	7,503	57,528
Total deferred inflows of resources	1,558,631	955,474	359,106	2,873,211
Net Position:				
Net investment in capital assets	216,134,445	70,542,571	34,300,032	320,977,048
Unrestricted	27,072,725	62,315,232	6,241,652	95,629,609
Total net position	\$ 243,207,170	\$ 132,857,803	\$ 40,541,684	\$ 416,606,657
Total net position - proprietary funds presentation				\$ 416,606,657
Portion of profit generated by Internal Service Fund allocated to business-type activities - history to date				3,660,555
Net position of business-type activities - government-wide				\$ 420,267,212

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, 2024

	Business-Type Activities				Governmental Activities
	Water and Sewer Fund	Electric Fund	Other Nonmajor Funds	Total	Internal Service Funds
Operating Revenues:					
Charges for services	\$ 46,809,829	\$ 76,083,575	\$ 8,549,616	\$ 131,443,020	\$ 24,045,917
Utilities for City use	971,109	2,153,038	93,920	3,218,067	-
Other operating revenues	730,313	754,190	34,136	1,518,639	1,743,301
Total operating revenues	48,511,251	78,990,803	8,677,672	136,179,726	25,789,218
Operating Expenses:					
Water treatment/electric and other purchases	6,077,520	48,229,005	-	54,306,525	-
Administration	10,143,641	7,916,744	3,919,461	21,979,846	-
Facility maintenance	2,077,290	-	-	2,077,290	-
Payseur Mountain resource recovery	1,900,213	-	-	1,900,213	-
Sewage treatment	9,162,126	-	-	9,162,126	-
Substation operations	-	908,898	-	908,898	-
Maintenance	5,782,606	3,902,989	645,442	10,331,037	-
ADA/Para-transit expenses	-	-	318,213	318,213	-
Operations area	-	-	7,809,151	7,809,151	21,398,173
Street lights	-	860,539	-	860,539	-
Depreciation and amortization	8,754,238	2,628,894	1,290,012	12,673,144	4,358,560
Total operating expenses	43,897,634	64,447,069	13,982,279	122,326,982	25,756,733
Operating income (loss)	4,613,617	14,543,734	(5,304,607)	13,852,744	32,485
Non-Operating Revenues (Expenses):					
Federal and state grants	-	-	-	-	100,000
Miscellaneous	-	-	-	-	520
Investment earnings	3,640,475	2,903,351	336,417	6,880,243	618,090
Gain (loss) on disposal of capital assets	8,124	(168,967)	(22,606)	(183,449)	169,192
Interest and other charges on long-term debt	(3,002,757)	(9,263)	(366)	(3,012,386)	(360,231)
Total non-operating revenues (expenses)	645,842	2,725,121	313,445	3,684,408	527,571
Income (loss) before capital contributions and transfers	5,259,459	17,268,855	(4,991,162)	17,537,152	560,056
Capital Contributions:					
Federal and state grants	1,179,648	25,000	2,691,355	3,896,003	-
Local contributions	796,440	-	-	796,440	-
Development fee	3,983,756	-	-	3,983,756	-
Transfers:					
Transfers from other funds	-	-	5,160,768	5,160,768	-
Transfers to other funds	-	(2,000,000)	-	(2,000,000)	-
Change in net position	11,219,303	15,293,855	2,860,961	29,374,119	560,056
Net Position:					
Beginning of year - July 1	231,987,867	117,563,948	37,680,723	387,232,538	19,072,152
End of year - June 30	\$ 243,207,170	\$ 132,857,803	\$ 40,541,684	\$ 416,606,657	\$ 19,632,208
Reconciliation with Exhibit B Change in Net Position - Business-Type Activities:					
Change in net position - fund perspective				\$ 29,374,119	
Internal Service Fund profits allocated to business-type activities				112,011	
Change in net position - entity-wide perspective - Exhibit B				\$ 29,486,130	

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, 2024

	Business-Type Activities			Governmental Activities
	Water and Sewer Fund	Electric Fund	Other Nonmajor Funds	Internal Service Funds
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 46,891,170	\$ 76,502,465	\$ 8,297,972	\$ 131,691,607
Cash paid to suppliers	(23,316,377)	(56,121,028)	(6,904,964)	(86,342,369)
Cash paid to employees	(10,561,178)	(4,713,251)	(5,530,004)	(20,804,433)
Net cash provided (used) by operating activities	13,013,615	15,668,186	(4,136,996)	24,544,805
Cash Flows from Non-Capital Financing Activities:				
Changes in due to/from other funds	-	-	-	1,757,932
Transfers from other funds	-	-	5,160,768	5,160,768
Transfers to other funds	-	(2,000,000)	-	(2,000,000)
Net cash provided (used) by non-capital financing activities	-	(2,000,000)	5,160,768	3,160,768
Cash Flows from Capital and Related Financing Activities:				
Federal and state grants	1,179,648	25,000	2,371,060	3,575,708
Expansion fee	3,983,756	-	-	3,983,756
Proceeds from issuance of debt	37,055,000	-	-	37,055,000
Principal paid on long-term debt	(5,107,085)	(48,158)	(18,569)	(5,173,812)
Proceeds from sale of capital assets	24,710	18,912	-	43,622
Acquisition and construction of capital assets	(7,888,385)	(8,401,330)	(1,325,261)	(17,614,976)
Bond premium received	4,344,361	-	-	4,344,361
Interest paid on long-term debt	(2,230,797)	(9,263)	(366)	(2,240,426)
Net cash provided (used) by capital and related financing activities	31,361,208	(8,414,839)	1,026,864	23,973,233
Cash Flows from Investing Activities:				
Interest on investments	3,640,475	2,903,351	336,417	6,880,243
Net increase (decrease) in cash and cash equivalents	48,015,298	8,156,698	2,387,053	58,559,049
Cash and Cash Equivalents:				
Beginning of year - July 1	31,381,348	54,023,831	4,957,410	90,362,589
End of year - June 30	\$ 79,396,646	\$ 62,180,529	\$ 7,344,463	\$ 148,921,638

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, 2024

	Business-Type Activities				Governmental Activities
	Water and Sewer Fund	Electric Fund	Other Nonmajor Funds	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 4,613,617	\$ 14,543,734	\$ (5,304,607)	\$ 13,852,744	\$ 32,485
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	8,754,238	2,628,894	1,290,012	12,673,144	4,358,560
Non-operating revenues (expenses)	-	-	-	-	520
Change in assets and liabilities:					
(Increase) decrease in accounts receivables	(1,628,039)	(2,414,635)	(379,700)	(4,422,374)	(500,009)
(Increase) decrease in prepaids	-	-	-	-	(272,989)
(Increase) decrease in leases receivable	-	13,003	-	13,003	-
(Increase) decrease in deferred outflows - pension	(331,884)	(142,236)	(71,118)	(545,238)	-
(Increase) decrease in deferred outflows - OPEB	545,635	251,831	125,915	923,381	-
Increase (decrease) in deferred inflows - OPEB	(622,565)	(287,338)	(143,670)	(1,053,573)	-
Increase (decrease) in net pension liability	1,018,146	436,348	218,174	1,672,668	-
Increase (decrease) deferred inflows - pension	(33,488)	(14,352)	(7,176)	(55,016)	-
Increase (decrease) deferred inflows - leases	-	(15,255)	-	(15,255)	-
(Increase) decrease in inventories	(15,003)	(596,728)	-	(611,731)	-
Increase (decrease) in accounts payable	339,654	1,152,141	89,483	1,581,278	745,744
Increase (decrease) in accrued salaries	62,175	6,785	(2,214)	66,746	-
Increase (decrease) in compensated absences	38,211	55,155	(13,240)	80,126	46,203
Increase (decrease) in other post-employment benefits	264,960	122,290	61,145	448,395	-
Increase (decrease) in customer deposits	10,001	(71,451)	-	(61,450)	-
Increase (decrease) in deferred revenues	(2,043)	-	-	(2,043)	-
Net cash provided (used) by operating activities	<u>\$ 13,013,615</u>	<u>\$ 15,668,186</u>	<u>\$ (4,136,996)</u>	<u>\$ 24,544,805</u>	<u>\$ 4,410,514</u>
Supplemental Disclosure of Non-Cash Activity:					
Book value of capital assets sold/disposed	<u>\$ 16,586</u>	<u>\$ 187,879</u>	<u>\$ -</u>	<u>\$ 204,465</u>	<u>\$ 11,080</u>
Local developer contributions	<u>\$ 796,440</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 796,440</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, 2024

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, 2024

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 181 S. South Street, Gastonia, North Carolina 28052. The Gastonia Tourism Development Authority is a discretely presented component unit.

B. Government-Wide and Fund Financial Statements

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

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

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

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, general government services, capital outlay, and debt service.

Streets Capital Project Fund. The Streets Capital Project Fund is used to account for street improvement projects to be funded by a combination of grants, City funds, and \$75,000,000 of transportation general obligation bonds to enhance the City's infrastructure and make conditions safer. An order authorizing \$75,000,000 Transportation Bonds was adopted by the City Council on August 2, 2022 and \$33,190,000 of the authorized bonds were issued on April 25, 2023. The authorized Transportation Bonds will be issued in future years.

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

The City reports the following major enterprise funds:

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

Electric Fund. The Electric Fund includes the accounts of the Electric Operation Fund and the Electric Capital Projects Fund. The Renewal and Replacement Fund, Rate Stabilization Fund, and Power Agency Settlement Fund are also separately budgeted funds, which are presented within the Operation Fund for financial reporting purposes. Financing of these funds, except for the Power Agency Settlement Fund, comes principally from charges to the users and non-routine returns of excess working capital from the North Carolina Municipal Power Agency Number 1, which the City is a member of. Financing of the Power Agency

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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.

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, 2024. Property tax revenue and other taxes and licenses, except for local option sales tax and utility franchise tax, are recognized when collected. Local option sales tax and utility franchise tax are recognized if collected within 90 days and 60 days of June 30 year-end, respectively. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and acquisitions under leases and IT subscriptions are reported as other financing sources. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes, other taxes and licenses, and utility franchise tax. Ad valorem taxes receivable and other taxes and licenses receivables, except for local option sales tax and utility franchise tax, are not accrued as revenue because the amount is not considered

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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.

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/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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.

The City has the following fund categories:

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

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

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

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

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

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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.

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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.

E. 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] 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 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries, is valued 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, 2024

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. Powell Bill funds are classified as restricted cash because they 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. Performance bonds held on behalf of contractors are restricted for the purpose of the related contracts and agreements until all conditions are satisfied to release the bonds. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. System development fees are collected to recover the costs associated with capital improvements made by a utility system to make service available to future users of the system, and are restricted to this purpose.

Governmental Activities:

General Fund:

Cash performance bonds held	\$ 491,346
IRS regulatory section 125 restricted	246,993
Unspent grant and other restricted revenues	1,608,023
Conference center management agreement	200,689
Public works - Powell Bill	3,499,757

Internal Service Fund:

Vehicle Renewal and Replacement Fund:

Unexpended bond proceeds	2,525,823
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Other Nonmajor Governmental Funds:

Advances from grantors, including interest	5,842,280
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Streets Capital Project Fund:

Unexpended bond proceeds	26,845,001
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American Rescue Plan Fund:

Advances from grantors	<u>3,817,506</u>
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Total governmental activities	<u>45,077,418</u>
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CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Business-Type Activities:

Electric Fund:

Customer deposits	1,373,771
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Water and Sewer Fund:

Unexpended bond proceeds	40,735,587
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System development fees	11,957,315
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Customer deposits	518,840
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Total business-type activities	<u>54,585,513</u>
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Total restricted cash	<u>\$ 99,662,931</u>
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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, 2023. Collections of City taxes are made by the County and remitted to the City as collected.

Allowances for Doubtful Accounts

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

Leases Receivable

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

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

Inventories and Prepaid Items

Inventories in the City's governmental funds are carried at cost. Costing methods used are moving average, FIFO, and specific cost. The City's General Fund inventories consist of expendable supplies that are recognized as expenditures when purchased. If significant, the amount of inventory on hand at year end is reported on the balance sheet in the governmental

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

funds. However, in the Government-wide Statement Activities the cost of these inventories is expensed as the items are used. The City's special revenue funds' inventories consist of real property acquired for redevelopment and rehabilitation that is recorded as expenditures when the property is purchased or improvements are made.

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

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

Capital Assets

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

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

The City's capital assets include right to use leased assets as a result of implementing GASB 87. 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 leased assets are amortized on a straight-line basis over the life of the related lease.

The City's capital assets also include certain right to use subscription assets related to subscription-based information technology arrangements (SBITAs) as a result of implementing GASB 96. The right to use subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus payments made to the SBITA vendor before commencement of the subscription term, plus capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets are amortized on a straight-line basis over the life of the related SBITA.

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

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

Deferred Outflows/Inflows of Resources

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

Compensated Absences

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

The City's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

City has no obligation for the accumulated sick leave until it is actually taken, no accrual of sick leave has been made.

Long-Term Debt

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

Defined Benefit Cost-Sharing Plans

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

Reimbursements for Pandemic-Related Expenditures

During the 2021 fiscal year, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The City was allocated \$15,661,923 of fiscal recovery funds, which were paid in two equal installments. The first installment of \$7,830,962 was received in May 2021, and the second equal installment was received in June 2022. The City elected to use the standard allowance of \$10,000,000 for revenue replacement, which will include various projects such as public works upgrade, recreational facilities upgrade, street resurfacing, and police equipment. The remaining balance will be used for COVID-19 direct expenses. \$6,980,607 was spent during fiscal year 2024. Revenue replacement funds will be transferred to the appropriate funds as the City determines the specific use of the funds.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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.

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

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

Restricted for Cultural and Recreation - 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 advances from grantors.

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

Restricted fund balance at June 30, 2024 is as follows:

Purpose	General Fund	Streets Capital Project Fund	Other Governmental Funds
Restricted, All Other:			
Public safety	\$ 1,608,023	\$ -	\$ -
Public works - Powell Bill	3,499,757	-	-
Cultural and recreation	200,689	-	-
Community development and improvement	-	-	2,648,223
Capital outlay	-	26,845,001	-
Total	\$ 5,308,469	\$ 26,845,001	\$ 2,648,223

Restricted fund balance/net position on Exhibit A varies from Exhibit C by the amount of unexpended bond proceeds of \$26,845,001 at June 30, 2024.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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.

Committed for Capital Outlays – portion of fund balance budgeted by Council for future Mayor/Council capital activities.

<u>Purpose</u>	<u>American Rescue Plan Fund</u>	<u>Other Governmental Funds</u>
General Government	\$ 332,962	\$ -
Capital outlays	-	86,088
Total	<u>\$ 332,962</u>	<u>\$ 86,088</u>

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.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Assigned fund balance at June 30, 2024 is as follows:

Purpose	General Fund	Other Governmental Funds
Subsequent year's expenditures	\$ 48,878	\$ -
Economic and physical development	-	193,135
Capital outlays	-	2,616,986
Total	<u>\$ 48,878</u>	<u>\$ 2,810,121</u>

Unassigned Fund Balance

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

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

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

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

Total fund balance - General Fund	\$ 62,282,304
Less:	
Leases	78,235
Inventories	826,860
Prepays	73,840
Stabilization by state statute	20,217,642
Total available fund balance	<u>\$ 41,085,727</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Outstanding encumbrances represent amounts needed to pay commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances at June 30, 2024 are detailed as follows:

	<u>Encumbrances</u>
General Fund	\$ 7,747,753
Streets Capital Project Fund	5,636,126
American Rescue Plan Fund	746,686
Nonmajor Governmental Funds:	
Special Revenue Funds:	
State Grants Fund	255,802
CDBG Program Fund	208,328
CDBG Home Investment Trust Fund	72,914
Uptown Municipal Tax District Fund	31,538
Capital Project Funds:	
Mayor/Council Capital Project Fund	1,397,316
Airport Fund	148,993
Downtown Revitalization Fund	240,334
Total	<u>\$ 16,485,790</u>

Interfund Transactions

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

Use of Estimates

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Comparative Data/Reclassifications

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

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

2. Detailed Notes On All Funds

A. Assets

Deposits

All the deposits of the City are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent.

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

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

At June 30, 2024, the City's deposits had a carrying amount of \$12,910,531 and a bank balance of \$13,387,592. Of the bank balance, \$750,000 was covered by federal depository insurance and the remaining bank balance is insured under the Pooling Method. The City had \$28,370 cash on hand as of June 30, 2024.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Investments

At June 30, 2024, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2024</u>	<u>Maturity</u>	<u>S&P/Moody's Ratings</u>
Royal Bank of Canada CP	Fair Value - Level 2	\$ 1,925,258	12/20/2024	A1+/P1
US Treasury Bill	Fair Value - Level 1	1,960,240	7/5/2024	AA+/Aaa
US Treasury Bill	Fair Value - Level 1	1,950,903	9/5/2024	AA+/Aaa
US Treasury Bill	Fair Value - Level 1	1,939,133	12/26/2024	AA+/Aaa
Federal Farm Credit Bank	Fair Value - Level 2	999,470	9/13/2024	AA+/Aaa
Toyota Motor Cr CP	Fair Value - Level 2	1,923,156	8/1/2024	A1+/P1
ING US Funding CP	Fair Value - Level 2	1,946,350	12/16/2024	A1/P1
Prudential Funding CP	Fair Value - Level 2	1,932,133	1/15/2025	A1+/P1
NC Capital Management Trust Government Portfolio	Fair Value - Level 1	<u>235,373,624</u>	N/A	AAAm/AAA-mf
Total		<u>\$ 249,950,267</u>		

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

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

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

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The City has a formal investment policy that addresses the minimization of credit risk by limiting the City's investments to the provisions of North Carolina G.S. 159-30 and pre-qualifying the financial institutions, broker-dealers, intermediaries, and the advisors. Investments in the N.C. Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investors Service as of June 30, 2024. The investments in commercial paper carried credit ratings of A1 and A1+ by Standard & Poor's and P1 by Moody's Investors Service. The investment in U.S. treasuries are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024:

General Fund:

Property taxes	\$ 212,184
Other receivables	1,616,834

Enterprise Funds:

Water and Sewer Fund - utility receivables	651,212
Electric Fund - utility receivables	1,395,795
Stormwater Fund - utility receivables	105,893
Solid Waste Fund - customer receivables	106,192

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Due from other governments at the government-wide level at June 30, 2024:

Governmental Funds:

General Fund:

Sales and use tax distribution	\$ 5,289,915
Taxes and other due from County	528,695
Sales tax refund	2,112,982
Due from ABC Board	872,427
Federal and state grants	168,265
Due from Gastonia TDA	93,766
Total General Fund	<u>9,066,050</u>

Other Governmental Funds:

Occupancy tax	170,386
Federal and state grants	<u>469,778</u>
Total other governmental funds	<u>640,164</u>

Total governmental funds	<u><u>\$ 9,706,214</u></u>
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Business-Type Funds:

Federal and state grants	<u><u>\$ 2,122,021</u></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, 2024 is \$5,669 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, 2024 is \$1,805,183.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Leases Receivable

Details of the City's leases receivable at June 30, 2024 are as follows:

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, 2024, the value of the lease receivable and the deferred inflow of resources was \$300,558 and \$282,579, 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 \$1,328,756. As of June 30, 2024, the value of the lease receivable and the deferred inflow of resources was \$1,165,905 and \$1,130,270, 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 250-month lease for the use of land. An initial lease receivable was recorded in the amount of \$394,630. As of June 30, 2024, the value of the lease receivable and the deferred inflow of resources was \$351,254 and \$337,946, respectively. The lessee is required to make monthly fixed payments of \$1,749, including interest at a rate of 2.398%. The City recognized lease revenue of \$18,894 during the fiscal year. The lessee has four options to extend the lease for 60 months each.

On the implementation date of July 1, 2021, the City was the lessor of a 238-month lease for the use of land. An initial lease receivable was recorded in the amount of \$670,242. As of June 30, 2024, the value of the lease receivable and the deferred inflow of resources was \$586,817 and \$568,861, 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 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, 2024, the value of the lease receivable and the deferred inflow of resources was \$1,655,749 and \$1,605,141, 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 \$93,959 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 151-month lease for the use of land. An initial lease receivable was recorded in the amount of \$308,577. As of June 30, 2024, the value of the lease receivable and the deferred inflow of resources was

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

\$251,388 and \$235,300, 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 \$1,196,000. As of June 30, 2024, the value of the lease receivable and the deferred inflow of resources was \$1,050,169 and \$1,017,936, 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, 2024, the value of the lease receivable and the deferred inflow of resources was \$244,896 and \$237,261, 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 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, 2024, the value of the lease receivable and the deferred inflow of resources was \$95,759 and \$99,234, respectively. The lessee is required to make annual fixed payments of \$20,000, including interest at a rate of 1.462%. The City recognized lease revenue of \$18,902 during the fiscal year.

Future minimum lease payments receivable as of June 30, 2024 were as follows:

Year Ending				
June 30	Principal	Interest	Total	
2025	\$ 290,440	\$ 130,696	\$ 421,136	
2026	297,863	124,002	421,865	
2027	306,007	117,138	423,144	
2028	314,903	110,071	424,974	
2029	322,955	102,816	425,771	
2030-2034	1,644,240	401,497	2,045,738	
2035-2039	1,701,850	203,378	1,905,228	
2040-2044	822,307	26,059	848,366	
2045	1,929	4	1,933	
Total	<u>\$ 5,702,495</u>	<u>\$ 1,215,661</u>	<u>\$ 6,918,156</u>	

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Capital Assets

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

	Balance July 1, 2023	Additions	Retirements	Transfers	Balance June 30, 2024
Non-Depreciable Capital Assets:					
Land	\$ 15,505,911	\$ 76,550	\$ -	\$ 164	\$ 15,582,625
Construction in progress	4,718,266	7,490,826	(159,073)	(18,045)	12,031,974
Total non-depreciable capital assets	<u>20,224,177</u>	<u>7,567,376</u>	<u>(159,073)</u>	<u>(17,881)</u>	<u>27,614,599</u>
Depreciable and Right to Use Capital Assets:					
Other improvements	29,720,022	1,245,547	-	-	30,965,569
Buildings	91,854,771	1,916,268	(707,537)	-	93,063,502
Building - Internal Service Fund	835,168	601,583	-	-	1,436,751
Equipment	15,643,442	1,622,008	(471,949)	17,881	16,811,382
Equipment - Internal Service Fund	54,531,831	6,839,615	(1,187,274)	-	60,184,172
Right to use leased building	313,630	-	-	-	313,630
Right to use leased equipment	131,821	-	-	-	131,821
Right to use leased equipment - Internal Service Fund	8,717	-	-	-	8,717
Right to use IT subscriptions	2,315,803	-	-	-	2,315,803
Right to use IT subscriptions - Internal Service Fund	506,385	-	-	-	506,385
General infrastructure	<u>305,531,563</u>	<u>136,350</u>	<u>-</u>	<u>-</u>	<u>305,667,913</u>
Total depreciable and right to use capital assets	<u>501,393,153</u>	<u>12,361,371</u>	<u>(2,366,760)</u>	<u>17,881</u>	<u>511,405,645</u>
Less Accumulated Depreciation/ Amortization:					
Other improvements	18,986,378	1,156,891	(228)	-	20,143,041
Buildings	35,353,010	3,119,495	(1,311)	-	38,471,194
Building - Internal Service Fund	68,149	31,973	-	-	100,122
Equipment	11,037,627	846,815	(368,357)	-	11,516,085
Equipment - Internal Service Fund	42,242,535	4,146,812	(1,176,194)	-	45,213,153
Right to use leased building	240,118	60,430	-	-	300,548
Right to use leased equipment	81,622	40,357	-	-	121,979
Right to use leased equipment - Internal Service Fund	5,332	2,666	-	-	7,998
Right to use IT subscriptions	283,626	283,626	-	-	567,252
Right to use IT subscriptions - Internal Service Fund	119,291	177,109	-	-	296,400
General infrastructure	<u>242,880,343</u>	<u>6,811,751</u>	<u>-</u>	<u>-</u>	<u>249,692,094</u>
Total accumulated depreciation/ amortization	<u>351,298,031</u>	<u>16,677,925</u>	<u>(1,546,090)</u>	<u>-</u>	<u>366,429,866</u>
Capital assets, net	<u><u>\$ 170,319,299</u></u>				<u><u>\$ 172,590,378</u></u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Depreciation/Amortization Allocation

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

	Governmental Funds	Internal Service Funds	Total
Governmental Activities:			
General government	\$ 2,094,292	\$ 740,956	\$ 2,835,248
Public safety	615,968	217,928	833,896
Public works	7,884,394	2,789,478	10,673,872
Cultural and recreation	1,724,711	610,198	2,334,909
Total	<u>\$ 12,319,365</u>	<u>\$ 4,358,560</u>	<u>\$ 16,677,925</u>

Enterprise Fund Capital Assets

The capital assets for the major enterprise funds of the City at June 30, 2024 are as follows:

	Balance July 1, 2023	Additions	Retirements	Transfers	Balance June 30, 2024
Water and Sewer Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 12,409,353	\$ -	\$ -	\$ -	\$ 12,409,353
Construction in progress	24,757,043	10,434,962	(16,586)	(5,603,704)	29,571,715
Total non-depreciable capital assets	<u>37,166,396</u>	<u>10,434,962</u>	<u>(16,586)</u>	<u>(5,603,704)</u>	<u>41,981,068</u>
Depreciable and Right to Use Capital Assets:					
Land improvements	5,098,053	-	-	-	5,098,053
Buildings	137,621,238	-	-	-	137,621,238
Machinery, equipment, and vehicles	16,150,970	857,490	(40,873)	-	16,967,587
Water and sewer system	225,762,232	946,440	(23,000)	5,603,704	232,289,376
Right to use leased building	165,494	-	-	-	165,494
Right to use leased equipment	25,727	-	-	-	25,727
Right to use IT subscriptions	12,695	-	-	-	12,695
Total depreciable and right to use capital assets	<u>384,836,409</u>	<u>1,803,930</u>	<u>(63,873)</u>	<u>5,603,704</u>	<u>392,180,170</u>
Less Accumulated Depreciation/ Amortization:					
Land improvements	3,256,971	132,386	-	-	3,389,357
Buildings	54,064,527	4,660,754	-	-	58,725,281
Machinery, equipment, and vehicles	12,205,127	585,829	(40,873)	-	12,750,083
Water and sewer system	89,319,430	3,336,888	(23,000)	-	92,633,318
Right to use leased building	55,164	27,582	-	-	82,746
Right to use leased equipment	15,738	7,869	-	-	23,607
Right to use IT subscriptions	2,930	2,930	-	-	5,860
Total accumulated depreciation/ amortization	<u>158,919,887</u>	<u>8,754,238</u>	<u>(63,873)</u>	<u>-</u>	<u>167,610,252</u>
Capital assets, net	<u>\$ 263,082,918</u>				<u>\$ 266,550,986</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

	Balance July 1, 2023	Additions	Retirements	Transfers	Balance June 30, 2024
Electric Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 974,098	\$ -	\$ (5,000)	\$ -	\$ 969,098
Construction in progress	16,278,241	4,442,042	(182,879)	(1,978,142)	18,559,262
Total non-depreciable capital assets	<u>17,252,339</u>	<u>4,442,042</u>	<u>(187,879)</u>	<u>(1,978,142)</u>	<u>19,528,360</u>
Depreciable and Right to Use Capital Assets:					
Land improvements	20,404	-	-	-	20,404
Buildings	6,963,599	-	-	-	6,963,599
Electrical distribution	108,853,362	2,166,464	-	1,964,576	112,984,402
Machinery, equipment, and vehicles	4,498,774	698,262	(8,954)	13,566	5,201,648
Right to use leased equipment	2,617	-	-	-	2,617
Total depreciable and right to use capital assets	<u>120,338,756</u>	<u>2,864,726</u>	<u>(8,954)</u>	<u>1,978,142</u>	<u>125,172,670</u>
Less Accumulated Depreciation/Amortization:					
Land improvements	19,999	30	-	-	20,029
Buildings	839,249	347,349	-	-	1,186,598
Electrical distribution	66,491,886	2,114,051	-	-	68,605,937
Machinery, equipment, and vehicles	3,996,641	166,663	(8,954)	-	4,154,350
Right to use leased equipment	1,601	801	-	-	2,402
Total accumulated depreciation/amortization	<u>71,349,376</u>	<u>2,628,894</u>	<u>(8,954)</u>	<u>-</u>	<u>73,969,316</u>
Capital assets, net	<u>\$ 66,241,719</u>				<u>\$ 70,731,714</u>

The capital assets for the nonmajor enterprise funds of the City at June 30, 2024 are as follows:

	Balance July 1, 2023	Additions	Retirements	Transfers	Balance June 30, 2024
Nonmajor Enterprise Funds:					
Non-Depreciable Capital Assets:					
Land	\$ 411,248	\$ -	\$ -	\$ -	\$ 411,248
Construction in progress	296,046	179,519	(22,606)	(61,750)	391,209
Total non-depreciable capital assets	<u>707,294</u>	<u>179,519</u>	<u>(22,606)</u>	<u>(61,750)</u>	<u>802,457</u>
Depreciable and Right to Use Capital Assets:					
Land improvements	1,572,520	90,306	-	-	1,662,826
Buildings	3,036,177	2,025	-	-	3,038,202
Stormwater infrastructure	55,003,827	-	-	61,750	55,065,577
Machinery, equipment, and vehicles	6,105,204	1,053,411	(1,954,266)	-	5,204,349
Right to use leased equipment	13,458	-	-	-	13,458
Right to use IT subscriptions	27,130	-	(27,130)	-	-
Total depreciable and right to use capital assets	<u>65,758,316</u>	<u>1,145,742</u>	<u>(1,981,396)</u>	<u>61,750</u>	<u>64,984,412</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

	Balance July 1, 2023	Additions	Retirements	Transfers	Balance June 30, 2024
Nonmajor Enterprise Funds					
(continued):					
Less Accumulated Depreciation/ Amortization:					
Land improvements	1,019,237	52,005	-	-	1,071,242
Buildings	1,284,987	106,041	-	-	1,391,028
Stormwater infrastructure	24,755,353	750,498	-	-	25,505,851
Machinery, equipment, and vehicles	5,096,828	363,806	(1,954,266)	-	3,506,368
Right to use leased equipment	8,232	4,116	-	-	12,348
Right to use IT subscriptions	13,584	13,546	(27,130)	-	-
Total accumulated depreciation/ amortization	32,178,221	1,290,012	(1,981,396)	-	31,486,837
Capital assets, net	<u>\$ 34,287,389</u>				<u>\$ 34,300,032</u>

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2024 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets, net	\$ 172,590,378	\$ 371,582,732
Long-term debt	(84,579,574)	(91,341,271)
Unspent debt proceeds	29,370,824	40,735,587
Net investment in capital assets	<u>\$ 117,381,628</u>	<u>\$ 320,977,048</u>

B. Liabilities

Pension Plan Obligations

Local Governmental Employees' Retirement System

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, was 14.04% of compensation for law enforcement officers and 12.85% 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 \$7,784,649 for the year ended June 30, 2024.

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

At June 30, 2024, the City reported a liability of \$44,217,053 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 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, 2024, the City's proportion was 0.6676% (measured as of June 30, 2023), which was an increase of 0.0127% from its proportion as of June 30, 2023 (measured as of June 30, 2022.)

For the year ended June 30, 2024, the City recognized pension expense of \$12,447,322. At June 30, 2024, 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	\$ 4,927,089	\$ 106,071
Changes of assumptions	1,878,970	-
Net difference between projected and actual earnings on pension plan investments	11,834,419	-
Changes in proportion and differences between City contributions and proportionate share of contributions	727,777	144,043
City contributions subsequent to the measurement date	<u>7,784,649</u>	<u>-</u>
Total	<u><u>\$ 27,152,904</u></u>	<u><u>\$ 250,114</u></u>

\$7,784,649 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, 2025. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2025	\$ 6,886,042
2026	3,663,438
2027	8,068,239
2028	500,422
2029	-
Thereafter	-
Total	<u><u>\$ 19,118,141</u></u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions and methods used in the December 31, 2022 actuarial valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

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

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

These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

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

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the net pension liability (asset)	<u>\$ 76,604,308</u>	<u>\$ 44,217,053</u>	<u>\$ 17,552,831</u>

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

Law Enforcement Officers' and Firefighters' Special Separation Allowance

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

All full-time law enforcement officers and firefighters of the City are covered by the Separation Allowance. At December 31, 2022, the Separation Allowance's membership consisted of:

Retirees receiving benefits	120
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>294</u>
Total	<u><u>414</u></u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions. The entry age normal actuarial cost method was used in the December 31, 2022 valuation. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate*	4.00 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, 2022 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ended December 31, 2019.

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

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

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

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

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

Contributions. The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$2,018,070 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, 2024, the City reported a total pension liability of \$22,511,438. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the City recognized pension expense of \$2,526,639.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,889,456	\$ -
Changes of assumptions and other inputs	971,605	2,040,833
Benefit payments and administrative expenses subsequent to the measurement date	1,035,779	-
Total	<u>\$ 3,896,840</u>	<u>\$ 2,040,833</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The City paid \$1,035,779 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, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2025	\$ 563,135
2026	(110,765)
2027	121,104
2028	246,754
2029	-
Thereafter	-
Total	<u>\$ 820,228</u>

Sensitivity of the City's Total Pension Liability to Changes in the Discount Rate. The following presents the City's total pension liability calculated using the discount rate of 4.00 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total pension liability	<u>\$ 24,187,187</u>	<u>\$ 22,511,438</u>	<u>\$ 20,991,168</u>

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

Beginning balance	<u>\$ 21,078,480</u>
Service cost	544,709
Interest	864,993
Difference between expected and actual experience	1,575,849
Changes of assumptions and other inputs	465,477
Benefit payments	<u>(2,018,070)</u>
Net change in total pension liability	<u>1,432,958</u>
Ending balance of total pension liability	<u>\$ 22,511,438</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 4.31 percent at December 31, 2022 (measurement date) to 4.00 percent at December 31, 2023 (measurement date.)

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	\$ 12,447,322	\$ 2,526,639	\$ 14,973,961
Pension liability	44,217,053	22,511,438	66,728,491
Proportionate share of the net pension liability	0.6676%	N/A	-

	LGERS	LEOSSA	Total
Deferred of Outflows of Resources:			
Differences between expected and actual experience	\$ 4,927,089	\$ 1,889,456	\$ 6,816,545
Changes of assumptions	1,878,970	971,605	2,850,575
Net difference between projected and actual earnings on pension	11,834,419	-	11,834,419
Changes in proportion and differences between employer contributions and proportionate share of contributions	727,777	-	727,777
Benefit payments and administrative costs paid subsequent to the measurement date	7,784,649	1,035,779	8,820,428
Total	<u>\$ 27,152,904</u>	<u>\$ 3,896,840</u>	<u>\$ 31,049,744</u>

Deferred of Inflows of Resources:			
Differences between expected and actual experience	\$ 106,071	\$ -	\$ 106,071
Changes of assumptions	-	2,040,833	2,040,833
Changes in proportion and differences between employer contributions and proportionate share of contributions	144,043	-	144,043
Total	<u>\$ 250,114</u>	<u>\$ 2,040,833</u>	<u>\$ 2,290,947</u>

Supplemental Retirement Income Plan for Law Enforcement Officers

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The City made contributions of \$628,075 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 \$472,851 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 \$1,891,851 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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Retirement Corporation. The Plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency. The City contributes to the Plan five percent of the City Attorney's and City Manager's salaries. Contributions to the 457 Plan for the year ended June 30, 2024 were \$44,502, which consisted of \$23,547 from the City and \$20,955 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, 2024, the City made payments for post-retirement health benefit premiums of \$1,990,745. As of July 1, 2006, the City became self-insured, and these premium payments are made to the City's Medical Self-Insurance Internal Service Fund.

The City also provides life insurance coverage for all retirees. For employees hired prior to September 1, 2000, the City will provide a paid-up life insurance policy from retirement to the date of death to the extent of 50 percent of the coverage in effect at the time of retirement, up to a maximum of \$20,000. The City pays the full cost of coverage for these retirees. For employees hired on or after September 1, 2000, the City will provide a paid-up life insurance policy to the extent of 50 percent of the coverage in effect at the time of retirement until age 70, up to a maximum of \$20,000. At age 70, the amount of the insurance coverage will then be reduced to \$2,000. For these employees, the City pays an established percentage of the premium cost based on years of service. For the fiscal year ended June 30, 2024, the City made payments for post-retirement life insurance benefit premiums of \$88,127.

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, 2024

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, 2023, the date of the latest actuarial valuation:

<u>Healthcare Membership</u>	
Inactive employees or beneficiaries	
currently receiving benefits	601
Active employees	<u>782</u>
Total	<u><u>1,383</u></u>

Total OPEB Liability

The City's total OPEB liability of \$60,362,612 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumption and Other Inputs. The total OPEB liability in the June 30, 2023 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	3.54 percent
Measurement date	3.65 percent
Healthcare cost trend rates,	
Pre-Medicare medical and prescription drug	7.00 percent for 2023 decreasing to an ultimate rate of 4.50 percent by 2033
Medicare medical and prescription drug	5.125 percent for 2023 decreasing to an ultimate rate of 4.50 percent by 2026

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2023	<u>\$ 58,324,453</u>
Changes for the year:	
Service cost	1,678,675
Interest	2,074,387
Differences between expected and actual experience	56,781
Changes in assumptions	1,062,236
Benefit payments	<u>(2,833,920)</u>
Net changes	<u>2,038,159</u>
Balance at June 30, 2024	<u><u>\$ 60,362,612</u></u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.54% to 3.65%.

The City selected a municipal bond index rate equal to the Bond Buyer 20-Year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the municipal bond index rate as of the measurement date as the discount rate used to measure the TOL.

Mortality rates were based on the Pub-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, 2023 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, 2023 valuation were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	<u>\$ 66,385,499</u>	<u>\$ 60,362,612</u>	<u>\$ 55,106,536</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

	1% Decrease	Current	1% Increase
Total OPEB liability	<u>\$ 55,382,589</u>	<u>\$ 60,362,612</u>	<u>\$ 66,211,348</u>

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

For the year ended June 30, 2024, the City recognized OPEB expense of \$3,649,068. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,958,690	\$ 6,615,537
Changes of assumptions and other inputs	6,203,088	5,104,568
Benefit payments and administrative expenses subsequent to the measurement date	<u>2,202,684</u>	<u>-</u>
Total	<u>\$ 10,364,462</u>	<u>\$ 11,720,105</u>

\$2,202,684 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, 2025. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

Year Ending June 30	Amount
2025	\$ (252,525)
2026	(1,757,039)
2027	(1,491,937)
2028	(106,038)
2029	49,212
Thereafter	<u>-</u>
Total	<u>\$ (3,558,327)</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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	\$ 6,816,545
(Pensions) - Changes of assumptions	2,850,575
(Pensions) - Net difference between projected and actual earnings on pension plan investments	11,834,419
(Pensions) - Changes in proportion and differences between employer contributions and proportionate share of contributions	727,777
(OPEB) - Differences between expected and actual experience	1,958,690
(OPEB) - Changes of assumptions	6,203,088
Benefit payments for the OPEB plan paid subsequent to the measurement date	2,202,684
Contributions to pension plan subsequent to measurement date (LGERS)	7,784,649
Benefit payments and administrative costs paid subsequent to the measurement date (LEOSSA)	<u>1,035,779</u>
Total	<u><u>\$ 41,414,206</u></u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

	<u>Fund Level</u>	<u>Government- Wide Level</u>
(Pensions) - Differences between expected and actual experience	\$ -	\$ 106,071
(Pensions) - Changes of assumptions	-	2,040,833
(Pensions) - Changes in proportion and differences between employer contributions and proportionate share of contributions	-	144,043
(OPEB) - Differences between expected and actual experience	-	6,615,537
(OPEB) - Changes of assumptions	-	5,104,568
Taxes receivable, net (General Fund)	983,970	-
Lease deferrals	5,277,268	5,514,528
Other receivables, net	255,214	-
Taxes receivable, net (SRF)	19,741	-
Total	<u>\$ 6,536,193</u>	<u>\$ 19,525,580</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Commitments

The City had the following outstanding or planned projects as of June 30, 2024. 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	
Purchase of fire trucks	\$ 4,174,554
Law enforcement vehicles and radios	842,957
Powell Bill vehicles	88,070
Powell Bill resurfacing	1,405,529
Various building and grounds projects	154,610
Total	<u>6,665,720</u>
General Government - Streets Capital Projects Fund	
Various street projects	<u>5,408,957</u>
General Government - Mayor/Council Capital Projects Fund	
Highland Branch Greenway	871,530
Design services for various projects	388,674
Total	<u>1,260,204</u>
General Government - General Fund and Community Development Special Revenue Funds:	
ARPA funded projects	597,627
State grants funded projects	216,667
Various community development projects	202,274
Total	<u>1,016,568</u>
General Government - Information Technology Internal Service Fund	
Various equipment, hardware and software purchases	<u>380,861</u>
General Government - Vehicle Replacement Internal Service Fund	
Various equipment and vehicle purchases	<u>493,301</u>
Total commitments - governmental activities	<u><u>\$ 15,225,611</u></u>
Business-Type Activities Projects	Remaining Commitment
Water and sewer capital projects	\$ 23,903,018
Electric capital projects	3,514,897
Stormwater capital projects	734,577
Water and sewer operations	1,470,499
Electric operations	287,395
Solid waste operations - vehicles	728,750
Total commitments - business-type activities	<u><u>\$ 30,639,136</u></u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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 an annual incentive management fee 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 2024 and 2023 fiscal years were \$28,765 and \$74,882, respectively. Funded incentive management fee for 2024 and 2023 fiscal years were \$93,766 and \$0, 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 \$537,326,182 for the 2023/24 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 \$6,394,336 to cover various types of contractor equipment and \$9,493,500 for computer equipment. The deductible on the property coverages is \$50,000 per incident. There have been no significant reductions in insurance coverage in the prior year. and settled claims have not exceeded coverage in any of the past three years.

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

The City self-insures the health insurance plan. The City purchases specific stop-loss coverage for any claim that exceeds \$210,000. The City does not carry aggregate stop-loss coverage. The dental insurance is also self-insured. The liability is limited to \$1,000 for base plan coverage and \$2,000 for buy-up plan coverage per covered person per year, so no stop-loss coverage is purchased.

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Reconciliation of Claims Liability

Changes in the City's claims liability balance during fiscal year 2024 are as follows:

	Dental Self-Insurance Fund	Medical Self-Insurance Fund	Total
Balance, June 30, 2022	\$ -	\$ 465,347	\$ 465,347
Add incurred claims (including IBNRs) and changes in estimates	336,698	9,745,377	10,082,075
Deduct claims payments	(336,698)	(9,294,519)	(9,631,217)
Balance, June 30, 2023	<u>\$ -</u>	<u>\$ 916,205</u>	<u>\$ 916,205</u>
Add incurred claims (including IBNRs) and changes in estimates	423,105	9,731,574	10,154,679
Deduct claims payments	(423,105)	(9,687,903)	(10,111,008)
Balance, June 30, 2024	<u>\$ -</u>	<u>\$ 959,876</u>	<u>\$ 959,876</u>

Claims and Judgments

At June 30, 2024, 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, 2024 is \$5,535,000. 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, 2024

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

Year Ending June 30	Principal	Interest	Total
2025	\$ 580,000	\$ 91,881	\$ 671,881
2026	590,000	82,253	672,253
2027	600,000	72,459	672,459
2028	600,000	62,499	662,499
2029	610,000	52,539	662,539
2030-2033	2,555,000	106,821	2,661,821
Total	<u>\$ 5,535,000</u>	<u>\$ 468,452</u>	<u>\$ 6,003,452</u>

\$2,455,000 Installment Financing Agreement

On January 12, 2024, 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 \$2,455,000. 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 \$272,989 from July 12, 2024 through December 12, 2028, including interest at 3.9669%. 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, 2024 is \$2,455,000. The loan is being carried in the Internal Service Fund.

Debt service requirements to maturity as of June 30, 2024 are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 453,039	\$ 92,939	\$ 545,978
2026	471,189	74,789	545,978
2027	490,066	55,912	545,978
2028	509,699	36,279	545,978
2029	531,007	14,971	545,978
Total	<u>\$ 2,455,000</u>	<u>\$ 274,890</u>	<u>\$ 2,729,890</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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

\$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, 2024 is \$324,431. The loan is being carried in the Internal Service Fund.

Debt service requirements to maturity as of June 30, 2024 are as follows:

Year Ending June 30	Principal	Interest	Total
2025	<u>\$ 324,431</u>	<u>\$ 2,490</u>	<u>\$ 326,921</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, 2024 is \$1,023,118. The loan is being carried in the Internal Service Fund.

Debt service requirements to maturity as of June 30, 2024 are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 680,914	\$ 7,501	\$ 688,415
2026	342,204	1,251	343,455
Total	<u>\$ 1,023,118</u>	<u>\$ 8,752</u>	<u>\$ 1,031,870</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, 2024 is \$1,624,573. 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, 2024

Debt service requirements to maturity as of June 30, 2024 are as follows:

Year Ending				
June 30	Principal	Interest	Total	
2025	\$ 646,048	\$ 11,382	\$ 657,430	
2026	651,083	6,347	657,430	
2027	327,442	1,273	328,715	
Total	<u>\$ 1,624,573</u>	<u>\$ 19,002</u>	<u>\$ 1,643,575</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, 2024 is \$3,563,426. The loan is being carried in the Internal Service Fund.

Debt service requirements to maturity as of June 30, 2024 are as follows:

Year Ending				
June 30	Principal	Interest	Total	
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>\$ 3,563,426</u>	<u>\$ 85,866</u>	<u>\$ 3,649,292</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, 2024 is \$19,885. 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, 2024

Debt service requirements to maturity are as follows:

Year Ending			
June 30	Principal	Interest	Total
2025	\$ 3,977	\$ -	\$ 3,977
2026	3,977	-	3,977
2027	3,977	-	3,977
2028	3,977	-	3,977
2029	3,977	-	3,977
Total	<u>\$ 19,885</u>	<u>\$ -</u>	<u>\$ 19,885</u>

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

In 2015, the City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources for improvements to the water system infrastructure. The loan is payable solely from the revenues of the project or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan is due in annual principal installments of \$1,500,000 from May 1, 2019 through May 1, 2038. Debt service will not begin until the project is complete. The loan bears no interest. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal immediately due and payable. The amount outstanding at June 30, 2024 is \$21,000,000. 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
2025	\$ 1,500,000	\$ -	\$ 1,500,000
2026	1,500,000	-	1,500,000
2027	1,500,000	-	1,500,000
2028	1,500,000	-	1,500,000
2029	1,500,000	-	1,500,000
2030-2034	7,500,000	-	7,500,000
2035-2038	6,000,000	-	6,000,000
Total	<u>\$ 21,000,000</u>	<u>\$ -</u>	<u>\$ 21,000,000</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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024 is \$3,250,000. 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
2025	\$ 250,000	\$ -	\$ 250,000
2026	250,000	-	250,000
2027	250,000	-	250,000
2028	250,000	-	250,000
2029	250,000	-	250,000
2030-2034	1,250,000	-	1,250,000
2035-2037	750,000	-	750,000
Total	<u>\$ 3,250,000</u>	<u>\$ -</u>	<u>\$ 3,250,000</u>

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

The City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources. The loan is payable solely from the revenues of the transferred system or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan is due in annual principal installments of \$266,276 from May 1, 2012 through May 1, 2027; semi-annual interest payments at 2.305% from November 1, 2011 through May 1, 2027. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal and accrued interest immediately due and payable. The amount outstanding at June 30, 2024 is \$798,828. 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
2025	\$ 266,276	\$ 12,275	\$ 278,551
2026	266,276	12,275	278,551
2027	266,276	6,138	272,414
Total	<u>\$ 798,828</u>	<u>\$ 30,688</u>	<u>\$ 829,516</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

\$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, 2024 is \$71,978. 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	
2025	\$ 11,996	\$ -	\$ 11,996	
2026	11,996	-	11,996	
2027	11,997	-	11,997	
2028	11,996	-	11,996	
2029	11,996	-	11,996	
2030	11,997	-	11,997	
Total	<u>\$ 71,978</u>	<u>\$ -</u>	<u>\$ 71,978</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, 2024 is \$1,999,515. 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, 2024

Debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 149,991	\$ -	\$ 149,991
2026	149,991	-	149,991
2027	149,991	-	149,991
2028	149,991	-	149,991
2029	149,991	-	149,991
2030-2034	749,960	-	749,960
2035-2039	499,600	-	499,600
Total	<u>\$ 1,999,515</u>	<u>\$ -</u>	<u>\$ 1,999,515</u>

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

The City entered into a direct borrowing loan agreement with the State of North Carolina Department of Environment and Natural Resources for a water treatment plan renovation project. The loan is payable solely from the revenues of the project or benefited systems, or other available funds. The note is not secured by a pledge of the faith and credit of the City. The loan calls for drawdowns as the project is completed and debt service does not begin until the project is complete. The loan agreement calls for 20 annual principal installments of \$770,000, each on May 1 of each year, projected to start May 1, 2024. Interest is due semi-annually with a beginning date of November 1, 2023, carrying an interest rate of 1.10%. The loan agreement denotes certain events of default and upon the occurrence of any event of default the state agency may declare the entire outstanding principal immediately due and payable. Draws on the loan totaled \$6,143,737 at June 30, 2024. 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
2025	\$ 770,000	\$ 160,930	\$ 930,930
2026	770,000	152,460	922,460
2027	770,000	143,990	913,990
2028	770,000	135,520	905,520
2029	770,000	127,050	897,050
2030-2034	2,293,737	330,330	2,624,067
Total	<u>\$ 6,143,737</u>	<u>\$ 1,050,280</u>	<u>\$ 7,194,017</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024 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. \$ 450,857

\$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. 12,019,000

\$33,190,000 Series 2023 transportation general obligation bonds, due in annual principal installments of \$1,660,000 to \$1,655,000 from April 1, 2024 through April 1, 2043; interest payable semi-annually beginning October 1, 2023 at rates of 4.00% to 5.00%. Proceeds used for street projects. 31,535,000

Total general obligation bonds - governmental activities 44,004,857

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. 189,143

Total general obligation bonds - business-type activities 189,143

Total general obligation bonds - governmental and business-type activities \$ 44,194,000

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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:

\$37,055,000 combined utility system revenue bonds, series 2023, due in annual principal installments from \$1,320,000 to \$2,970,000 from May 1, 2026 through May 1, 2043, with semi-annual interest payments from November 1, 2023 through May 1, 2043 at rates ranging from 4.00% to 5.00%. \$ 37,055,000

\$20,130,000 combined utility system revenue bonds, series 2015, due in annual principal installments from \$660,000 to \$1,455,000 from May 1, 2017 through May 1, 2036, with semi-annual interest payments from May 1, 2016 through May 1, 2036 at rates ranging from 3.00% to 5.00%. 14,040,000

\$4,318,000 combined utility system revenue bonds, series 2011, due in annual principal installments from \$11,000 to \$642,000 from May 1, 2012 through May 1, 2025, with semi-annual interest payments from May 1, 2012 at a rate of 2.91%. Bond proceeds were used to refund \$4,230,000 of the Series 2001 revenue bonds. 642,000

\$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% 630,000

Total revenue bonds \$ 52,367,000

The \$4,318,000 Series 2011 and \$5,895,000 Series 2013 revenue bonds are direct placement bonds. The pledged security, events of default, remedies for default, and bond covenants are governed by the same trust agreement as the publicly offered revenue bonds. 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, 2024, the City had a legal debt margin of approximately \$806,000,000.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024 is as follows:

Gross revenues available for debt service	\$ 48,761,857
Expenses, as defined in the covenants	<u>33,833,517</u>
Income available for debt service	<u>\$ 14,928,340</u>
Debt service, principal and interest, parity indebtedness	\$ 4,092,686
Debt service coverage ratio	<u>364.76%</u>
Debt service, principal and interest, parity and subordinated indebtedness	<u>\$ 7,288,769</u>
Debt service coverage ratio	<u>204.81%</u>

At June 30, 2024, 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 \$85,650,943 in combined utility system revenue bonds and state revolving loans issued from 2009 to 2024. 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 2043. Annual principal and interest requirements are expected to require less than 13 percent of water and sewer customer net revenues. Total principal and interest remaining to be paid on the bonds and state revolving loans is \$111,530,375. Principal and interest paid for the current year, and total customer gross revenues, were \$7,288,769 and \$48,761,857, respectively.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Annual debt service requirements to maturity for general obligation bonds as of June 30, 2024 are as follows:

Governmental Activities:

Year Ending June 30	Principal	Interest	Total
2025	\$ 3,577,715	\$ 1,699,290	\$ 5,277,005
2026	3,552,715	1,584,346	5,137,061
2027	3,523,715	1,469,762	4,993,477
2028	3,491,712	1,355,680	4,847,392
2029	3,347,000	1,241,856	4,588,856
2030-2034	11,577,000	4,697,212	16,274,212
2035-2039	8,300,000	2,572,000	10,872,000
2040-2043	6,635,000	663,200	7,298,200
Total	<u>\$ 44,004,857</u>	<u>\$ 15,283,346</u>	<u>\$ 59,288,203</u>

Business-Type Activities:

Year Ending June 30	Principal	Interest	Total
2025	\$ 47,285	\$ 7,424	\$ 54,709
2026	47,285	5,603	52,888
2027	47,285	3,759	51,044
2028	47,288	3,759	51,047
Total	<u>\$ 189,143</u>	<u>\$ 20,545</u>	<u>\$ 209,688</u>

Annual debt service requirements to maturity for revenue bonds as of June 30, 2024 are as follows:

Business-Type Activities:

Year Ending June 30	Principal	Interest	Total
2025	\$ 2,192,000	\$ 2,382,565	\$ 4,574,565
2026	2,275,000	2,313,538	4,588,538
2027	2,380,000	2,209,338	4,589,338
2028	2,495,000	2,140,088	4,635,088
2029	2,625,000	2,017,588	4,642,588
2030-2034	15,060,000	8,100,937	23,160,937
2035-2039	14,155,000	4,466,263	18,621,263
2040-2043	11,185,000	1,168,150	12,353,150
Total	<u>\$ 52,367,000</u>	<u>\$ 24,798,467</u>	<u>\$ 77,165,467</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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%.

\$ 19,995,000

Annual debt service requirements to maturity for limited obligation bonds as of June 30, 2024 are as follows:

Governmental Activities:

Year Ending				
June 30	Principal	Interest	Total	
2025	\$ 1,335,000	\$ 605,405	\$ 1,940,405	
2026	1,335,000	571,363	1,906,363	
2027	1,335,000	536,653	1,871,653	
2028	1,330,000	501,409	1,831,409	
2029	1,335,000	464,967	1,799,967	
2030-2034	6,665,000	1,740,986	8,405,986	
2035-2039	6,660,000	686,784	7,346,784	
Total	<u>\$ 19,995,000</u>	<u>\$ 5,107,567</u>	<u>\$ 25,102,567</u>	

Lease Liabilities

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

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Details of the City's leases liabilities at June 30, 2024 are as follows:

On the implementation date of July 1, 2021, the City was the lessee of a 232-month lease for the use of a building. An initial lease liability was recorded in the amount of \$15,485. As of June 30, 2024, the value of the lease liability was \$13,260. The City is required to make annual fixed payments of \$1,000, including interest at a rate of 2.300%. As a result of the lease, the City has recorded a right to use asset with a net book value of \$13,082 at June 30, 2024. The City has one extension option for 120 months.

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, 2024, the value of the lease liability was \$0. 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 \$14,007 at June 30, 2024.

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, 2024, the value of the lease liability was \$83,320. 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 \$82,747 at June 30, 2024. The City has the option to purchase the building for \$483,436, and has one extension option for 36 months.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024 were as follows:

Year Ending June 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 695	\$ 734	\$ 1,429	\$ 27,438	\$ 1,014	\$ 28,452
2026	711	305	1,016	27,772	680	28,452
2027	727	289	1,016	28,110	342	28,452
2028	744	273	1,017	-	-	-
2029	761	256	1,017	-	-	-
2030-2034	4,077	1,015	5,092	-	-	-
2035-2039	4,568	535	5,103	-	-	-
2040-2041	977	67	1,044	-	-	-
Total	<u>\$ 13,260</u>	<u>\$ 3,474</u>	<u>\$ 16,734</u>	<u>\$ 83,320</u>	<u>\$ 2,036</u>	<u>\$ 85,356</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Subscription Liabilities

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

On November 1, 2022, the City entered into a 33-month subscription for the use of software. An initial subscription liability of \$240,476 was recorded at the present value of future minimum subscription payments using the City's incremental borrowing rate 3.238%. At June 30, 2024, the value of the subscription liability was \$87,177. The City is required to make annual fixed payments of \$67,500. The related right to use asset has a carrying value of \$94,733.

On the implementation date of July 1, 2022, the City was party to a 118-month subscription for the use of software. An initial subscription liability of \$2,040,181 was recorded at the present value of future minimum subscription payments using the City's incremental borrowing rate 2.366%. At June 30, 2024, the value of the subscription liability was \$1,477,432. The City is required to make annual fixed payments of \$322,286. The related right to use asset has a carrying value of \$1,625,229. The City has one extension option for 60 months.

On the implementation date of July 1, 2022, the City was party to a 52-month subscription for the use of software. An initial subscription liability of \$38,085 was recorded at the present value of future minimum subscription payments using the City's incremental borrowing rate 1.710%. At June 30, 2024, the value of the subscription liability was \$23,873. The City is required to make annual fixed payments of \$5,000. The related right to use asset has a carrying value of \$20,507. The City has one extension option for 36 months.

On the implementation date of July 1, 2022, the City was party to a 31-month subscription for the use of software. An initial subscription liability of \$22,229 was recorded at the present value of future minimum subscription payments using the City's incremental borrowing rate 2.184%. At June 30, 2024, the value of the subscription liability was \$5,249. The City is required to make monthly fixed payments of \$712. The related right to use asset has a carrying value of \$5,019.

On the implementation date of July 1, 2022, the City was party to a 44-month subscription for the use of software. An initial subscription liability of \$145,252 was recorded at the present value of future minimum subscription payments using the City's incremental borrowing rate 2.275%. At June 30, 2024, the value of the subscription liability was \$50,193. The City is required to make annual fixed payments of \$49,840. The related right to use asset has a carrying value of \$111,466.

On October 31, 2022, the City entered into a 36-month subscription for the use of software. An initial subscription liability of \$253,210 was recorded at the present value of future minimum subscription payments using the City's incremental borrowing rate 3.238%. At June 30, 2024, the value of the subscription liability was \$84,373. The City is required to make annual fixed payments of \$87,108. The related right to use asset has a carrying value of \$108,417.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The future minimum subscription obligations and the net present value of these minimum subscription payments as of June 30, 2024 were as follows:

Year Ending June 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 199,433	\$ 42,099	\$ 241,532	\$ 3,698	\$ 136	\$ 3,834
2026	(27,263)	36,002	8,739	4,258	73	4,331
2027	295,325	36,630	331,955	-	-	-
2028	302,312	29,642	331,954	-	-	-
2029	309,465	22,490	331,955	-	-	-
2030-2031	641,069	22,840	663,909	-	-	-
Total	<u>\$ 1,720,341</u>	<u>\$ 189,703</u>	<u>\$ 1,910,044</u>	<u>\$ 7,956</u>	<u>\$ 209</u>	<u>\$ 8,165</u>

Changes in Long-Term Liabilities

During the year ended June 30, 2024, the following changes occurred in long-term liabilities:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
Governmental Activities:					
General Fund:					
General obligation bonds	\$ 47,600,573	\$ -	\$ (3,595,716)	\$ 44,004,857	\$ 3,577,715
Limited obligation bonds	21,330,000	-	(1,335,000)	19,995,000	1,335,000
Bond premium	4,547,966	-	(227,398)	4,320,568	-
Lease liabilities	117,137	-	(103,877)	13,260	695
Subscription liabilities	1,880,969	-	(340,137)	1,540,832	24,182
Compensated absences	5,590,904	2,753,166	(2,654,286)	5,689,784	3,414,000
Net pension (LGRS)	28,447,330	5,599,801	-	34,047,131	-
Total pension (LEO)	21,078,480	1,432,958	-	22,511,438	2,274,000
Total OPEB liability	45,493,073	1,589,764	-	47,082,837	1,719,000
Direct placement					
installment purchases	6,105,000	-	(570,000)	5,535,000	580,000
Internal Service Funds:					
Direct placement					
installment purchases	9,962,305	2,455,000	(3,426,757)	8,990,548	3,275,714
Lease liabilities	2,911	-	(2,911)	-	-
Subscription liabilities	350,182	-	(170,673)	179,509	175,251
Compensated absences	272,109	194,597	(148,394)	318,312	239,000
Governmental activity					
long-term liabilities	<u>\$ 192,778,939</u>	<u>\$ 14,025,286</u>	<u>\$ (12,575,149)</u>	<u>\$ 194,229,076</u>	<u>\$ 16,614,557</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

	Balance			Balance	Due
	July 1, 2023	Additions	Retirements	June 30, 2024	Within
					One Year
Business-Type Activities:					
Electric Fund:					
General obligation bonds	\$ 236,427	\$ -	\$ (47,284)	\$ 189,143	\$ 47,285
Lease liabilities	874	-	(874)	-	-
Net pension (LGERS)	2,216,675	436,348	-	2,653,023	-
Compensated absences	406,709	359,035	(303,880)	461,864	346,398
Total OPEB liability	<u>3,499,467</u>	<u>122,290</u>	<u>-</u>	<u>3,621,757</u>	<u>133,000</u>
Electric Fund					
long-term liabilities	<u>\$ 6,360,152</u>	<u>\$ 917,673</u>	<u>\$ (352,038)</u>	<u>\$ 6,925,787</u>	<u>\$ 526,683</u>
	Balance			Balance	Due
	July 1, 2023	Additions	Retirements	June 30, 2024	Within
					One Year
Water and Sewer Fund:					
Compensated absences	\$ 697,825	\$ 482,268	\$ (444,057)	\$ 736,036	\$ 552,027
Total OPEB liability	7,582,178	264,960	-	7,847,138	287,000
Net pension (LGERS)	5,172,241	1,018,146	-	6,190,387	-
Revenue bonds	17,428,000	37,055,000	(2,116,000)	52,367,000	2,192,000
Bond premium	1,448,575	4,344,361	(383,027)	5,409,909	-
Lease liabilities	119,020	-	(35,700)	83,320	27,438
Subscription liabilities	11,100	-	(3,144)	7,956	3,698
State revolving loans	<u>36,236,184</u>	<u>-</u>	<u>(2,952,241)</u>	<u>33,283,943</u>	<u>2,952,240</u>
Water and Sewer Fund					
long-term liabilities	<u>\$ 68,695,123</u>	<u>\$ 43,164,735</u>	<u>\$ (5,934,169)</u>	<u>\$ 105,925,689</u>	<u>\$ 6,014,403</u>
	Balance			Balance	Due
	July 1, 2023	Additions	Retirements	June 30, 2024	Within
					One Year
Nonmajor Business-Type Activities:					
Compensated absences	\$ 280,513	\$ 181,344	\$ (194,584)	\$ 267,273	\$ 200,400
Net pension (LGERS)	1,108,338	218,174	-	1,326,512	-
Lease liabilities	4,494	-	(4,494)	-	-
Subscription liabilities	14,075	-	(14,075)	-	-
Total OPEB liability	<u>1,749,735</u>	<u>61,145</u>	<u>-</u>	<u>1,810,880</u>	<u>68,000</u>
Nonmajor business-type					
activities long-term liabilities	<u>\$ 3,157,155</u>	<u>\$ 460,663</u>	<u>\$ (213,153)</u>	<u>\$ 3,404,665</u>	<u>\$ 268,400</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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.

Arbitrage Liabilities

The City has recognized liabilities of \$1,870,034 for arbitrage rebates payable in the future. The arbitrage rebate penalties are calculated annually, with payments due on the fifth anniversary of each bond issue date. The City reviews its potential liabilities for the penalties annually. Details of arbitrage liabilities recognized as of June 30, 2024 are as follow:

	Governmental Activities	Business-type Activities
Streets Capital Project Fund	\$ 799,699	\$ -
Vehicle and Equipment Renewal and Replacement Fund	223,099	-
Water and Sewer Fund	-	847,236
	<u>\$ 1,022,798</u>	<u>\$ 847,236</u>

3. Jointly Governed Organizations

North Carolina Electric Agency

The City, in conjunction with 18 other local governments, is a member of the North Carolina Municipal Power Agency Number 1 (Agency). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one representative to the Agency's governing board of commissioners. The 19 members who receive power from the Agency have signed power sales agreements to purchase a specified share of power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The City's purchases of power for the fiscal year ended June 30, 2024 were \$47,504,211. These expenses are reflected in the Electric Fund's operations. Complete financial statements for the Agency can be obtained from the Agency's administrative offices at P.O. Box 29513, Raleigh, NC 27626-0513.

Centralina Council of Governments

The Centralina Council of Governments is a voluntary association of eight County governments and 60 municipalities. The Council was established by the participating governments to coordinate funding from federal and state agencies. Each participating government appoints one member to the Council's governing board, whose responsibilities include approving the budget and designating the management of the Council. The City paid membership dues of \$19,574 during the fiscal year ended June 30, 2024.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local Board of Trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

5. Related Organization

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

6. Summary Disclosure of Significant Contingencies

Federal and State-Assisted Programs

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

7. Related Party Transactions

In 2024, 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	\$ 538,945
Electricity for street lights	787,590
Electricity charges for street lights billed by outside parties	306,176
Total	<u>\$ 1,632,711</u>

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

At June 30, 2024, the City owed the Gastonia Tourism Development Authority (TDA) \$170,386 for occupancy taxes collected on its behalf and \$13,870 related to conference center operations. The TDA owed the City \$93,766 for conference center losses. The City of Gastonia ABC Board owed the City \$850,000 in profit distributions, and \$22,427 in service reimbursements. During the year, the City collected and remitted \$904,586 of occupancy taxes to the TDA. The TDA paid \$888,748 to the City for tourism support. During the year, the ABC Board paid \$1,300,000 in profit distributions and \$57,005 in service reimbursements to the City.

8. Interfund Balances and Activity

Transfers From/To Other Funds:	Amount	Purpose
From General Fund to:		
Transit System Fund	\$ 1,539,235	To underwrite operations
Solid Waste Fund	3,621,533	To underwrite operations
CDBG Program Fund	16,529	To reimburse grant expenditures
Uptown Municipal Tax District	20,000	To reimburse contracted services
Nonmajor capital project funds	46,667	To fund capital projects
	<u>5,243,964</u>	
From ARPA Fund to:		
Nonmajor capital project fund	4,351,985	To reimburse grant expenditures
Nonmajor special revenue fund	200,233	To reimburse grant expenditures
	<u>4,552,218</u>	
From Electric Fund to:		
General Fund	<u>2,000,000</u>	To distribute profits to general government
From Nonmajor Special Revenue Funds to:		
General Fund	<u>40,000</u>	To assist with conference center operations
From Nonmajor Capital Project Funds to:		
General Fund	<u>59,900</u>	For conference deck parking lot repairs
Total interfund transfers	<u>\$ 11,896,082</u>	

In addition, the Medical Self-Insurance Fund transferred a capital asset with a net book value of \$601,583 to the General Fund. This full accrual transfer is only reflected in the Business-type fund statements and the government-wide statements.

CITY OF GASTONIA, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2024 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	\$ 737,407
	Nonmajor capital project funds	226,378
	Internal service funds	340,164
Internal service funds	General Fund	1,902,956
	ARPA Fund	15,763
Total		<u>\$ 3,222,668</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. Subsequent Events

On August 26, 2024, the City received a substantial credit from NCMPA1 of \$13,365,246. This is the result of a one-time credit of NCMPA1 excess working capital as recommended by the NCMPA1 Rate Committee and approved by the NCMPA1 Board of Commissioners and the Electricities Board of Directors. The City plans to use a portion of the credit for rate stabilization and the remainder to fund future capital projects.

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 EIGHT FISCAL YEARS

Law Enforcement Officers' and Firefighters' Special Separation Allowance				
	2024	2023	2022	2021
Beginning balance	\$ 21,078,480	\$ 24,212,812	\$ 24,878,526	\$ 20,320,317
Service cost	544,709	753,551	787,730	547,059
Interest on the total pension liability	864,993	523,411	462,624	634,663
Changes in assumptions or other inputs	465,477	(3,260,886)	(561,632)	4,533,803
Difference between expected and actual experience	1,575,849	749,755	462,350	546,962
Benefit payments	(2,018,070)	(1,900,163)	(1,816,786)	(1,704,278)
Ending balance of the total pension liability	<u>\$ 22,511,438</u>	<u>\$ 21,078,480</u>	<u>\$ 24,212,812</u>	<u>\$ 24,878,526</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 EIGHT FISCAL YEARS**

Law Enforcement Officers' and Firefighters' Special Separation Allowance				
	2020	2019	2018	2017
Beginning balance	\$ 19,972,541	\$ 21,000,133	\$ 19,498,226	\$ 20,191,374
Service cost	508,284	520,225	445,690	455,233
Interest on the total pension liability	698,690	638,878	721,936	694,796
Changes in assumptions or other inputs	510,478	(648,461)	985,226	(384,595)
Difference between expected and actual experience	185,848	26,694	939,506	-
Benefit payments	(1,555,524)	(1,564,928)	(1,590,451)	(1,458,582)
Ending balance of the total pension liability	<u>\$ 20,320,317</u>	<u>\$ 19,972,541</u>	<u>\$ 21,000,133</u>	<u>\$ 19,498,226</u>

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 EIGHT FISCAL YEARS**

Law Enforcement Officers' and Firefighters' Special Separation Allowance				
	2024	2023	2022	2021
Total pension liability	\$ 22,511,438	\$ 21,078,480	\$ 24,212,812	\$ 24,878,526
Covered-employee payroll	20,850,472	18,746,582	18,255,271	18,187,883
Total pension liability as a percentage of covered-employee payroll	107.97%	112.44%	132.63%	136.79%

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 EIGHT FISCAL YEARS**

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

CITY OF GASTONIA, NORTH CAROLINA

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

	Other Post-Employment Benefits			
	2024	2023	2022	2021
Service cost	\$ 1,678,675	\$ 2,203,079	\$ 2,906,690	\$ 2,140,481
Interest	2,074,387	1,420,814	1,640,660	2,248,799
Differences between expected and actual experience	56,781	1,525,843	(14,725,987)	(973,416)
Changes in assumptions	1,062,236	(8,245,842)	5,782,134	8,160,332
Benefit payments	(2,833,920)	(4,286,655)	(2,441,843)	(2,263,646)
Net change in total OPEB liability	2,038,159	(7,382,761)	(6,838,346)	9,312,550
Total OPEB liability - beginning	58,324,453	65,707,214	72,545,560	63,233,010
Total OPEB liability - ending	<u>\$ 60,362,612</u>	<u>\$ 58,324,453</u>	<u>\$ 65,707,214</u>	<u>\$ 72,545,560</u>
Covered-employee payroll	\$ 58,938,123	\$ 39,207,812	\$ 39,207,812	\$ 42,663,989
Total OPEB liability as a percentage of covered-employee payroll	102.42%	148.76%	167.59%	170.04%

Notes to Schedule:

Changes in Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Fiscal Year	Rate
2024	3.65%
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

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

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

CITY OF GASTONIA, NORTH CAROLINA

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

	Other Post-Employment Benefits		
	2020	2019	2018
Service cost	\$ 1,831,593	\$ 1,891,872	\$ 2,042,691
Interest	2,013,627	1,854,318	1,638,209
Differences between expected and actual experience	6,871,822	763,715	(321,457)
Changes in assumptions	2,228,953	(1,660,646)	(2,912,550)
Benefit payments	(2,926,414)	(3,416,925)	(2,166,610)
Net change in total OPEB liability	10,019,581	(567,666)	(1,719,717)
Total OPEB liability - beginning	53,213,429	53,781,095	55,500,812
Total OPEB liability - ending	<u>\$ 63,233,010</u>	<u>\$ 53,213,429</u>	<u>\$ 53,781,095</u>
Covered-employee payroll	\$ 42,663,989	\$ 39,707,373	\$ 39,707,373
Total OPEB liability as a percentage of covered-employee payroll	148.21%	134.01%	135.44%

CITY OF GASTONIA, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2024	2023	2022	2021	2020
City of Gastonia's proportion of the net pension liability (asset) (%)	0.6676%	0.6549%	0.6482%	0.6779%	0.6919%
City of Gastonia's proportion of the net pension liability (asset) (\$)	\$ 44,217,053	\$ 36,944,584	\$ 9,941,229	\$ 24,225,327	\$ 18,894,431
City of Gastonia's covered payroll	\$ 56,754,929	\$ 53,581,396	\$ 48,364,744	\$ 47,985,430	\$ 46,766,460
City of Gastonia's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	77.91%	68.95%	20.55%	50.48%	40.40%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%	90.86%

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

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

CITY OF GASTONIA, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2019	2018	2017	2016	2015
City of Gastonia's proportion of the net pension liability (asset) (%)	0.6917%	0.6954%	0.6933%	0.6904%	0.7117%
City of Gastonia's proportion of the net pension liability (asset) (\$)	\$ 16,409,491	\$ 10,624,397	\$ 14,713,087	\$ 3,098,250	\$ (4,196,931)
City of Gastonia's covered payroll	\$ 44,801,218	\$ 44,613,473	\$ 42,022,437	\$ 40,219,591	\$ 40,354,967
City of Gastonia's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	36.63%	23.81%	35.01%	7.70%	(10.40%)
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%

CITY OF GASTONIA, NORTH CAROLINA**CITY OF GASTONIA'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS**

Local Governmental Employees' Retirement System					
	2024	2023	2022	2021	2020
Contractually required contribution	\$ 7,784,649	\$ 6,920,267	\$ 6,103,813	\$ 4,933,515	\$ 4,327,515
Contributions in relation to the contractually required contribution	<u>7,784,649</u>	<u>6,920,267</u>	<u>6,103,813</u>	<u>4,933,515</u>	<u>4,327,515</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Gastonia's covered payroll	\$ 60,034,941	\$ 56,754,929	\$ 53,581,396	\$ 48,364,744	\$ 47,985,430
Contributions as a percentage of covered payroll	12.97%	12.19%	11.39%	10.20%	9.02%

CITY OF GASTONIA, NORTH CAROLINA**CITY OF GASTONIA'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS**

Local Governmental Employees' Retirement System					
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,661,487	\$ 3,391,208	\$ 3,268,644	\$ 2,811,948	\$ 2,850,955
Contributions in relation to the contractually required contribution	<u>3,661,487</u>	<u>3,391,208</u>	<u>3,268,644</u>	<u>2,811,948</u>	<u>2,850,955</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Gastonia's covered payroll	\$ 46,766,460	\$ 44,801,218	\$ 44,613,473	\$ 42,022,437	\$ 40,219,591
Contributions as a percentage of covered payroll	7.83%	7.57%	7.33%	6.69%	7.09%

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

	Nonmajor		
	Special Revenue Funds	Capital Project Funds	Total
Assets:			
Cash, cash equivalents, and investments	\$ -	\$ 6,085,391	\$ 6,085,391
Taxes receivable, net	19,740	-	19,740
Accounts receivable, net	145,194	122,207	267,401
Due from other governments	291,239	348,925	640,164
Long-term receivable	1,805,183	5,669	1,810,852
Leases receivable	-	3,062,398	3,062,398
Prepaid items	25,720	-	25,720
Cash and cash equivalents, restricted	3,071,949	2,770,331	5,842,280
Property acquired for rehabilitation and resale	1,064,858	-	1,064,858
Total assets	<u>\$ 6,423,883</u>	<u>\$ 12,394,921</u>	<u>\$ 18,818,804</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 331,940	\$ 770,894	\$ 1,102,834
Advances from grantors	1,669,383	2,300,000	3,969,383
Due to General Fund	737,407	226,378	963,785
Total liabilities	<u>2,738,730</u>	<u>3,297,272</u>	<u>6,036,002</u>
Deferred Inflows of Resources:			
Lease deferrals	-	2,960,302	2,960,302
Unavailable taxes	19,741	-	19,741
Total deferred inflows of resources	<u>19,741</u>	<u>2,960,302</u>	<u>2,980,043</u>
Fund Balances:			
Non-spendable:			
Prepays	25,720	-	25,720
Restricted:			
Stabilization by state statute	2,810,197	2,365,540	5,175,737
Restricted, all other	1,187,880	1,460,343	2,648,223
Committed	-	86,088	86,088
Assigned	193,135	2,616,986	2,810,121
Unassigned	(551,520)	(391,610)	(943,130)
Total fund balances (deficits)	<u>3,665,412</u>	<u>6,137,347</u>	<u>9,802,759</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,423,883</u>	<u>\$ 12,394,921</u>	<u>\$ 18,818,804</u>

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	Nonmajor		
	Special Revenue Funds	Capital Project Funds	Total
Revenues:			
Ad valorem taxes	\$ 248,566	\$ -	\$ 248,566
Other taxes and licenses	904,586	-	904,586
Restricted intergovernmental	2,285,285	619,073	2,904,358
Sales and services	96,339	-	96,339
Investment earnings	160,703	418,212	578,915
Miscellaneous	24,649	518,671	543,320
Total revenues	<u>3,720,128</u>	<u>1,555,956</u>	<u>5,276,084</u>
Expenditures:			
Economic and physical development	3,394,656	-	3,394,656
Cultural and recreation	376,674	-	376,674
Capital outlay	-	5,652,261	5,652,261
Total expenditures	<u>3,771,330</u>	<u>5,652,261</u>	<u>9,423,591</u>
Revenues over (under) expenditures	<u>(51,202)</u>	<u>(4,096,305)</u>	<u>(4,147,507)</u>
Other Financing Sources (Uses):			
Transfers from other funds	236,762	4,368,652	4,605,414
Transfers to other funds	(40,000)	(59,900)	(99,900)
Total other financing sources (uses)	<u>196,762</u>	<u>4,308,752</u>	<u>4,505,514</u>
Net change in fund balances	145,560	212,447	358,007
Fund Balances:			
Beginning of year - July 1	3,399,135	5,924,900	9,324,035
Increase (decrease) in inventories and property/ land acquired redevelopment/rehabilitation	<u>120,717</u>	<u>-</u>	<u>120,717</u>
End of year - June 30	<u>\$ 3,665,412</u>	<u>\$ 6,137,347</u>	<u>\$ 9,802,759</u>

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2024

<u>Fiscal Year</u>	<u>Balance July 1, 2023</u>	<u>Additions and Adjustments</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2024</u>
2023-2024	\$ -	\$ 52,222,568	\$ 51,712,832	\$ 509,736
2022-2023	350,096	72,489	223,730	198,855
2021-2022	122,894	619	40,356	83,157
2020-2021	82,867	517	19,825	63,559
2019-2020	90,435	-	15,549	74,886
2018-2019	74,962	-	6,514	68,448
2017-2018	70,485	-	3,895	66,590
2016-2017	50,403	-	2,805	47,598
2015-2016	44,307	-	3,814	40,493
2014-2015	46,880	-	4,048	42,832
2013-2014	42,678	-	42,678	-
Total	<u>\$ 976,007</u>	<u>\$ 52,296,193</u>	<u>\$ 52,076,046</u>	<u>1,196,154</u>
Less: Allowance for uncollectible ad valorem taxes receivable				<u>(212,184)</u>
Ad valorem taxes receivable - net				<u>\$ 983,970</u>
Reconcilement with Revenues:				
Taxes - ad valorem				\$ 53,138,107
Reconciling items:				
Penalties and interest				(180,206)
Last list fees				82,152
Amounts written off for tax year 2013-2014				41,701
Prior year NCVTS motor vehicle collections				(1,019,824)
Prior year releases and adjustments of uncollected taxes				935
Miscellaneous adjustments				<u>13,181</u>
Total collections and credits				<u>\$ 52,076,046</u>

CITY OF GASTONIA, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
FOR THE YEAR ENDED JUNE 30, 2024

	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	\$ 11,069,876,809	\$ 0.0047	\$ 52,028,421	\$ 48,997,282	\$ 3,031,139
Discoveries:					
Current year taxes	74,563,617	0.0047	350,449	279,647	70,802
Abatements:					
Current year taxes	(33,255,745)		(156,302)	(154,644)	(1,658)
Total property valuation	<u>\$ 11,111,184,681</u>				
Net Levy			52,222,568	49,122,285	3,100,283
Uncollected taxes at June 30, 2024			509,736	429,459	80,277
Current year's tax collections			<u>\$ 51,712,832</u>	<u>\$ 48,692,826</u>	<u>\$ 3,020,006</u>
Current Levy Collection Percentage			<u>99.02%</u>	<u>99.13%</u>	<u>97.41%</u>
Prior Year Collection Percentage			<u>99.07%</u>	<u>99.15%</u>	<u>98.17%</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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Current year	\$ 47,585,281	\$ 51,630,680	\$ 4,045,399	\$ 37,282,931
Prior year	1,206,000	1,327,221	121,221	1,246,380
Penalties and interest	171,000	180,206	9,206	156,257
Total	48,962,281	53,138,107	4,175,826	38,685,568
Other Taxes and Licenses:				
Local option sales tax	19,000,000	19,130,046	130,046	18,161,325
Utility sales tax	4,845,000	4,961,941	116,941	4,667,585
Payments in lieu of taxes	2,521,121	2,521,121	-	4,951,086
Utility franchise tax	15,000	20,318	5,318	23,152
Penalties and interest	-	-	-	34
Auto tag fee	1,880,300	1,843,776	(36,524)	1,811,301
Rental vehicle tax	92,000	108,203	16,203	110,700
Total	28,353,421	28,585,405	231,984	29,725,183
Unrestricted Intergovernmental Revenues:				
Beer and wine	329,000	408,480	79,480	373,362
City of Gastonia ABC Board	600,000	1,300,000	700,000	1,000,000
Court costs	10,000	9,201	(799)	11,900
Video franchise tax	459,000	404,650	(54,350)	438,179
Total	1,398,000	2,122,331	724,331	1,823,441
Restricted Intergovernmental Revenues:				
Powell Bill allocation	2,350,000	2,644,683	294,683	2,359,984
Section 104(f) - federal grant	362,114	326,330	(35,784)	297,868
Brownfield EPA grant	-	1,281	1,281	7,125
CARES remote learning grant	45,000	12,900	(32,100)	-
Section 5303 - federal/state	103,037	79,062	(23,975)	45,880
Federal asset forfeitures	591,716	611,030	19,314	80,211
State asset forfeitures	80,894	90,476	9,582	80,579
State grants	-	-	-	5,550
Miscellaneous federal and state grants	272,743	230,898	(41,845)	210,735
Gaston County	47,714	23,602	(24,112)	31,974
US DOJ JAG grant	90,960	53,656	(37,304)	60,056
Federal grants - vest	-	10,983	10,983	5,456
Total	3,944,178	4,084,901	140,723	3,185,418

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Permits	<u>777,614</u>	<u>1,050,110</u>	<u>272,496</u>	<u>777,358</u>
Sales, Services, and Rents:				
Administration fees	800,000	817,232	17,232	762,918
NC DOT reimbursement for services	468,800	301,413	(167,387)	377,377
Airport fees and rents	125,000	141,489	16,489	127,478
Commercial waste disposal fee	57,000	65,733	8,733	63,464
Decorative street lights	-	-	-	1,000
Fire protection charges	-	7,200	7,200	4,100
Hanson surcharge	14,400	20,425	6,025	23,852
Museum	600,666	702,404	101,738	673,181
Reconnection fees	230,000	229,750	(250)	234,555
Recreation	336,700	452,552	115,852	364,101
Reimbursement for services	1,311,469	1,516,214	204,745	1,443,795
Rents	235,808	215,863	(19,945)	306,227
Report copies	-	843	843	615
Sale of property	1,940	18,476	16,536	36,841
Skeet, trap, and pistol/rifle fees	<u>75,000</u>	<u>78,627</u>	<u>3,627</u>	<u>80,689</u>
Total	<u>4,256,783</u>	<u>4,568,221</u>	<u>311,438</u>	<u>4,500,193</u>
Investment Earnings:				
Regular investments	1,006,080	2,770,609	1,764,529	1,853,023
Federal asset forfeitures	-	30,137	30,137	12,644
State asset forfeitures	-	12,789	12,789	6,939
Block Grant - Fund 76	-	8,559	8,559	4,336
Hanson surcharge	<u>2,500</u>	<u>6,524</u>	<u>4,024</u>	<u>4,983</u>
Total	<u>1,008,580</u>	<u>2,828,618</u>	<u>1,820,038</u>	<u>1,881,925</u>
Miscellaneous:				
Donations	41,000	54,640	13,640	60,614
Parking violations	-	25	25	25
Discounts earned	500	-	(500)	365
Other	802,365	846,660	44,295	697,094
Insurance proceeds	<u>184,442</u>	<u>629,994</u>	<u>445,552</u>	<u>8,670</u>
Total	<u>1,028,307</u>	<u>1,531,319</u>	<u>503,012</u>	<u>766,768</u>
Total revenues	<u>89,729,164</u>	<u>97,909,012</u>	<u>8,179,848</u>	<u>81,345,854</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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Expenditures:				
General Government:				
Mayor and Council:				
Salaries and employee benefits	189,785	159,698	30,087	161,365
Operating expenditures	468,562	332,770	135,792	295,571
Overhead allocated to other funds	(213,541)	(183,997)	(29,544)	(163,002)
Total	444,806	308,471	136,335	293,934
Miscellaneous Grants and Donations:				
Operating expenditures	5,000	-	5,000	-
Communications and Marketing:				
Salaries and employee benefits	345,629	344,563	1,066	303,433
Operating expenditures	77,602	74,230	3,372	52,503
Overhead allocated to other funds	(299,706)	(304,760)	5,054	(283,298)
Total	123,525	114,033	9,492	72,638
City Manager:				
Salaries and employee benefits	793,431	775,732	17,699	740,051
Operating expenditures	140,328	130,058	10,270	92,613
Overhead allocated to other funds	(345,443)	(345,948)	505	(331,943)
Total	588,316	559,842	28,474	500,721
Assistant City Manager - Director of Human Resources and Administration:				
Salaries and employee benefits	234,293	234,184	109	330,612
Operating expenditures	20,139	12,169	7,970	21,494
Overhead allocated to other funds	(60,163)	(58,557)	(1,606)	(89,200)
Total	194,269	187,796	6,473	262,906
Assistant City Manager - Public Infrastructure:				
Salaries and employee benefits	215,742	215,191	551	205,929
Operating expenditures	15,714	13,493	2,221	12,056
Overhead allocated to other funds	(84,783)	(83,856)	(927)	(112,616)
Total	146,673	144,828	1,845	105,369
Human Resources:				
Salaries and employee benefits	2,911,402	2,871,362	40,040	2,768,392
Operating expenditures	2,350,063	2,115,240	234,823	2,315,731
Capital outlay	34,000	33,945	55	-
Overhead allocated to other funds	(1,251,874)	(1,153,693)	(98,181)	(1,237,479)
Total	4,043,591	3,866,854	176,737	3,846,644

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Technology Services:				
Admin Apps:				
Operating expenditures	44,403	44,401	2	38,489
Total technology services	44,403	44,401	2	38,489
Financial Services:				
Accounting Division:				
Salaries and employee benefits	894,520	850,618	43,902	634,069
Operating expenditures	173,991	169,016	4,975	469,536
Overhead allocated to other funds	(314,670)	(298,790)	(15,880)	(232,330)
Total	753,841	720,844	32,997	871,275
Budget Division:				
Salaries and employee benefits	294,984	212,108	82,876	234,694
Operating expenditures	195,651	111,172	84,479	66,023
Overhead allocated to other funds	(259,136)	(194,710)	(64,426)	(192,296)
Capital outlay	-	-	-	253,397
Total	231,499	128,570	102,929	361,818
Accounts Receivable Division:				
Salaries and employee benefits	701,409	701,061	348	555,176
Operating expenditures	314,445	312,695	1,750	272,234
Overhead allocated to other funds	(34,836)	(14,380)	(20,456)	(34,114)
Total	981,018	999,376	(18,358)	793,296
Purchasing Division:				
Salaries and employee benefits	301,408	300,898	510	288,046
Operating expenditures	49,761	47,025	2,736	41,210
Overhead allocated to other funds	(115,978)	(115,195)	(783)	(109,332)
Total	235,191	232,728	2,463	219,924
Warehouse Division:				
Salaries and employee benefits	163,227	162,509	718	154,569
Operating expenditures	89,909	50,761	39,148	129,803
Overhead allocated to other funds	(156,572)	(154,357)	(2,215)	(155,393)
Total	96,564	58,913	37,651	128,979
Financial Services Administration:				
Salaries and employee benefits	219,728	211,579	8,149	259,884
Operating expenditures	30,852	27,524	3,328	20,480
Overhead allocated to other funds	(133,869)	(129,686)	(4,183)	(152,774)
Total	116,711	109,417	7,294	127,590

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Garage Parts Room:				
Salaries and employee benefits	178,762	177,798	964	170,296
Operating expenditures	7,829	67,546	(59,717)	1,213
Overhead allocated to other funds	(60,097)	(59,591)	(506)	(58,140)
Total	126,494	185,753	(59,259)	113,369
Revenue Administration:				
Salaries and employee benefits	287,612	280,937	6,675	298,162
Operating expenditures	17,889	12,418	5,471	11,613
Overhead allocated to other funds	(227,270)	(215,447)	(11,823)	(222,043)
Total	78,231	77,908	323	87,732
Customer Service:				
Salaries and employee benefits	820,651	736,214	84,437	792,697
Operating expenditures	888,935	759,439	129,496	651,746
Overhead allocated to other funds	(833,620)	(720,176)	(113,444)	(759,847)
Total	875,966	775,477	100,489	684,596
Meter Services:				
Salaries and employee benefits	1,057,300	1,037,410	19,890	969,739
Operating expenditures	156,718	136,837	19,881	146,120
Overhead allocated to other funds	(1,211,680)	(1,174,032)	(37,648)	(1,112,393)
Total	2,338	215	2,123	3,466
Total financial services	3,497,853	3,289,201	208,652	3,392,045
City Attorney:				
Operating expenditures	9,015	4,761	4,254	4,310
City Attorney:				
Salaries and employee benefits	706,857	694,092	12,765	629,323
Operating expenditures	55,568	47,678	7,890	44,270
Overhead allocated to other funds	(419,923)	(408,181)	(11,742)	(373,650)
Capital outlay	-	-	-	14,822
Total	342,502	333,589	8,913	314,765
Special Project and Strategic Development:				
Operating expenditures	175,000	9,255	165,745	114,317

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Development Services:				
Planning:				
Salaries and employee benefits	914,618	774,332	140,286	877,915
Operating expenditures	258,783	220,759	38,024	241,334
Overhead allocated to other funds	(140,456)	(109,120)	(31,336)	(123,029)
Total	1,032,945	885,971	146,974	996,220
Zoning:				
Operating expenditures	3,252	3,139	113	1,125
Economic Development:				
Salaries and employee benefits	343,659	282,213	61,446	295,665
Operating expenditures	498,897	367,447	131,450	580,589
Overhead allocated to other funds	(686,018)	(432,058)	(253,960)	(575,114)
Total	156,538	217,602	(61,064)	301,140
Transportation Planning:				
Salaries and employee benefits	407,113	325,106	82,007	388,973
Operating expenditures	330,908	244,639	86,269	188,813
Total	738,021	569,745	168,276	577,786
Transportation Administration:				
Salaries and employee benefits	130,531	130,024	507	-
Building Services:				
Salaries and employee benefits	68,223	66,957	1,266	298,784
Operating expenditures	1,432,885	1,409,170	23,715	32,805
Total	1,501,108	1,476,127	24,981	331,589
Neighborhoods and Housing:				
Salaries and employee benefits	227,100	227,091	9	202,161
Operating expenditures	63,912	54,862	9,050	57,530
Total	291,012	281,953	9,059	259,691
Keep Gastonia Beautiful:				
Salaries and employee benefits	226,066	223,688	2,378	182,678
Operating expenditures	37,402	35,470	1,932	31,129
Total	263,468	259,158	4,310	213,807

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Diversity, Equity, and Inclusion:				
Salaries and employee benefits	146,940	146,315	625	140,116
Operating expenditures	70,111	33,007	37,104	26,418
Total	217,051	179,322	37,729	166,534
Neighborhood and Community Resources:				
Salaries and employee benefits	111,499	110,808	691	105,638
Operating expenditures	27,039	12,522	14,517	8,586
Capital outlay	128	-	128	-
Total	138,666	123,330	15,336	114,224
Code Enforcement:				
Salaries and employee benefits	389,192	360,254	28,938	351,435
Operating expenditures	252,638	195,713	56,925	146,751
Total	641,830	555,967	85,863	498,186
Sister Cities:				
Salaries and employee benefits	35,114	26,585	8,529	27,893
Operating expenditures	10,936	9,041	1,895	4,547
Total	46,050	35,626	10,424	32,440
Community Improvement - Downtown:				
Salaries and employee benefits	136,527	108,698	27,829	142,579
Operating expenditures	27,086	26,510	576	29,730
Overhead allocated to other funds	(5,699)	(4,119)	(1,580)	(15,943)
Total	157,914	131,089	26,825	156,366
Neighborhood Stabilization Program:				
Operating expenditures	52,607	49,368	3,239	50,400
Total development services	5,240,462	4,768,397	472,065	3,699,508
Customer Care Center:				
Salaries and employee benefits	371,350	370,681	669	12,528
Operating expenditures	8,421	7,799	622	12,211
Capital outlay	94,962	94,961	1	-
Overhead allocated to other funds	(401,040)	(421,780)	20,740	(22,266)
Total	73,693	51,661	22,032	2,473

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
City Hall Renovations:				
Operating expenditures	720	716	4	68,580
Capital outlay	15,635	15,388	247	25,943
Total	16,355	16,104	251	94,523
General Administration:				
Operating expenditures	-	-	-	379,555
Non-Departmental:				
Operating expenditures	329,045	-	329,045	-
Disaster Recovery:				
Operating expenditures	102,800	-	102,800	-
Total General Government:				
Salaries and employee benefits	13,824,672	13,118,706	705,966	12,522,802
Operating expenditures	8,794,816	7,148,650	1,646,166	6,661,435
Capital outlay	144,725	144,294	431	294,162
Overhead allocated to other funds	(7,256,374)	(6,582,433)	(673,941)	(6,356,202)
Total	15,507,839	13,829,217	1,678,622	13,122,197
Public Safety:				
Police Department:				
Administration:				
Salaries and employee benefits	925,897	924,640	1,257	904,959
Operating expenditures	2,032,810	2,015,101	17,709	1,837,546
Capital outlay	-	-	-	7,407
Total	2,958,707	2,939,741	18,966	2,749,912
Recruiting:				
Salaries and employee benefits	110,885	106,996	3,889	34,476
Operating expenditures	12,515	12,115	400	6,575
Total	123,400	119,111	4,289	41,051
Justice Funds:				
Operating expenditures	167,315	159,433	7,882	25,390
Capital outlay	644,392	55,798	588,594	211,937
Total	811,707	215,231	596,476	237,327

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Treasury Funds:				
Operating expenditures	9,149	6,588	2,561	-
Investigations:				
Salaries and employee benefits	4,540,117	4,128,910	411,207	4,114,540
Operating expenditures	424,194	384,612	39,582	331,051
Total	4,964,311	4,513,522	450,789	4,445,591
Field Services:				
Salaries and employee benefits	12,977,164	12,155,388	821,776	11,269,839
Operating expenditures	1,504,043	1,325,394	178,649	1,401,164
Capital outlay	1,833,886	654,897	1,178,989	1,436,627
Total	16,315,093	14,135,679	2,179,414	14,107,630
P.A.R.C.:				
Salaries and employee benefits	360,125	302,895	57,230	311,774
Operating expenditures	16,307	15,316	991	12,392
Total	376,432	318,211	58,221	324,166
Support Services:				
Salaries and employee benefits	813,875	646,077	167,798	719,768
Operating expenditures	297,721	291,400	6,321	252,624
Total	1,111,596	937,477	174,119	972,392
ABC Enforcement:				
Salaries and employee benefits	109,046	106,935	2,111	93,134
Operating expenditures	12,967	11,459	1,508	10,168
Total	122,013	118,394	3,619	103,302
Early Police Retirement:				
Salaries and employee benefits	1,163,000	1,068,284	94,716	1,049,588
Asset Forfeiture:				
Operating expenditures	234,633	140,706	93,927	9,932
Capital outlay	90,561	63,623	26,938	-
Total	325,194	204,329	120,865	9,932
Police Foundation:				
Operating expenditures	21,120	19,887	1,233	16,727

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Special Situations:				
Operating expenditures	74,977	69,687	5,290	48,570
Capital outlay	6,900	6,900	-	-
Total	81,877	76,587	5,290	48,570
Police Department Grants:				
Salaries and employee benefits	-	-	-	13,513
Operating expenditures	171,673	84,135	87,538	64,415
Capital outlay	30,456	17,273	13,183	-
Total	202,129	101,408	100,721	77,928
Police Records Bureau:				
Salaries and employee benefits	968,635	832,576	136,059	834,055
Operating expenditures	9,993	9,991	2	11,156
Total	978,628	842,567	136,061	845,211
Total police department	29,564,356	25,617,016	3,947,340	25,029,327
Fire Department:				
Administration:				
Salaries and employee benefits	556,559	556,634	(75)	529,135
Operating expenditures	635,523	634,830	693	580,945
Total	1,192,082	1,191,464	618	1,110,080
Life Safety:				
Salaries and employee benefits	584,535	579,055	5,480	560,214
Operating expenditures	45,137	43,951	1,186	50,502
Total	629,672	623,006	6,666	610,716
Operations:				
Salaries and employee benefits	11,619,600	11,486,209	133,391	11,136,063
Operating expenditures	2,150,337	2,143,751	6,586	1,975,099
Capital outlay	4,525,796	164,091	4,361,705	22,928
Total	18,295,733	13,794,051	4,501,682	13,134,090
Training:				
Salaries and employee benefits	232,834	231,540	1,294	225,407
Operating expenditures	16,609	16,509	100	12,039
Total	249,443	248,049	1,394	237,446

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Early Fire Retirement:				
Salaries and employee benefits	1,111,000	997,671	113,329	932,305
Total fire department	21,477,930	16,854,241	4,623,689	16,024,637
Total Public Safety:				
Salaries and employee benefits	36,073,272	34,123,810	1,949,462	32,728,770
Operating expenditures	7,837,023	7,384,865	452,158	6,646,295
Capital outlay	7,131,991	962,582	6,169,409	1,678,899
Total	51,042,286	42,471,257	8,571,029	41,053,964
Public Works:				
Enterprise Services:				
Refuse Disposal:				
Operating expenditures	288,768	-	288,768	-
Garage Inventory:				
Operating expenditures	72,278	(51,787)	124,065	214,225
Overhead allocated to other funds	(12,117)	(8,824)	(3,293)	(20,237)
Total	60,161	(60,611)	120,772	193,988
Equipment Services:				
Salaries and employee benefits	1,430,801	1,341,719	89,082	1,293,806
Operating expenditures	277,196	340,239	(63,043)	181,151
Capital outlay	56,437	56,133	304	660
Overhead allocated to other funds	(679,309)	(635,959)	(43,350)	(601,614)
Total	1,085,125	1,102,132	(17,007)	874,003
Airport Operations:				
Operating expenditures	237,819	216,388	21,431	169,180
Total enterprise services	1,671,873	1,257,909	413,964	1,237,171
Public Works:				
Building and Grounds:				
Salaries and employee benefits	1,211,600	1,207,301	4,299	1,095,027
Operating expenditures	1,165,633	952,954	212,679	304,044
Capital outlay	108,000	31,426	76,574	-
Overhead allocated to other funds	(114,586)	(140,386)	25,800	(137,370)
Total	2,370,647	2,051,295	319,352	1,261,701

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Engineering:				
Salaries and employee benefits	2,674,073	2,565,838	108,235	2,503,100
Operating expenditures	921,640	528,513	393,127	588,071
Overhead allocated to other funds	(1,650,316)	(1,410,782)	(239,534)	(1,509,940)
Total	1,945,397	1,683,569	261,828	1,581,231
Traffic Services:				
Salaries and employee benefits	723,528	658,334	65,194	664,582
Operating expenditures	301,056	286,098	14,958	189,834
Total	1,024,584	944,432	80,152	854,416
Street Department:				
Supervision				
Salaries and employee benefits	354,570	354,057	513	313,130
Operating expenditures	52,769	49,380	3,389	38,457
Overhead allocated to other funds	(82,645)	(22,710)	(59,935)	(74,493)
Total	324,694	380,727	(56,033)	277,094
Powell Bill Street Funds:				
Salaries and employee benefits	468,855	573,224	(104,369)	437,382
Operating expenditures	3,291,046	307,536	2,983,510	842,954
Capital outlay	15,192	-	15,192	4,804
Total	3,775,093	880,760	2,894,333	1,285,140
Non-Powell Bill Street Activities:				
Salaries and employee benefits	1,623,732	1,100,054	523,678	1,243,093
Operating expenditures	7,723	335,771	(328,048)	443,560
Capital outlay	105,995	17,908	88,087	34,271
Total	1,737,450	1,453,733	283,717	1,720,924
Cemeteries:				
Salaries and employee benefits	329,292	294,660	34,632	227,847
Operating expenditures	64,414	58,871	5,543	67,761
Capital outlay	-	-	-	7,288
Total	393,706	353,531	40,175	302,896
Total Public Works:				
Salaries and employee benefits	8,816,451	8,095,187	721,264	7,777,967
Operating expenditures	6,680,342	3,023,963	3,656,379	3,039,237
Capital outlay	285,624	105,467	180,157	47,023
Overhead allocated to other funds	(2,538,973)	(2,218,661)	(320,312)	(2,343,654)
Total	13,243,444	9,005,956	4,237,488	8,520,573

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Cultural and Recreational:				
Administration:				
Salaries and employee benefits	502,778	497,246	5,532	629,775
Operating expenditures	267,912	226,359	41,553	242,753
Capital outlay	-	-	-	2,571
Total	770,690	723,605	47,085	875,099
Athletics and Special Facilities:				
Salaries and employee benefits	927,313	924,810	2,503	729,794
Operating expenditures	478,964	450,006	28,958	398,812
Total	1,406,277	1,374,816	31,461	1,128,606
Roland E. Bradley Community Center:				
Salaries and employee benefits	247,999	243,653	4,346	232,716
Operating expenditures	30,522	25,607	4,915	22,012
Total	278,521	269,260	9,261	254,728
Erwin Community Center:				
Salaries and employee benefits	244,708	242,281	2,427	227,088
Operating expenditures	142,233	123,109	19,124	102,516
Capital outlay	8,087	8,086	1	-
Total	395,028	373,476	21,552	329,604
Martha Rivers Park:				
Salaries and employee benefits	296,025	274,720	21,305	217,228
Operating expenditures	123,037	122,318	719	156,534
Capital outlay	-	-	-	6,623
Total	419,062	397,038	22,024	380,385
Phillips Community Center:				
Salaries and employee benefits	243,085	240,794	2,291	233,247
Operating expenditures	117,319	107,601	9,718	32,812
Total	360,404	348,395	12,009	266,059
Jeffers Community Center:				
Salaries and employee benefits	240,618	239,177	1,441	213,657
Operating expenditures	62,772	35,255	27,517	23,864
Capital outlay	1,873	-	1,873	-
Total	305,263	274,432	30,831	237,521

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Maintenance and Development:				
Salaries and employee benefits	1,118,481	1,097,722	20,759	1,047,720
Operating expenditures	276,604	265,221	11,383	282,815
Capital outlay	61,981	52,664	9,317	93,183
Total	1,457,066	1,415,607	41,459	1,423,718
Golf Course:				
Operating expenditures	900	828	72	-
Adult Recreation Center:				
Salaries and employee benefits	210,649	195,116	15,533	180,209
Operating expenditures	86,570	60,251	26,319	64,632
Total	297,219	255,367	41,852	244,841
Sims Park:				
Operating expenditures	95,556	80,142	15,414	136,511
Capital outlay	98,013	76,427	21,586	-
Total	193,569	156,569	37,000	136,511
Southeast Community Center:				
Operating expenditures	2,000	927	1,073	124
Skeet/Trap Range:				
Salaries and employee benefits	63,340	54,989	8,351	30,453
Operating expenditures	89,419	60,413	29,006	81,958
Capital outlay	14,500	13,675	825	21,154
Total	167,259	129,077	38,182	133,565
Lineberger Park:				
Salaries and employee benefits	16,033	15,442	591	12,325
Operating expenditures	19,881	17,570	2,311	19,517
Total	35,914	33,012	2,902	31,842
Rankin Lake:				
Salaries and employee benefits	98,060	93,563	4,497	97,261
Operating expenditures	57,700	56,006	1,694	44,265
Total	155,760	149,569	6,191	141,526
Greenways:				
Operating expenditures	13,903	11,537	2,366	19,129

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Linwood Springs:				
Salaries and employee benefits	177,733	165,495	12,238	26,533
Operating expenditures	17,000	11,400	5,600	3,395
Total	194,733	176,895	17,838	29,928
FUSE:				
Operating expenditures	937,864	592,508	345,356	198,778
Capital outlay	207,424	-	207,424	-
Total	1,145,288	592,508	552,780	198,778
Special Events:				
Operating expenditures	201,447	164,209	37,238	126,188
Walker E. Reid, III Park:				
Operating expenditures	23,700	7,803	15,897	-
Total cultural and recreational	7,824,003	6,854,930	969,073	5,958,152
Collections/Research:				
Salaries and employee benefits	231,005	230,000	1,005	220,154
Operating expenditures	10,500	8,470	2,030	7,744
Total	241,505	238,470	3,035	227,898
Education:				
Salaries and employee benefits	521,728	520,424	1,304	482,687
Operating expenditures	49,040	46,834	2,206	32,486
Total	570,768	567,258	3,510	515,173
Exhibits:				
Salaries and employee benefits	232,935	230,764	2,171	209,368
Operating expenditures	31,060	26,721	4,339	10,040
Capital outlay	-	-	-	850
Total	263,995	257,485	6,510	220,258
Administration:				
Salaries and employee benefits	393,416	361,459	31,957	365,567
Operating expenditures	481,337	548,788	(67,451)	526,454
Total	874,753	910,247	(35,494)	892,021

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Operations:				
Salaries and employee benefits	370,246	361,600	8,646	334,102
Operating expenditures	184,325	173,638	10,687	186,848
Total	554,571	535,238	19,333	520,950
Programs:				
Salaries and employee benefits	130,798	128,415	2,383	109,271
Operating expenditures	24,430	11,554	12,876	23,365
Total	155,228	139,969	15,259	132,636
Special Projects:				
Operating expenditures	4,000	-	4,000	-
Total museum	2,664,820	2,648,667	16,153	2,508,936
Farmer's Market Operations				
Operating expenditures	4,870	4,243	627	32,766
Webb Theatre:				
Operating expenditures	120,000	-	120,000	-
Conference Center:				
Operating expenditures	467,476	318,310	149,166	113,472
Total Cultural and Recreational:				
Salaries and employee benefits	6,266,950	6,117,670	149,280	5,599,155
Operating expenditures	4,422,341	3,557,628	864,713	2,889,790
Capital outlay	391,878	150,852	241,026	124,381
Total	11,081,169	9,826,150	1,255,019	8,613,326
Debt Service:				
Principal	7,772,665	5,664,042	2,108,623	4,255,050
Interest	2,453,079	2,453,079	-	1,038,996
Bond issuance costs	2,300	2,300	-	2,300
Total	10,228,044	8,119,421	2,108,623	5,296,346
Total expenditures	101,102,782	83,252,001	17,850,781	76,606,406
Revenues over (under) expenditures	(11,373,618)	14,657,011	26,030,629	4,739,448

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Final Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Subscription liabilities issued	-	-	-	1,608,299
Transfers from other funds:				
Electric Fund	2,000,000	2,000,000	-	2,000,000
Special revenue funds	40,000	40,000	-	557,397
Capital project funds	59,900	59,900	-	100,000
Transfers to other funds:				
Transit Fund	(1,539,235)	(1,539,235)	-	(576,431)
Solid waste	(3,634,533)	(3,621,533)	13,000	(2,902,887)
Internal service funds	-	-	-	(1,657,000)
Special revenue funds	(36,529)	(36,529)	-	-
Capital project funds	(46,667)	(46,667)	-	(2,028,000)
Budgetary amounts:				
Appropriated fund balance	14,530,682	-	(14,530,682)	-
Total other financing sources (uses)	11,373,618	(3,144,064)	(14,517,682)	(2,898,622)
Net change in fund balance	<u>\$ -</u>	11,512,947	<u>\$ 11,512,947</u>	1,840,826
Fund Balance:				
Beginning of year - July 1		50,774,209		48,893,850
Increase (decrease) in inventories and property/ land acquired for redevelopment/rehabilitation		<u>(4,852)</u>		<u>39,533</u>
End of year - June 30		<u>\$ 62,282,304</u>		<u>\$ 50,774,209</u>



SPECIAL REVENUE FUNDS

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

American Rescue Plan Fund

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

State Grants Fund

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

Community Development Block Grant Program Fund

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

Occupancy Tax Fund

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

Uptown Municipal Tax District Fund

The purpose of this fund is to account for special property taxes assessed for uptown improvements.

Economic Stimulus Grants Fund

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



CITY OF GASTONIA, NORTH CAROLINA

**MAJOR SPECIAL REVENUE FUND - AMERICAN RESCUE PLAN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024**

	Budget	Actual	Variance Over/Under
Revenues:			
Restricted intergovernmental revenues	\$ 10,756,539	\$ 6,980,607	\$ (3,775,932)
Investment earnings	-	473,861	473,861
Miscellaneous	-	128	128
Total revenues	<u>10,756,539</u>	<u>7,454,596</u>	<u>(3,301,943)</u>
Expenditures:			
General government:			
Salaries and employee benefits	163,457	33,497	129,960
Operating expenditures	2,265,385	79,077	2,186,308
Capital outlay	3,007,360	1,993,534	1,013,826
Debt service:			
Principal	280,688	280,688	-
Interest	41,593	41,593	-
Total expenditures	<u>5,758,483</u>	<u>2,428,389</u>	<u>3,330,094</u>
Revenues over (under) expenditures	<u>4,998,056</u>	<u>5,026,207</u>	<u>28,151</u>
Other Financing Sources (Uses):			
Transfers to other funds	(5,536,574)	(4,552,218)	984,356
Appropriated fund balance	538,518	-	(538,518)
Total other financing sources (uses)	<u>(4,998,056)</u>	<u>(4,552,218)</u>	<u>445,838</u>
Net change in fund balance	<u>\$ -</u>	<u>473,989</u>	<u>\$ 473,989</u>
Fund Balance:			
Beginning of year - July 1		<u>605,659</u>	
End of year - June 30		<u>\$ 1,079,648</u>	

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

	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	-	136,979	-	-	6,959	-
Prepaid items	-	25,720	-	-	-	-
Due from other governments	120,853	-	-	-	-	-
Cash and investments, restricted	1,830,747	-	177,389	608,004	-	-
Long-term receivable	-	27,680	70,542	-	1,095,479	11,482
Property acquired for rehabilitation and resale	-	580,557	-	39,779	397,172	-
Total assets	<u>\$ 1,951,600</u>	<u>\$ 770,936</u>	<u>\$ 247,931</u>	<u>\$ 647,783</u>	<u>\$ 1,499,610</u>	<u>\$ 11,482</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 97,169	\$ 33,768	\$ -	\$ -	\$ 11,680	\$ -
Due to General Fund	-	519,353	-	-	206,572	11,482
Deferred revenues	-	-	-	-	-	-
Liabilities payable from restricted assets:						
Advances from grantors	1,669,383	-	-	-	-	-
Total liabilities	<u>1,766,552</u>	<u>553,121</u>	<u>-</u>	<u>-</u>	<u>218,252</u>	<u>11,482</u>
Deferred Inflows of Resources:						
Property taxes receivable	-	-	-	-	-	-
Fund Balances:						
Non-spendable:						
Prepays	-	25,720	-	-	-	-
Restricted:						
Stabilization by state statute	376,655	372,987	70,542	-	1,175,352	11,482
Restricted, all other	-	-	177,389	608,004	-	-
Assigned	-	-	-	39,779	106,006	-
Unassigned	(191,607)	(180,892)	-	-	-	(11,482)
Total fund balances	<u>185,048</u>	<u>217,815</u>	<u>247,931</u>	<u>647,783</u>	<u>1,281,358</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,951,600</u>	<u>\$ 770,936</u>	<u>\$ 247,931</u>	<u>\$ 647,783</u>	<u>\$ 1,499,610</u>	<u>\$ 11,482</u>

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

	CDBG (continued)		Occupancy	Uptown	Economic	
	108 Loan/ Economic	Economic Development	Tax Fund	Municipal Tax District	Stimulus Grants Fund	Total
Assets:						
Taxes receivable, net	\$ -	\$ -	\$ -	\$ 19,740	\$ -	\$ 19,740
Accounts receivable, net	-	-	-	1,256	-	145,194
Prepaid items	-	-	-	-	-	25,720
Due from other governments	-	-	170,386	-	-	291,239
Cash and investments, restricted	51,350	2	2,847	314,344	87,266	3,071,949
Long-term receivable	-	-	-	-	600,000	1,805,183
Property acquired for rehabilitation and resale	47,350	-	-	-	-	1,064,858
Total assets	<u>\$ 98,700</u>	<u>\$ 2</u>	<u>\$ 173,233</u>	<u>\$ 335,340</u>	<u>\$ 687,266</u>	<u>\$ 6,423,883</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 170,386	\$ 16,343	\$ 2,594	\$ 331,940
Due to General Fund	-	-	-	-	-	737,407
Deferred revenues	-	-	-	19,741	-	19,741
Liabilities payable from restricted assets:						
Advances from grantors	-	-	-	-	-	1,669,383
Total liabilities	<u>-</u>	<u>-</u>	<u>170,386</u>	<u>16,343</u>	<u>2,594</u>	<u>2,738,730</u>
Deferred Inflows of Resources:						
Property taxes receivable	-	-	-	19,741	-	19,741
Fund Balances:						
Non-spendable:						
Prepays	-	-	-	-	-	25,720
Restricted:						
Stabilization by state statute	-	-	170,386	32,793	600,000	2,810,197
Restricted, all other	51,350	2	-	266,463	84,672	1,187,880
Assigned	47,350	-	-	-	-	193,135
Unassigned	-	-	(167,539)	-	-	(551,520)
Total fund balances	<u>98,700</u>	<u>2</u>	<u>2,847</u>	<u>299,256</u>	<u>684,672</u>	<u>3,665,412</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 98,700</u>	<u>\$ 2</u>	<u>\$ 173,233</u>	<u>\$ 335,340</u>	<u>\$ 687,266</u>	<u>\$ 6,423,883</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, 2024

	State Grants Fund	Community Development Block Grant				
		Program Fund	Affordable Housing Fund	Rehabilitation Fund	Home Investment Trust Fund	108 Loan/ Revitalization
Revenues:						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	-	-	-	-	-	-
Restricted intergovernmental	209,246	1,600,825	-	-	475,214	-
Sales and services	-	52,952	2,917	-	40,192	278
Investment earnings (loss)	104,390	-	291	31,138	-	-
Miscellaneous	89	249	-	-	226	-
Total revenues	<u>313,725</u>	<u>1,654,026</u>	<u>3,208</u>	<u>31,138</u>	<u>515,632</u>	<u>278</u>
Expenditures:						
Economic and physical development	32,806	1,687,530	-	107,244	416,282	556
Cultural and recreation	<u>376,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>409,480</u>	<u>1,687,530</u>	<u>-</u>	<u>107,244</u>	<u>416,282</u>	<u>556</u>
Revenues over (under) expenditures	<u>(95,755)</u>	<u>(33,504)</u>	<u>3,208</u>	<u>(76,106)</u>	<u>99,350</u>	<u>(278)</u>
Other Financing Sources (Uses):						
Transfers from other funds	200,233	16,529	-	-	-	-
Transfers (to) other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>200,233</u>	<u>16,529</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	104,478	(16,975)	3,208	(76,106)	99,350	(278)
Fund Balances:						
Beginning of year - July 1	80,570	114,073	244,723	723,889	1,182,008	278
Increase (decrease) in inventories and property/land acquired redevelopment/rehabilitation	<u>-</u>	<u>120,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year - June 30	<u>\$ 185,048</u>	<u>\$ 217,815</u>	<u>\$ 247,931</u>	<u>\$ 647,783</u>	<u>\$ 1,281,358</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, 2024

	CDBG (continued)		Occupancy	Uptown	Economic	
	108 Loan/ Economic	Economic Development	Tax Fund	Municipal Tax District	Stimulus Grants Fund	Total
Revenues:						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 248,566	\$ -	\$ 248,566
Other taxes and licenses	-	-	904,586	-	-	904,586
Restricted intergovernmental	-	-	-	-	-	2,285,285
Sales and services	-	-	-	-	-	96,339
Investment earnings	2,470	-	1,399	16,431	4,584	160,703
Miscellaneous	-	-	-	24,085	-	24,649
Total revenues	<u>2,470</u>	<u>-</u>	<u>905,985</u>	<u>289,082</u>	<u>4,584</u>	<u>3,720,128</u>
Expenditures:						
Economic and physical development	-	-	904,586	245,652	-	3,394,656
Cultural and recreation	-	-	-	-	-	376,674
Total expenditures	<u>-</u>	<u>-</u>	<u>904,586</u>	<u>245,652</u>	<u>-</u>	<u>3,771,330</u>
Revenues over (under) expenditures	<u>2,470</u>	<u>-</u>	<u>1,399</u>	<u>43,430</u>	<u>4,584</u>	<u>(51,202)</u>
Other Financing Sources (Uses):						
Transfers from other funds	-	-	-	20,000	-	236,762
Transfers (to) other funds	-	-	-	(40,000)	-	(40,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>196,762</u>
Net change in fund balances	<u>2,470</u>	<u>-</u>	<u>1,399</u>	<u>23,430</u>	<u>4,584</u>	<u>145,560</u>
Fund Balances:						
Beginning of year - July 1	96,230	2	1,448	275,826	680,088	3,399,135
Increase (decrease) in inventories and property/land acquired redevelopment/rehabilitation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,717</u>
End of year - June 30	<u>\$ 98,700</u>	<u>\$ 2</u>	<u>\$ 2,847</u>	<u>\$ 299,256</u>	<u>\$ 684,672</u>	<u>\$ 3,665,412</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 2,207,775	\$ 209,246	\$ (1,998,529)
Investment earnings	-	104,390	104,390
Miscellaneous	-	89	89
Total revenues	<u>2,207,775</u>	<u>313,725</u>	<u>(1,894,050)</u>
Expenditures:			
Economic and physical development:			
Airport security fencing	113,470	32,806	80,664
Cultural and recreation:			
Greenways	1,615,058	76,340	1,538,718
Recreation grants	<u>1,437,736</u>	<u>300,334</u>	<u>1,137,402</u>
Total expenditures	<u>3,166,264</u>	<u>409,480</u>	<u>2,756,784</u>
Revenues over (under) expenditures	(958,489)	(95,755)	862,734
Other Financing Sources (Uses):			
Transfers from other funds	<u>958,489</u>	<u>200,233</u>	<u>(758,256)</u>
Net change in fund balance	<u>\$ -</u>	104,478	<u>\$ 104,478</u>
Fund Balance:			
Beginning of year - July 1		<u>80,570</u>	
End of year - June 30		<u>\$ 185,048</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 2,088,628	\$ 1,600,825	\$ (487,803)
Sales and services	-	54,347	54,347
Miscellaneous	-	249	249
Total revenues	<u>2,088,628</u>	<u>1,655,421</u>	<u>(433,207)</u>
Expenditures:			
Economic and physical development:			
CV - public facilities	542,503	258,466	284,037
Administration	152,869	152,563	306
Housing rehabilitation	1,600,855	1,260,947	339,908
Fair housing	17,438	15,554	1,884
Total expenditures	<u>2,313,665</u>	<u>1,687,530</u>	<u>626,135</u>
Revenues over (under) expenditures	<u>(225,037)</u>	<u>(32,109)</u>	<u>192,928</u>
Other Financing Sources (Uses):			
Transfers from other funds	16,529	16,529	-
Appropriated fund balance	<u>208,508</u>	<u>-</u>	<u>(208,508)</u>
Total other financing sources (uses)	<u>225,037</u>	<u>16,529</u>	<u>(208,508)</u>
Net change in fund balance	<u>\$ -</u>	<u>(15,580)</u>	<u>\$ (15,580)</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(1,395)</u>	
Net change in fund balance - modified accrual basis		(16,975)	
Fund Balance:			
Beginning of year - July 1		114,073	
Increase (decrease) in inventories and property/land acquired for redevelopment/rehabilitation		<u>120,717</u>	
End of year - June 30		<u>\$ 217,815</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, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Sales and services	\$ -	\$ 16,680	\$ 16,680
Investment earnings	-	291	291
Total revenues	-	16,971	16,971
Net change in fund balance	<u>\$ -</u>	16,971	<u>\$ 16,971</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(13,763)</u>	
Net change in fund balance - modified accrual basis		3,208	
Fund Balance:			
Beginning of year - July 1		<u>244,723</u>	
End of year - June 30		<u>\$ 247,931</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 31,138	\$ 31,138
Expenditures:			
Economic and physical development:			
Affordable housing	<u>107,244</u>	<u>107,244</u>	<u>-</u>
Revenues over (under) expenditures	(107,244)	(76,106)	31,138
Other Financing Sources (Uses):			
Appropriated fund balance	<u>107,244</u>	<u>-</u>	<u>(107,244)</u>
Net change in fund balance	<u>\$ -</u>	(76,106)	<u>\$ (76,106)</u>
Fund Balance:			
Beginning of year - July 1		<u>723,889</u>	
End of year - June 30		<u>\$ 647,783</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 3,743,392	\$ 475,214	\$ (3,268,178)
Sales and services	19,400	66,166	46,766
Miscellaneous	-	226	226
Total revenues	<u>3,762,792</u>	<u>541,606</u>	<u>(3,221,186)</u>
Expenditures:			
Economic and physical development:			
Home program	<u>4,224,159</u>	<u>566,282</u>	<u>3,657,877</u>
Revenues over (under) expenditures	(461,367)	(24,676)	436,691
Other Financing Sources (Uses):			
Appropriated fund balance	<u>461,367</u>	<u>-</u>	<u>(461,367)</u>
Net change in fund balance	<u>\$ -</u>	(24,676)	<u>\$ (24,676)</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan increases		150,000	
Current year loan repayments		<u>(25,974)</u>	
Net change in fund balance - modified accrual basis		99,350	
Fund Balance:			
Beginning of year - July 1		<u>1,182,008</u>	
End of year - June 30		<u>\$ 1,281,358</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, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Sales and services	\$ -	\$ 1,111	\$ 1,111
Net change in fund balance	\$ -	1,111	\$ 1,111
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan adjustment		(556)	
Current year loan repayments		<u>(833)</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 2,470	\$ 2,470
Net change in fund balance	\$ -	2,470	\$ 2,470
Fund Balance:			
Beginning of year - July 1		<u>96,230</u>	
End of year - June 30		<u>\$ 98,700</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, 2024**

	Budget	Actual	Variance Over/Under
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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Other taxes and licenses	\$ 975,000	\$ 904,586	\$ (70,414)
Investment earnings	-	1,399	1,399
Total revenues	<u>975,000</u>	<u>905,985</u>	<u>(69,015)</u>
Expenditures:			
Economic and physical development:			
Gastonia Tourism Development Authority	<u>975,000</u>	<u>904,586</u>	<u>70,414</u>
Net change in fund balance	<u>\$ -</u>	<u>1,399</u>	<u>\$ 1,399</u>
Fund Balance:			
Beginning of year - July 1		<u>1,448</u>	
End of year - June 30		<u>\$ 2,847</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, 2024

	Budget	Actual	Variance Over/Under
Revenues:			
Ad valorem taxes	\$ 236,800	\$ 248,566	\$ 11,766
Investment earnings	6,000	16,431	10,431
Miscellaneous	12,880	24,085	11,205
Total revenues	<u>255,680</u>	<u>289,082</u>	<u>33,402</u>
Expenditures:			
Economic and physical development:			
Community improvement downtown	<u>294,219</u>	<u>245,652</u>	<u>48,567</u>
Revenues over (under) expenditures	<u>(38,539)</u>	<u>43,430</u>	<u>81,969</u>
Other Financing Sources (Uses):			
Transfers from other funds	20,000	20,000	-
Transfers to other funds	(40,000)	(40,000)	-
Appropriated fund balance	<u>58,539</u>	<u>-</u>	<u>(58,539)</u>
Total other financing sources (uses)	<u>38,539</u>	<u>(20,000)</u>	<u>(58,539)</u>
Net change in fund balance	<u>\$ -</u>	<u>23,430</u>	<u>\$ 23,430</u>
Fund Balance:			
Beginning of year - July 1		<u>275,826</u>	
End of year - June 30		<u>\$ 299,256</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 4,257	\$ 4,257
Net change in fund balance	<u>\$ -</u>	<u>4,257</u>	<u>\$ 4,257</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan increases		<u>327</u>	
Net change in fund balance - modified accrual basis		4,584	
Fund Balance:			
Beginning of year - July 1		<u>680,088</u>	
End of year - June 30		<u>\$ 684,672</u>	

CAPITAL PROJECTS FUNDS

The Capital Projects Funds provide budgetary accountability for financial resources used for the acquisition or construction of major capital improvements, other than those financed and accounted for in proprietary funds. Primary resources for these funds include proceeds of general obligation bonds and transfers from other funds. The financial statements of the Capital Projects Funds include the Streets Fund and the combined statements of, Mayor/Council Fund, Developer Sidewalk Fund, the Airport Fund, the Downtown Revitalization Fund, and the Infrastructure Rehabilitation Fund.

Streets Fund

The Streets Fund is used to account for major improvements primarily financed with the proceeds of bond sales, interfund transfers, and reimbursements from the North Carolina Department of Transportation.

Mayor / Council Fund

The Mayor/Council Fund is used to account for general improvements financed primarily by interfund transfers and bond proceeds. Projects include a downtown parking facility, a new police facility, culvert replacement programs, and renovations to general government buildings.

Developer Sidewalk Fund

The Developer Sidewalk Fund is used to account for improvements financed primarily by payments in lieu for construction.

Airport Fund

The Airport Fund is used to account for improvements primarily financed with reimbursements from the North Carolina Department of Transportation and interfund transfers.

Downtown Revitalization Fund

The Downtown Revitalization Fund is used to account for improvements to the City's downtown area, primarily financed with debt proceeds.

CAPITAL PROJECTS FUNDS (cont)

Infrastructure Rehabilitation Fund

The purpose of this fund is to account for the accumulation of resources for infrastructure rehabilitation, construction, and improvements.

CITY OF GASTONIA, NORTH CAROLINA

MAJOR CAPITAL PROJECT FUND - STREETS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 7,396,000	\$ -	\$ (7,396,000)
Sales and services	1,443,908	104,887	(1,339,021)
Miscellaneous revenues	250,000	125,038	(124,962)
Investment earnings	-	1,818,050	1,818,050
Total revenues	<u>9,089,908</u>	<u>2,047,975</u>	<u>(7,041,933)</u>
Expenditures:			
Public works:			
Street maintenance	25,026,746	13,089,478	11,937,268
Capital outlay:			
Transportation bonds, series 2023	11,832,944	1,666,927	10,166,017
Speed humps	40,704	20,277	20,427
Traffic signal system improvements	220,698	-	220,698
General obligation bonds road widening	196,620	114,193	82,427
General obligation bonds sidewalks	124,637	72,701	51,936
Bridge repairs and replacement	75,000	-	75,000
Transportation planning	9,673,400	16,753	9,656,647
Total expenditures	<u>47,190,749</u>	<u>14,980,329</u>	<u>32,210,420</u>
Revenues over (under) expenditures	<u>(38,100,841)</u>	<u>(12,932,354)</u>	<u>25,168,487</u>
Other Financing Sources (Uses):			
Transfers from other funds	30,000	30,000	-
Appropriated fund balance	38,070,841	-	(38,070,841)
Total other financing sources (uses)	<u>38,100,841</u>	<u>30,000</u>	<u>(38,070,841)</u>
Net change in fund balance	<u>\$ -</u>	<u>(12,902,354)</u>	<u>\$ (12,902,354)</u>
Fund Balance:			
Beginning of year - July 1		<u>38,595,909</u>	
End of year - June 30		<u>\$ 25,693,555</u>	

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2024

	Mayor/Council Fund	Developer Sidewalk Fund	Airport Fund
Assets:			
Cash and cash equivalents	\$ 2,238,059	\$ -	\$ -
Cash and cash equivalents, restricted	-	470,331	2,300,000
Accounts receivable	122,207	-	-
Long-term receivable	-	-	-
Due from other governments	-	-	348,925
Leases receivable	-	-	-
Total assets	<u>\$ 2,360,266</u>	<u>\$ 470,331</u>	<u>\$ 2,648,925</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 754,655	\$ -	\$ 16,239
Due to General Fund	-	-	226,378
Advances from grantors	-	-	2,300,000
Total liabilities	<u>754,655</u>	<u>-</u>	<u>2,542,617</u>
Deferred Inflows of Resources:			
Lease deferrals	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	1,519,523	-	497,918
Restricted, all other	-	470,331	-
Committed	86,088	-	-
Assigned	-	-	-
Unassigned	-	-	(391,610)
Total fund balances	<u>1,605,611</u>	<u>470,331</u>	<u>106,308</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,360,266</u>	<u>\$ 470,331</u>	<u>\$ 2,648,925</u>

CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2024

	Downtown Revitalization Fund	Infrastructure Rehabilitation Fund	Total
Assets:			
Cash and cash equivalents	\$ 1,230,346	\$ 2,616,986	\$ 6,085,391
Cash and cash equivalents, restricted	-	-	2,770,331
Accounts receivable	-	-	122,207
Long-term receivable	-	5,669	5,669
Due from other governments	-	-	348,925
Leases receivable	-	3,062,398	3,062,398
Total assets	<u>\$ 1,230,346</u>	<u>\$ 5,685,053</u>	<u>\$ 12,394,921</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 770,894
Due to General Fund	-	-	226,378
Advances from grantors	-	-	2,300,000
Total liabilities	<u>-</u>	<u>-</u>	<u>3,297,272</u>
Deferred Inflows of Resources:			
Lease deferrals	<u>-</u>	<u>2,960,302</u>	<u>2,960,302</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	240,334	107,765	2,365,540
Restricted, all other	990,012	-	1,460,343
Committed	-	-	86,088
Assigned	-	2,616,986	2,616,986
Unassigned	-	-	(391,610)
Total fund balances	<u>1,230,346</u>	<u>2,724,751</u>	<u>6,137,347</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,230,346</u>	<u>\$ 5,685,053</u>	<u>\$ 12,394,921</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, 2024

	Mayor/Council Fund	Developer Sidewalk Fund	Airport Fund
Revenues:			
Payment in lieu of construction	\$ 164,360	\$ 14,567	\$ -
Restricted intergovernmental revenues	120,807	-	498,266
Investment earnings	108,595	22,592	32,583
Miscellaneous revenues	1,156	-	-
Total revenues	<u>394,918</u>	<u>37,159</u>	<u>530,849</u>
Expenditures:			
Capital outlay	<u>5,101,825</u>	<u>-</u>	<u>550,436</u>
Revenues over (under) expenditures	<u>(4,706,907)</u>	<u>37,159</u>	<u>(19,587)</u>
Other Financing Sources (Uses)			
Transfers to other funds	-	-	-
Transfers from other funds	<u>4,351,985</u>	<u>-</u>	<u>16,667</u>
Total other financing sources (uses)	<u>4,351,985</u>	<u>-</u>	<u>16,667</u>
Net change in fund balances	(354,922)	37,159	(2,920)
Fund Balances:			
Beginning of year - July 1	<u>1,960,533</u>	<u>433,172</u>	<u>109,228</u>
End of year - June 30	<u>\$ 1,605,611</u>	<u>\$ 470,331</u>	<u>\$ 106,308</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, 2024

	Downtown Revitalization Fund	Infrastructure Rehabilitation Fund	Total
Revenues:			
Payment in lieu of construction	\$ -	\$ -	\$ 178,927
Restricted intergovernmental revenues	-	-	619,073
Investment earnings	59,889	194,553	418,212
Miscellaneous revenues	17,843	320,745	339,744
Total revenues	<u>77,732</u>	<u>515,298</u>	<u>1,555,956</u>
Expenditures:			
Capital outlay	<u>-</u>	<u>-</u>	<u>5,652,261</u>
Revenues over (under) expenditures	<u>77,732</u>	<u>515,298</u>	<u>(4,096,305)</u>
Other Financing Sources (Uses)			
Transfers to other funds	(59,900)	-	(59,900)
Transfers from other funds	<u>-</u>	<u>-</u>	<u>4,368,652</u>
Total other financing sources (uses)	<u>(59,900)</u>	<u>-</u>	<u>4,308,752</u>
Net change in fund balances	17,832	515,298	212,447
Fund Balances:			
Beginning of year - July 1	<u>1,212,514</u>	<u>2,209,453</u>	<u>5,924,900</u>
End of year - June 30	<u>\$ 1,230,346</u>	<u>\$ 2,724,751</u>	<u>\$ 6,137,347</u>

CITY OF GASTONIA, NORTH CAROLINA

CAPITAL PROJECT FUND - MAYOR / COUNCIL
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
Revenues:			
Restricted intergovernmental revenue	\$ 1,068,204	\$ 120,807	\$ (947,397)
Investment earnings	-	108,595	108,595
Payment in lieu of construction	-	164,360	164,360
Miscellaneous revenues	-	1,156	1,156
Total revenues	<u>1,068,204</u>	<u>394,918</u>	<u>(673,286)</u>
Expenditures:			
Capital outlay:			
Mayor's youth council	300	-	300
Financial services - accounting	107,863	-	107,863
Transportation planning	1,432,599	271,244	1,161,355
Marth Rivers Park	3,114	-	3,114
Greenways	8,840	8,839	1
Gastonia Optimist Club Park	33,719	-	33,719
Recreation/Administration	117,527	92,235	25,292
Public works campus	3,824,183	3,601,985	222,198
Planning/City planning	507,019	-	507,019
Downtown sports & entertainment complex	1,408,949	1,127,522	281,427
Total expenditures	<u>7,444,113</u>	<u>5,101,825</u>	<u>2,342,288</u>
Revenues over (under) expenditures	<u>(6,375,909)</u>	<u>(4,706,907)</u>	<u>1,669,002</u>
Other Financing Sources (Uses):			
Transfers from other funds	4,433,640	4,351,985	(81,655)
Appropriated fund balance	1,942,269	-	(1,942,269)
Total other financing sources (uses)	<u>6,375,909</u>	<u>4,351,985</u>	<u>(2,023,924)</u>
Net change in fund balance	<u>\$ -</u>	<u>(354,922)</u>	<u>\$ (354,922)</u>
Fund Balance:			
Beginning of year - July 1		<u>1,960,533</u>	
End of year - June 30		<u>\$ 1,605,611</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, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Payment in lieu of construction	\$ -	\$ 14,567	\$ 14,567
Investment earnings	-	22,592	22,592
Total revenues	-	37,159	37,159
 Net change in fund balance	 \$ -	 37,159	 \$ 37,159
 Fund Balance:			
Beginning of year - July 1		433,172	
 End of year - June 30		 \$ 470,331	

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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 3,586,810	\$ 498,266	\$ (3,088,544)
Investment earnings	-	32,583	32,583
Total revenues	<u>3,586,810</u>	<u>530,849</u>	<u>(3,055,961)</u>
Expenditures:			
Airport operations/non-routine	<u>3,603,477</u>	<u>550,436</u>	<u>3,053,041</u>
Revenues over (under) expenditures	(16,667)	(19,587)	(2,920)
Other Financing Sources (Uses):			
Transfers from other funds	<u>16,667</u>	<u>16,667</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,920)</u>	<u>\$ (2,920)</u>
Fund Balance:			
Beginning of year - July 1		<u>109,228</u>	
End of year - June 30		<u>\$ 106,308</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Miscellaneous revenues	\$ -	\$ 17,843	\$ 17,843
Investment earnings	-	59,889	59,889
Total revenues	-	<u>77,732</u>	<u>77,732</u>
Expenditures:			
Administration:			
Downtown plan	<u>1,101,629</u>	<u>-</u>	<u>1,101,629</u>
Revenues over (under) expenditures	<u>(1,101,629)</u>	<u>77,732</u>	<u>1,179,361</u>
Other Financing Sources (Uses):			
Transfers to other funds	(59,900)	(59,900)	-
Appropriated fund balance	<u>1,161,529</u>	<u>-</u>	<u>(1,161,529)</u>
Total other financing sources (uses)	<u>1,101,629</u>	<u>(59,900)</u>	<u>(1,161,529)</u>
Net change in fund balance	<u>\$ -</u>	<u>17,832</u>	<u>\$ 17,832</u>
Fund Balance:			
Beginning of year - July 1		<u>1,212,514</u>	
End of year - June 30		<u>\$ 1,230,346</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ 40,000	\$ 194,553	\$ 154,553
Miscellaneous	280,000	372,889	92,889
Total revenues	<u>320,000</u>	<u>567,442</u>	<u>247,442</u>
Expenditures:			
Capital project reserve	<u>320,000</u>	<u>-</u>	<u>320,000</u>
Net change in fund balance	<u>\$ -</u>	<u>567,442</u>	<u>\$ 567,442</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(52,144)</u>	
Net change in fund balance - modified accrual basis		515,298	
Fund Balance:			
Beginning of year - July 1		<u>2,209,453</u>	
End of year - June 30		<u>\$ 2,724,751</u>	

ENTERPRISE FUNDS

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

Water and Sewer Fund

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

Electric Fund

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

Transit System Fund

The Transit System Fund includes the accounts of the municipal bus transportation system. Financing of this fund is derived from passenger revenues, operating grants, and General Fund subsidies.

Municipal Golf Course Fund

The Municipal Golf Course Fund includes the accounts of the Golf Course operations.

Solid Waste Fund

The Solid Waste Fund accounts for the operations of the County's collection and disposal of solid waste.

Stormwater Fund

The Stormwater Fund includes the accounts of the Stormwater system and a capital project fund. Revenue sources are stormwater fees.



CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2024

	Transit System Fund	Municipal Golf Course Fund	Solid Waste Fund	Stormwater Fund	Total
Assets:					
Current assets:					
Cash, cash equivalents, and investments	\$ 586,225	\$ 1,969	\$ 1,861,936	\$ 4,894,333	\$ 7,344,463
Accounts receivable, net	1,552	-	519,488	744,023	1,265,063
Due from other governments	949,648	-	-	-	949,648
Total current assets	<u>1,537,425</u>	<u>1,969</u>	<u>2,381,424</u>	<u>5,638,356</u>	<u>9,559,174</u>
Capital assets:					
Right to use assets, net	775	-	335	-	1,110
Depreciable capital assets, net	2,699,249	232,044	273,554	30,291,618	33,496,465
Non-depreciable capital assets	290,786	67,992	-	443,679	802,457
Total capital assets	<u>2,990,810</u>	<u>300,036</u>	<u>273,889</u>	<u>30,735,297</u>	<u>34,300,032</u>
Total assets	<u>4,528,235</u>	<u>302,005</u>	<u>2,655,313</u>	<u>36,373,653</u>	<u>43,859,206</u>
Deferred Outflows of Resources:					
OPEB deferrals	207,289	-	-	103,645	310,934
Pension deferrals	543,059	-	-	271,530	814,589
Total deferred outflows of resources	<u>750,348</u>	<u>-</u>	<u>-</u>	<u>375,175</u>	<u>1,125,523</u>
Liabilities:					
Current liabilities:					
Accounts payable	109,444	-	176,669	252,686	538,799
Accrued salaries and benefits	28,854	-	92,907	18,714	140,475
Current portion of OPEB	45,000	-	-	23,000	68,000
Compensated absences	54,000	-	114,100	32,300	200,400
Total current liabilities	<u>237,298</u>	<u>-</u>	<u>383,676</u>	<u>326,700</u>	<u>947,674</u>
Non-current liabilities:					
Compensated absences, non-current	18,006	-	38,090	10,777	66,873
Net pension liability	884,341	-	-	442,171	1,326,512
Total OPEB liability, non-current	<u>1,162,252</u>	<u>-</u>	<u>-</u>	<u>580,628</u>	<u>1,742,880</u>
Total non-current liabilities	<u>2,064,599</u>	<u>-</u>	<u>38,090</u>	<u>1,033,576</u>	<u>3,136,265</u>
Total liabilities	<u>2,301,897</u>	<u>-</u>	<u>421,766</u>	<u>1,360,276</u>	<u>4,083,939</u>
Deferred Inflows of Resources:					
OPEB deferrals	234,402	-	-	117,201	351,603
Pension deferrals	5,003	-	-	2,500	7,503
Total deferred inflows of resources	<u>239,405</u>	<u>-</u>	<u>-</u>	<u>119,701</u>	<u>359,106</u>
Net Position:					
Net investment in capital assets	2,990,810	300,036	273,889	30,735,297	34,300,032
Unrestricted	(253,529)	1,969	1,959,658	4,533,554	6,241,652
Total net position	<u>\$ 2,737,281</u>	<u>\$ 302,005</u>	<u>\$ 2,233,547</u>	<u>\$ 35,268,851</u>	<u>\$ 40,541,684</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, 2024

	Transit System Fund	Municipal Golf Course Fund	Solid Waste Fund	Stormwater Fund	Total
Operating Revenues:					
Charges for services	\$ 103,851	\$ -	\$ 4,094,908	\$ 4,350,857	\$ 8,549,616
Utilities for City use	-	-	-	93,920	93,920
Other operating revenues	12,266	-	19,900	1,970	34,136
Total operating revenues	<u>116,117</u>	<u>-</u>	<u>4,114,808</u>	<u>4,446,747</u>	<u>8,677,672</u>
Operating Expenses:					
Administration	941,180	-	898,633	2,079,648	3,919,461
Maintenance	293,957	-	-	351,485	645,442
ADA/Para-transit expenses	318,213	-	-	-	318,213
Operations area	1,374,907	-	6,009,890	424,354	7,809,151
Depreciation and amortization	<u>330,479</u>	<u>34,195</u>	<u>85,074</u>	<u>840,264</u>	<u>1,290,012</u>
Total operating expenses	<u>3,258,736</u>	<u>34,195</u>	<u>6,993,597</u>	<u>3,695,751</u>	<u>13,982,279</u>
Operating income (loss)	<u>(3,142,619)</u>	<u>(34,195)</u>	<u>(2,878,789)</u>	<u>750,996</u>	<u>(5,304,607)</u>
Non-Operating Revenues (Expenses):					
Investment earnings	45,276	-	73,548	217,593	336,417
Interest expense	(6)	-	(360)	-	(366)
Gain (loss) on disposal of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,606)</u>	<u>(22,606)</u>
Total non-operating revenues (expenses)	<u>45,270</u>	<u>-</u>	<u>73,188</u>	<u>194,987</u>	<u>313,445</u>
Income (loss) before capital contributions and transfers	(3,097,349)	(34,195)	(2,805,601)	945,983	(4,991,162)
Capital Contributions:					
Federal and state grants	2,501,840	-	-	189,515	2,691,355
Transfers:					
Transfers from other funds	<u>1,539,235</u>	<u>-</u>	<u>3,621,533</u>	<u>-</u>	<u>5,160,768</u>
Change in net position	943,726	(34,195)	815,932	1,135,498	2,860,961
Net Position:					
Beginning of year - July 1	<u>1,793,555</u>	<u>336,200</u>	<u>1,417,615</u>	<u>34,133,353</u>	<u>37,680,723</u>
End of year - June 30	<u>\$ 2,737,281</u>	<u>\$ 302,005</u>	<u>\$ 2,233,547</u>	<u>\$ 35,268,851</u>	<u>\$ 40,541,684</u>

CITY OF GASTONIA, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2024**

	Transit System Fund	Municipal Golf Course Fund	Solid Waste Fund	Stormwater Fund	Total
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 116,117	\$ -	\$ 4,021,667	\$ 4,160,188	\$ 8,297,972
Cash paid to suppliers	(1,218,616)	-	(3,461,129)	(2,225,219)	(6,904,964)
Cash paid to employees	(1,620,160)	-	(3,451,086)	(458,758)	(5,530,004)
Net cash provided (used) by operating activities	(2,722,659)	-	(2,890,548)	1,476,211	(4,136,996)
Cash Flows from Non-Capital Financing Activities:					
Transfers from other funds	1,539,235	-	3,621,533	-	5,160,768
Cash Flows from Capital and Related Financing Activities:					
Federal and state grants received	2,181,545	-	-	189,515	2,371,060
Principal paid on long-term debt	(3,138)	-	(15,431)	-	(18,569)
Interest paid on long-term debt	(6)	-	(360)	-	(366)
Acquisition and construction of capital assets	(951,485)	-	(14,736)	(359,040)	(1,325,261)
Net cash provided (used) by capital and related financing activities	1,226,916	-	(30,527)	(169,525)	1,026,864
Cash Flows from Investing Activities:					
Interest on investments	45,276	-	73,548	217,593	336,417
Net increase (decrease) in cash and cash equivalents	88,768	-	774,006	1,524,279	2,387,053
Cash and Cash Equivalents:					
Beginning of year - July 1	497,457	1,969	1,087,930	3,370,054	4,957,410
End of year - June 30	\$ 586,225	\$ 1,969	\$ 1,861,936	\$ 4,894,333	\$ 7,344,463
Reconciliation of Operating Income to Cash Flows from Operating Activities:					
Operating income (loss)	\$ (3,142,619)	\$ (34,195)	\$ (2,878,789)	\$ 750,996	\$ (5,304,607)
Depreciation and amortization	330,479	34,195	85,074	840,264	1,290,012
Change in assets and liabilities:					
(Increase) decrease in deferred outflows - pension	(47,412)	-	-	(23,706)	(71,118)
(Increase) decrease in deferred outflows OPEB	83,944	-	-	41,971	125,915
Increase (decrease) in deferred inflows OPEB	(95,780)	-	-	(47,890)	(143,670)
Increase (decrease) in net pension liability	145,449	-	-	72,725	218,174
Increase (decrease) in deferred inflows - pension	(4,784)	-	-	(2,392)	(7,176)
(Increase) decrease in accounts receivables	-	-	(93,141)	(286,559)	(379,700)
Increase (decrease) in accounts payable	(24,085)	-	17,815	95,753	89,483
Increase (decrease) in accrued salaries	(5,132)	-	(375)	3,293	(2,214)
Increase (decrease) in compensated absences	(3,482)	-	(21,132)	11,374	(13,240)
Increase (decrease) in other post-employment benefits	40,763	-	-	20,382	61,145
Net cash provided (used) by operating activities	\$ (2,722,659)	\$ -	\$ (2,890,548)	\$ 1,476,211	\$ (4,136,996)
Supplemental Disclosure of Non-Cash Activity:					
Book value of capital asset disposals	\$ -	\$ -	\$ -	\$ 22,606	\$ 22,606

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Water sales and sewer charges	\$ 46,387,700	\$ 45,179,664	\$ (1,208,036)	\$ 44,560,885
Utilities for City use	1,021,850	971,109	(50,741)	939,220
Water and sewer taps	450,000	630,677	180,677	483,158
Other operating revenues	89,370	143,542	54,172	82,440
Pretreatment monitoring charge	72,000	59,850	(12,150)	60,025
Total	48,020,920	46,984,842	(1,036,078)	46,125,728
Non-operating revenues:				
Proceeds from sale of capital assets	24,710	24,710	-	-
Investment earnings	620,000	1,350,210	730,210	784,091
Other non-operating revenues	112,000	125,836	13,836	126,799
Total	756,710	1,500,756	744,046	910,890
Total revenues	48,777,630	48,485,598	(292,032)	47,036,618
Expenditures:				
Operating expenditures:				
Administration:				
General services:				
Salaries and employee benefits	1,037,315	848,477	188,838	1,106,617
Other operating expenditures	3,930,989	3,708,456	222,533	5,461,398
Capital outlay	290,320	266,239	24,081	162,695
Renewal and replacement	2,397,000	-	2,397,000	-
Overhead charged by other departments	5,000,538	4,546,917	453,621	4,294,078
Total	12,656,162	9,370,089	3,286,073	11,024,788
Customer service:				
Salaries and employee benefits	231,953	231,707	246	219,462
Other operating expenditures	268,126	211,463	56,663	629,925
Capital outlay	-	-	-	22,220
Total	500,079	443,170	56,909	871,607
Total administration	13,156,241	9,813,259	3,342,982	11,896,395

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Operations area:				
AM/FM GIS:				
Other operating expenditures	119,295	87,348	31,947	42,433
PW landscape:				
Salaries and employee benefits	229,661	226,982	2,679	254,451
Other operating expenditures	158,424	146,393	12,031	119,507
Total	388,085	373,375	14,710	373,958
Non-Powell Bill streets:				
Salaries and employee benefits	198,720	191,723	6,997	113,100
Water and sewer street maintenance:				
Salaries and employee benefits	255,172	106,941	148,231	122,637
Other operating expenditures	461,947	139,441	322,506	158,866
Total	717,119	246,382	470,737	281,503
Water line maintenance:				
Salaries and employee benefits	1,607,183	1,490,761	116,422	1,438,440
Other operating expenditures	1,005,860	773,198	232,662	356,695
Total	2,613,043	2,263,959	349,084	1,795,135
Sewer line maintenance:				
Salaries and employee benefits	1,506,201	1,347,508	158,693	1,340,473
Other operating expenditures	727,737	598,008	129,729	620,900
Capital outlay	288,401	285,214	3,187	330,790
Overhead charged by other departments	23,000	719	22,281	18,550
Total	2,545,339	2,231,449	313,890	2,310,713
Total operations area	6,581,601	5,394,236	1,187,365	4,916,842
Water supply and treatment:				
Salaries and employee benefits	2,363,379	2,184,334	179,045	1,765,833
Other operating expenditures	4,752,209	3,815,206	937,003	3,601,457
Capital outlay	81,550	77,980	3,570	48,686
Total	7,197,138	6,077,520	1,119,618	5,415,976

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Facility maintenance:				
Salaries and employee benefits	1,129,175	998,246	130,929	1,076,012
Other operating expenditures	1,321,569	1,079,044	242,525	938,143
Capital outlay	200,300	-	200,300	-
Overhead charged by other departments	-	-	-	145,266
Total	<u>2,651,044</u>	<u>2,077,290</u>	<u>573,754</u>	<u>2,159,421</u>
Sewage treatment:				
Salaries and employee benefits	4,285,060	4,174,353	110,707	3,873,702
Other operating expenditures	5,854,781	4,880,068	974,713	4,619,747
Capital outlay	128,005	107,705	20,300	21,307
Total	<u>10,267,846</u>	<u>9,162,126</u>	<u>1,105,720</u>	<u>8,514,756</u>
Payseur Mountain Resource Recovery:				
Other operating expenditures	<u>1,971,354</u>	<u>1,900,213</u>	<u>71,141</u>	<u>1,905,148</u>
Debt service:				
Debt principal	5,108,643	5,107,085	1,558	4,268,149
Interest and fees	2,843,222	2,230,797	612,425	795,711
Total	<u>7,951,865</u>	<u>7,337,882</u>	<u>613,983</u>	<u>5,063,860</u>
Total expenditures	<u>49,777,089</u>	<u>41,762,526</u>	<u>8,014,563</u>	<u>39,872,398</u>
Revenues over (under) expenditures	<u>(999,459)</u>	<u>6,723,072</u>	<u>7,722,531</u>	<u>7,164,220</u>
Other Financing Sources (Uses):				
Subscription liabilities issued	-	-	-	12,695
Intrafund transfers	(3,400,000)	(3,400,000)	-	(3,490,000)
Transfers from other funds	-	-	-	(275,500)
Appropriated fund balance	4,399,459	-	(4,399,459)	-
Total other financing sources (uses)	<u>999,459</u>	<u>(3,400,000)</u>	<u>(4,399,459)</u>	<u>(3,752,805)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,323,072</u>	<u>\$ 3,323,072</u>	<u>\$ 3,411,415</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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	<u>2024</u>			<u>2023</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		\$ 3,323,072		
Reconciling items:				
Depreciation and amortization		(8,754,238)		
Amortization of debt premiums		383,027		
Long-term debt principal repayments		5,107,085		
Increase (decrease) in deferred outflows - OPEB		(545,635)		
(Increase) decrease in deferred inflows - OPEB		622,565		
Book value of disposed capital assets		(16,586)		
Intrafund transfers to capital project funds		3,400,000		
Capital project revenues		8,058,146		
Capital project expenditures		(11,297,192)		
Capital assets purchased/capitalized		11,442,452		
Contributed capital - developers		796,440		
Increase (decrease) in unbilled revenues receivable		796,096		
(Increase) decrease in accrued vacation pay		(38,211)		
Increase (decrease) deferred outflows - pension		331,884		
(Increase) decrease in net pension liability		(1,018,146)		
(Increase) decrease deferred inflows - pension		33,488		
Increase (decrease) in deferred revenues and inventories		15,003		
(Increase) decrease in accrued interest and arbitrage		(1,154,987)		
(Increase) decrease in OPEB liability		<u>(264,960)</u>		
Change in net position		<u>\$ 11,219,303</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Water and sewer system expansion fee	\$ 2,800,000	\$ 3,983,756	\$ 1,183,756
Restricted intergovernmental	19,358,501	1,179,648	(18,178,853)
Investment earnings	1,065,497	2,290,265	1,224,768
Other	-	604,477	604,477
Total revenues	<u>23,223,998</u>	<u>8,058,146</u>	<u>(15,165,852)</u>
Expenditures:			
Non-departmental	1,804	-	1,804
Regionalization	9,730	2,329	7,401
Crowders Creek	1,177,144	238,353	938,791
Collection system	2,029,023	536,127	1,492,896
Pumpstation force main	1,249,103	284	1,248,819
Long Creek Wastewater Treatment Plant	1,742,194	34,803	1,707,391
Water distribution	1,780,000	11,884	1,768,116
Water supply and treatment	2,155,436	630,837	1,524,599
South East sewer expansion	44,193,270	8,348,184	35,845,086
AMI meter project	7,884,829	-	7,884,829
Wastewater outfall project	4,352,735	149,969	4,202,766
SCADA project	5,249,446	595,026	4,654,420
AMI meter project inventory	839,957	119,144	720,813
Lakewood pump station	1,821,650	522,863	1,298,787
Develop fee reserves	1,600,000	-	1,600,000
Advanced metering infrastructure	225,500	107,389	118,111
Working reserves	197,800	-	197,800
Total expenditures	<u>76,509,621</u>	<u>11,297,192</u>	<u>65,212,429</u>
Revenues over (under) expenditures	<u>(53,285,623)</u>	<u>(3,239,046)</u>	<u>50,046,577</u>
Other Financing Sources (Uses):			
Intrafund transfers	3,400,000	3,400,000	-
Issuance of long-term debt	45,541,262	37,055,000	(8,486,262)
Premium on long-term debt issue	4,344,361	4,344,361	-
Total other financing sources (uses)	<u>53,285,623</u>	<u>44,799,361</u>	<u>(8,486,262)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 41,560,315</u>	<u>\$ 41,560,315</u>

CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Electricity sales	\$ 78,525,148	\$ 74,650,787	\$ (3,874,361)	\$ 74,212,803
Utilities for City use	2,278,400	2,153,038	(125,362)	2,070,869
Other operating revenues	752,500	753,624	1,124	806,071
Total	<u>81,556,048</u>	<u>77,557,449</u>	<u>(3,998,599)</u>	<u>77,089,743</u>
Non-operating revenues:				
Investment earnings	930,000	2,043,411	1,113,411	927,875
Federal and state grants	-	-	-	5,000
Proceeds from sale of capital assets	11,635	18,912	7,277	6,687
Total	<u>941,635</u>	<u>2,062,323</u>	<u>1,120,688</u>	<u>939,562</u>
Total revenues	<u>82,497,683</u>	<u>79,619,772</u>	<u>(2,877,911)</u>	<u>78,029,305</u>
Expenditures:				
Operating expenditures:				
Administration:				
Salaries and employee benefits	1,686,450	1,360,559	325,891	1,393,486
Overhead charged by other departments	3,151,920	2,835,076	316,844	2,690,249
Other operating expenditures	3,185,956	2,924,641	261,315	3,393,741
Capital outlay	157,230	230,572	(73,342)	30,247
Total	<u>8,181,556</u>	<u>7,350,848</u>	<u>830,708</u>	<u>7,507,723</u>
AM/FM GIS:				
Other operating expenditures	<u>180,775</u>	<u>143,824</u>	<u>36,951</u>	<u>81,162</u>
Utility locator:				
Salaries and employee benefits	263,846	270,754	(6,908)	185,786
Other operating expenditures	64,726	42,845	21,881	38,767
Reimbursement for services	(194,935)	(188,135)	(6,800)	(134,646)
Total	<u>133,637</u>	<u>125,464</u>	<u>8,173</u>	<u>89,907</u>

CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024		2023
	Budget	Actual	Variance Over/Under
			Actual
Electric service:			
Salaries and employee benefits	1,224,011	1,239,009	(14,998)
Other operating expenditures	444,354	391,744	52,610
Capital outlay	327,537	12,781	314,756
Reimbursement of services	-	(890)	890
Total	<u>1,995,902</u>	<u>1,642,644</u>	<u>353,258</u>
Electric substation:			
Salaries and employee benefits	516,481	511,968	4,513
Other operating expenditures	<u>556,639</u>	<u>396,930</u>	<u>159,709</u>
Total	<u>1,073,120</u>	<u>908,898</u>	<u>164,222</u>
Street lights:			
Salaries and employee benefits	279,573	275,653	3,920
Other operating expenditures	<u>632,854</u>	<u>584,886</u>	<u>47,968</u>
Total	<u>912,427</u>	<u>860,539</u>	<u>51,888</u>
Electric line maintenance:			
Salaries and employee benefits	777,917	763,544	14,373
Other operating expenditures	1,913,599	1,582,911	330,688
Reimbursement for services	<u>(165,000)</u>	<u>(260,717)</u>	<u>95,717</u>
Total	<u>2,526,516</u>	<u>2,085,738</u>	<u>440,778</u>
Line construction:			
Salaries and employee benefits	992,872	830,306	162,566
Other operating expenditures	261,762	241,938	19,824
Capital outlay	<u>98,150</u>	<u>62,238</u>	<u>35,912</u>
Total	<u>1,352,784</u>	<u>1,134,482</u>	<u>218,302</u>
Underground line construction:			
Salaries and employee benefits	854,968	750,843	104,125
Other operating expenditures	139,661	129,054	10,607
Capital outlay	<u>541,797</u>	<u>340,156</u>	<u>201,641</u>
Total	<u>1,536,426</u>	<u>1,220,053</u>	<u>316,373</u>

CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Financial services / warehouse:				
Other operating expenditures	2,872,649	740,926	2,131,723	498,871
Electric service - generators:				
Other operating expenditures	233,000	192,515	40,485	150,114
Reimbursement for services	(33,000)	(61,426)	28,426	(32,294)
Total	200,000	131,089	68,911	117,820
Renewal and replacement	7,212,850	-	7,212,850	-
Total operations	19,997,086	8,993,657	11,003,429	7,391,843
Reserves:				
Rate stabilization reserve	12,600,000	-	12,600,000	-
Purchased power:				
Cost of electricity purchased	49,620,000	48,229,005	1,390,995	48,691,692
Debt service:				
Debt principal	48,159	48,158	1	48,153
Interest and fees	9,263	9,263	-	11,030
Total	57,422	57,421	1	59,183
Total expenditures	90,456,064	64,630,931	25,825,133	63,650,441
Revenues over (under) expenditures	(7,958,381)	14,988,841	22,947,222	14,378,864
Other Financing Sources (Uses):				
Transfers to other funds	(2,000,000)	(2,000,000)	-	(2,232,000)
Intrafund transfer	(13,131,000)	(13,131,000)	-	(5,176,300)
Appropriated fund balance	23,089,381	-	(23,089,381)	-
Total other financing sources (uses)	7,958,381	(15,131,000)	(23,089,381)	(7,408,300)
Net change in fund balance	\$ -	\$ (142,159)	\$ (142,159)	\$ 6,970,564

CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	<u>2024</u>		<u>2023</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		\$ (142,159)	
Reconciling items:			
Depreciation and amortization		(2,628,894)	
Long-term debt principal repayments		48,158	
Increase (decrease) in deferred outflows - OPEB		(251,831)	
(Increase) decrease in deferred inflows - OPEB		287,338	
Intrafund transfers to capital project funds		13,131,000	
Capital project revenues		885,506	
Capital project expenditures		(4,726,463)	
Capital assets purchased/capitalized		7,306,768	
Loss on disposal of assets		(187,879)	
Increase (decrease) in unbilled revenues receivable		1,432,788	
(Increase) decrease deferred outflows - pension		142,236	
(Increase) decrease in net pension liability		(436,348)	
(Increase) decrease in accrued vacation pay		(55,155)	
(Increase) decrease deferred inflows - pension		14,352	
Increase (decrease) in deferred revenues and inventories		596,728	
(Increase) decrease in other post-employment benefits		<u>(122,290)</u>	
Change in net position		<u>\$ 15,293,855</u>	

CITY OF GASTONIA, NORTH CAROLINA

ELECTRIC CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues	\$ 277,168	\$ 25,000	\$ (252,168)
Miscellaneous	-	566	566
Investment earnings	-	859,940	859,940
Total revenues	<u>277,168</u>	<u>885,506</u>	<u>608,338</u>
Expenditures:			
Economic development	184,507	-	184,507
Electric line construction	968,551	232,219	736,332
Electric service - generators	4,568,409	29,800	4,538,609
SCADA replacement	200,972	-	200,972
Long Creek generator project	994,437	118,094	876,343
City electrical tie lines	1,109,198	382,533	726,665
US 74 line extension	2,575,811	419,732	2,156,079
Electric development	221,181	188,170	33,011
Residential development	1,261,707	1,022,734	238,973
NCDOT city fiber	203,164	69,715	133,449
Municipal Operations Center	2,556,987	1,936,435	620,552
Advanced Metering Infra (AMI)	6,430,000	1,500	6,428,500
Future projects transformer inventory	1,806,323	23,360	1,782,963
West Franklin Streetscape	<u>1,659,680</u>	<u>302,171</u>	<u>1,357,509</u>
Total expenditures	<u>24,740,927</u>	<u>4,726,463</u>	<u>20,014,464</u>
Revenues over (under) expenditures	<u>(24,463,759)</u>	<u>(3,840,957)</u>	<u>20,622,802</u>
Other Financing Sources (Uses):			
Intrafund transfers	13,131,000	13,131,000	-
Appropriated fund balance	<u>11,332,759</u>	<u>-</u>	<u>(11,332,759)</u>
Total other financing sources (uses)	<u>24,463,759</u>	<u>13,131,000</u>	<u>(11,332,759)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 9,290,043</u>	<u>\$ 9,290,043</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, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Bus user fees	\$ 100,000	\$ 103,851	\$ 3,851	\$ 102,640
Restricted intergovernmental	6,019,444	2,501,840	(3,517,604)	2,512,464
Miscellaneous	10,563	12,266	1,703	19,801
Total operating revenues	<u>6,130,007</u>	<u>2,617,957</u>	<u>(3,512,050)</u>	<u>2,634,905</u>
Non-operating revenues:				
Investment earnings	<u>9,000</u>	<u>45,276</u>	<u>36,276</u>	<u>27,910</u>
Total revenues	<u>6,139,007</u>	<u>2,663,233</u>	<u>(3,475,774)</u>	<u>2,662,815</u>
Expenditures:				
Fleet services	<u>120,962</u>	<u>7,447</u>	<u>113,515</u>	<u>4,887</u>
Administration:				
Salaries and benefits	373,750	332,357	41,393	313,439
Other operating expenditures	145,980	69,954	76,026	68,494
Capital outlay	2,026	2,026	-	-
Overhead allocation from General Fund	<u>526,448</u>	<u>416,689</u>	<u>109,759</u>	<u>445,331</u>
Total	<u>1,048,204</u>	<u>821,026</u>	<u>227,178</u>	<u>827,264</u>
Operations:				
Salaries and benefits	990,333	785,300	205,033	833,588
Other operating expenditures	2,579,760	593,387	1,986,373	809,105
Capital outlay	<u>2,724,825</u>	<u>941,714</u>	<u>1,783,111</u>	<u>5,902</u>
Total	<u>6,294,918</u>	<u>2,320,401</u>	<u>3,974,517</u>	<u>1,648,595</u>
Maintenance:				
Salaries and benefits	297,018	246,809	50,209	280,659
Other operating expenditures	67,300	39,403	27,897	36,082
Capital outlay	<u>12,804</u>	<u>7,745</u>	<u>5,059</u>	<u>-</u>
Total	<u>377,122</u>	<u>293,957</u>	<u>83,165</u>	<u>316,741</u>
ADA / Paratransit:				
Salaries and benefits	279,738	276,007	3,731	233,415
Other operating expenditures	<u>60,068</u>	<u>42,206</u>	<u>17,862</u>	<u>29,145</u>
Total	<u>339,806</u>	<u>318,213</u>	<u>21,593</u>	<u>262,560</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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Debt service:				
Debt principal	3,138	3,138	-	3,116
Interest and fees	6	6	-	14
Total	3,144	3,144	-	3,130
 Total expenditures	 8,184,156	 3,764,188	 4,419,968	 3,063,177
 Revenues over (under) expenditures	 (2,045,149)	 (1,100,955)	 944,194	 (400,362)
 Other Financing Sources (Uses):				
Transfers from other funds	1,539,235	1,539,235	-	576,431
Appropriated fund balance	505,914	-	(505,914)	-
Total other financing sources (uses)	2,045,149	1,539,235	(505,914)	576,431
 Net change in fund balance	 \$ -	 \$ 438,280	 \$ 438,280	 \$ 176,069

Reconciliation from Budgetary Basis

to Full Accrual Basis:

Net change in fund balance	\$ 438,280
Reconciling items:	
Depreciation and amortization	(330,479)
Increase (decrease) deferred outflows - pension	47,412
(Increase) decrease in net pension liability	(145,449)
(Increase) decrease deferred inflows - pension	4,784
Capital outlay, capitalized	951,485
Long-term debt and lease principal	3,138
Increase (decrease) deferred outflows - OPEB	(83,944)
(Increase) decrease in other post-employment benefits	(40,763)
(Increase) decrease deferred inflows - OPEB	95,780
(Increase) decrease in accrued vacation pay	3,482
 Change in net position	 \$ 943,726

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	<u>2024</u>			<u>2023</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Non-operating revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis to Full Accrual Basis:				
Revenues over (under) expenditures		\$ -		
Reconciling items:				
Depreciation		<u>(34,195)</u>		
Change in net position		<u>\$ (34,195)</u>		

CITY OF GASTONIA, NORTH CAROLINA

SOLID WASTE FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Collection and recycling fees	\$ 4,016,800	\$ 4,001,040	\$ (15,760)	\$ 3,917,007
Other operating revenues	7,529	19,900	12,371	43,953
Total	4,024,329	4,020,940	(3,389)	3,960,960
Non-operating revenues:				
Investment earnings	25,000	73,548	48,548	34,465
Total revenues	4,049,329	4,094,488	45,159	3,995,425
Expenditures:				
Operating expenditures:				
Administration:				
Salaries and benefits	620,708	522,047	98,661	711,225
Other operating expenditures	453,068	382,983	70,085	144,918
Total	1,073,776	905,030	168,746	856,143
Refuse collection:				
Salaries and benefits	3,033,902	2,907,532	126,370	2,825,610
Other operating expenditures	3,185,918	3,109,165	76,753	3,092,631
Total	6,219,820	6,016,697	203,123	5,918,241
Refuse disposal:				
Other operating expenditures	12,610	7,928	4,682	5,430
Capital outlay	788,274	14,735	773,539	33,287
Debt service:				
Principal	15,440	15,431	9	14,402
Interest	360	360	-	21
Total	15,800	15,791	9	14,423
Total expenditures	8,110,280	6,960,181	1,150,099	6,827,524

CITY OF GASTONIA, NORTH CAROLINA

SOLID WASTE FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	(4,060,951)	(2,865,693)	1,195,258	(2,832,099)
Other Financing Sources (Uses):				
Transfers from other funds	3,634,533	3,621,533	(13,000)	2,902,887
Subscription liabilities issued	-	-	-	27,130
Appropriated fund balance	426,418	-	(426,418)	-
Total other financing sources (uses)	4,060,951	3,621,533	439,418	2,930,017
Net change in fund balance	\$ -	\$ 755,840	\$ 755,840	\$ 97,918

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

Net change in fund balance	\$ 755,840
Reconciling items:	
Depreciation and amortization	(85,074)
Capital outlay, capitalized	14,735
Principal paid on long-term debt	15,431
Increase (decrease) in unbilled revenues receivable	93,868
(Increase) decrease in accrued vacation pay	21,132
Change in net position	\$ 815,932

CITY OF GASTONIA, NORTH CAROLINA

STORMWATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Stormwater fees	\$ 4,300,000	\$ 4,283,969	\$ (16,031)	\$ 4,087,827
Stormwater fees to other funds	94,520	93,920	(600)	93,150
Other operating revenues	75	1,557	1,482	2,512
Total	<u>4,394,595</u>	<u>4,379,446</u>	<u>(15,149)</u>	<u>4,183,489</u>
Non-operating revenues:				
Federal and state grants	500,000	130,000	(370,000)	-
Investment earnings	20,000	90,302	70,302	42,141
Total	<u>520,000</u>	<u>220,302</u>	<u>(299,698)</u>	<u>42,141</u>
Total revenues	<u>4,914,595</u>	<u>4,599,748</u>	<u>(314,847)</u>	<u>4,225,630</u>
Expenditures:				
Operating expenditures:				
Administration:				
Salaries and benefits	524,042	325,019	199,023	260,069
Other operating expenditures	497,988	442,078	55,910	436,536
Overhead allocation from General Fund	1,297,062	1,146,260	150,802	1,080,460
Total	<u>2,319,092</u>	<u>1,913,357</u>	<u>405,735</u>	<u>1,777,065</u>
Operations:				
Salaries and benefits	371,796	209,496	162,300	240,266
Other operating expenditures	425,101	308,685	116,416	282,643
Capital outlay	416,132	24,605	391,527	223,201
Total	<u>1,213,029</u>	<u>542,786</u>	<u>670,243</u>	<u>746,110</u>
AM/FM/GIS:				
Other operating expenditures	60,800	49,515	11,285	5,982
LASII grant:				
Capital outlay	529,900	154,917	374,983	-
Total expenditures	<u>4,122,821</u>	<u>2,660,575</u>	<u>1,462,246</u>	<u>2,529,157</u>

CITY OF GASTONIA, NORTH CAROLINA

STORMWATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	791,774	1,939,173	1,147,399	1,696,473
Other Financing Sources (Uses):				
Transfers to other funds	-	-	-	(72,500)
Intrafund transfer	(1,242,107)	(1,242,107)	-	(1,000,000)
Appropriated fund balance	450,333	-	(450,333)	-
Total other financing sources (uses)	(791,774)	(1,242,107)	450,333	(1,072,500)
Net change in fund balance	\$ -	\$ 697,066	\$ 697,066	\$ 623,973

Reconciliation from Budgetary Basis

to Full Accrual Basis:

Net change in fund balance	\$ 697,066
Reconciling items:	
Depreciation	(840,264)
Book value of disposed capital assets	(22,606)
Capital project revenues	187,219
Non-capitalized project expenditures	(301,970)
Intrafund transfer to Capital Project Fund	1,242,107
Capital outlay, capitalized	179,522
Increase (decrease) in deferred outflows - OPEB	(41,971)
(Increase) decrease in deferred inflows - OPEB	47,890
Increase (decrease) in unbilled revenues receivable	66,888
Increase (decrease) deferred outflows - pension	23,706
(Increase) decrease in net pension liability	(72,725)
(Increase) decrease deferred inflows - pension	2,392
(Increase) decrease in accrued vacation pay	(11,374)
(Increase) decrease in other post-employment benefits	(20,382)
Change in net position	\$ 1,135,498

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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 127,291	\$ 127,291
Restricted intergovernmental revenue	774,895	59,515	(715,380)
Miscellaneous revenues	-	413	413
Total revenues	<u>774,895</u>	<u>187,219</u>	<u>(587,676)</u>
Expenditures:			
Stormwater system	2,544,932	179,519	2,365,413
Stormwater, non-capital	<u>1,340,459</u>	<u>301,970</u>	<u>1,038,489</u>
Total expenditures	<u>3,885,391</u>	<u>481,489</u>	<u>3,403,902</u>
Revenues over (under) expenditures	<u>(3,110,496)</u>	<u>(294,270)</u>	<u>2,816,226</u>
Other Financing Sources (Uses):			
Intrafund transfer in	1,275,005	1,242,107	(32,898)
Appropriated fund balance	<u>1,835,491</u>	-	<u>(1,835,491)</u>
Total other financing sources (uses)	<u>3,110,496</u>	<u>1,242,107</u>	<u>(1,868,389)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 947,837</u>	<u>\$ 947,837</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, 2024

	Vehicle Replacement Fund	Information Technology Fund	Dental Self-Insurance Fund	Medical Self-Insurance Fund	Total
Assets:					
Current assets:					
Cash, cash equivalents, and investments	\$ -	\$ 2,812,063	\$ 423,322	\$ 6,435,869	\$ 9,671,254
Accounts receivable, net	47,288	503,639	1,200	236,301	788,428
Due from other funds	-	-	107,509	1,811,210	1,918,719
Prepays	272,989	-	-	-	272,989
Cash and cash equivalents, restricted	2,525,823	-	-	-	2,525,823
Total current assets	2,846,100	3,315,702	532,031	8,483,380	15,177,213
Non-current assets:					
Capital assets:					
Right to use assets, net	6,835	203,869	-	-	210,704
Depreciable capital assets, net	12,924,597	2,104,358	-	1,278,693	16,307,648
Total capital assets	12,931,432	2,308,227	-	1,278,693	16,518,352
Total assets	15,777,532	5,623,929	532,031	9,762,073	31,695,565
Liabilities:					
Current liabilities:					
Accounts payable	217,601	558,835	-	1,092,712	1,869,148
Accrued salaries and benefits	-	120,538	-	-	120,538
Compensated absences, current	-	239,000	-	-	239,000
Accrued interest and arbitrage	245,138	-	-	-	245,138
Due to other funds	-	-	340,164	-	340,164
Current portion of long-term debt	3,279,412	171,553	-	-	3,450,965
Total current liabilities	3,742,151	1,089,926	340,164	1,092,712	6,264,953
Non-current liabilities:					
Compensated absences, non-current	-	79,312	-	-	79,312
Non-current portion of long-term debt	5,719,092	-	-	-	5,719,092
Total non-current liabilities	5,719,092	79,312	-	-	5,798,404
Total liabilities	9,461,243	1,169,238	340,164	1,092,712	12,063,357
Net Position:					
Net investment in capital assets	6,458,751	2,136,674	-	1,278,693	9,874,118
Unrestricted	(142,462)	2,318,017	191,867	7,390,668	9,758,090
Total net position	\$ 6,316,289	\$ 4,454,691	\$ 191,867	\$ 8,669,361	\$ 19,632,208

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, 2024

	Vehicle Replacement Fund	Information Technology Fund	Dental Self-Insurance Fund	Medical Self-Insurance Fund	Total
Operating Revenues:					
Charges for services	\$ 3,940,133	\$ 6,811,882	\$ 451,728	\$ 12,842,174	\$ 24,045,917
Other revenues	-	1,743,301	-	-	1,743,301
Total	<u>3,940,133</u>	<u>8,555,183</u>	<u>451,728</u>	<u>12,842,174</u>	<u>25,789,218</u>
Operating Expenses:					
Operations area	158,520	8,308,986	453,083	12,477,584	21,398,173
Depreciation and amortization	<u>3,462,323</u>	<u>867,121</u>	<u>-</u>	<u>29,116</u>	<u>4,358,560</u>
Total	<u>3,620,843</u>	<u>9,176,107</u>	<u>453,083</u>	<u>12,506,700</u>	<u>25,756,733</u>
Operating income (loss)	<u>319,290</u>	<u>(620,924)</u>	<u>(1,355)</u>	<u>335,474</u>	<u>32,485</u>
Non-Operating Revenues (Expenses):					
Federal and state grants	-	100,000	-	-	100,000
Miscellaneous	520	-	-	-	520
Investment earnings	238,903	142,638	10,114	226,435	618,090
Gain (loss) on disposal of capital assets	169,192	-	-	-	169,192
Interest and other charges on long-term debt	<u>(350,548)</u>	<u>(9,683)</u>	<u>-</u>	<u>-</u>	<u>(360,231)</u>
Total non-operating revenues (expenses)	<u>58,067</u>	<u>232,955</u>	<u>10,114</u>	<u>226,435</u>	<u>527,571</u>
Change in net position	377,357	(387,969)	8,759	561,909	560,056
Net Position:					
Beginning of year - July 1	<u>5,938,932</u>	<u>4,842,660</u>	<u>183,108</u>	<u>8,107,452</u>	<u>19,072,152</u>
End of year - June 30	<u>\$ 6,316,289</u>	<u>\$ 4,454,691</u>	<u>\$ 191,867</u>	<u>\$ 8,669,361</u>	<u>\$ 19,632,208</u>

CITY OF GASTONIA, NORTH CAROLINA

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

	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	\$ 3,893,365	\$ 8,338,763	\$ 451,728	\$ 12,605,873	\$ 25,289,729
Cash paid to suppliers	(346,381)	(6,384,116)	(453,083)	(12,338,708)	(19,522,288)
Cash paid to employees	-	(1,356,927)	-	-	(1,356,927)
Net cash provided (used) by operating activities	<u>3,546,984</u>	<u>597,720</u>	<u>(1,355)</u>	<u>267,165</u>	<u>4,410,514</u>
Cash Flows from Non-Capital Financing Activities:					
Change in due to/from other funds	-	-	84,971	1,672,961	1,757,932
Cash Flows from Capital and Related Financing Activities:					
Federal and State grants received	-	100,000	-	-	100,000
Proceeds from issuance of debt	2,455,000	-	-	-	2,455,000
Principal paid on long-term debt	(3,429,901)	(170,440)	-	-	(3,600,341)
Proceeds from sale of capital assets	180,272	-	-	-	180,272
Acquisition and construction of capital assets	(4,162,123)	(2,677,492)	-	(601,583)	(7,441,198)
Interest paid on long-term debt	(138,477)	(9,683)	-	-	(148,160)
Net cash provided (used) by capital and related financing activities	<u>(5,095,229)</u>	<u>(2,757,615)</u>	<u>-</u>	<u>(601,583)</u>	<u>(8,454,427)</u>
Cash Flows from Investing Activities:					
Interest on investments	<u>238,903</u>	<u>142,638</u>	<u>10,114</u>	<u>226,435</u>	<u>618,090</u>
Net increase (decrease) in cash and cash equivalents	(1,309,342)	(2,017,257)	93,730	1,564,978	(1,667,891)
Cash and Cash Equivalents:					
Beginning of year - July 1	<u>3,835,165</u>	<u>4,829,320</u>	<u>329,592</u>	<u>4,870,891</u>	<u>13,864,968</u>
End of year - June 30	<u>\$ 2,525,823</u>	<u>\$ 2,812,063</u>	<u>\$ 423,322</u>	<u>\$ 6,435,869</u>	<u>\$ 12,197,077</u>

CITY OF GASTONIA, NORTH CAROLINA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Vehicle Replacement Fund	Information Technology Fund	Dental Self-Insurance Fund	Medical Self-Insurance Fund	Total
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	\$ 319,290	\$ (620,924)	\$ (1,355)	\$ 335,474	\$ 32,485
Depreciation and amortization	3,462,323	867,121	-	29,116	4,358,560
Non-operating revenues (expenses)	520	-	-	-	520
Change in assets and liabilities:					
(Increase) decrease in accounts receivables	(47,288)	(216,420)	-	(236,301)	(500,009)
(Increase) decrease in prepaids	(272,989)	-	-	-	(272,989)
Increase (decrease) in accounts payable	85,128	521,740	-	138,876	745,744
Increase (decrease) in compensated absences	-	46,203	-	-	46,203
Net cash provided (used) by operating activities	<u>\$ 3,546,984</u>	<u>\$ 597,720</u>	<u>\$ (1,355)</u>	<u>\$ 267,165</u>	<u>\$ 4,410,514</u>
Supplemental Disclosure of Non-Cash Activity:					
Book value of capital assets sold/disposed	<u>\$ 11,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,080</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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Vehicle and equipment rentals	\$ 3,940,133	\$ 3,940,133	\$ -	\$ 4,627,403
Non-Operating Revenues:				
Miscellaneous	-	520	520	313
Investment earnings	250,000	238,903	(11,097)	102,074
Total	250,000	239,423	(10,577)	102,387
Total revenues	4,190,133	4,179,556	(10,577)	4,729,790
Expenditures:				
Equipment manager:				
Other operating expenditures	83,355	4,846	78,509	5,068
Capital outlay	220,735	203,112	17,623	193,295
Total	304,090	207,958	96,132	198,363
Equipment Manager 2021:				
Capital outlay	103,677	103,676	1	72,154
Equipment manager 2022:				
Other operating expenditures	16,750	-	16,750	-
Capital outlay	1,020,515	879,085	141,430	407,247
Total	1,037,265	879,085	158,180	407,247
Computer equipment 2022:				
Other operating expenditures	-	-	-	30,500
Capital outlay	-	-	-	61,423
Total	-	-	-	91,923
Equipment manager 2022 additional loan:				
Other operating expenditures	88,750	-	88,750	-
Capital outlay	1,269,433	1,199,570	69,863	2,106,622
Total	1,358,183	1,199,570	158,613	2,106,622
Computer equipment 2022 additional loan:				
Other operating expenditures	159,842	142,004	17,838	346,567
Capital outlay	15,508	-	15,508	42,218
Total	175,350	142,004	33,346	388,785

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Plan	Actual	Variance Over/Under	Actual
Equipment manager 2024:				
Other operating expenditures	57,000	-	57,000	-
Capital outlay	2,431,918	1,788,350	643,568	-
Total	2,488,918	1,788,350	700,568	-
 Total operating expenditures	 5,467,483	 4,320,643	 1,146,840	 3,265,094
 Debt service:				
Principal repayments	3,749,902	3,429,901	320,001	4,019,022
Interest and fees	129,778	109,773	20,005	168,322
Debt issuance costs	25,000	25,000	-	-
Other debt service costs	4,691	3,704	987	4,179
Total	3,909,371	3,568,378	340,993	4,191,523
 Total expenditures	 9,376,854	 7,889,021	 1,487,833	 7,456,617
 Revenues over (under) expenditures	 (5,186,721)	 (3,709,465)	 1,477,256	 (2,726,827)
 Other Financing Sources (Uses):				
Proceeds from sale of capital assets	132,984	180,272	47,288	353,498
Subscription liabilities issued	-	-	-	12,695
Issuance of long-term debt	2,455,000	2,455,000	-	-
Appropriated fund balance	2,598,737	-	(2,598,737)	-
Total other financing sources (uses)	5,186,721	2,635,272	(2,551,449)	366,193
 Net change in fund balance	 \$ -	 \$ (1,074,193)	 \$ (1,074,193)	 \$ (2,360,634)

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

Net change in fund balance	\$ (1,074,193)
Reconciling items:	
Depreciation and amortization	(3,462,323)
Book value of capital assets sold	(11,080)
Proceeds from issuance of long-term debt	(2,455,000)
Principal paid on long-term debt	3,429,901
Capital outlay, capitalized	4,162,123
(Increase) decrease in accrued interest and arbitrage	(212,071)
 Change in net position	 \$ 377,357

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, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024			2023
	Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Technology services	\$ 6,811,883	\$ 6,811,882	\$ (1)	\$ 6,168,001
Other revenues	1,459,471	1,743,301	283,830	1,513,578
Total	8,271,354	8,555,183	283,829	7,681,579
Non-Operating Revenues:				
Federal and state grants	100,000	100,000	-	-
Investment earnings	25,890	142,638	116,748	62,984
Total	125,890	242,638	116,748	62,984
Total revenues	8,397,244	8,797,821	400,577	7,744,563
Expenditures:				
Operating expenditures:				
Technology services - administration:				
Salaries and employee benefits	286,728	285,360	1,368	317,933
Other operating expenditures	37,342	13,953	23,389	37,136
Capital outlay	100,000	100,000	-	-
Total	424,070	399,313	24,757	355,069
Admin - apps:				
Salaries and employee benefits	225,233	207,695	17,538	224,811
Other operating expenditures	264,050	103,111	160,939	100,001
Total	489,283	310,806	178,477	324,812
Database administration:				
Salaries and employee benefits	279,918	279,192	726	266,687
Other operating expenditures	489,059	256,496	232,563	162,405
Capital outlay	-	-	-	240,476
Total	768,977	535,688	233,289	669,568

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, 2024****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	2024			2023
	Plan	Actual	Variance Over/Under	Actual
Geographic Information Systems AM/FM:				
Salaries and employee benefits	533,841	533,295	546	510,844
Other operating expenditures	155,800	93,619	62,181	50,678
Total	689,641	626,914	62,727	561,522
Tech services - website:				
Other operating expenditures	131,023	114,227	16,796	111,501
Capital outlay	12,455	-	12,455	-
Total	143,478	114,227	29,251	111,501
Tech services - CIS apps:				
Salaries and employee benefits	495,327	493,713	1,614	482,629
Other operating expenditures	694,899	446,141	248,758	285,043
Total	1,190,226	939,854	250,372	767,672
Communication division:				
Salaries and employee benefits	351,374	342,828	8,546	324,550
Other operating expenditures	472,523	372,631	99,892	99,968
Capital outlay	121,096	113,893	7,203	-
Total	944,993	829,352	115,641	424,518
Tech services - 800Mhz system:				
Other operating expenditures	336,838	328,198	8,640	322,043
Capital outlay	10,162	-	10,162	-
Total	347,000	328,198	18,802	322,043
Tech services - public safety:				
Salaries and employee benefits	453,517	405,966	47,551	379,347
Other operating expenditures	129,623	88,680	40,943	360,058
Capital outlay	512,000	511,327	673	-
Total	1,095,140	1,005,973	89,167	739,405

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Plan	Actual	Variance Over/Under	Actual
Telephone communications:				
Salaries and employee benefits	99,210	98,889	321	94,806
Other operating expenditures	652,889	459,589	193,300	561,698
Capital outlay	21,000	-	21,000	253,214
Total	773,099	558,478	214,621	909,718
Technology services - computer support:				
Salaries and employee benefits	592,021	587,859	4,162	462,579
Other operating expenditures	178,737	110,127	68,610	120,903
Capital outlay	351,413	191,246	160,167	17,554
Total	1,122,171	889,232	232,939	601,036
Technology-city equipment:				
Other operating expenditures	286,862	286,862	-	319,173
Technology services - support administration:				
Salaries and employee benefits	541,860	541,739	121	420,069
Other operating expenditures	691,764	657,622	34,142	609,103
Capital outlay	523,605	372,715	150,890	35,952
Total	1,757,229	1,572,076	185,153	1,065,124
Technology services - core services:				
Salaries and employee benefits	241,556	222,980	18,576	251,240
Other operating expenditures	432,826	289,182	143,644	129,947
Capital outlay	1,424,160	1,202,311	221,849	-
Total	2,098,542	1,714,473	384,069	381,187
IT/Core applications:				
Other operating expenditures	420,604	399,998	20,606	-
Capital outlay	-	186,000	(186,000)	-
Total technology equipment	420,604	585,998	(165,394)	-

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, 2024
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023**

	<u>2024</u>			<u>2023</u>
	<u>Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
IT/City Public Safety:				
Other operating expenditures	<u>140,588</u>	<u>130,382</u>	<u>10,206</u>	<u>12,828</u>
Gaston County public safety:				
Other operating expenditures	<u>119,145</u>	<u>112,449</u>	<u>6,696</u>	<u>-</u>
Technology services - capital projects:				
Other operating expenditures	<u>536,003</u>	<u>-</u>	<u>536,003</u>	<u>-</u>
Debt service:				
Principal	2,997	170,440	(167,443)	157,499
Interest	18	9,683	(9,665)	433
Total	<u>3,015</u>	<u>180,123</u>	<u>(177,108)</u>	<u>157,932</u>
Total expenditures	<u>13,350,066</u>	<u>11,120,398</u>	<u>2,388,366</u>	<u>7,723,108</u>
Revenues over (under) expenditures	<u>(4,952,822)</u>	<u>(2,322,577)</u>	<u>2,630,245</u>	<u>21,455</u>
Other Financing Sources (Uses):				
Transfers from other funds	-	-	-	2,237,000
Subscription liabilities issued	-	-	-	493,690
Appropriated fund balance	<u>4,952,822</u>	<u>-</u>	<u>(4,952,822)</u>	<u>-</u>
Total other financing sources (uses)	<u>4,952,822</u>	<u>-</u>	<u>(4,952,822)</u>	<u>2,730,690</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (2,322,577)</u>	<u>\$ (2,322,577)</u>	<u>\$ 2,752,145</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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	<u>2024</u>			<u>2023</u>
	<u>Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Reconciliation from Budgetary Basis to Full Accrual Basis:				
Net change in fund balance		\$ (2,322,577)		
Reconciling items:				
Depreciation		(690,276)		
Amortization		(176,845)		
Principal paid on long-term debt		170,440		
Capital outlay, capitalized		2,677,492		
(Increase) decrease in accrued vacation pay		<u>(46,203)</u>		
Change in net position		<u>\$ (387,969)</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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	<u>2024</u>			<u>2023</u>
	<u>Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Operating revenues:				
Charges for services	\$ 437,500	\$ 451,728	\$ 14,228	\$ 388,954
Non-operating revenues:				
Investment earnings	2,000	10,114	8,114	2,596
Total revenues	439,500	461,842	22,342	391,550
Expenditures:				
Operating expenditures:				
Administration:				
Operating expenditures	439,500	453,083	(13,583)	366,598
Revenues over (under) expenditures	\$ -	\$ 8,759	\$ 8,759	\$ 24,952

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, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024			2023
	Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services	\$ 11,817,831	\$ 12,842,174	\$ 1,024,343	\$ 12,319,017
Non-Operating Revenues:				
Investment earnings	230,000	226,435	(3,565)	398,520
Total revenues	12,047,831	13,068,609	1,020,778	12,717,537
Expenditures:				
Operating expenditures:				
Administration:				
Operating expenditures	13,381,892	12,477,584	904,308	12,441,319
Capital outlay	724,989	601,583	123,406	707,536
Total expenditures	14,106,881	13,079,167	1,027,714	13,148,855
Revenues over (under) expenditures	(2,059,050)	(10,558)	2,048,492	(431,318)
Other Financing Sources (Uses):				
Transfers from other funds	-	-	-	115,376
Appropriated fund balance	2,059,050	-	(2,059,050)	-
Total other financing sources (uses)	2,059,050	-	(2,059,050)	115,376
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (10,558)	\$ (10,558)	\$ (315,942)
Reconciliation from Budgetary Basis to Full Accrual Basis:				
Net change in fund balance		\$ (10,558)		
Reconciling items:				
Depreciation		(29,116)		
Capital outlay, capitalized		601,583		
Change in net position		\$ 561,909		



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)

Page 1 of 2

	Fiscal Year				
	2024	2023	2022	2021	2020
Governmental activities					
Net investment in capital assets	\$ 117,381,628	\$ 118,025,799	\$ 119,691,275	\$ 123,935,617	\$ 128,510,185
Restricted	39,732,883	38,347,227	20,025,187	18,193,045	31,004,837
Unrestricted	(49,494,490)	(47,895,229)	(35,003,649)	(37,742,226)	(61,781,371)
Total governmental activities net position	<u>\$ 107,620,021</u>	<u>\$ 108,477,797</u>	<u>\$ 104,712,813</u>	<u>\$ 104,386,436</u>	<u>\$ 97,733,651</u>
Business Type activities					
Net investment in capital assets	\$ 320,977,048	\$ 308,114,234	\$ 300,126,877	\$ 285,989,957	\$ 273,789,996
Restricted					
Unrestricted	99,290,164	82,666,848	70,100,933	69,614,793	53,272,773
Total Business Type activities net position	<u>\$ 420,267,212</u>	<u>\$ 390,781,082</u>	<u>\$ 370,227,810</u>	<u>\$ 355,604,750</u>	<u>\$ 327,062,769</u>
Primary Government					
Net investment in capital assets	\$ 438,358,676	\$ 426,140,033	\$ 419,818,152	\$ 409,925,574	\$ 402,300,181
Restricted	39,732,883	38,347,227	20,025,187	18,193,045	31,004,837
Unrestricted	49,795,674	34,771,619	35,097,284	31,872,567	(8,508,598)
Total primary government net position	<u>\$ 527,887,233</u>	<u>\$ 499,258,879</u>	<u>\$ 474,940,623</u>	<u>\$ 459,991,186</u>	<u>\$ 424,796,420</u>

Note: The increase in the unrestricted deficit net position in the Governmental Activities for 2018 was directly due to the implementation effect of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

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

Page 2 of 2

	Fiscal Year				
	2019	2018	2017	2016	2015
Governmental activities					
Net investment in capital assets	\$ 122,614,226	\$ 124,777,914	\$ 124,133,499	\$ 118,307,559	\$ 118,844,527
Restricted	16,561,292	15,387,538	13,115,395	16,304,671	19,904,920
Unrestricted	(41,362,815)	(45,695,235)	(18,073,941)	(2,373,044)	(6,649,369)
Total governmental activities net position	<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>
Business Type activities					
Net investment in capital assets	\$ 265,730,268	\$ 258,184,586	\$ 255,523,817	\$ 239,879,539	\$ 236,950,245
Restricted					
Unrestricted	41,208,431	32,471,314	33,557,762	39,598,241	33,815,134
Total Business Type activities net position	<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>
Primary Government					
Net investment in capital assets	\$ 388,344,494	\$ 382,962,500	\$ 379,657,316	\$ 358,187,098	\$ 355,794,772
Restricted	16,561,292	15,387,538	13,115,395	16,304,671	19,904,920
Unrestricted	(154,384)	(13,223,921)	15,483,821	37,225,197	27,165,765
Total primary government net position	<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>

Schedule 2

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City of Gastonia

Changes in Net Position, Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2024	2023	2022	2021	2020
Expenses					
Governmental activities:					
General government	\$ 22,451,588	\$ 20,397,442	\$ 17,256,712	\$ 15,641,563	\$ 16,286,786
Public Safety	40,780,705	41,094,864	38,668,926	34,687,943	33,743,135
Public Works and Cemeteries	33,357,375	18,781,394	19,283,315	17,396,766	16,248,577
Cultural and Recreation	12,197,683	9,697,218	8,862,070	7,798,607	7,558,181
Economic and physical development	3,273,939	4,499,411	1,745,398	1,437,793	2,591,655
Interest on long-term debt	3,562,206	1,456,634	1,296,656	1,503,876	2,387,821
Total governmental activities expenses	<u>\$ 115,623,496</u>	<u>\$ 95,926,963</u>	<u>\$ 87,113,077</u>	<u>\$ 78,466,548</u>	<u>\$ 78,816,155</u>
Business-type activities:					
Water and Sewer	46,892,267	45,972,202	41,833,807	39,648,939	37,596,052
Electric	64,625,299	64,477,252	69,909,999	68,878,550	68,500,284
Transit	3,258,742	3,453,132	2,970,694	3,087,212	3,258,307
Golf	34,195	34,195	34,704	34,805	34,805
Stormwater	3,718,357	3,226,963	3,388,265	3,109,676	3,512,149
Solid Waste	6,993,957	6,900,048	5,805,377	5,757,349	5,856,951
Total business-type activities expenses	<u>125,522,817</u>	<u>124,063,792</u>	<u>123,942,846</u>	<u>120,516,531</u>	<u>118,758,548</u>
Total primary government expenses	<u>\$ 241,146,313</u>	<u>\$ 219,990,755</u>	<u>\$ 211,055,923</u>	<u>\$ 198,983,079</u>	<u>\$ 197,574,703</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 10,815,223	\$ 10,280,258	\$ 11,981,534	\$ 9,289,124	\$ 10,022,999
Public Safety	1,804,376	1,470,691	1,718,183	1,712,116	1,538,995
Public Works and Cemeteries	472,033	63,464	61,115	57,094	58,266
Cultural and Recreation	1,154,956	1,037,282	930,511	473,616	580,349
Economic and physical development	96,339	51,540	45,203	35,317	468,162
Operating grants and contributions	7,001,224	7,088,460	4,768,967	5,054,061	4,527,774
Capital grants and contributions	7,251,030	7,126,878	2,191,799	5,163,691	505,363
Total governmental activities program revenues	<u>28,595,181</u>	<u>27,118,573</u>	<u>21,697,312</u>	<u>21,785,019</u>	<u>17,701,908</u>
Business-type activities:					
Charges for services:					
Water and Sewer	48,623,262	47,699,411	44,986,737	42,122,472	40,746,707
Electric	78,990,803	76,144,472	77,785,299	89,928,204	84,359,635
Transit	116,117	122,441	9,828	48,099	226,439
Golf	-	-	21,268	-	-
Stormwater	4,446,747	4,165,222	3,206,409	3,068,474	2,662,903
Solid Waste	4,114,808	3,952,209	3,200,794	3,140,658	3,064,965
Operating grants and contributions	-	-	9,799	-	-
Capital grants and contributions	8,676,199	8,985,127	8,148,903	10,333,550	6,788,020
Total business-type activities program revenues	<u>144,967,936</u>	<u>141,068,882</u>	<u>137,369,037</u>	<u>148,641,457</u>	<u>137,848,669</u>
Total primary government program revenues	<u>\$ 173,563,117</u>	<u>\$ 168,187,455</u>	<u>\$ 159,066,349</u>	<u>\$ 170,426,476</u>	<u>\$ 155,550,577</u>
Net (Expense)/Revenue					
Governmental activities	\$ (87,028,315)	\$ (68,808,390)	\$ (65,415,765)	\$ (56,681,529)	\$ (61,114,247)
Business-type activities	19,445,119	17,005,090	13,426,191	28,124,926	19,090,121
Total primary government net expense	<u>(67,583,196)</u>	<u>(51,803,300)</u>	<u>(51,989,574)</u>	<u>(28,556,603)</u>	<u>(42,024,126)</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Ad valorem taxes	\$ 53,523,782	\$ 38,954,815	\$ 37,480,750	\$ 36,931,674	\$ 36,165,019
Sales taxes	19,130,046	18,161,325	16,972,083	14,718,183	12,750,343
Payments in lieu of taxes	2,521,121	4,951,086	4,863,005	4,733,059	4,360,255
Utility franchise taxes (1)	20,318	23,152	7,136	12,298	6,097
Other taxes	7,818,506	7,516,137	7,194,071	7,099,925	6,866,626
Interest earned on investments	6,317,534	3,866,177	286,522	204,099	1,201,656
Transfers	(3,160,768)	(899,318)	(1,061,425)	(364,924)	(314,801)
Total governmental activities	<u>86,170,539</u>	<u>72,573,374</u>	<u>65,742,142</u>	<u>63,334,314</u>	<u>61,035,195</u>
Business-type activities:					
Interest earned on investments	6,880,243	2,648,864	135,444	52,131	719,148
Transfers	3,160,768	899,318	1,061,425	364,924	314,801
Total Business-type activities	<u>10,041,011</u>	<u>3,548,182</u>	<u>1,196,869</u>	<u>417,055</u>	<u>1,033,949</u>
Total primary government	<u>\$ 96,211,550</u>	<u>\$ 76,121,556</u>	<u>\$ 66,939,011</u>	<u>\$ 63,751,369</u>	<u>\$ 62,069,144</u>
Changes in Net Position					
Governmental activities	\$ (857,776)	\$ 3,764,984	\$ 326,377	\$ 6,652,785	\$ (79,052)
Business-type activities	29,486,130	20,553,272	14,623,060	28,541,981	20,124,070
Total primary government	<u>\$ 28,628,354</u>	<u>\$ 24,318,256</u>	<u>\$ 14,949,437</u>	<u>\$ 35,194,766</u>	<u>\$ 20,045,018</u>

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

Page 2 of 2

	Fiscal Year				
	2019	2018	2017	2016	2015
Expenses					
Governmental activities:					
General government	\$ 13,098,052	\$ 7,624,041	\$ 6,189,619	\$ 10,606,593	\$ 10,806,827
Public Safety	31,994,707	31,486,198	30,763,350	29,343,196	27,478,999
Public Works and Cemeteries	14,691,220	15,259,136	1,989,690	6,802,354	8,257,303
Cultural and Recreation	6,982,190	6,719,526	6,313,795	6,113,970	6,076,535
Economic and physical development	4,453,497	8,202,679	18,796,473	8,503,949	5,574,798
Interest on long-term debt	1,614,413	1,824,064	1,935,901	2,065,476	2,251,252
Total governmental activities expenses	<u>\$ 72,834,079</u>	<u>\$ 71,115,644</u>	<u>\$ 65,988,828</u>	<u>\$ 63,435,538</u>	<u>\$ 60,445,714</u>
Business-type activities:					
Water and Sewer	35,651,662	33,630,595	32,065,945	31,411,780	30,100,924
Electric	69,766,570	73,627,853	73,998,222	72,267,809	75,415,945
Transit	2,734,962	2,480,698	2,306,486	2,236,449	2,112,884
Golf	34,805	35,974	36,726	46,814	36,959
Stormwater	2,952,656	2,819,067	2,809,426	2,546,945	2,505,707
Solid Waste	5,367,645	5,082,304	4,839,020	4,754,935	4,383,528
Total business-type activities expenses	<u>116,508,300</u>	<u>117,676,491</u>	<u>116,055,825</u>	<u>113,264,732</u>	<u>114,555,947</u>
Total primary government expenses	<u>\$ 189,342,379</u>	<u>\$ 188,792,135</u>	<u>\$ 182,044,653</u>	<u>\$ 176,700,270</u>	<u>\$ 175,001,661</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 9,505,566	\$ 9,557,074	\$ 8,671,960	\$ 8,828,665	\$ 7,266,484
Public Safety	1,459,428	1,359,470	1,382,880	1,100,861	1,092,265
Public Works and Cemeteries	53,182	55,506	49,641	51,016	46,644
Cultural and Recreation	812,469	867,727	780,680	684,506	628,538
Economic and physical development	405,778	282,252	487,727	63,084	134,659
Operating grants and contributions	4,983,881	4,529,696	4,932,336	4,325,061	4,581,909
Capital grants and contributions	2,938,494	2,947,980	2,359,934	877,236	426,810
Total governmental activities program revenues	<u>20,158,798</u>	<u>19,599,705</u>	<u>18,665,158</u>	<u>15,930,429</u>	<u>14,177,309</u>
Business-type activities:					
Charges for services:					
Water and Sewer	40,736,180	37,692,461	36,296,497	35,561,282	34,338,725
Electric	78,949,075	79,255,929	78,441,784	76,514,684	75,350,298
Transit	190,531	162,466	278,780	221,302	201,679
Golf	-	-	-	-	-
Stormwater	2,580,268	2,619,731	2,573,238	2,549,033	2,526,881
Solid Waste	2,689,310	2,172,476	2,055,849	1,330,939	1,222,829
Operating grants and contributions	-	-	2,207,607	1,054,568	2,498,530
Capital grants and contributions	6,509,065	2,975,907	1,943,040	2,535,405	1,069,567
Total business-type activities program revenues	<u>131,654,429</u>	<u>124,878,970</u>	<u>123,796,795</u>	<u>119,767,213</u>	<u>117,208,509</u>
Total primary government program revenues	<u>\$ 151,813,227</u>	<u>\$ 144,478,675</u>	<u>\$ 142,461,953</u>	<u>\$ 135,697,642</u>	<u>\$ 131,385,818</u>
Net (Expense)/Revenue					
Governmental activities	\$ (52,675,281)	\$ (51,515,939)	\$ (47,323,670)	\$ (47,505,109)	\$ (46,268,405)
Business-type activities	15,146,129	7,202,479	7,740,970	6,502,481	2,652,562
Total primary government net expense	<u>(37,529,152)</u>	<u>(44,313,460)</u>	<u>(39,582,700)</u>	<u>(41,002,628)</u>	<u>(43,615,843)</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Ad valorem taxes	\$ 31,792,472	\$ 31,189,826	\$ 30,201,787	\$ 29,100,257	\$ 29,226,233
Sales taxes	12,110,099	11,373,889	10,798,202	10,115,362	9,638,696
Payments in lieu of taxes	4,160,439	3,788,366	3,549,931	3,366,991	3,328,873
Utility franchise taxes (1)	8,249	1,767	1,716	2,240	903,042
Other taxes	7,193,071	7,104,021	6,684,289	6,407,474	6,450,830
Interest earned on investments	1,073,931	978,751	745,380	715,572	670,356
Transfers	(320,494)	(1,057,760)	(1,463,925)	(2,063,679)	(2,144,444)
Total governmental activities	<u>56,017,767</u>	<u>53,378,860</u>	<u>50,517,380</u>	<u>47,644,217</u>	<u>48,073,586</u>
Business-type activities:					
Interest earned on investments	816,176	589,504	398,904	146,241	57,992
Transfers	320,494	1,057,760	1,463,925	2,063,679	2,144,444
Total Business-type activities	<u>1,136,670</u>	<u>1,647,264</u>	<u>1,862,829</u>	<u>2,209,920</u>	<u>2,202,436</u>
Total primary government	<u>\$ 57,154,437</u>	<u>\$ 55,026,124</u>	<u>\$ 52,380,209</u>	<u>\$ 49,854,137</u>	<u>\$ 50,276,022</u>
Changes in Net Position					
Governmental activities	\$ 3,342,486	\$ 1,862,921	\$ 3,193,710	\$ 139,108	\$ 1,805,181
Business-type activities	16,282,799	8,849,743	9,603,799	8,712,401	4,854,998
Total primary government	<u>\$ 19,625,285</u>	<u>\$ 10,712,664</u>	<u>\$ 12,797,509</u>	<u>\$ 8,851,509</u>	<u>\$ 6,660,179</u>

Schedule 3
City of Gastonia
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

Page 1 of 2

	Fiscal Year				
	2015	2016	2017	2018	2019
General Fund					
Non Spendable	\$ 623,318	\$ 1,115,263	\$ 997,969	\$ 903,034	\$ 644,336
Restricted	7,109,193	7,828,824	8,620,490	11,734,672	13,303,538
Assigned	1,075,528	2,219,036	1,185,733	1,563,000	-
Unassigned	19,295,626	18,385,633	16,923,448	16,607,807	19,259,735
Total general fund	<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>
All other Governmental Funds					
Non Spendable					
Other Governmental Funds	\$ 2,531,330	\$ -	\$ -	\$ -	\$ -
Restricted					
Mayor/Council Capital Project Fund	-	340,937	1,816,720	2,762,790	1,786,942
Streets Capital Project Fund	31,829,717	23,126,995	6,197,472	4,410,962	3,211,789
American Rescue Plan Fund	-	-	-	-	-
Other Governmental Funds	966,264	3,334,565	2,766,279	3,243,484	4,122,720
Committed					
American Rescue Plan Fund	-	-	-	-	-
Mayor/Council Capital Project Fund	-	-	-	-	-
Assigned					
Mayor/Council Capital Project Fund	-	1,099,397	1,290,634	-	994,588
Streets Capital Project Fund	-	-	-	-	-
Other Governmental Funds	2,918,019	935,511	2,455,045	1,615,255	1,354,447
Unassigned					
Other Governmental Funds	(829,029)	(975,230)	(676,031)	(141,174)	(266,450)
Mayor/Council Capital Project Fund	-	-	-	(662,901)	-
American Rescue Plan Fund	-	-	-	-	-
Streets Capital Project Fund	(11,529,005)	(7,915,079)	(2,213,464)	(836,511)	(19,531)
Total all other governmental funds	<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>

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 3
City of Gastonia
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

Page 2 of 2

	Fiscal Year				
	2020	2021	2022	2023	2024
General Fund					
Non Spendable	\$ 727,185	\$ 743,112	\$ 884,658	\$ 959,288	\$ 978,935
Restricted	11,818,046	12,008,945	14,720,282	18,483,048	25,526,111
Assigned	-	-	1,986,850	74,827	48,878
Unassigned	23,035,509	30,029,164	31,302,060	31,257,046	35,728,380
Total general fund	<u>\$35,580,740</u>	<u>\$42,781,221</u>	<u>\$48,893,850</u>	<u>\$50,774,209</u>	<u>\$62,282,304</u>
All other Governmental Funds					
Non Spendable					
Other Governmental Funds	\$ -	\$ 29,030	\$ 57,394	\$ 94,316	\$ 25,720
Restricted					
Mayor/Council Capital Project Fund	34,929,606	2,766,386	2,083,616	1,960,533	1,519,523
Streets Capital Project Fund	4,259,300	2,859,278	1,037,981	50,078,823	32,481,127
American Rescue Plan Fund	-	-	661,767	-	746,686
Other Governmental Funds	5,546,897	5,451,114	5,124,591	6,237,360	6,304,437
Committed					
American Rescue Plan Fund	-	-	17,085	605,659	332,962
Mayor/Council Capital Project Fund	-	-	-	-	86,088
Assigned					
Mayor/Council Capital Project Fund	-	-	-	-	-
Streets Capital Project Fund	-	-	809,716	-	-
Other Governmental Funds	1,426,799	1,799,236	2,022,945	2,110,406	2,810,121
Unassigned					
Other Governmental Funds	(1,712,905)	(670,745)	(514,668)	(1,078,580)	(943,130)
Mayor/Council Capital Project Fund	(18,942,569)	-	-	-	-
American Rescue Plan Fund	-	-	(661,767)	-	-
Streets Capital Project Fund	(992,682)	-	-	(11,482,914)	(6,787,572)
Total all other governmental funds	<u>\$ 24,514,446</u>	<u>\$ 12,234,299</u>	<u>\$ 10,638,660</u>	<u>\$ 48,525,603</u>	<u>\$ 36,575,962</u>

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

Page 1 of 2

	Fiscal Year				
	2015	2016	2017	2018	2019
Revenues					
Ad valorem taxes	\$ 29,416,567	\$ 29,182,589	\$ 30,250,130	\$ 31,240,876	\$ 31,885,133
Other taxes and licenses	20,321,441	19,892,067	21,034,138	22,268,043	23,471,858
Unrestricted intergovernmental revenues	1,844,467	2,086,035	2,216,249	2,130,622	2,310,339
Restricted intergovernmental revenues	4,680,242	4,673,553	4,846,038	5,370,916	5,090,667
Permits and fees	1,075,019	1,368,815	1,287,879	1,229,305	1,084,807
Sales and services	2,921,922	2,719,422	3,392,516	3,223,508	3,258,458
Investment earnings	497,689	543,150	563,738	763,974	980,490
Miscellaneous	836,479	947,822	587,591	1,151,963	715,970
Total revenues	<u>61,593,826</u>	<u>61,413,453</u>	<u>64,178,279</u>	<u>67,379,207</u>	<u>68,797,722</u>
Expenditures					
Current:					
General government	7,652,922	8,432,653	8,611,305	8,769,056	9,474,233
Public Safety	26,361,638	27,929,197	29,290,869	30,058,429	31,744,048
Public works and cemeteries	5,449,447	5,497,190	5,828,965	5,667,571	7,154,730
Cultural and recreation	5,382,186	5,467,201	5,545,275	5,947,833	6,148,764
Economic and physical development	1,579,764	1,666,099	2,643,288	2,201,718	2,469,454
Capital outlay	3,869,762	6,780,550	15,981,404	5,919,767	2,177,554
Debt Service:					
Principal repayments	5,036,666	4,819,668	3,969,667	3,078,328	3,131,000
Interest	2,146,625	1,986,270	1,821,336	1,692,128	1,621,803
Total expenditures	<u>57,479,010</u>	<u>62,578,828</u>	<u>73,692,109</u>	<u>63,334,830</u>	<u>63,921,586</u>
Revenues over (under) expenditures	4,114,816	(1,165,375)	(9,513,830)	4,044,377	4,876,136
Other Financing Sources (Uses)					
Payments to refund bond debt	-	-	-	-	-
Transfers from other funds	3,486,766	4,683,368	8,070,623	5,266,501	3,816,247
Transfers to other funds	(6,543,465)	(8,056,474)	(9,534,548)	(7,425,690)	(5,684,264)
Lease liabilities issued	-	-	-	-	-
IT Subscriptions liabilities issued	-	-	-	-	-
Issuance of long term debt	-	-	-	-	-
Bond premium received	-	-	-	-	-
Total other financing sources (uses)	<u>(3,056,699)</u>	<u>(3,373,106)</u>	<u>(1,463,925)</u>	<u>(2,159,189)</u>	<u>(1,868,017)</u>
Net change in fund balances	<u>\$ 1,058,117</u>	<u>\$ (4,538,481)</u>	<u>\$ (10,977,755)</u>	<u>\$ 1,885,188</u>	<u>\$ 3,008,119</u>
Debt service as a percentage of noncapital expenditures					
	13.63%	12.55%	10.39%	8.20%	7.75%

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

Page 2 of 2

	Fiscal Year				
	2020	2021	2022	2023	2024
Revenues					
Ad valorem taxes	\$ 36,028,909	\$ 37,085,572	\$ 37,570,758	\$ 38,871,513	\$ 53,386,673
Other taxes and licenses	23,983,321	26,563,465	29,036,295	30,651,700	29,489,991
Unrestricted intergovernmental revenues	2,298,097	2,085,949	2,112,550	1,823,441	2,122,331
Restricted intergovernmental revenues	4,677,542	6,589,613	6,321,840	10,693,684	13,969,866
Permits and fees	1,374,067	2,211,546	2,383,201	777,358	1,050,110
Sales and services	3,206,529	2,561,001	3,782,874	4,551,733	4,769,447
Investment earnings	1,139,794	188,795	265,079	3,300,003	5,699,444
Miscellaneous	1,432,220	1,103,127	1,715,045	1,227,899	2,199,805
Total revenues	<u>74,140,479</u>	<u>78,389,068</u>	<u>83,187,642</u>	<u>91,897,331</u>	<u>112,687,667</u>
Expenditures					
Current:					
General government	10,219,791	10,501,980	13,251,358	16,493,323	15,935,325
Public Safety	32,784,233	33,770,147	37,271,714	41,053,964	42,471,257
Public works and cemeteries	9,829,522	8,241,856	10,077,161	8,520,573	22,095,434
Cultural and recreation	6,695,440	6,053,064	6,919,166	8,935,530	10,202,824
Economic and physical development	2,060,213	1,437,793	1,745,398	3,890,112	3,394,656
Capital outlay	14,886,772	18,720,095	2,895,319	4,348,694	7,543,112
Debt Service:					
Principal repayments	11,499,237	2,926,237	4,589,541	4,537,110	5,944,730
Interest	2,411,935	1,534,456	1,122,078	1,081,522	2,496,972
Total expenditures	<u>90,387,143</u>	<u>83,185,628</u>	<u>77,871,735</u>	<u>88,860,828</u>	<u>110,084,310</u>
Revenues over (under) expenditures	<u>(16,246,664)</u>	<u>(4,796,560)</u>	<u>5,315,907</u>	<u>3,036,503</u>	<u>2,603,357</u>
Other Financing Sources (Uses)					
Payments to refund bond debt	-	(17,805,000)	-	-	-
Transfers from other funds	5,562,871	6,739,012	3,865,792	4,907,305	6,735,314
Transfers to other funds	(5,877,672)	(7,103,936)	(5,217,217)	(8,158,999)	(9,896,082)
Lease liabilities issued	-	-	445,451	-	-
IT Subscriptions liabilities issued	-	-	-	2,220,353	-
Issuance of long term debt	32,640,000	17,872,000	-	33,190,000	-
Bond premium received	-	-	-	4,547,966	-
Total other financing sources (uses)	<u>32,325,199</u>	<u>(297,924)</u>	<u>(905,974)</u>	<u>36,706,625</u>	<u>(3,160,768)</u>
Net change in fund balances	<u>\$ 16,078,535</u>	<u>\$ (5,094,484)</u>	<u>\$ 4,409,933</u>	<u>\$ 39,743,128</u>	<u>\$ (557,411)</u>
Debt service as a percentage of noncapital expenditures	19.26%	7.12%	7.79%	7.03%	8.64%

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

Fiscal Year	Property Tax	Local Option Sales Tax	Utility Sales Tax	Franchise Tax	Video Franchise Tax	Beer and Wine Tax	Rental Vehicle Tax	Total
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
2023	38,871,513	18,161,325	4,667,585	23,152	438,179	373,362	110,700	62,645,816
2024	53,386,673	19,130,046	4,961,941	20,318	404,650	408,480	108,203	78,420,311

Notes:

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

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

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

Fiscal Year	Real Property ⁽¹⁾	Personal Property	Motor Vehicles	Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2015	4,329,645	526,332	376,073	116,399	5,348,449	0.5300	5,348,449
2016	4,216,481	552,606	406,494	132,616	5,308,197	0.5300	5,308,197
2017	4,260,390	660,221	460,177	147,673	5,528,461	0.5300	5,647,922
2018	4,370,658	736,367	462,430	145,394	5,714,849	0.5300	6,600,651
2019	4,444,716	740,752	488,683	153,419	5,827,570	0.5300	7,197,049
2020	5,335,685	746,309	483,840	183,143	6,748,977	0.5200	8,874,905
2021	5,411,854	750,103	572,537	159,113	6,893,607	0.5200	9,754,454
2022	5,537,647	734,403	549,980	161,543	6,983,573	0.5200	10,230,934
2023	5,731,954	753,232	605,789	156,760	7,247,735	0.5200	10,993,159
2024	9,424,010	859,082	659,635	168,457	11,111,184	0.4700	11,111,184

Note: The levy of property taxes each year is based on the assessed value of taxable property as of January 1, preceding the beginning of the fiscal year on July 1. All taxable property was assessed at one hundred percent (100%) of its estimated actual value at the time of the revaluation. Valuations presented in this schedule do not include property owned by the United States Government, the State of North Carolina, educational institutions, etc., that are not subject to taxation. Based on the economic conditions in the housing market from 2012 through 2015 taxable value (market value) was estimated to be approximately 100% of the County assessed value. A County reappraisal was completed in 2015 and was applicable to the assessed values reported for 2016. The estimated tax values subsequent to that were derived using estimated housing market increases / decreases obtained from Gaston county realtor publications, 6.4%, 9.1% and 8.0% for 2017, 2018 and 2019, respectively. As noted below the County completed its State required octennial reappraisal effective January 1, 2019 and was applicable to the City's 2019/2020 fiscal year. The estimated actual taxable value measured by the publicized market increases still exceeded the actual County appraised value after the 2020 revaluation. The estimated tax value for 2021 and 2022 was derived from the estimated housing market increase for the 2021, 2022 and 2023 fiscal years, as obtained from Gaston County real estate publications. The 2024 estimated actual taxable value is based on the actual revaluation values derived from the County revaluation conducted as of 1/1/2023.

⁽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 most recent reappraisal of all taxable property took place in January of 2023 and was effective for the Fiscal Year 2024 property taxes. Gaston County's policy is to perform reappraisals every four years. The next reappraisal is scheduled in 2027.

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

Fiscal Year	City Direct Rates			Overlapping Rates	Combined Tax Rate
	Basic Rate General Fund	Debt Retirement	Total Direct Rate	Gaston County	City and County
2015	0.4175	0.1125	0.5300	0.8700	1.4000
2016	0.4175	0.1125	0.5300	0.8700	1.4000
2017	0.4175	0.1125	0.5300	0.8700	1.4000
2018	0.4175	0.1125	0.5300	0.8700	1.4000
2019	0.4175	0.1125	0.5300	0.8700	1.4000
2020	0.4075	0.1125	0.5200	0.8400	1.3600
2021	0.4075	0.1125	0.5200	0.8300	1.3500
2022	0.4075	0.1125	0.5200	0.8300	1.3500
2023	0.4075	0.1125	0.5200	0.8100	1.3300
2024	0.4700	-	0.4700	0.6100	1.0800

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

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Triangle Real Estate	122,552,950	1	1.18%	28,021,251	7	0.57%
Daimler Trucks North America	\$ 101,802,270	2	0.98%	\$ 60,869,938	1	1.23%
Owens Corning (a)	73,452,653	3	0.71%	-	-	-
NP Gastonia Industrial	71,549,575	4	0.69%	-	-	-
Mann+Hummel Filtration - Wix	58,331,597	5	0.56%	42,237,836	2	0.85%
Duke Energy	56,363,814	6	0.54%	28,267,273	6	0.57%
Amazon Com Services LLC	50,727,487	7	0.49%	-	-	-
Dominion Energy (b)	47,342,969	8	0.46%	36,447,448	3	0.74%
Stabilus Inc.	40,996,862	9	0.39%	30,798,017	5	0.62%
2295 Pine View Lane LLC	40,528,200	10	0.39%	-	-	-
Southwood Realty	-	-	-	33,426,053	4	0.68%
Centro Bradley Spe 1 LLC	-	-	-	27,293,721	8	0.55%
Roechling	-	-	-	25,547,122	9	0.52%
Bellsouth Tel Co	-	-	-	25,167,381	10	0.51%

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

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal	Collected within the Fiscal Year of the Levy		Collections in Subsequent	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	28,347	27,931	98.53%	369	28,300	99.83%
2016	28,134	27,779	98.74%	310	28,089	99.84%
2017	29,301	28,965	98.85%	285	29,250	99.83%
2018	30,289	29,978	98.97%	241	30,219	99.77%
2019	30,886	30,611	99.10%	200	30,811	99.76%
2020	35,095	34,643	98.71%	361	35,004	99.74%
2021	35,847	35,556	99.19%	208	35,764	99.77%
2022	36,315	36,026	99.21%	166	36,192	99.66%
2023	37,688	37,338	99.07%	151	37,489	99.47%
2024	52,223	51,713	99.02%	-	51,713	99.02%

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)

Page 1 of 2

Fiscal Year	Governmental Activities						Business-type Activities
	General Obligation Bonds	Certificates of Participation	Installment Financing	Limited Obligation Bonds & Premium	Lease and IT Subscription Financing	Section 108 Loan	General Obligation Bonds
2015	31,670	640	8,822	13,916	-	965	430
2016	29,010	-	9,225	12,859	-	602	430
2017	26,241	-	9,100	11,792	-	568	430
2018	24,235	-	8,867	10,719	-	534	430
2019	22,380	-	8,440	9,637	-	173	430
2020	20,524	-	16,826	24,000	-	-	381
2021	18,665	-	15,715	24,000	-	-	332
2022	16,548	-	20,645	22,665	-	-	284
2023	52,148	-	16,067	21,330	2,351	-	236
2024	48,325	-	14,526	19,995	1,734	-	189

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. The increase in the General Obligation Bonds was due to the issuance of \$37,737,996 General Obligation Bonds including a premium. The City did not issue a vehicle and equipment loan in the 2023. The increase in IT subscription financing is related to the implementation of GASB 96. The City also drew down the remaining loan proceeds related to the State Revolving Loan.

NA not available at publication time

Schedule 10
City of Gastonia
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Page 2 of 2

Fiscal Year	Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	Water Revenue Bonds & Premium	Installment Financing	Lease and IT Subscription Financing	State Revolving Loans			
2015	19,532	325	-	3,431	81,746	2.97%	1,121
2016	38,988	275	-	14,779	108,184	3.85%	1,468
2017	35,206	200	-	28,135	113,689	3.84%	1,528
2018	31,294	100	-	36,442	114,639	3.65%	1,510
2019	27,236	-	-	35,435	105,750	3.34%	1,386
2020	25,333	-	-	34,428	123,512	3.64%	1,604
2021	23,244	-	-	33,687	117,664	3.02%	1,463
2022	21,091	-	-	34,021	117,276	2.91%	1,445
2023	18,877	-	150	36,236	149,418	NA	1,790
2024	57,777	-	91	33,284	177,945	NA	2,119

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>
2015	32,100	0.60%	72,947	440
2016	29,440	0.55%	73,698	399
2017	26,671	0.48%	74,413	358
2018	24,665	0.43%	75,919	325
2019	22,810	0.39%	76,298	299
2020	20,905	0.31%	77,024	271
2021	18,997	0.28%	80,411	236
2022	16,832	0.24%	81,161	207
2023	52,148	0.72%	83,488	625
2024	48,325	0.43%	83,983	575

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

Note: The decrease in percentage of actual taxable value of property and the debt per capita decreased mostly due to the results of the revaluation that was effective for fiscal year 2024.

Schedule 12
City of Gastonia
Direct and Overlapping Governmental Activities Debt
As of June 30, 2024
(dollars in thousands)

Governmental Unit	Total Debt	Estimated Percentage Applicable ⁽²⁾	Estimated Share of Direct and Overlapping Debt
Direct Debt:			
City of Gastonia	\$ 82,846 ⁽¹⁾	100%	\$ 82,846
Overlapping Debt			
Gaston County	<u>235,615 ⁽³⁾</u>	32.96%	<u>77,659</u>
Total direct and overlapping debt	<u><u>\$ 318,461</u></u>		<u><u>\$ 160,505</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 2024

Assessed value	\$ 11,111,185
Debt limit (8% of assessed value)	888,895
Debt applicable to limit:	
Authorized & Outstanding bonded debt	116,556
Outstanding debt not evidenced by bonds	<u>57,540</u>
	174,096
Statutory Deductions:	
Bonds and other debt not evidenced by	
bonds applicable to Enterprise Funds	91,250
Amount designated for payment of gross	
debt other than Enterprise Funds	<u>-</u>
	91,250
Net Debt	<u>82,846</u>
Legal Debt Limit	<u>\$ 806,049</u>

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt limit	\$ 427,876	\$ 424,656	\$ 442,277	\$ 457,188	\$ 466,206	\$ 539,918	\$ 551,488	\$ 558,686	\$ 579,819	\$ 888,895
Total net debt applicable to limit	<u>55,577</u>	<u>51,427</u>	<u>47,599</u>	<u>44,419</u>	<u>40,660</u>	<u>61,317</u>	<u>58,379</u>	<u>59,826</u>	<u>89,514</u>	<u>82,846</u>
Legal debt margin	<u>\$ 372,299</u>	<u>\$ 373,229</u>	<u>\$ 394,678</u>	<u>\$ 412,769</u>	<u>\$ 425,546</u>	<u>\$ 478,601</u>	<u>\$ 493,109</u>	<u>\$ 498,860</u>	<u>\$ 490,304</u>	<u>\$ 806,049</u>
Total net debt applicable to the										
limit as a percentage of debt limit	12.99%	12.11%	10.76%	9.72%	8.72%	11.36%	10.59%	10.71%	15.44%	9.32%

Note: The decrease in the net debt applicable to the limit as a percentage of debt limit is due to affect of the property revalutaion that was effective for fiscal year 2024.

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
2015	34,350	22,126	12,224	3,693	902	2.66
2016	35,608	22,097	13,511	3,268	972	3.19
2017	36,090	23,397	12,693	4,033	1,431	2.32
2018	37,504	25,254	12,250	4,439	1,266	2.15
2019	38,080	26,876	11,204	6,084	953	1.59
2020	40,504	27,608	12,896	3,979	982	2.60
2021	41,572	26,314	15,258	4,105	928	3.03
2022	46,318	29,637	16,681	4,206	817	3.32
2023	46,454	33,154	13,300	4,268	748	2.65
2024	48,762	33,834	14,928	5,068	2,221	2.05

⁽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⁾
2015	72,947	2,750,904	37,711	6.7%
2016	73,698	2,813,569	38,177	5.5%
2017	74,413	2,961,265	39,795	4.4%
2018	75,919	3,141,452	41,379	4.5%
2019	76,298	3,166,825	41,506	4.7%
2020	77,024	3,396,989	44,103	9.4%
2021	80,411	3,900,577	48,508	6.1%
2022	81,161	4,031,592	49,674	4.4%
2023	83,488	NA	NA	3.7%
2024	83,983	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, 2022 and 2023 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	2024			2015		
	Approximate Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Caromont Health	1,000 & Over	1	-	1,000 & Over	2	-
Freightliner	1,000 & Over	2	-	1,000 & Over	3	-
Gaston County Schools	1,000 & Over	3	-	1,000 & Over	1	-
Gaston County	1,000 & Over	4	-	1,000 & Over	4	-
Wal-mart Association, Inc.	1,000 & Over	5	-	1,000 & Over	5	-
American & Efird LLC	1,000 & Over	6	-	1,000 & Over	7	-
City of Gastonia	500-999	7	-	500-999	8	-
Mann+Hummel Filtration (a)	500-999	8	-	1,000 & Over	6	-
Food Lion	500-999	9	-	-	-	-
Gaston College	500-999	10	-	500-999	9	-
Pharr Yarns	-	-	-	500-999	10	-

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

Source: NC Department of Commerce.

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

(a) Entity name was FKA Wix Filtration Corp in 2013

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

Page 1 of 2

<u>Function/Program</u>	Fiscal Year				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Government	172	172	163	176	178
Police	158	168	167	177	183
Fire	137	137	137	142	141
Public Works	74	73	70	61	66
Cultural and Recreation	53	52	53	68	72
Water and Sewer	131	122	119	130	122
Electric	43	44	42	46	45
Transit	22	21	27	37	35
Solid Waste	39	40	40	44	43
Stormwater	7	6	6	6	8
Total	<u>836</u>	<u>835</u>	<u>824</u>	<u>887</u>	<u>893</u>

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

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

Page 2 of 2

Function/Program	Fiscal Year				
	2020	2021	2022	2023	2024
General Government	185	175	173	164	173
Police	185	181	204	205	206
Fire	138	144	144	144	144
Public Works	66	67	77	77	78
Cultural and Recreation	70	68	79	82	82
Water and Sewer	122	133	130	130	134
Electric	45	43	48	49	49
Transit	36	35	23	23	23
Solid Waste	42	47	53	53	53
Stormwater	8	9	8	8	10
Total	897	902	939	935	952

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

Page 1 of 2

Function/Program	Fiscal Year				
	2015	2016	2017	2018	2019
General Government					
Commercial Construction					
Commercial Building permits issued	368	396	381	592	347
Commercial Building permit value (dollars in 1000s)	62,040	104,774	73,094	67,410	84,113
Residential Construction					
Residential Building permits issued	733	718	748	649	687
Residential Building permit value (dollars in 1000s)	94,602	117,328	133,065	98,617	124,297
Police					
Physical arrests	7,612	6,191	5,940	6,405	5,826
Parking violations	17	10	22	13	14
Traffic violations	7,003	9,619	7,440	6,864	6,035
Fire					
Number of calls answered	10,060	10,729	11,307	10,725	10,305
Fires extinguished	326	325	274	330	285
Inspections	3,848	4,084	5,087	4,821	6,489
Sanitation/Solid Waste					
Residential Refuse collected (tons annually)	18,707	19,394	20,783	21,696	23,089
Contractor/Recyclables collected (tons annually)	4,025	4,148	3,868	4,220	4,294
City Crews/Recyclables collected (tons annually)	27	24	25	29	14
Other public works					
Street resurfacing (miles)	1.06	1.70	6.20	11.00	-
Potholes repaired	460	1,586	1,412	1,465	1,759
Water					
Number of service connections	28,899	29,523	30,125	30,383	30,956
Water main breaks	110	204	170	201	138
Average daily consumption (thousands of gallons)	12.7 MGD	13.8 MGD	14.4 MGD	15.2 MGD	14.5 MGD
Maximum daily capacity of plant in gallons (thousands of gallons)	25.3 MGD	26 MGD	25.2 MGD	25.2 MGD	27.3 MGD
Wastewater					
Average daily sewage treatment (thousands of gallons)	9.05 MGD	10.32 MGD	9.6 MGD	10.8 MGD	13.6 MGD
Maximum daily capacity of treatment in gallons	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD
Number of service connections	26,389	26,934	27,562	27,927	28,234
Transit					
Total route miles	280,808	291,530	292,204	288,582	303,204

Sources: Various City Departments

Notes:

(A): As of August 31, 2022, the City transferred the building permitting function to Gaston County.

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

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

Page 2 of 2

Function/Program	Fiscal Year				
	2020	2021	2022	2023	2024
General Government					
Commercial Construction					
Commercial Building permits issued	384	291	291	42 (A)	- (A)
Commercial Building permit value (dollars in 1000s)	98,674	247,663	247,663	11,780	-
Residential Construction					
Residential Building permits issued	684	949	949	101 (A)	- (A)
Residential Building permit value (dollars in 1000s)	140,203	216,944	216,944	17,817	-
Police					
Physical arrests	3,972	3,916	3,928	4,496	3,917
Parking violations	23	15	1	1	5
Traffic violations	6,126	6,806	7,071	6,940	4,888
Fire					
Number of calls answered	8,662	10,176	11,626	12,851	13,381
Fires extinguished	339	347	682	342	383
Inspections	5,248	6,346	6,469	7,325	6,385
Sanitation/Solid Waste					
Residential Refuse collected (tons annually)	25,431	28,852	31,988	28,835	28,896
Contractor/Recyclables collected (tons annually)	3,498	- (B)	- (B)	- (B)	- (B)
City Crews/Recyclables collected (tons annually)	-	-	-	-	-
Other public works					
Street resurfacing (miles)	14.68	10.41	10.41	40.00	53.00
Potholes repaired	1,788	1,560	1,106	440	382
Water					
Number of service connections	31,215	32,801	33,591	33,818	34,667
Water main breaks	203	126	102	148	156
Average daily consumption (thousands of gallons)	14.0 MGD	13.7 MGD	13.7 MGD	13.6 MGD	14.2 MGD
Maximum daily capacity of plant in gallons (thousands of gallons)	27.3 MGD	27.3 MGD	27.3 MGD	27.3 MGD	27.3 MGD
Wastewater					
Average daily sewage treatment (thousands of gallons)	12.6 MGD	11.2 MGD	9.7 MGD	10.7 MGD	9.28 MGD
Maximum daily capacity of treatment in gallons	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD
Number of service connections	28,529	29,790	30,471	31,178	32,086
Transit					
Total route miles	301,014	306,067	292,928	297,125	298,609

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

Page 1 of 2

	Fiscal Year				
	2015	2016	2017	2018	2019
Police					
Stations	1	1	1	1	1
Patrol Units	157	155	156	156	156
Fire Stations	8	8	8	8	8
Refuse collection					
Collection trucks	21	25	26	26	26
Other Public Works					
Streets (miles)	338.29	339.99	340.97	343	345
Streetlights	9242	9261	9397	9741	9835
Parks and recreation					
Acreage	587	587	587	587	587
Parks	16	16	16	16	16
Baseball/softball diamonds	19	19	19	19	19
Soccer fields	4	4	4	4	4
Community Centers	6	6	6	6	6
Golf Courses	1	1	1	1	1
Swimming Pools	2	2	2	2	2
Tennis Courts	32	32	28	28	28
Pickleball Courts	-	-	-	-	-
Jogging Tracks	8	8	8	8	8
Skeet & Trap Range	1	1	1	1	1
Franklin Urban Sports & Entertainment Facility	-	-	-	-	-
Museums	1	1	1	1	1
Water					
Water mains (miles)	594.95	597.42	600.62	601	664
Fire Hydrants	3564	3592	3622	4179	4205
Maximum daily capacity of plant in gallons	25.3 MGD	25.2 MGD	25.2 MGD	25.2 MGD	26.0 MGD
Wastewater					
Number of treatment plants	3	3	3	3	3
Sanitary Sewers (miles)	556.9	558.91	561.55	561	628
Storm sewers (miles)	160	160	160	160	160
Maximum daily capacity of treatment in gallons	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD
Transit					
Buses	8	8	8	8	8
ADA vans	5	5	5	5	5
Electric					
Distribution miles	474	474	487	489	497
Customers	27054	27906	28208	28496	28919
Conference Centers	1	1	1	1	1

Sources: Various City Departments

Notes:

(A) In the 2021 fiscal year the City opened the Franklin Urban Sports & Entertainment Facility, a 5,000-seat baseball field and entertainment venue.

(B) In the 2023 fiscal year the City constructed 15 outdoor pickleball courts.

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

Page 2 of 2

	Fiscal Year				
	2020	2021	2022	2023	2024
Police					
Stations	1	1	1	1	1
Patrol Units	140	156	140	142	157
Fire Stations	8	8	8	8	8
Refuse collection					
Collection trucks	24	25	25	26	24
Other Public Works					
Streets (miles)	348	352	354	358	361
Streetlights	10031	10076	10148	10223	10281
Parks and recreation					
Acreage	587	742	742	748	748
Parks	16	18	18	19	19
Baseball/softball diamonds	19	19	19	19	19
Soccer fields	4	4	4	6	6
Community Centers	6	6	6	6	6
Golf Courses	1	1	1	1	1
Swimming Pools	2	2	2	2	2
Tennis Courts	28	28	28	28	28
Pickleball Courts	-	-	-	15 (B)	15
Jogging Tracks	8	8	8	8	8
Skeet & Trap Range	1	1	1	1	1
Franklin Urban Sports & Entertainment Facility	-	1 (A)	1	1	1
Museums	1	1	1	1	1
Water					
Water mains (miles)	675	675	686	709	722
Fire Hydrants	4185	4185	4400	4489	4712
Maximum daily capacity of plant in gallons	27.3 MGD	27.3 MGD	27.3 MGD	27.3 MGD	27.3 MGD
Wastewater					
Number of treatment plants	3	3	3	3	3
Sanitary Sewers (miles)	628	628	650	671	671
Storm sewers (miles)	168	168	170	170	170
Maximum daily capacity of treatment in gallons	26 MGD	26 MGD	26 MGD	26 MGD	26 MGD
Transit					
Buses	8	8	11	11	11
ADA vans	5	5	5	5	5
Electric					
Distribution miles	509	509	509	526	526
Customers	29130	29130	30317	30750	31231
Conference Centers	1	1	1	1	1



SUPPLEMENTARY INFORMATION
COMPLIANCE SECTION



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

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

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable of the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gastonia, North Carolina, as of and for the year ended June 30, 2024, 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, 2024. 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 compliance and other matters associated with the Gastonia Tourism Development Authority and the City of Gastonia ABC Board or that are reported on separately by those auditors who audited the financial statements of 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, 2024

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

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

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Gastonia, North Carolina's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Gastonia's major federal programs for the year ended June 30, 2024. 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, 2024.

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, 2024



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

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

Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the City of Gastonia, North Carolina's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Gastonia's major state programs for the year ended June 30, 2024. 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, 2024.

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, 2024



CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024

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>
Highway Planning, Research and Construction Cluster	20.205
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027

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

Auditee qualified as low-risk auditee? Yes

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024

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
Highway Planning, Research and Construction Cluster

Auditee qualified as state low-risk auditee? Yes

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, 2024

None reported.

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to subrecipients	Local Expenditures
Federal Grants:						
<u>U.S. Dept. of Housing and Urban Development</u>						
Direct Program:						
CDBG - Entitlement/Special Purpose Grants Cluster						
Community Development Block Grants/Entitlement Grant	14.218		\$ 1,384,814	\$ -	\$ 66,500	\$ 44,251
COVID-19 Community Development Block Grants/ Entitlement Grants	14.218		258,466	-	-	-
Total CDBG - Entitlement/Special Purpose Grants Cluster			1,643,280	-	66,500	44,251
Home Investment Partnerships Program	14.239		533,848	-	522,822	32,434
Total U.S. Dept. of Housing and Urban Development			2,177,128	-	589,322	76,685
<u>U.S. Dept. of Transportation</u>						
Direct Program:						
Federal Transit Cluster						
Federal Transit Formula Grants:						
COVID-19 Urbanized Area Formula-Capital-CARES ACT	20.507	NC-2020-028-00	56,319	-	-	-
COVID-19 Urbanized Area Formula-Operating-ARP ^a	20.507	NC-2022-020-00 5307 ARP	428,048	-	-	-
Urbanized Area Formula- Capital	20.507	NC-2018-055-00	161,447	-	-	4,032
Urbanized Area Formula- Operating	20.507	NC-2019-037-00	357,346	-	-	357,346
Urbanized Area Formula- Capital	20.507	NC-2019-037-00	144,632	-	-	36,338
Urbanized Area Formula- Operating	20.507	NC-2020-064-00	483,862	-	-	483,862
Urbanized Area Formula- Capital	20.507	NC-2020-064-00	4,213	-	-	843
Urbanized Area Formula- Capital Rolling Stock	20.507	NC-2024-060-00	674,174	-	-	134,835
Total Federal Transit Cluster			2,310,041	-	-	1,017,256
Passed-through the N.C. Department of Transportation:						
Highway Planning, Research and Construction Cluster (note 5):						
104(d) Planning Funds						
Highway Planning and Construction-Section 104(d)	20.205	WBS 50853.1.8 Planning Funds	326,330	-	17,358	71,929
Highway Planning and Construction-Section 5303	20.205	WBS 48478.3.4 SPR Funding Planning Funds	55,916	6,985	3,917	904
Highway Planning and Construction-SPR Funding	20.205	WBS 50854.3.1/ TIP SPR Funding Planning Funds	74,665	-	-	18,666
Highway Planning and Construction-Y410 Funding	20.205	WBS 49600.3.1	7,796	-	-	-
Highway Planning and Construction -		CMS-0321 TIP# C-5622				
Congestion Mitigation & Air Quality -Highland Branch Greenway	20.205	WBS-Con: 46399.3.F1	120,807	-	-	30,202
Total Highway Planning, Research and Construction Cluster (note 5)			585,514	6,985	21,275	121,701
<u>Federal Aviation Administration</u>						
Department of Federal Aviation Administration, Transportation						
Passed-through the NC Dept. of Transportation - Aviation Division						
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure						
Investment and Jobs Act Programs:						
Self-Serve Fuel System (Construction)	20.106	36237.55.14.2	115,449	-	-	-
Runway Lighting Rehabilitation	20.106	36237.55.13.1	37,393	-	-	-
COVID-19 CARES Act	20.106	36237.55.12.3	12,900	-	-	-
Total Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure			165,742	-	-	-
Investment and Jobs Act Programs:						
Total U.S. Department of Transportation			3,061,297	6,985	21,275	1,138,957
<u>U.S. Environmental Protection Agency</u>						
Direct Program:						
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818		1,281	-	-	-
Total U.S. Environmental Protection Agency			1,281	-	-	-
<u>U.S. Department of Justice</u>						
Direct Program:						
Equitable sharing program	16.922	NC0360600	215,231	-	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2023JAG	33,900	-	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2021JAG	19,756	-	-	-
Passed-through the N.C. Department of Safety:						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-22-GG-00633-JAGX	2,580	-	-	-
Bulletproof Vest Partnership Program	16.607	2022BVPP	9,408	-	-	9,408
Total U.S. Department of Justice			280,875	-	-	9,408
<u>U.S. Department of Homeland Security</u>						
Passed-through N.C. Department of Public Safety:						
State and Local Cybersecurity Grant Program						
Tribal Cybersecurity Grant Program	97.137	EMW-2022-CY-00006	100,000	-	-	-
BRIC: Building Resilient Infrastructure and Communities						
Pre-Disaster Mitigation Program - Big Lakewood	97.047	PDMC-PJ-04-NC-2019-004	392,147	-	-	130,716
BRIC - Duhart's Creek	97.047	EMA-2021-BR-005-0012	42,506	-	-	17,009
Total U.S. Department of Homeland Security			534,653	-	-	147,725

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to subrecipients	Local Expenditures
<u>U.S. Dept. of Treasury</u>						
Direct Program:						
Equitable sharing	21.016		6,588	-	-	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		6,980,607	-	-	-
Passed-through N.C. Department of Environmental Quality						
Division of Water Infrastructure, State Fiscal Recovery Fund						
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SRP-W-ARP-0065	595,026	-	-	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SRP-W-ARP-0066	222,233	-	-	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SRP-SW-ARP-0044	130,000	-	-	24,917
Total U.S. Dept. of Treasury			<u>7,934,454</u>	<u>-</u>	<u>-</u>	<u>24,917</u>
Total assistance - Federal programs			<u>13,989,688</u>	<u>6,985</u>	<u>610,597</u>	<u>1,397,692</u>
State Grants:						
<u>N. C. Dept. of Environmental Quality</u>						
North Carolina Volkswagen Settlement Program						
Phase II, Level II Charging Stations		2000062228		25,000	-	-
<u>N. C. Dept. of Transportation</u>						
FY24 State Maintenance Assistance Program		SMAP		191,889	-	191,889
Powell Bill		N/A		880,343	-	-
Division of Aviation:						
Corporate Hanger Taxilane Rehab		36244.13.4.2		173,858	-	19,317
Airport Improvements/ Debt Service		36244.13.5.1		204,419	-	-
State Capital and Infrastructure Fund-Airport		36244.13.4.1		32,806	-	-
Total N.C. Department of Transportation				<u>1,483,315</u>	<u>-</u>	<u>211,206</u>
<u>N.C. Division of Parks and Recreation</u>						
Parks and Recreation Trust Fund		2023-1011		105,795	-	-
<u>North Carolina Office of State Budget and Management</u>						
State Capital and Infrastructure Fund - Catawba Creek Greenway Extension				76,340	-	-
Total assistance - State programs				<u>1,690,450</u>	<u>-</u>	<u>211,206</u>
Total assistance			<u>\$ 13,989,688</u>	<u>\$ 1,697,435</u>	<u>\$ 610,597</u>	<u>\$ 1,608,898</u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards:**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of the City of Gastonia under the programs of the federal government and the State of North Carolina for the year ended June 30, 2024. The information in this SEFSA is presented in accordance with the requirements of the Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal and State Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Gastonia, it is not intended Federal Awards (Uniform Guidance) and the State Single Audit to and does not present the financial position, changes in net assets 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 Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are now 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 3: Loans Outstanding

The City of Gastonia had the following loan balances outstanding at June 30, 2024 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2024 consist of:

Program Name	Assistance Listing Number	Pass-Through Grantor's Number	Amount Outstanding
Capitalization Grants for Clean Water State Revolving Funds - Southeast Sewer Expansion	66.458	CS370744-05	\$ 6,143,737

Note 5: Clusters of Programs

The Highway Planning, Research & Construction Cluster was created by the NC Department of Transportation for state purposes.

