

# City of Gastonia North Carolina

## Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2013



Prepared by  
The Financial Services  
Department



# **City of Gastonia**

## **North Carolina**

### **Comprehensive Annual Financial Report**

**Year Ended June 30, 2013**

**John D. Bridgeman, Mayor**

#### **Council Members**

**Ward 1 – Walter A. Kimble**

**Ward 2 – Dave Kirlin**

**Ward 3 – Jim Gallagher**

**Ward 4 – Todd Pierceall**

**Ward 5 – Porter L. McAteer**

**Ward 6 – Brenda B. Craig, Mayor Pro Tem**

**City Manager  
Edward C. Munn**

**Director of Financial Services  
Melody Usery**



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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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## **INTRODUCTORY SECTION**

Letter of Transmittal

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Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart





OFFICE OF  
THE CITY MANAGER

*City of Gastonia*

A COMMITMENT TO EXCELLENCE

**December 10, 2013**

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

**Dear Mayor and Council Members:**

**It is our pleasure to present the Comprehensive Annual Financial Report of the City of Gastonia, North Carolina for the fiscal year ended June 30, 2013, with comparative numbers for the fiscal year ended June 30, 2012.**

**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, 2013, 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 the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Gastonia's financial statements for the fiscal year ended June 30, 2013 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 report's compliance section.

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

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement 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.

## **ECONOMIC OUTLOOK**

The City's economy has benefited from its location within a major population center, its proximity to Charlotte, access to major interstate highways, and Charlotte-Douglas International Airport. For many years, the primary industry in the City was textiles. However, the national trend of companies relocating manufacturing facilities outside the United States has resulted in significant losses of jobs and investments in the textile industry. Over the past decade, the City's economy has diversified through a variety of commercial, industrial, 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, as evidenced by the City's rich economic development incentives package. These incentives promote industrial projects, as well as major retail and office development, with extra inducements for the construction of LEED buildings. Qualified downtown projects can also receive funds for building up-fits and architectural assistance.

**The national and worldwide economic downturn, which began in late 2008, has certainly been felt in Gastonia, however, the City has made positive strides towards economic recovery.**

**The economic outlook based on the September 2013 joint meeting of the Federal Open Market Committee and the Board of Governors of the Federal Reserve System is as follows: “Economic activity has expanded at a moderate pace. Some indicators of labor market conditions have shown further improvement in recent months, but the unemployment rate remains elevated. Household spending and business fixed investments advanced, and the housing sector has been strengthening, but mortgage rates have risen further and fiscal policy is restraining economic growth. Apart from fluctuations due to changes in energy process, inflation has been running below the Committee’s longer-run objective, but longer-term inflation expectations have remained stable.”**

**“The Committee expects that, with appropriate policy accommodation, economic growth will pick up from its recent pace and the unemployment rate will gradually decline. The committee recognizes that inflation persistently below its 2 percent objective could pose risks to economic performance, but it anticipates that inflation will move back toward its objective of 2 percent over the medium term.”**

**An economist with Wells Fargo recently stated: “A culture of crisis in Washington will likely mean the economy in North Carolina and nationwide will continue to be sluggish through 2014. The economy will continue to operate in an environment of uncertainty with questions surrounding the nation’s debt –ceiling debate, monetary policy, housing, and consumer confidence levels.”**

**“The effects of the Affordable Care Act still remain unclear. Many Businesses are stalling their hiring or expansion plans to see how the ACA plays out”**

**“The middle class continues to get squeezed in the current economy with slow growth in earnings and employment opportunities.”**

**During the twelve-month period from July 2012 through June 2013, total Gaston County retail sales tax collected by the State was \$75,622,149 as compared to \$78,961,861 for the same period in the 2012 fiscal year, a decrease of \$3,339,712. During the twelve-month period from July 2012 through June 2013, total taxable sales for Gaston County were \$1,586,516,806 as compared to \$1,623,797,583 for the same period in the 2012 fiscal year, a decrease of \$37,280,777.**

**The City and surrounding area continue to redefine itself as a metropolitan dominated region. An influx of shoppers from surrounding counties such as Lincoln, Cleveland, York and Mecklenburg continues to be noted and has positioned Gastonia as a regional service and distribution center.**

**Unemployment in the City was 9.7%, less than the County rate of 10.0%, but higher than the State rate of 9.3% and the national average of 7.8% at fiscal year end June 2013. Unemployment in the City was 8.9% as of August 2013. The prior year rates for the City were 10.5% and 9.7% for the months ending June 2012 and August 2012, respectively. These rates are not seasonally adjusted.**

Construction within the City decreased slightly with 976 permits issued on construction of \$110,916,550 as compared to 1,150 permits issued on construction of \$165,542,499 in the prior year. This included residential permits of 347 and commercial permits of 629, with construction costs of \$46,624,107 and \$64,292,443, respectively. These figures exclude “other trade permits” of 1,491 issued on construction costs of \$120,713.

Caromont Health, Inc. the parent corporation for a multi-state, integrated health care system consisting of Gaston Memorial Hospital, physician office practices, imaging centers, outpatient centers, an ambulatory surgery center, a nursing home, occupational medicine, and hospice, maintains its principal offices in the City. The health system’s service area includes Gaston, Cleveland and Lincoln Counties in North Carolina and York County in South Carolina. The Hospital is located in the City on an 83-acre medical campus and is one of the City’s largest employers. The Hospital’s physical facility is approximately 1,300,000 square feet and includes 435 licensed beds, a specialty surgery center, a diagnostic center, medical office buildings and a business services annex. The campus is owned by the County and leased to CaroMont Health, Inc. and the non-profit corporation operating the hospital. The Hospital provides a wide variety of medical services including open heart surgery, a comprehensive cancer center, a neo-natal intensive care unit and emergency services. In addition to the medical campus of the Hospital, services are provided at multiple locations throughout the region. The Hospital has received numerous awards and recognition, including Thomas Reuters’ “Top 100 Hospitals” award for Quality and Safety and the Advanced Diabetes Certification and Advanced Certification in Heart Failure from the Joint Commission.

The downtown area of the City is undergoing notable revitalization. Federal stimulus funds have provided \$850,000 for streetscape improvements, \$2,600,000 in neighborhood stabilization funds provided for 16 owner-occupied single-family units, a \$600,000 pedestrian plaza opened in 2010, a public art piece was dedicated in the central city park, and a third round of neighborhood stabilization funds enabled the renovation and reuse of both the old Gaston Memorial Hospital on Highland Street and the Marietta Street Apartments, both adding quality residential units into the center city. This is in addition to several new business openings, an active downtown events calendar. A \$10 million, 29,506 sq. ft., LEED-certified conference center and an integrally-designed 169 space parking deck is the cornerstone in the redevelopment of downtown. Construction of the project began in October 2010 and opened in the fall of 2011. The construction costs of the project were financed through installment financing obligations issued as recovery zone economic development bonds and repaid primarily from hotel occupancy tax revenues of the City. The conference center has already attracted additional investments, including a new fine-dining restaurant located steps from the conference center in a renovated historic theater.

Construction of a new Environmental Studies Center addition to the City’s Schiele Museum of Natural History is complete. The 7,700 square foot facility, LEED-certified conference/classroom addition features a state-of-the-art kitchen, a meeting area with wooden floors, and an open air “green roof” with growing vegetation and a walkway.



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.

Gaston Mall has recently undergone a major redevelopment including a new “big box” store with several smaller anchor tenants and numerous new retail establishments totaling over 180,000 square feet of retail space. The \$37 million investment includes anchors such as Target, Dick’s Sporting Goods, and TJMaxx. The completed project is expected to generate 393 new jobs with over \$56 million in annual sales. Eastridge Mall is an approximately 1,560,000 square-foot retail facility and is the fourth largest mall in North Carolina and South Carolina. Belk, Dillard’s, Sears and JCPenney anchor this facility, which is supported by 70 smaller retailers. Franklin Square is another retail shopping area consisting of over 1,000,000 square feet, anchored by Wal-Mart, K-Mart, Lowe’s, Sam’s Club, Best Buy and Kohl’s. Numerous retailers, restaurants and a 13-screen movie theater are also located in Franklin Square, and a 2008 expansion, the Shops at Franklin Square, includes additional retail space with H.H.Gregg and Ashley Furniture as anchor stores.

## **MAJOR INITIATIVES**

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

In June 2010, the City of Gastonia was named as one of ten All American Cities for the 2010 designation period. The All American City Award is the oldest and most respected community recognition program in the nation. The 64-year old National Civic League awards program recognizes neighborhoods, villages, towns, cities, counties and metro regions for outstanding civic accomplishments. To win, 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.

With the implementation of the Electric Transfer Policy in February of 1994, the City established a set policy on the allowable transfer from the Electric Fund to supplement the General Fund. In prior years, all profits remaining after operating costs were transferred to the General Fund at year-end. The rationale behind this was that this enabled the City to keep the property tax rate as low as possible. However, due to a request by the bond rating agencies and the Local Government Commission, beginning in Fiscal Year 1994-95, the City began to reduce its reliance on electric transfers. The transfer from the Electric Fund to the General Fund was reduced each Fiscal Year until a level equating to 3% of gross capital assets is attained. This mark is reflective of Council’s April 1997 change to the Electric Transfer Policy from a target of 8% to a maximum of 3%. The total transfer budgeted and transferred for fiscal year 2013 was \$2,000,000 and was \$781,497 below the level established by City Council as acceptable – 3 percent of Gross Electric Capital Assets.

Since fiscal year 2002, the City has increased its Available Fund Balance to total expenditures ratio in the General Fund from a low of 4% (June 30, 2002) to a high of 25.16% (June 30, 2013). Through a disciplined approach to expenditures, Gastonia is now sufficiently over the 8% minimum Available Fund Balance recommended by the Local Government Commission. We have reached our goal as defined in the City’s Reserve Policy that Available Fund Balance should be between 12% and 15%. See the “Maintaining the Fund Balance” section below for a further discussion on Available Fund Balance.

The City of Gastonia’s total financing debt obligations decreased from \$101,606,020 to \$93,798,642 during the current fiscal year, a decrease of \$7,807,378 (6.30%). The key factors in this decrease were the overall scheduled debt retirements of \$9,171,398, a \$750,000 advance retirement of a water and sewer State revolving loan, while the City incurred \$2,114,020 of new financing debt obligations. New debt obligations consisted of a \$2,114,020 vehicle equipment-financing instrument.

Staff’s dedicated efforts in assuming added responsibilities during staff turnover and a mandated hiring freeze for non-critical positions resulted in a salaries and benefits favorable budget-to-actual variance approximating \$2,350,000 city-wide.

**CHALLENGES FOR THE FUTURE**

**Fiscal Management and Economic Condition:**

The City’s 2014 budget addresses, within the scope of available revenues, the goals and many of the action steps identified by the City Council and Mayor. As reflected by the drawing below, financial responsibility and excellent customer service are the pillars that support all our City goals.



## **Budget Principles and Objectives**

**The focus for the City's fiscal management is centered on three guiding principles: Financial Responsibility, Customer Service and Economic Development.**

**Financial Responsibility means that the City promotes and initiates programs and functions for which their related expenditures are supported by adequate and predictable revenues. Also, financial responsibility means that capital projects, equipment and human resource costs are budgeted each year so that the City is not faced with a deterioration that would require a crisis in future years. The City's 2014 budget focuses on a three-year operating budget horizon.**

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

**Economic Development means that the City should invest in specific ways to grow Gastonia's economic base. Expenditures in the annual budgets that are targeted to encourage private economic investment are important because they stimulate additional jobs and commerce in our City. Public sector expenditures and carefully designed revenues can grow the tax base, so we will not have to increase the tax rate.**

### **Fiscal Objectives:**

- 1. Provide Adequate Funding for the Basic Operations of the City**
- 2. Complete Capital Projects Currently Underway**
- 3. Avoid a Property Tax Increase**
- 4. Limit Fee Increases to Amounts Necessary to Provide Acceptable City Services**
- 5. Provide Adequate Compensation for Employees**
- 6. Maintain a Three-Year Financial Plan**
- 7. Maintain Adequate Fund Balances**
- 8. Stabilize the City's Self-Insured Health Insurance Fund**
- 9. Continue to Look for Opportunities to Reduce the Cost of Municipal Operations**
- 10. Look for Opportunities to Grow our Local Economy**
- 11. Make Improvements to Neighborhoods and Commercial Areas Throughout the City**
- 12. Maintain the City's Infrastructure**
- 13. Provide Adequate Funding for City Facilities and Equipment**

## **General Fund**

The General Fund has revenue and expenditure challenges for the next three fiscal years. Specifically, the debt service expenditures increase for fiscal year 2014 by \$1,028,000, the sales tax revenue transfer from the County will decrease by \$379,000, the loss of COPS grant revenue for previously hired law enforcement personnel will require an additional \$300,000, retirement contributions mandated by the retirement system will require an additional \$145,000, and the County proposes to initiate a tax collection fee beginning in the 2014 fiscal year at a flat fee of \$4 per bill, not to exceed \$143,000. These adverse changes to the General Fund for next year amount to nearly \$2,000,000. For fiscal years 2015 and 2016 the problem grows to an estimated \$3,056,000 and \$3,650,000 respectively. It should also be noted that fiscal year 2016 is the year that Tax Revaluation will be applied to Gaston County.

In order to address the challenges to the General Fund, the City must look for ways to reduce expenditures and increase revenues as well as use Fund Balance in a measured way during the next three fiscal years. All during the year, the City staff will be diligently looking for opportunities to close the future budget gaps in the General Fund. The City must be prepared to reduce operating costs, reduce the size of the work force and delay projects until adequate funding can be made available. A total of \$885,000 of General Fund Balance is appropriated in the 2014 budget to balance our operating budget. For the following two years, our plan would require additional General Fund Balance appropriations of \$950,000 and \$1,050,000. In subsequent fiscal years, debt service payments begin to fall and the need to supplement the operating budget with appropriated fund balance should end.

Some good news for the General Fund is that the property tax revenue resulting tax base growth is projected to increase by \$531,071 from the current year. An increase in our tax base is a strong indicator of improving economic conditions. The adopted budget for fiscal year 2014 did not include a change to the City's current tax rate. The only General Fund fee increase included within the 2014 adopted budget is an adjustment of the City's building permit fees to match the rates currently charged by Gaston County.

Finally, the City must closely monitor the general economic conditions and potential changes to the City's revenues that were recently put into law by the State. These actions by the State Legislature and Governor have the potential to significantly impact the City's General Fund.

## **Employee Compensation and Benefits**

The total number of budgeted full-time employees for the 2014 fiscal year is 875. This represents a reduction of 9 positions when compared with the 2013 budget. Based on the projected revenue forecast, the fiscal year 2014 budget includes funding for a one-time bonus of \$750 for all full time employees and \$250 for all part-time employees. The budget also includes the annual Christmas bonus of 3% with a maximum of \$300 to each eligible employee. The City will continue the 401(k) program for all full time employees at the 5% level. The 2014 budget provides continued funding in the amount of \$12,000 for the Employee Education Reimbursement Program (\$500 maximum per employee). At the City's budget overview it was agreed by all that the City would try to give as much compensation to our employees in Fiscal Year 2013-14 as we could prudently apply.

The fund balance for the City's Self-Insured Health Insurance Program ended the 2013 fiscal year with a deficit balance of \$21,734. The 2014 budget includes transfers of \$400,000 from City operating funds and in addition a transfer of \$21,734 was needed in order to fund the fiscal year ending 2014 fund balance deficit. The 2014 adopted budget also provides for a \$550 payment in July to the Health Savings Account for all employees covered by the City's Health Insurance Program. Changes to the City's Health Insurance Program, approved by City Council in the 2013 fiscal year, were implemented with the FY13-14 budget including an enhanced employee wellness initiative. The staff will closely monitor claims filed though the year and notify the Mayor and Council if further funds are needed.

## **Infrastructure**

The City of Gastonia is responsible for approximately 334 miles of paved streets, with sidewalks and traffic control systems, 548 miles of water lines, 505 miles of sewer lines, and 465 miles of electrical distribution lines. Our municipal facilities are spread from Mountain Island Lake to the South Carolina state line. One of the most important responsibilities of our City and most cities is to provide and maintain the critical public infrastructures that we all take for granted. The City maintains the water plant, overhead storage tanks, stormwater systems, waste water treatment plants and parks and rights-of-ways. Additional challenges related to maintaining other aspects of our vast infrastructure will be addressed through the 2014 budget and future budgets. Maintenance of our infrastructure, such as roads, water, sewer, electric and other City facilities, while not glamorous, is critically important and commands significant resources. In order to capture new economic development opportunities, we must always maintain and expand when necessary, our diverse infrastructure.

## **Funding For Equipment**

Equipment (vehicles) and computer/communications equipment are funded through an annual equipment loan. The loan for the equipment is spread over a fifty-nine month period, thereby leveling the impact of equipment needs from year to year. More than \$5 million of vehicle equipment was requested by City departments for replacement or addition. In the FY 2013-2014 budget, the City is funding equipment replacement through the fifty-nine month loan method for a total of \$2,390,941 for rolling stock, and \$700,000 for computer/communication equipment. The City is replacing 45 vehicles including 16 police vehicles. All requests by departments for replacement equipment that were approved by the Equipment Manager/Garage are included in the 2014 budget. Also included in the total is a fire rescue truck for \$565,000 as recommended by the Fire Department, an asphalt recycler for \$140,000, and \$50,000 for trailers to more efficiently transport our off-road equipment to various site locations.

## **Fuel Costs**

**Fuel costs and other petroleum-based products are anticipated to create pressure on the 2014 year's budget. The City budgeted an additional 5% increase above the 2013 year's projected fuel use to deal with rising gas prices. Also, \$200,000 is reserved in the adopted budget for fuel use city-wide in case prices continue to rise. Increases in the cost of asphalt, which is also a petroleum-based product, will likewise affect our budget. An increase cost of asphalt diminishes our ability to provide much-needed road resurfacing efforts throughout the City.**

## **Electric Fund**

**Retail electric rates need to increase by an average of 3.32% due to a 4.9% increase in the City's wholesale electric costs from NC Power Agency 1 and Duke Energy. The retail electric increase only passes-through the amount of the wholesale cost. It is important to expand economic development into the areas served by City's electric system. Funds will be available for redevelopment as well as for new growth corridors. The FY 2013-14 budget maintains the same amount of transfers to the General Fund as in the 2013 fiscal year. Gastonia needs to maintain the level of transfers established by the Local Government Commission as acceptable, three percent of Gross Electric Fixed Assets. The City should continue to reduce the subsidy to the General Fund as it may practically be done. The 2013-14 budget provides funding for maintenance and capital projects. Expenditures in the Electric Fund are organized into three priorities: safety & maintenance, peak shaving & generation, and load growth initiatives.**

## **Water and Sewer Fund**

**No water and sewer rate increase was adopted for the 2014 fiscal year budget. A report from our water utility consultant and our financial advisor for capital bonds is currently being finalized. Within these reports specific recommendations will be made regarding future rates that will be necessary for the water plant renovation. The focus of the Water and Sewer Fund continues to be addressing our aging water plant, meeting demands for economic development extensions, rehabilitation of older water and sewer lines and continuing to develop cooperative agreements with surrounding municipal systems and the County. The repair costs to the plant will be significant (currently estimated at \$58,000,000 for the first phase covering the next several years). The staff will work to trim costs where feasible, dividing the project into phases and establishing a funding plan that will use debt service and some fund balance to pay for this improvement over a 20 year period. This major effort will update and repair our water plant to ensure safe and efficient operation for decades to come.**

**We have and will continue to partner financially with the State, the private sector, other municipalities and the County to extend lines into our important growth areas. We will also seek to increase water and sewer usage through infill development because the infrastructure is already in place. Our priority for the Water and Sewer Fund will continue to be: increasing our sales, infrastructure maintenance, system performance, and system expansion in those areas that provide a viable return on our investment.**

## **Stormwater Fund**

At the City Council Work Session held in January 2013, the staff provided information pertaining to the revenues and the operation of the Stormwater Fund. Currently the Fund pays for a wide variety of maintenance and capital improvement projects. The priority for stormwater projects is concentrated on projects within public rights-of-way that the City has an obligation to maintain and repair. Improvements proposed for stormwater problems (outside of the right-of-way) are given priorities by the Stormwater Citizen's Advisory Committee. Projects are rated according to a three-tier priority system. Very limited funding is available for non-public rights-of-way projects. The stormwater rate has not changed from \$2.75 since the inception of the program; however, City Council recently approved a rate increase to \$3.25 effective July 1, 2014 as well as a shared financial participation requirement by property owners.

## **Transportation**

The major work in transportation next year will be to move the bond projects approved by the voters in 2010 to construction. The major projects include widening Union Road, Titman Road, and Myrtle School Road as well as South New Hope Road, funded in part by the State. Traffic calming devices such as speed humps continue to be funded (\$50,000) in the 2013-14 budget to address neighborhood safety issues. Powell Bill funds will be used next year for road maintenance and resurfacing. The big State Highway project upgrading the US 321/I-85 Interchange will not begin actual construction until 2015. Finally, the Mayor and City Council will consider whether or not to move forward with the Multimodal Center (for design and land acquisition) and the Park & Ride Lots (for acquisition and construction) during FY13-14. The Environment Study for the Multimodal Center, funded in the 2012-13 Budget, is expected to be completed by January 2014. The City's share for the project is expected to be 10% - 20% of the total project cost.

## **Maintaining the Fund Balance**

Gastonia is well over the 8% minimum Available Fund Balance for the General Fund as recommended by the North Carolina Local Government Commission. The General Fund is currently at 25.16% of annual expenditures and transfers out and above our goal as defined in City's Reserve Policy that the Available Fund Balance should be between 12% and 15%. Beginning in the 2013 fiscal year and over the next three fiscal years, the General Fund Balance will be drawn down to an amount just over 18% for transfers to the Self-Insured Health Insurance Fund and to the operating budget of the General Fund. The 2013-2014 budget does not appropriate any fund balance from the Electric and Water & Sewer Funds. Funds are budgeted from the Hotel Occupancy Fund to cover the operating deficit at the Conference Center, which is stipulated in the amended management agreement to be \$185,000 for budget year 2013-14.

## **Economic Development**

**Gastonia is beginning to experience some return of positive economic growth. Several new retail commercial developments are under construction throughout the City. The Gastonia Technology Park is almost at full capacity with new industrial development. Additional industrial sites will need to be identified to sustain further industrial growth. Previously approved residential developments, primarily in the southeastern portion of the City, that were halted during the 2008 Recession, are beginning to restart. The challenge for Gastonia is to encourage developments of high quality. Developments with high values are more fiscally sustainable and contribute more to the expansion of the tax base. Consistent with our land development plans, Gastonia encourages commercial, office, industrial and residential development in each sector of the City. In particular, infill developments are the most desirable form of economic growth because the infrastructure is already in place, thereby reducing the cost to serve the new development. The City, working with private property owners, will identify key parcels throughout Gastonia that have the potential for development or redevelopment. High value growth is important to the General Fund and also to our utility funds that need the growth of customers to broaden their base. It is our objective to grow our tax and utility bases and not our rates.**

**Gastonia's Center City area has been identified as being critical to our economic development and to our image. However, significant areas in the northern and western portions of the City have still not experienced the kind of economic growth that is otherwise occurring throughout the region. Specifically, the City will focus on the West Franklin corridor and the surrounding neighborhoods. The Loray Neighborhood will receive a special focus so that the \$40 million redevelopment effort underway at the Mill and the new Optimist Park on Vance Street can be leveraged and the surrounding community revitalized.**

**Despite the challenges facing the City, the long-range future for Gastonia remains bright. We are located in one of the fastest growing and most affluent metropolitan areas in the United States. Our region is home to the second largest financial center in the country. Gastonia is located only twenty-five minutes west of the center of the region. Our location is excellent. Interstate 85, the transportation link between Atlanta and Charlotte, bisects our City with eight interchanges. US Highway 321 links us to Hickory and Interstate 40, while the proposed Garden Parkway would further connect Gastonia to the Charlotte International Airport and Interstate 485.**

**We will need to make wise investments (expenditures) that capitalize on our location within the metropolitan region. Also, we will need to capitalize on our current strengths - an abundant water source at Mountain Island Lake, natural features such as Crowders Mountain State Park, the Schiele Museum, the quality of our neighborhoods and our schools. To further enhance our ability to attract quality new investment, we must create a positive private investment climate. Streamlining our regulatory process while delivering excellent citizen services will be our challenge through the coming year and for years to come.**



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

**In developing the 2014 budget and during City Council work sessions earlier this year, the staff looked beyond the 2014 year's budget to identify revenue and expenditure trends focused on the next three years. On the revenue side, the General Fund depends upon tax base growth, which is tied so closely to the economic condition of our community. Regarding future expenditures, over 57% of the General Fund consists of salary and fringe benefits. Therefore, most meaningful changes to General Fund expenditures in the future will have human resource implications.**

**During the past decade, many City departments have been asked to perform their responsibilities with smaller permanent staffing. This effort will continue because it is an important way that we can control our financial position. We must always be vigilant for ways to reduce operating costs. Some operating costs will increase no matter what we do, such as with the recent rise in fuel costs. In some cases services can be reduced or even eliminated. There may be some services that simply cannot or should not be reduced at all. In those cases, we will still carefully examine their operating procedures to produce savings. The nature of these changes will be developed cooperatively with each City department and the Budget Office of the Financial Services Department. The City must continue to seek ways to further reduce expenditures through a variety of means. Expenditure reductions can be accomplished by using the following tools when appropriate: process simplification, technology and automation, program reduction, program elimination, consolidation, privatization, and innovation.**

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

**New and expanded expenditures are carefully evaluated and must be viewed as an investment. Questions should be asked. If we make this expenditure, what kind of investment return will the City receive? It may be tangible, such as a load management generator that could pay for itself in a year and a half, or intangible, such as a new community policing effort that addresses neighborhood crime. We must view each new expenditure as one that may cause us to reduce an expenditure elsewhere within the City. A request to spend funds must always be viewed within the larger context of our budget. What is the choice we are making? Are we sure that this is the best utilization of our very scarce resources? We must also ask hard questions about the effectiveness of existing expenditures, be willing to modify our service levels and look for innovative ways to deliver services in the most efficient and effective manner.**

**Regularly, the City reviews user fees so that the actual costs can be tied to services delivered. Fees not representative of true costs should be evaluated and adjusted to reflect actual costs. Fees should be consistent with City objectives and within the market rates for similar services. Normally, fees increase over time, but there are occasions that the City has reduced fees based**

upon lower actual service costs or to encourage more use of a service. During the upcoming year, the staff will review fees and make recommendation to the Mayor and City Council for their consideration.

For the new fiscal year our efforts will focus on implementing actions that support the Mayor and City Council goals to build a City with on-going economic development and livability. There will never be a day or year when we have finished our efforts. We will continue to move toward a system of constant quality improvement that always examines what we are doing and looks for ways to do it better.

## **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. Under modified accrual accounting, revenues are recorded when they are both measurable and available.

Expenditures are recorded when a liability is incurred, except for interest on long-term debt and accrued vacation benefits. 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. We believe that the City's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions.

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, 2013, provided no instances in the internal controls of reportable conditions or material violations of applicable laws and regulations.

## **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 A2, and Fitch A+.

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, 2013, the City's legal debt limit was \$418,316,961. The outstanding debt subject to this limit was \$60,979,210, leaving a net legal debt margin of \$357,337,751. The total gross bonded debt at June 30, 2013, was \$79,400,000. 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 \$14.998 billion, which includes the City's valuation of \$5.229 billion, resulting in a City to County ratio of 34.87%.

## **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, 2013, 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, 2012. The 2012 report was judged to conform to the high standards of financial reporting put forth by GFOA. The certificate is valid for a period of one year. The City has been awarded the certificate for the past twenty (20) years. We believe the report for Fiscal Year 2013 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 2013. The City has received this award for the past twenty (20) years. To receive this award, a governmental unit must publish a budget document that meets program criteria. This award is also valid for one year only. The City believes the Fiscal Year 2014 budget continues to conform to program requirements and it has been submitted to the GFOA to determine its eligibility for another award.

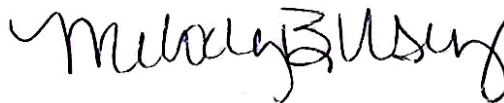
#### ACKNOWLEDGMENTS

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

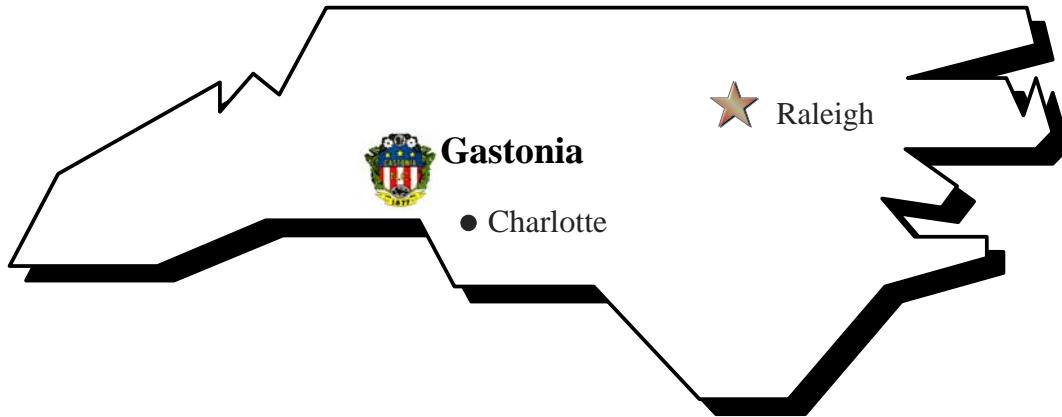


Edward C. Munn  
City Manager



Melody B. Usery  
Director of Financial Services

# *City of Gastonia, North Carolina*



- **Gastonia is located in south-central North Carolina on the South Carolina border.**
- **Gastonia is located 20 minutes west of Charlotte.**
- **Gastonia is the County Seat for Gaston County.**
- **Gastonia is the largest of the County's thirteen municipalities with 51.69 square miles and more than 72,507 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 twelfth largest city in the state and is the second largest city in the Charlotte-Gastonia-Rock Hill Metropolitan Statistical Area (MSA) as defined by the United States Bureau of the Census. The MSA currently has a 2005 estimated population of just under 1,500,000 persons. 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 50.43 square miles and 72,507 residents 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 43 degrees Fahrenheit and average summer temperatures of around 78 degrees Fahrenheit. Average annual precipitation is 44 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 black residents also moving into the settlement. The City has operated continuously under the Council-Manager form of government since its adoption in 1919.**

**The City provides a wide range of services that include public safety, electric distribution, water and sewer services, stormwater management, public transportation, community development, solid waste collection and disposal, cultural and recreational activities, general administration, and other amenities not often found in a city of 72,507 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 64<sup>th</sup> year, the National Civic League recognizes neighborhoods, villages, towns, cities, counties, and metro regions for outstanding civic accomplishments. To win, 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.**

### **Governmental Structure**

**The City of Gastonia is an incorporated city established under the Constitution and the laws of the State of North Carolina. Legislative control is vested with a Mayor elected biennially on a non-partisan basis and a six-member City Council, each of whom is elected for a four-year term. Each member of the City Council represents a defined geographical ward, but elections are determined by an at-large vote. The terms run concurrently and all current terms expire November 2015. Elections to the City Council are held in November of odd-numbered years. Any registered voter who resides within the city limits is eligible to run for City Council. The Council takes office on the first Tuesday in December following the November election. At its first meeting, the Council selects a Mayor Pro-Tempore from among its six members.**

**The major duties of the City Council are as follows:**

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

**All meetings of the Council are open to the public. The Council holds regularly scheduled meetings the first and third Tuesdays of each month. The meeting on the first Tuesday is held in City Hall and starts at 6:00 p.m. The meeting on the third Tuesday is held in the Gaston County Courthouse and starts at 6:00 p.m. Time-Warner 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 two Assistant City Managers: the Assistant City Manager – Operations and the Assistant City Manager – Public Services. Under the direction of the City Manager, the Financial Services Department maintains the accounting system for the City's operations. The City Manager is the chief administrative/financial officer of the City and serves at the Council's discretion.**

**Major duties of the Manager include:**

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

**The City Manager has a staff that includes the two Assistant City Managers, the City Attorney, and 7 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, 2013, the City of Gastonia had 886 authorized full-time positions.**



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

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

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

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

## **Property Taxes**

Real property, automobiles, boats, trailers, and income-producing seasonal properties are subject to property tax unless specifically exempted by North Carolina statutes. Some of the major property tax exemptions granted by statute include governmental organizations, charities, religious institutions, educational and cultural organizations, and veterans' organizations. North Carolina statutes also exempt certain types of properties from taxes. Several examples are 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 \$.53 for the new fiscal year beginning July 1, 2013 places it at the twelfth lowest of the 20 largest cities in North Carolina. North Carolina General Statute 105-286 requires that an octennial reappraisal of real property be conducted and may be done sooner upon adoption of local ordinance and approval by the Department of Revenue. The City's most recent reappraisal was completed by the County in the 2006/2007 fiscal year and was applicable to ad valorem tax revenues beginning in the City's 2007/2008 fiscal year.

The next State required reappraisal will be performed in the 2013/2014 fiscal year and will be applicable to ad valorem tax revenues beginning in the City's 2014/2015 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, the recent national trend of companies relocating manufacturing facilities outside the United States has resulted in significant losses of jobs and investments in the textile industry. Over the past decade, the City's economy has diversified and expanded its commercial and industrial base through a variety of industry, trade and tourism sectors, while the significance of the textile industry has declined. In 2013, approximately 6% of the workforce in the County was employed in education, 9% in health services, 7% in transportation and moving, 18% in maintenance and production, 12% in sales, 15% in office and administration, 7% in food preparation and serving, 2% in services, 7% in business and finance management, 2% in cleaning, 4% in construction, 3% in personal care services, and 8% in other services. 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. In addition to two enclosed malls, Gaston Mall and Eastridge Mall, there is approximately six million square feet of total retail space in the County, the large majority of which is inside the City limits, which provides a diversity of shopping alternatives. Gaston Mall recently completed a major redevelopment including a new "big box" store with smaller anchor tenants and retail establishments. This includes Dick's Sporting Goods, TJMaxx and SuperTarget stores. It is expected to generate annual sales of over \$56 million. Eastridge Mall is an approximately 1,560,000 square-foot retail facility; Belk, Dillard's, Sears and JC Penney anchor this facility, which is supported by 70 smaller retailers. Franklin Square is another retail shopping area consisting of over 1,000,000 square feet, anchored by Wal-Mart, K-Mart, Lowe's, Sam's Club, Best Buy and Kohl's. Numerous retailers, restaurants and a 13-screen movie theater are also located in Franklin Square and the Shops at Franklin Square include additional retail space with H.H.Gregg and Ashley Furniture as anchor stores.

**Daimler Trucks North America is the City's largest taxpayer with 1.24% 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 7.02% 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. The North Carolina Department of Transportation has currently removed the funding for the proposed Garden Parkway, U.S. Highway 321/74 Bypass, that is a planned toll road approximately 21.9 miles from I-85 west of Gastonia in Gaston County to I-485 near the Charlotte-Douglas International Airport in Mecklenburg County with new crossings over the South Fork and Catawba Rivers. The new toll road project will be re-prioritized by the State in the summer of 2014 and if eventually funded it is estimated to save drivers up to 28 minutes each trip. The removed funding may be used instead to widen Interstate 85.**

**There are approximately 434 linear miles of paved streets in the City. The City and State maintain approximately 334 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 twelve years.**

**Gastonia residents are also served by Gastonia Transit, which provides eight fixed bus routes throughout the City. Passengers have access to destinations such as Gaston Memorial Hospital, Eastridge and Franklin Square malls, and the Health Department. For those preferring the convenience of transit for longer trips, the Gastonia Express service provides a reliable, comfortable alternative to commuting by automobile. With four trips into uptown Charlotte every morning and four trips back in the evening, this bus service is flexible enough to service many commuters.**

**Gastonia is within a 15-minute drive of the Charlotte-Douglas International Airport. Charlotte-Douglas is the 6<sup>th</sup> busiest airport in operations in the nation and the 8<sup>th</sup> busiest in passengers in the nation. The airport is serviced by 7 domestic carriers, 3 foreign flag carriers, and 4 regional airlines with more than 700 scheduled departures and landing daily to virtually any North American location and parts of Europe, with over 39 million passengers boarding a year. US Airways maintains an operational hub at the airport. The airport offers non-stop flights to 143 destinations. 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 3,750 feet and one unlighted emergency runway of 2,500 feet. Fly Carolina serves as the fixed base operator for the airport.

The Norfolk Southern Railway and CSX Transportation provide transportation to interchange points with other railroads throughout the eastern United States. A planned relocation of the railroads freight yard to the vicinity of Charlotte-Douglas International Airport will further enhance 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 and by 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 9<sup>th</sup> largest in the State of North Carolina. There are currently 3 primary schools (grades preK–2), 27 elementary schools (grades K-5), 2 intermediate schools, 11 middle schools (grades 6-8), 11 high schools (grades 9-12), 1 middle/high school (grades 6-12), and 1 elementary/middle/high (grades preK–12) located within the Gaston County school system. Total enrollment is approximately 32,000 students.

There are three post-secondary institutions located within the County. Gaston College is comprised of three campuses with the main campus located in the approximate geographic center of the County. Part of the North Carolina Community College System, Gaston College is accredited by the Southern Association of Colleges and Schools to award associate degrees. The college enrolls over 5000 students each term in curriculum programs and averages over 16,000 students in its Continuing Education programs. Gaston College East Campus and Textile Technology Center provides training in textile technology, industrial maintenance, computer training, and management. Lastly, Belmont Abbey College is a private four-year liberal arts college with an enrollment of approximately 1300 students.

### **Cultural and Recreational Activities**

The City has available many different national, regional, and local recreational facilities. A National Football League team, the Carolina Panthers, and a National Basketball Association team, the Charlotte Bobcats, play in facilities located approximately 20 miles from the City. A professional minor league hockey team, the Charlotte Checkers, and a Triple A Baseball team, the Charlotte Knights, are located within 20 miles of the City. Since their inception they have played in nearby

Fort Mill, SC however they begin play in a newly constructed 10,000 seat stadium in downtown Charlotte in the spring of 2014. In addition, the NASCAR Hall of Fame is located in nearby Charlotte, N.C.

A full range of recreation programs is sponsored by the City. Recreation facilities within the City are located on approximately 587 acres of land. These facilities include six community centers, sixteen parks, four soccer fields, nineteen baseball/softball fields, eight jogging tracks, forty-six tennis courts, two swimming pools, a skeet and trap range and a skate park located at Lineberger Park.

The Rankin Lake Park received the support and funding for a major renovation project that was completed in August 2012. The park features a clubhouse with tables and chairs to accommodate group rentals, a “warming” kitchen, and restrooms; two lakeside, corporate picnic shelters; one large picnic shelter; eight small picnic shelters; an 18-hole disc golf course; two horseshoe courts; an outdoor classroom; trailhead and connector to the Highland Rail Trail of the greenway system; two boardwalks over Kaylor Creek; an approximately 80 acre lake with a 1.77 mile paved trail around the perimeter; wooden boardwalk over the lake spillway; two fishing piers; one viewing pier; a lake office to handle boat rentals (jon boats, canoes, kayaks, and pedal boats) and fishing permits; and a restroom building.

The City maintains a greenway along the Catawba Creek and its tributaries. The greenway consists of a 2.7-mile walking trail stretching from Lineberger Park to the Gastonia Armory. This walking trail is within strolling distance of almost 10,000 City residents.

Crowders 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.

## Summary

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



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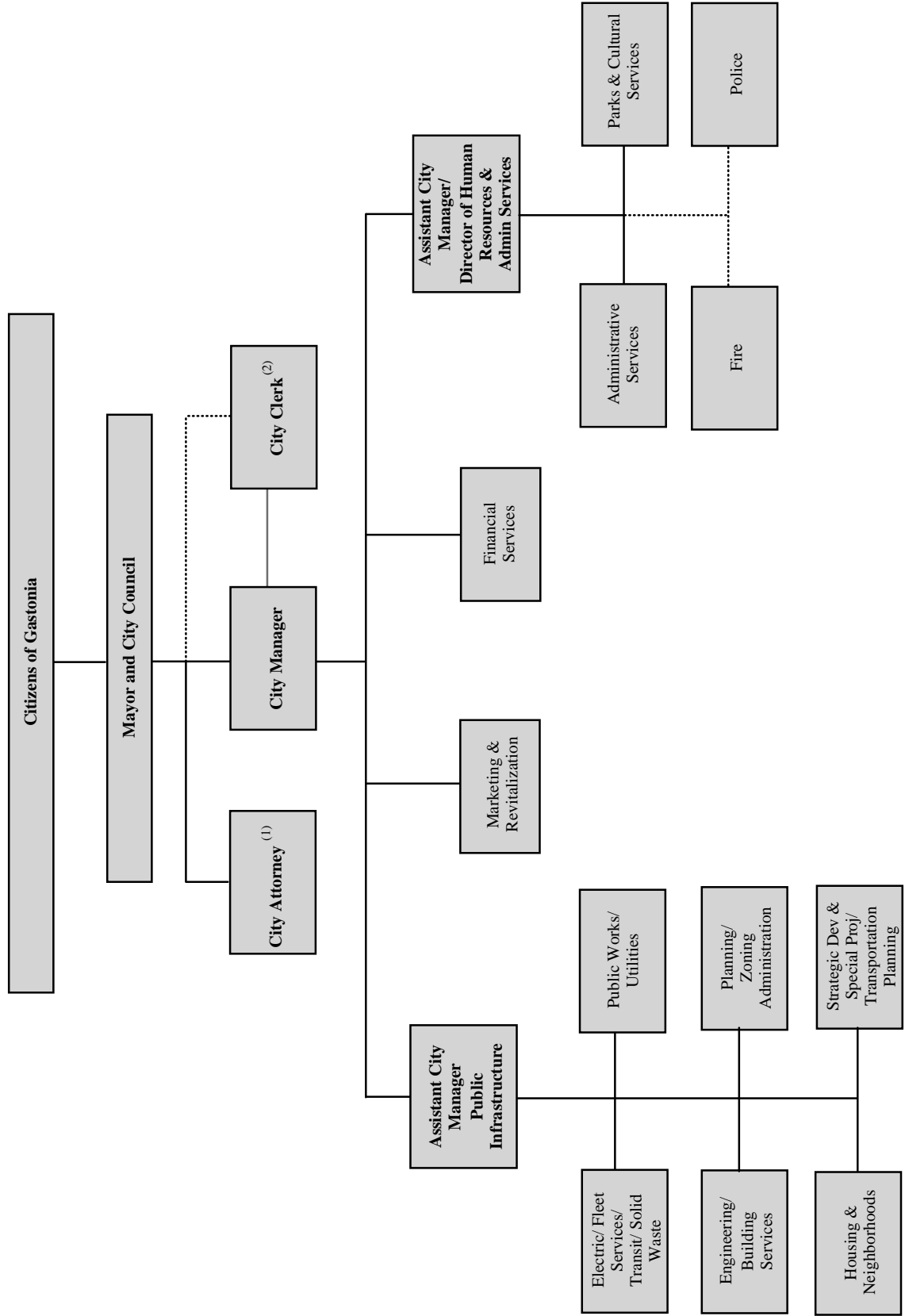
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

# City of Gastonia, North Carolina

## Organizational Chart



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





## **FINANCIAL SECTION**

Independent Auditors' Report

Management Discussion and Analysis

Financial Statements (Combined Statements – Overview)

Combining and Individual Fund Statements and Schedules

Other Supplementary Financial Data



# **INDEPENDENT AUDITORS' REPORT**



# 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 Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gastonia, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. The financial statements of the Gastonia Tourism Development Authority and the City of Gastonia ABC Board were not audited in accordance with *Governmental Auditing Standards*.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gastonia, North Carolina, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note 9 to the financial statements, in 2013 the City adopted new accounting guidance, GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

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

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gastonia, North Carolina's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, statistical tables, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

In our opinion, the combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

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

In accordance with *Government Auditing Standards*, we have issued our report dated October 28, 2013, on our consideration of the City of Gastonia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the City of Gastonia's internal control over financial reporting and compliance.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
October 28, 2013





## 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, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

### Financial Highlights

- The assets of the City of Gastonia exceeded its liabilities at the close of the fiscal year by \$397,436,525 (*net position*).
- The City's total net position decreased by \$756,489. Governmental activity net position decreased by \$4,109,075, and business-type activities increased by \$3,352,586.
- As of the close of the current fiscal year, the City of Gastonia's General Fund reported an ending fund balance of \$20,916,901, an increase of \$2,661,507 from the prior year ending fund balance.
- Approximately 61.45 percent of this total amount, or \$12,853,607, 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 \$13,855,114, or 25.16 percent of total General Fund expenditures, including transfers to other funds, for the fiscal year. Prior year's *available fund balance* was \$11,243,465, or 20.39 percent, of total General Fund expenditures, including transfers to other funds. This increase is mostly due to a \$2,661,507 increase in total fund balance along with only a slight increase of \$49,858 in reserves for inventories, prepaids, and the Stabilization by State Statute (mostly restrictions related to receivables and carryover encumbrances) from the previous year's balances.
- The City's Medical Self-Insurance Internal Service Fund, a high-deductible medical insurance plan with an HSA (Health Savings Account), ended the 2013 fiscal year with a deficit fund balance of (\$21,731), as compared to a 2012 fiscal year ending fund balance of \$156,503. For the year ended June 30, 2013, claims, HSA contribution, administration fees, and stop/loss premiums exceeded charges for services and other revenues by \$178,234. The Internal Service Fund predominantly services the governmental funds; thus, the fund's activities are included in the City's governmental activities.

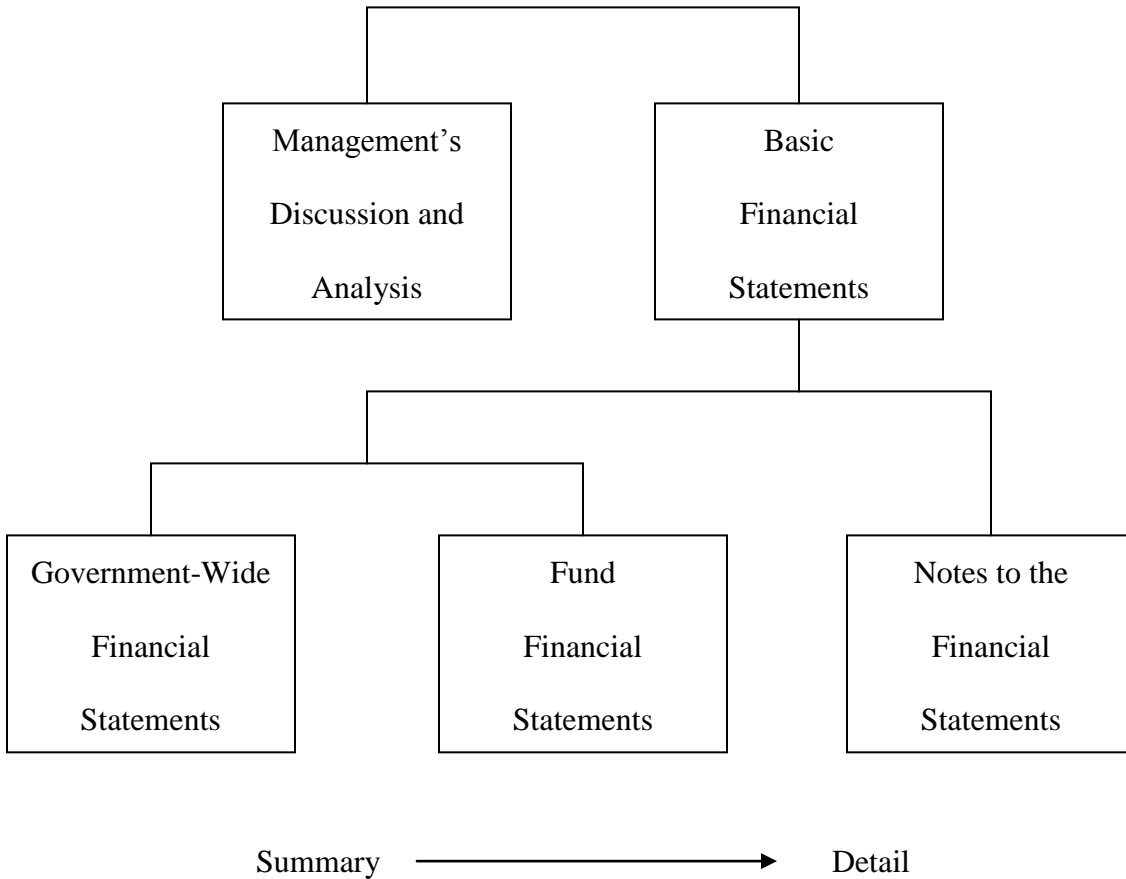
- The City's major enterprise funds are the Water and Sewer Operating Fund, the Electric Operating Fund, and the Stormwater Operating Fund. These funds had revenues over (under) expenditures (budgetary basis) of \$3,248,138, (\$1,690,660), and (\$10,938) for the year ended June 30, 2013, respectively, as compared to changes in net position of 4,263,660, (\$584,479), and (\$208,452), respectively, on the full accrual basis. The City's nonmajor enterprise funds are the Transit Fund and Solid Waste Fund. These funds had revenues over (under) expenditures (budgetary basis) of \$111,736 and \$287,014 for the year ended June 30, 2013, respectively, as compared to changes in net position of (\$185,983) and \$248,244, respectively, on the full accrual basis..
- The City of Gastonia's total financing debt obligations decreased from \$101,606,020 to \$93,798,642 during the current fiscal year, a decrease of \$7,807,378 (6.30%). The key factors in this decrease were the overall scheduled debt retirements of \$9,171,398, a \$750,000 advance retirement of a water and sewer State revolving loan, while the City incurred \$2,114,020 of new financing debt obligations. New debt obligations consisted of and a \$2,114,020 vehicle equipment-financing instrument.
- 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 A2, 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



## Basic Financial Statements

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

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

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

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

## Government-Wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the City's basic services, such as public safety, public works, cultural and recreation, and general government services. Property taxes, local option sales taxes, licenses, permits and fees, business-type activities' transfers, 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 three members of the governing board and the Authority's major source of revenues is derived from a 3% 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. These funds focus on how assets can readily be converted into cash flow in-and-out and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Gastonia adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally-adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the 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, 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 employees, and the accumulation and the allocation of the costs of providing self-insured dental coverage to the City 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 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.

## Government-Wide Financial Analysis

### City of Gastonia's Net Position

**Figure 2**

	Governmental Activities		Business-Type Activities		Total	Total
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 87,880,015	\$ 87,550,007	\$ 71,235,608	\$ 69,424,925	\$ 159,115,623	\$ 156,974,932
Capital assets	132,432,662	139,080,348	237,848,880	239,190,536	370,281,542	378,270,884
Total assets	<u>220,312,677</u>	<u>226,630,355</u>	<u>309,084,488</u>	<u>308,615,461</u>	<u>529,397,165</u>	<u>535,245,816</u>
Long-term liabilities						
outstanding	71,368,913	74,139,263	33,760,665	37,665,887	105,129,578	111,805,150
Other liabilities	13,603,524	12,872,722	12,312,048	11,871,033	25,915,572	24,743,755
Total liabilities	<u>84,972,437</u>	<u>87,011,985</u>	<u>46,072,713</u>	<u>49,536,920</u>	<u>131,045,150</u>	<u>136,548,905</u>
Deferred inflows of resources	<u>13,048</u>	<u>182,103</u>	<u>-</u>	<u>-</u>	<u>13,048</u>	<u>182,103</u>
Net position:						
Net investment in capital assets	126,226,919	133,748,816	225,259,816	226,763,782	351,486,735	360,512,598
Restricted	9,627,851	11,607,308	-	-	9,627,851	11,607,308
Unrestricted	(527,578)	(5,919,857)	36,849,517	32,314,759	36,321,939	26,394,902
Total net position	<u>\$ 135,327,192</u>	<u>\$ 139,436,267</u>	<u>\$ 262,109,333</u>	<u>\$ 259,078,541</u>	<u>\$ 397,436,525</u>	<u>\$ 398,514,808</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets of the City of Gastonia exceeded liabilities and deferred inflows of resources by \$397,436,525 as of June 30, 2013. The City's net position decreased by \$756,489 for the fiscal year ended June 30, 2013. However, the largest portion (88.44%) 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. \$9,627,851 of the City's net position is restricted by State statute or external parties. The remaining balance of unrestricted net position, \$36,321,939, may be used to meet the government's ongoing obligations to citizens and creditors.

Several particular aspects of the City's financial operations positively influenced the total unrestricted governmental net position:

- Continued low cost of debt due to the City's high bond rating
- A continued effort on the part of management to perform the City's services with the same or fewer permanent staffing
- Staff's dedicated efforts in assuming added responsibilities during staff turnover and a mandated hiring freeze for non-critical positions resulted in a salaries and benefits favorable budget-to-actual variance, approximating \$2,350,000 City-wide.
- A continued effort on the part of management and the City's dedicated staff to hold down operating costs in light of current economic conditions

## City of Gastonia's Changes in Net position

**Figure 3**

	Governmental Activities		Business-Type Activities		Total	Total
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 9,855,399	\$ 10,528,121	\$ 109,121,389	\$ 105,576,506	\$ 118,976,788	\$ 116,104,627
Operating grants and contributions	5,306,834	4,426,430	914,077	-	6,220,911	4,426,430
Capital grants and contributions	505,279	1,406,920	557,133	2,937,259	1,062,412	4,344,179
General revenues:						
Ad valorem taxes	28,142,234	27,224,338	-	-	28,142,234	27,224,338
Local option sales tax	9,245,172	9,461,249	-	-	9,245,172	9,461,249
Other taxes	8,524,417	8,264,811	-	-	8,524,417	8,264,811
Interest earned on investments	682,081	701,594	74,924	103,004	757,005	804,598
Total revenues	62,261,416	62,013,463	110,667,523	108,616,769	172,928,939	170,630,232
<b>Expenses:</b>						
General government	13,066,786	12,786,945	-	-	13,066,786	12,786,945
Public safety	27,337,102	27,808,577	-	-	27,337,102	27,808,577
Public works and cemeteries	10,628,247	12,267,869	-	-	10,628,247	12,267,869
Cultural and recreation	5,477,231	5,692,774	-	-	5,477,231	5,692,774
Economic and physical development	5,366,599	2,439,359	-	-	5,366,599	2,439,359
Interest on long-term debt	2,599,970	2,834,675	-	-	2,599,970	2,834,675
Water and sewer	-	-	29,094,851	29,633,999	29,094,851	29,633,999
Electric	-	-	70,939,145	65,639,003	70,939,145	65,639,003
Transit	-	-	2,382,934	2,394,328	2,382,934	2,394,328
Golf	-	-	38,958	39,634	38,958	39,634
Stormwater	-	-	2,296,654	2,586,383	2,296,654	2,586,383
Solid waste	-	-	4,456,951	5,394,611	4,456,951	5,394,611
Total expenses	64,475,935	63,830,199	109,209,493	105,687,958	173,685,428	169,518,157
Increase (decrease) in net position before transfers	(2,214,519)	(1,816,736)	1,458,030	2,928,811	(756,489)	1,112,075
Transfers	(1,894,556)	(2,051,358)	1,894,556	2,051,358	-	-
Increase (decrease) in net position	(4,109,075)	(3,868,094)	3,352,586	4,980,169	(756,489)	1,112,075
<b>Net Position:</b>						
Beginning of year - July 1	139,436,267	143,304,361	259,078,541	254,098,372	398,514,808	397,402,733
Prior period adjustment	-	-	(321,794)	-	(321,794)	-
Beginning net position, restated	139,436,267	143,304,361	258,756,747	254,098,372	398,193,014	397,402,733
End of year - June 30	\$ 135,327,192	\$ 139,436,267	\$ 262,109,333	\$ 259,078,541	\$ 397,436,525	\$ 398,514,808



**Governmental Activities.** The 2013 fiscal year governmental activities decreased the City's net position by \$4,109,075. Key elements of this decrease are as follows:

- The decrease in the governmental activities net position is primarily due to the following: (The reader needs to keep in mind that the City's fiscal policy is governed by the modified accrual basis of accounting which requires budgeted expenditures to equal budgeted revenues. Favorable budget variances, capital purchases, debt principal payments, and contributed assets will increase net position. Unfavorable budget variances, use of appropriated fund balances, depreciation, and certain employee benefit accruals will decrease net position.) Governmental funds' fund balances increased by \$305,793. General Fund revenues exceeded expenditures by \$2,595,535, and the combined other governmental funds' expenditures exceeded revenues by \$2,491,905. The change in inventories increased fund balance by \$202,163.

The General Fund revenues were \$257,084 under budget. The majority of this unfavorable budget to actual variance was due to the receipt of more than anticipated ad valorem taxes, privilege licenses, distributions from the Gastonia ABC Board, permits, and insurance proceeds; along with the receipt of less than anticipated local option sales tax, utility franchise tax, beer and wine tax, video franchise tax, state and federal grants, reimbursement for services, and investment returns. (See budget to actual revenues in Schedule B-1) In addition, expenditures were under budget by \$3,890,982. Salaries and benefits accounted for approximately \$1,740,000 of the favorable variance and were mostly attributable to the hiring lag related to terminations and retirements and the effects of a management implemented hiring freeze. The remaining amount was spread out over numerous operating expenditure account types influenced by a City-wide effort to hold down operating costs in light of the continued economic turndown and delayed projects. (See budget to actual expenditures in Schedule B-1)

The combined other governmental funds \$2,355,714 decrease in fund balances was mainly due to the incurrence of expenditures on major projects that were funded by debt issued in previous years. The issuance of debt in the previous years increased fund.

The net change in governmental funds fund balances under the modified accrual basis of accounting resulted in a \$103,630 decrease in net position. Readers need to refer the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Net Position, Exhibit E, to understand what modified accrual basis of accounting to full accrual basis of accounting differences influenced the \$4,109,075 decrease in governmental-type net position.

**Business-Type Activities.** The 2013 fiscal year business-type activities increased the City of Gastonia's net position by \$3,352,586. Key elements of this increase are as follows:

- The business-type activities increase in net position of \$3,352,586 was primarily due to the following: Fiscal Year 2013 charges for services, operating grants, and capital grants and contributions exceeded program expenses by \$1,383,106 as compared to \$2,825,807 for the 2012 fiscal year. The business-type funds reported a net transfer in from the governmental funds of \$1,894,556 as compared to \$2,051,358 in the 2012 fiscal year. Investment earnings were \$74,924 as compared to \$103,004 in the 2012 fiscal year. In addition, GASB Statement 65 relating to the expenditure recognition of bond issuance costs was implemented in the 2013 fiscal year that required a restatement of prior year ending net position which resulted in a reduction of \$321,794.

Under the modified accrual basis of accounting (budgetary basis), the Electric Fund revenues came in under budgeted revenues by \$1,971,091. Expenditures came in under budget by \$4,429,887 mostly due to a \$2,095,444 favorable budget-to-actual variance in the cost of purchased power for resale and a \$1,285,384 favorable budget-to-actual variance in emergency replacement and renewal of system infrastructure cost, and a \$1,049,059 favorable budget-to-actual variance in controllable operating expenditures. The Electric Fund budgeted revenues under expenditures of \$4,149,456 but ended the fiscal year with expenditures and other financing sources over revenues and other financing sources of \$1,690,660. Under the modified accrual basis of accounting (budgetary basis), Water and Sewer Fund revenues came in over budgeted revenues by \$1,084,691. Expenditures came in under budget by \$4,842,407 due to a concerted effort by management to reduce controllable expenditures and a \$1,538,409 favorable budget-to-actual variance in emergency replacement and renewal of system infrastructure expenditures. The Water and Sewer Fund budgeted revenues under expenditures of \$2,678,960 but ended the fiscal year with revenues and other financing sources over expenditures and other financing sources of \$3,248,138. All other business-type funds operated fairly close to break-even on the budgetary basis of accounting.

Readers need to refer to the Reconciliation from Budgetary Basis to Full Accrual Basis section in Schedules E-4, E-6, E-8, E-10, and E-11 to understand what modified accrual basis of accounting to full accrual basis of accounting adjustments influenced the \$3,352,586 increase in business-type net position.

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

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

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

The General Fund is the chief operating fund of the City of Gastonia. At the end of the current fiscal year, *available fund balance* of the General Fund was \$13,855,114, a \$2,611,649 increase from the prior year. Total fund balance increased by \$2,661,507 to \$20,916,901. Restrictions of fund balance increased by \$49,858 from the prior year, thus, decreasing *available fund balance* by a like amount. Please refer back to the *available fund balance* and *total fund balance* discussion in the Financial Highlights section. As a measure of the General Fund's liquidity, it may be useful to compare both *available fund balance* and *total fund balance* to total fund expenditures. *Available fund balance* represents 25.16 percent of total General Fund expenditures and transfers out to other funds, while *total fund balance* represents 37.98 percent of that same amount.

At June 30, 2013, the governmental funds of the City of Gastonia reported a combined fund balance of \$49,829,687, a .62 percent increase from last year. Included in this change in fund balance is a \$2,661,507 increase in fund balance in the General Fund, a \$1,180,083 decrease in the Streets Capital Project Fund, and a \$1,175,631 decrease in Other Nonmajor Governmental Funds. See the earlier discussion concerning the reasons for these increases and decreases under the Governmental Activities section above.

**General Fund Budgetary Highlights.** During the fiscal year, the City revised the budget on several occasions. Amendments of \$3,229,562 which increased the overall original budget were approved during the year. Of this total \$1,704,551 was related to the budgeting of the Gastonia Conference Center and Webb Project funding activities in the General Fund in the 2013 fiscal year, \$210,812 was related to over-time law enforcement security supplied to the City of Charlotte for the National Democratic Convention, \$150,000 was a reappropriation of transit planning grant funds not spent in the prior year, \$351,851 was to appropriate additional funds to the Health Self-Insurance Fund to cover potential unbudgeted medical claims, \$281,914 to appropriate for carryover 2012 purchase orders, and various other increases in appropriations that became necessary to maintain services or to supply new services.

Factors concerning the 2013 budget to actual results have already been addressed in the above governmental activities discussion.

**Proprietary Funds.** The City of Gastonia's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$170,582,344; the Electric Fund amounted to \$58,665,736; the Stormwater Fund amounted to \$30,169,683; and the other nonmajor funds, Transit, Golf, and Solid Waste amounted to \$2,039,240. The total growth in net position for these funds was \$4,263,660, (\$584,479), (\$208,452), and \$23,303, respectively. 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, 2013 totals \$421,103,225 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, vehicles, water and sewer infrastructure, electric distribution system, and stormwater infrastructure. Additions and dispositions totaled \$11,195,155 and \$3,709,026, respectively, and the net effect of depreciation resulted in a \$16,489,642 decrease.

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

- Construction in progress activities for various water and sewer capital asset improvements of \$1,178,743 and \$3,643,675 placed in service.
- Construction in progress of \$2,942,779 in governmental-type activities, which was mostly related to the Schiele Museum Environmental Studies Center Project of \$1,378,057, Conference Center improvements of \$163,752, Rankin Lake Park Revitalization Project of \$105,466, Myrtle School Road Project of \$865,400, and the New Hope Road Project of \$175,282.
- There was \$127,660 of general infrastructure additions in the governmental-type activities.
- Construction in progress for electric capital asset improvements of \$1,339,158 and \$619,948 placed in service.
- Electrical distribution capital assets of \$1,482,145 for new line construction.
- Internal Service Fund capital assets of \$2,841,437 of which included various vehicles and equipment.
- Entity-wide disposals mainly consisted of various outdated computer/communications equipment, surplus police vehicles, and surplus equipment.

### City of Gastonia’s Capital Assets

**Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land, land improvements, and buildings	\$ 69,257,713	\$ 69,003,605	\$ 20,887,674	\$ 20,881,690	\$ 90,145,387	\$ 89,885,295
Water and sewer treatment facilities	-	-	69,369,105	69,369,105	69,369,105	69,369,105
Machinery/equipment/vehicles	46,253,142	44,541,417	20,291,224	20,131,410	66,544,366	64,672,827
Electrical distribution	-	-	81,881,257	79,779,164	81,881,257	79,779,164
Water and sewer system	-	-	183,558,439	179,899,244	183,558,439	179,899,244
General infrastructure	269,621,859	269,506,659	-	-	269,621,859	269,506,659
Stormwater infrastructure	-	-	47,095,687	46,798,912	47,095,687	46,798,912
Construction in progress	19,688,647	18,711,060	7,564,678	9,361,030	27,253,325	28,072,090
Total	404,821,361	401,762,741	430,648,064	426,220,555	835,469,425	827,983,296
Less accumulated depreciation	242,505,877	233,575,768	171,860,323	164,300,790	414,366,200	397,876,558
Capital assets, net	<u>\$ 162,315,484</u>	<u>\$ 168,186,973</u>	<u>\$ 258,787,741</u>	<u>\$ 261,919,765</u>	<u>\$ 421,103,225</u>	<u>\$ 430,106,738</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, 2013, the City of Gastonia had total financing debt outstanding of \$93,798,642. Of this, \$37,051,000 is debt backed by the full faith and credit of the City. The remainder of the City’s financing debt represents bonds secured solely by buildings, equipment, or specified revenue sources (i.e. revenue bonds).

### City of Gastonia’s Financing Outstanding Debt

**Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 36,621,000	\$ 38,319,000	\$ 430,000	\$ 430,000	\$ 37,051,000	\$ 38,749,000
Limited Obligation Bonds	14,840,000	15,330,000	-	-	14,840,000	15,330,000
Installment Loans	7,703,211	8,347,340	425,000	475,000	8,128,211	8,822,340
Certificates of Participation	1,845,000	2,415,000	-	-	1,845,000	2,415,000
State Revolving Loans	-	-	3,995,431	5,277,680	3,995,431	5,277,680
Revenue Bonds	-	-	27,939,000	31,012,000	27,939,000	31,012,000
<b>Total</b>	<b>\$ 61,009,211</b>	<b>\$ 64,411,340</b>	<b>\$ 32,789,431</b>	<b>\$ 37,194,680</b>	<b>\$ 93,798,642</b>	<b>\$ 101,606,020</b>

- The City of Gastonia’s total financing debt obligations decreased from \$101,606,020 to \$93,798,642 during the current fiscal year, a decrease of \$7,807,378 (6.30%). The key factors in this decrease were the overall scheduled debt retirements of \$9,171,398, a \$750,000 advance retirement of a water and sewer State revolving loan, while the City incurred \$2,114,020 of new financing debt obligations. New debt obligations consisted of and a \$2,114,020 vehicle equipment-financing instrument.
- 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 A2, and Fitch AA-.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government’s boundaries. At June 30, 2013, the City had a legal debt margin of \$357,337,751. Additional information regarding the City of Gastonia’s long-term debt can be found in note 2.B. of this report.

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

### Economic Factors

- Unemployment in the City was 9.7%, less than the County rate of 10.0%, but higher than the State rate of 9.3% and the national average of 7.8 % at fiscal year-end June 2013. Unemployment in the City was 8.9% as of August 2013. The prior year rates for the City were 10.5% and 9.7% for the months ending June 2012 and August 2012, respectively. These rates are not seasonally adjusted.
- The current population growth has been fairly stagnant. The current year estimated population per the North Carolina Demographer's Office is 72,507. This estimate is up by 766 from the 2010 Census number of 71,741.
- The economic outlook based on the September 2013 joint meeting of the Federal Open Market Committee and the Board of Governors of the Federal Reserve System is as follows: "Economic activity has expanded at a moderate pace. Some indicators of labor market conditions have shown further improvement in recent months, but the unemployment rate remains elevated. Household spending and business fixed investments advanced, and the housing sector has been strengthening, but mortgage rates have risen further and fiscal policy is restraining economic growth. Apart from fluctuations due to changes in energy process, inflation has been running below the Committee's longer-run objective, but longer-term inflation expectations have remained stable."

"The Committee expects that, with appropriate policy accommodation, economic growth will pick up from its recent pace, and the unemployment rate will gradually decline. The committee recognizes that inflation persistently below its 2 percent objective could pose risks to economic performance, but it anticipates that inflation will move back toward its objective of 2 percent over the medium term."

An economist with Wells Fargo recently stated: "A culture of crisis in Washington will likely mean the economy in North Carolina and nationwide will continue to be sluggish through 2014. The economy will continue to operate in an environment of uncertainty with questions surrounding the nation's debt – ceiling debate, monetary policy, housing, and consumer confidence levels.

"The effects of the Affordable Care Act still remain unclear. Many Businesses are stalling their hiring or expansion plans to see how the ACA plays out."

"The middle class continues to get squeezed in the current economy with slow growth in earnings and employment opportunities."

- Construction within the City increased significantly with 976 permits issued on construction of \$110,916,550 as compared to 1,150 permits issued on construction of \$165,542,499 in the prior year. This included residential permits of 347 and commercial permits of 629, with construction costs of \$46,624,107 and \$64,292,443, respectively. These figures exclude "other trade permits" of 1,491 issued on construction costs of \$120,713.

- 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, 2014**

**Governmental Activities.** The fiscal year 2013-2014 budget was balanced while achieving strategic objectives and priorities established by the City Council. With the exception of building permit fees the revenues for governmental activities were budgeted relatively flat. The ad valorem tax rate remained the same as the prior year property tax rate of \$.53/100.

The adopted budget did not include funding for pay increases; however, the budget did include an additional one-time bonus of \$750 for full-time employees and \$250 for all part-time employees. The City implemented hiring freeze in February 2009 to only fill critical positions is still in place for Fiscal Year 2014.

Healthcare cost containment was prioritized as critical. The fund balance for the City's self-funded Health Insurance Program was virtually depleted by the end of Fiscal Year 2013. The amount of \$400,000 is appropriated in the General Fund for Fiscal Year 2014 and transferred to the City's self-funded Health Insurance program to cover healthcare cost. The adopted budget included a \$550 payment in July to the Health Savings Account for all employees covered by the City's Health Insurance program. Changes to the City's Health Insurance program, approved by City Council in Fiscal Year 2013 are included in this fiscal year budget including an enhanced employee wellness initiative.

**Business-Type Activities.** There were no water and sewer rate increases budgeted and expenses for the water and sewer operations remained flat. Funding for new capital projects is \$1,200,000 in the adopted budget.

The City's Electric Fund received a 4.90% wholesale rate increase effective July 1, 2013. The City increased electric rates 3.32%, less than the wholesale increase. The transfer to the General Fund from the Electric Fund remained the same, \$2,000,000. Gastonia is now slightly under the transfer level established by the Local Government Commission as acceptable, 3% of gross electric capital assets. Funding for new electric capital projects is \$1,000,000 in the adopted budget.

The City's Solid Waste Fund budget included a slight decrease in the annual transfer from the General Fund and a slight decrease in solid waste operations expenditures.

### **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, 2013

	Primary Government			Component Units	
	Governmental	Business-Type	Total	City of	Gastonia
	Activities	Activities		Gastonia	Tourism
				ABC Board	Development Authority
<b>Assets:</b>					
Cash and cash equivalents	\$ 21,966,423	\$ 31,893,832	\$ 53,860,255	\$ 1,054,949	\$ 664,527
Taxes receivable, net	1,276,473	-	1,276,473	-	-
Accounts receivable, net	2,487,521	14,134,322	16,621,843	976	-
Interest receivable	20,449	-	20,449	-	-
Due from other governments	3,734,520	176,579	3,911,099	-	80,749
Internal balances	(652,330)	652,330	-	-	-
Inventories	2,343,849	990,311	3,334,160	695,803	-
Prepaid items	729,291	-	729,291	38,385	-
Cash and cash equivalents, restricted	26,090,997	2,449,373	28,540,370	-	-
Non-depreciable assets	29,882,822	20,938,861	50,821,683	163,637	-
Capital assets, net	132,432,662	237,848,880	370,281,542	466,388	-
Total assets	220,312,677	309,084,488	529,397,165	2,420,138	745,276
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable	2,665,287	7,395,792	10,061,079	326,416	-
Accrued salaries and benefits	1,309,181	535,086	1,844,267	-	-
Accrued interest	693,539	192,877	886,416	-	-
Prepaid fees	156,207	15,230	171,437	-	-
Current portion of long-term liabilities	8,779,310	4,173,063	12,952,373	-	-
Liabilities paid from restricted assets:					
Customer deposits	-	902,442	902,442	-	-
Long-term liabilities:					
Due in more than one year	71,368,913	33,760,665	105,129,578	-	-
Total liabilities	84,972,437	46,975,155	131,947,592	326,416	-
<b>Deferred Inflows of Resources:</b>					
Prepaid taxes	13,048	-	13,048	-	-
Total deferred inflows of resources	13,048	-	13,048	-	-
<b>Net Position:</b>					
Net investment in capital assets	126,226,919	225,259,816	351,486,735	630,025	-
Restricted for:					
Stabilization by State statute	9,095,077	-	9,095,077	-	80,749
General government	99,814	-	99,814	-	-
Economic and physical development	432,960	-	432,960	-	-
Tourism promotion	-	-	-	-	664,527
Working capital	-	-	-	241,879	-
Unrestricted	(527,578)	36,849,517	36,321,939	1,221,818	-
Total net position	\$ 135,327,192	\$ 262,109,333	\$ 397,436,525	\$ 2,093,722	\$ 745,276

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, 2013**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 13,066,786	\$ 8,066,339	\$ 8,730	\$ -
Public safety	27,337,102	1,063,056	369,037	-
Public works and cemeteries	10,628,247	53,677	2,357,635	-
Cultural and recreation	5,477,231	605,687	50,000	-
Economic and physical development	5,366,599	66,640	2,521,432	505,279
Interest on long-term debt	<u>2,599,970</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>64,475,935</u>	<u>9,855,399</u>	<u>5,306,834</u>	<u>505,279</u>
<b>Business-Type Activities:</b>				
Water and sewer	29,094,851	33,348,282	-	40,040
Electric	70,939,145	72,269,496	-	76,853
Transit	2,382,934	266,732	914,077	440,240
Golf	38,958	-	-	-
Stormwater	2,296,654	2,090,130	-	-
Solid waste	<u>4,456,951</u>	<u>1,146,749</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>109,209,493</u>	<u>109,121,389</u>	<u>914,077</u>	<u>557,133</u>
Total primary government	<u>\$ 173,685,428</u>	<u>\$ 118,976,788</u>	<u>\$ 6,220,911</u>	<u>\$ 1,062,412</u>
<b>Component Units:</b>				
ABC Board	\$ 6,350,738	\$ 6,339,638	\$ -	\$ -
Tourism Development Authority	<u>857,411</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 7,208,149</u>	<u>\$ 6,339,638</u>	<u>\$ -</u>	<u>\$ -</u>

**General Revenues:**

Taxes:

- Ad valorem taxes
- Sales taxes
- Payments in lieu of taxes
- Franchise taxes
- Other taxes

Interest earned on investments

Total general revenues

**Transfers**

Total general revenues and transfers

Change in net position

**Net Position:**

Beginning of year - July 1

Prior period adjustment

Beginning of year - July 1 as restated

End of year - June 30

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

Exhibit B

<b>Net (Expense) Revenue and Changes in Net Position</b>				
<b>Primary Government</b>			<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>City of Gastonia ABC Board</b>	<b>Gastonia Tourism Development Authority</b>
\$ (4,991,717)	\$ -	\$ (4,991,717)		
(25,905,009)	-	(25,905,009)		
(8,216,935)	-	(8,216,935)		
(4,821,544)	-	(4,821,544)		
(2,273,248)	-	(2,273,248)		
(2,599,970)	-	(2,599,970)		
<u>(48,808,423)</u>	<u>-</u>	<u>(48,808,423)</u>		
-	4,293,471	4,293,471		
-	1,407,204	1,407,204		
-	(761,885)	(761,885)		
-	(38,958)	(38,958)		
-	(206,524)	(206,524)		
-	<u>(3,310,202)</u>	<u>(3,310,202)</u>		
-	<u>1,383,106</u>	<u>1,383,106</u>		
<u>(48,808,423)</u>	<u>1,383,106</u>	<u>(47,425,317)</u>		
			\$ (11,100)	\$ -
			<u>-</u>	<u>(857,411)</u>
			<u>(11,100)</u>	<u>(857,411)</u>
28,142,234	-	28,142,234	-	-
9,245,172	-	9,245,172	-	-
3,108,107	-	3,108,107	-	-
3,734,179	-	3,734,179	-	-
1,682,131	-	1,682,131	-	462,765
682,081	74,924	757,005	4,273	1,992
46,593,904	74,924	46,668,828	4,273	464,757
(1,894,556)	1,894,556	-	-	-
<u>44,699,348</u>	<u>1,969,480</u>	<u>46,668,828</u>	<u>4,273</u>	<u>464,757</u>
<u>(4,109,075)</u>	<u>3,352,586</u>	<u>(756,489)</u>	<u>(6,827)</u>	<u>(392,654)</u>
139,436,267	259,078,541	398,514,808	2,100,549	1,137,930
-	<u>(321,794)</u>	<u>(321,794)</u>	-	-
<u>139,436,267</u>	<u>258,756,747</u>	<u>398,193,014</u>	<u>2,100,549</u>	<u>1,137,930</u>
<u>\$ 135,327,192</u>	<u>\$ 262,109,333</u>	<u>\$ 397,436,525</u>	<u>\$ 2,093,722</u>	<u>\$ 745,276</u>

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



**CITY OF GASTONIA, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	<b>General Fund</b>	<b>Streets Capital Project Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 16,760,662	\$ -	\$ 3,879,664	\$ 20,640,326
Taxes receivable, net	1,257,195	-	19,278	1,276,473
Accounts receivable, net	815,968	563,499	941,198	2,320,665
Interest receivable	20,449	-	-	20,449
Prepaid items	729,291	-	-	729,291
Inventory	608,580	-	1,735,269	2,343,849
Cash and investments, restricted	125,278	24,124,560	19	24,249,857
Due from other funds	1,150,012	-	-	1,150,012
Due from other governments	3,653,771	-	80,749	3,734,520
Total assets	\$ 25,121,206	\$ 24,688,059	\$ 6,656,177	\$ 56,465,442
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 990,018	\$ 80,126	\$ 443,956	\$ 1,514,100
Accrued salaries and benefits	1,278,659	-	-	1,278,659
Prepaid privilege licenses	156,207	-	-	156,207
Due to other funds	68,525	-	1,108,594	1,177,119
Total liabilities	2,493,409	80,126	1,552,550	4,126,085
<b>Deferred Inflows of Resources:</b>				
Prepaid taxes	13,048	-	-	13,048
Unavailable taxes	1,257,195	-	19,278	1,276,473
Unavailable revenue	440,653	-	779,496	1,220,149
Total deferred inflows of resources	1,710,896	-	798,774	2,509,670
<b>Fund Balances:</b>				
<b>Non-Spendable:</b>				
Inventories	608,580	-	1,735,269	2,343,849
Prepays	729,291	-	-	729,291
<b>Restricted:</b>				
Stabilization by State statute	5,723,916	1,429,020	1,942,141	9,095,077
Restricted, all other	116,507	23,178,913	445,016	23,740,436
Assigned	885,000	-	1,942,921	2,827,921
Unassigned	12,853,607	-	(1,760,494)	11,093,113
Total fund balances	20,916,901	24,607,933	4,304,853	49,829,687
Total liabilities, deferred inflows of resources, and fund balances	\$ 25,121,206	\$ 24,688,059	\$ 6,656,177	\$ 56,465,442

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

**CITY OF GASTONIA, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	<b>Total</b>
<b>Reconciliation with Net Position of Governmental Activities - Government-Wide (Exhibit A):</b>	
Total fund balances - modified accrual (see above)	\$ 49,829,687
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	153,279,531
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.	4,591,091
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.	(652,330)
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(72,393,623)
The governmental activities net position includes an accrual for interest on long-term debt.	(666,788)
Unamortized bond premium is a revenue source in the fund statements and a deferred liability in the governmental activities Statement of Net Position.	(1,170,351)
Unbilled services of the governmental activities are not considered revenues in the fund statements until collected.	13,353
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.	2,496,622
Net position of governmental activities - government-wide (Exhibit A)	\$ 135,327,192

*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, 2013

	<u>General Fund</u>	<u>Streets Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 27,757,734	\$ -	\$ 118,036	\$ 27,875,770
Other taxes and licenses	17,306,824	-	462,765	17,769,589
Unrestricted intergovernmental revenues	1,883,441	-	-	1,883,441
Restricted intergovernmental revenues	2,742,919	31,452	2,620,992	5,395,363
Permits and fees	782,845	-	-	782,845
Sales and services	3,925,449	-	66,640	3,992,089
Investment earnings	489,797	21,850	6,519	518,166
Miscellaneous	518,551	4,000	395,262	917,813
Total revenues	<u>55,407,560</u>	<u>57,302</u>	<u>3,670,214</u>	<u>59,135,076</u>
<b>Expenditures:</b>				
Current:				
General government	8,045,356	-	-	8,045,356
Public safety	26,081,096	-	382,185	26,463,281
Public works and cemeteries	5,226,613	-	-	5,226,613
Cultural and recreation	5,133,096	-	-	5,133,096
Economic and physical development	-	-	2,588,573	2,588,573
Capital outlay	-	1,237,385	2,199,381	3,436,766
Debt service:				
Principal repayments	3,024,485	-	236,042	3,260,527
Interest	2,402,010	-	80,826	2,482,836
Total expenditures	<u>49,912,656</u>	<u>1,237,385</u>	<u>5,487,007</u>	<u>56,637,048</u>
Revenues over (under) expenditures	<u>5,494,904</u>	<u>(1,180,083)</u>	<u>(1,816,793)</u>	<u>2,498,028</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	2,265,583	-	643,183	2,908,766
Transfers to other funds	(5,164,952)	-	(138,212)	(5,303,164)
Total other financing sources (uses)	<u>(2,899,369)</u>	<u>-</u>	<u>504,971</u>	<u>(2,394,398)</u>
Net change in fund balances	2,595,535	(1,180,083)	(1,311,822)	103,630
<b>Fund Balances:</b>				
Beginning of year - July 1	18,255,394	25,788,016	5,480,484	49,523,894
Increase (decrease) in inventories	65,972	-	136,191	202,163
End of year - June 30	<u>\$ 20,916,901</u>	<u>\$ 24,607,933</u>	<u>\$ 4,304,853</u>	<u>\$ 49,829,687</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, 2013**

Net change in fund balances - total governmental funds per Exhibit D	\$ 103,630
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.	266,464
Miscellaneous revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	37,219
Increase in inventories is reported as a reduction of operating expense in the Statement of Activities and is reported as a component of net assets in the governmental funds statement.	202,163
Expenses related to compensated absences, law enforcement officers' separation allowance, and other post-employment benefits that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(1,507,128)
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.	3,847,749
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(8,285,052)
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.	3,260,527
Bond premium received is reported as a deferred item in the Statement of Activities rather than a revenue in the fund financial statements. Amortization of bond premium is a reduction of interest expense in the Statement of Activities.	167,193
Interest on long-term debt incurred, but not paid, is reported as an expense in the governmental activities statements.	16,202
Portion of Internal Service Fund activities change in net position allocable to the governmental activities are reported with governmental activities.	<u>(565,784)</u>
Change in net position of governmental activities per Exhibit B	<u>\$ (4,109,075)</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over/Under</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad valorem taxes	\$ 27,511,358	\$ 27,511,358	\$ 27,757,734	\$ 246,376
Other taxes and licenses	17,617,287	17,617,287	17,306,824	(310,463)
Unrestricted intergovernmental revenues	1,568,530	1,568,530	1,883,441	314,911
Restricted intergovernmental revenues	2,535,284	2,907,567	2,742,919	(164,648)
Permits and fees	584,290	584,290	782,845	198,555
Sales and services	3,142,475	4,447,355	3,925,449	(521,906)
Interest earned on investments	343,942	534,222	489,797	(44,425)
Miscellaneous	228,991	494,035	518,551	24,516
Total revenues	<u>53,532,157</u>	<u>55,664,644</u>	<u>55,407,560</u>	<u>(257,084)</u>
<b>Expenditures:</b>				
General government	8,877,385	9,373,105	8,045,356	1,327,749
Public safety	26,468,071	27,271,374	26,081,096	1,190,278
Public works and cemeteries	5,687,331	5,744,573	5,226,613	517,960
Cultural and recreation	4,995,316	5,988,490	5,133,096	855,394
Debt service:				
Principal	2,854,669	3,024,669	3,024,485	184
Interest and fees	1,891,201	2,401,427	2,402,010	(583)
Total expenditures	<u>50,773,973</u>	<u>53,803,638</u>	<u>49,912,656</u>	<u>3,890,982</u>
Revenues over (under) expenditures	<u>2,758,184</u>	<u>1,861,006</u>	<u>5,494,904</u>	<u>3,633,898</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	2,127,371	2,265,583	2,265,583	-
Transfers to other funds	(4,965,055)	(5,164,952)	(5,164,952)	-
Appropriated fund balance	79,500	1,038,363	-	(1,038,363)
Total other financing sources (uses)	<u>(2,758,184)</u>	<u>(1,861,006)</u>	<u>(2,899,369)</u>	<u>(1,038,363)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,595,535	<u>\$ 2,595,535</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			18,255,394	
Increase in inventories			<u>65,972</u>	
End of year - June 30			<u>\$ 20,916,901</u>	

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

## CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013

	Business-Type Activities				Total	Governmental
	Water and Sewer Fund	Electric Fund	Stormwater Fund	Other Nonmajor Funds		Internal Service Funds
<b>Assets:</b>						
Current assets:						
Cash, cash equivalents, and investments	\$ 17,547,789	\$ 12,967,234	\$ 778,544	\$ 600,265	\$ 31,893,832	\$ 1,326,097
Accounts receivable, net	3,682,536	10,089,302	235,435	127,049	14,134,322	153,503
Inventory	143,069	836,243	-	10,999	990,311	-
Due from other governments	-	-	-	176,579	176,579	-
Due from other funds	-	-	-	-	-	68,525
Cash and cash equivalents, restricted	1,781,047	668,326	-	-	2,449,373	1,841,140
Total current assets	<u>23,154,441</u>	<u>24,561,105</u>	<u>1,013,979</u>	<u>914,892</u>	<u>49,644,417</u>	<u>3,389,265</u>
Non-current assets:						
Depreciable capital assets, net	171,299,278	35,842,299	29,230,100	1,477,203	237,848,880	9,035,953
Non-depreciable capital assets	13,524,791	6,845,680	209,612	358,778	20,938,861	-
Total non-current assets	<u>184,824,069</u>	<u>42,687,979</u>	<u>29,439,712</u>	<u>1,835,981</u>	<u>258,787,741</u>	<u>9,035,953</u>
Total assets	<u>\$ 207,978,510</u>	<u>\$ 67,249,084</u>	<u>\$ 30,453,691</u>	<u>\$ 2,750,873</u>	<u>\$ 308,432,158</u>	<u>\$ 12,425,218</u>
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable	\$ 1,056,703	\$ 6,200,647	\$ 16,922	\$ 121,520	\$ 7,395,792	\$ 1,151,187
Accrued salaries and benefits	259,625	94,649	79,700	101,112	535,086	30,522
Compensated absences	362,987	159,250	22,141	113,436	657,814	60,775
Accrued interest	192,877	-	-	-	192,877	26,751
Current portion of long-term debt	3,515,249	-	-	-	3,515,249	2,076,629
Due to other funds	-	-	-	-	-	41,418
Prepaid fees	15,230	-	-	-	15,230	-
Liabilities paid from restricted assets:						
Customer deposits	234,116	668,326	-	-	902,442	-
Total current liabilities	<u>5,636,787</u>	<u>7,122,872</u>	<u>118,763</u>	<u>336,068</u>	<u>13,214,490</u>	<u>3,387,282</u>
Non-current liabilities:						
Non-current portion of compensated absences	120,996	53,084	7,381	37,812	219,273	20,259
Non-current portion of long-term debt	29,582,676	430,000	-	-	30,012,676	4,426,586
Other post-employment benefits obligation	2,055,707	977,392	157,864	337,753	3,528,716	-
Total non-current liabilities	<u>31,759,379</u>	<u>1,460,476</u>	<u>165,245</u>	<u>375,565</u>	<u>33,760,665</u>	<u>4,446,845</u>
Total liabilities	<u>37,396,166</u>	<u>8,583,348</u>	<u>284,008</u>	<u>711,633</u>	<u>46,975,155</u>	<u>7,834,127</u>
<b>Net Position:</b>						
Net investment in capital assets	151,726,144	42,257,979	29,439,712	1,835,981	225,259,816	4,373,878
Unrestricted	18,856,200	16,407,757	729,971	203,259	36,197,187	217,213
Total net position	<u>\$ 170,582,344</u>	<u>\$ 58,665,736</u>	<u>\$ 30,169,683</u>	<u>\$ 2,039,240</u>	<u>\$ 261,457,003</u>	<u>\$ 4,591,091</u>
Total net position - proprietary funds presentation					\$ 261,457,003	
Portion of profit generated by Internal Service Fund allocated to business-type activities - history to date					652,330	
Net position of business-type activities - government-wide					<u>\$ 262,109,333</u>	

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

## CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities				Total	Governmental
	Water and Sewer Fund	Electric Fund	Stormwater Fund	Other Nonmajor Funds		Internal Service Funds
<b>Operating Revenues:</b>						
Charges for services	\$ 32,359,062	\$ 69,935,131	\$ 2,037,240	\$ 1,359,069	\$ 105,690,502	\$ 10,843,344
Utilities for City use	1,056,647	1,268,970	50,936	-	2,376,553	-
Other operating revenues	74,019	1,065,395	1,954	54,412	1,195,780	1,908
Total operating revenues	<u>33,489,728</u>	<u>72,269,496</u>	<u>2,090,130</u>	<u>1,413,481</u>	<u>109,262,835</u>	<u>10,845,252</u>
<b>Operating Expenses:</b>						
Water treatment/electric and other purchases	3,817,856	60,684,919	-	-	64,502,775	-
Administration	7,802,355	4,589,276	1,091,291	964,813	14,447,735	-
Facility maintenance	1,619,943	-	-	-	1,619,943	-
Payseur Mountain resource recovery	1,025,312	-	-	-	1,025,312	-
Sewage treatment	5,795,574	-	-	-	5,795,574	-
Substation operations	-	400,924	-	-	400,924	-
Maintenance	3,163,481	2,702,230	9,282	298,309	6,173,302	-
ADA/Para-transit expenses	-	-	-	180,343	180,343	-
Operations area	-	-	545,083	5,140,486	5,685,569	9,416,764
Street lights	-	697,153	-	-	697,153	-
Depreciation and amortization	4,666,798	1,859,495	635,261	294,892	7,456,446	2,521,822
Total operating expenses	<u>27,891,319</u>	<u>70,933,997</u>	<u>2,280,917</u>	<u>6,878,843</u>	<u>107,985,076</u>	<u>11,938,586</u>
Operating income (loss)	<u>5,598,409</u>	<u>1,335,499</u>	<u>(190,787)</u>	<u>(5,465,362)</u>	<u>1,277,759</u>	<u>(1,093,334)</u>
<b>Non-Operating Revenues (Expenses):</b>						
Miscellaneous	-	-	-	-	-	124,420
Investment earnings	37,199	35,199	2,254	272	74,924	(3,278)
Gain (loss) on disposal of capital assets	30,351	11,721	(15,737)	-	26,335	(101,544)
Interest on long-term debt	(1,233,883)	(16,869)	-	-	(1,250,752)	(133,336)
Total non-operating revenues (expenses)	<u>(1,166,333)</u>	<u>30,051</u>	<u>(13,483)</u>	<u>272</u>	<u>(1,149,493)</u>	<u>(113,738)</u>
Income (loss) before capital contributions and transfers	4,432,076	1,365,550	(204,270)	(5,465,090)	128,266	(1,207,072)
<b>Capital Contributions:</b>						
Federal and State grants	24,520	76,853	-	1,354,317	1,455,690	-
Local contributions	15,520	-	-	-	15,520	-
<b>Transfers:</b>						
Transfers from other funds	-	-	-	4,169,321	4,169,321	505,816
Transfers to other funds	(208,456)	(2,026,882)	(4,182)	(35,245)	(2,274,765)	(5,974)
Change in net position	<u>4,263,660</u>	<u>(584,479)</u>	<u>(208,452)</u>	<u>23,303</u>	<u>3,494,032</u>	<u>(707,230)</u>
<b>Net Position:</b>						
Beginning of year - July 1	166,640,478	59,250,215	30,378,135	2,015,937	258,284,765	5,298,321
Prior period adjustment	(321,794)	-	-	-	-	-
Beginning of year - July 1 as restated	<u>166,318,684</u>	<u>59,250,215</u>	<u>30,378,135</u>	<u>2,015,937</u>	<u>258,284,765</u>	<u>5,298,321</u>
End of year - June 30	<u>\$ 170,582,344</u>	<u>\$ 58,665,736</u>	<u>\$ 30,169,683</u>	<u>\$ 2,039,240</u>	<u>\$ 261,778,797</u>	<u>\$ 4,591,091</u>
<b>Reconciliation with Exhibit B Change in Net Assets - Business-Type Activities:</b>						
Change in net position - fund perspective					\$ 3,494,032	
Internal Service Fund profits allocated to business-type activities					(141,446)	
Change in net position - entity-wide perspective - Exhibit B					<u>\$ 3,352,586</u>	

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

CITY OF GASTONIA, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities				Total	Governmental
	Water and Sewer Fund	Electric Fund	Stormwater Fund	Other Nonmajor Funds		Internal Service Funds
<b>Cash Flows from Operating Activities:</b>						
Cash received from customers and users	\$ 33,608,493	\$ 71,172,985	\$ 2,064,077	\$ 1,428,733	\$ 108,274,288	\$ 10,988,112
Cash paid to suppliers	(15,701,961)	(64,485,579)	(1,121,816)	(3,641,915)	(84,951,271)	(8,263,450)
Cash paid to employees	(7,195,672)	(2,948,631)	(540,944)	(3,058,429)	(13,743,676)	(536,261)
Net cash provided (used) by operating activities	10,710,860	3,738,775	401,317	(5,271,611)	9,579,341	2,188,401
<b>Cash Flows from Non-Capital Financing Activities:</b>						
Changes in due to/from other funds	-	-	-	(296,220)	(296,220)	(27,107)
Transfers from other funds	-	-	-	4,169,321	4,169,321	505,816
Transfers to other funds	(208,456)	(2,026,882)	(4,182)	(35,245)	(2,274,765)	(5,974)
Net cash provided (used) by non-capital financing activities	(208,456)	(2,026,882)	(4,182)	3,837,856	1,598,336	472,735
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Federal and State grants	24,520	76,853	-	1,624,480	1,725,853	-
Local contributions	15,520	-	-	-	15,520	-
Proceeds from issuance of debt	-	-	-	-	-	2,114,020
Principal paid on long-term debt	(4,405,249)	-	-	-	(4,405,249)	(2,491,482)
Proceeds from sale of capital assets	30,351	11,721	-	-	42,072	-
Acquisition and construction of capital assets	(1,374,459)	(2,863,643)	(261,882)	(5,984)	(4,505,968)	(2,841,437)
Interest paid on long-term debt	(1,295,064)	(16,869)	-	-	(1,311,933)	(143,187)
Net cash provided (used) by capital and related financing activities	(7,004,381)	(2,791,938)	(261,882)	1,618,496	(8,439,705)	(3,362,086)
<b>Cash Flows from Investing Activities:</b>						
Interest on investments	37,199	35,199	2,254	272	74,924	(3,278)
Net cash provided (used) by investing activities	37,199	35,199	2,254	272	74,924	(3,278)
Net increase (decrease) in cash and cash equivalents	3,535,222	(1,044,846)	137,507	185,013	2,812,896	(704,228)
<b>Cash and Cash Equivalents:</b>						
Beginning of year - July 1	15,793,614	14,680,406	641,037	415,252	31,530,309	3,871,465
End of year - June 30	\$ 19,328,836	\$ 13,635,560	\$ 778,544	\$ 600,265	\$ 34,343,205	\$ 3,167,237

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, 2013

	Business-Type Activities				Total	Governmental
	Water and Sewer Fund	Electric Fund	Stormwater Fund	Other Nonmajor Funds		Internal Service Funds
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>						
Operating income (loss)	\$ 5,598,409	\$ 1,335,499	\$ (190,787)	\$ (5,465,362)	\$ 1,277,759	\$ (1,093,334)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation and amortization	4,666,798	1,859,495	635,261	294,892	7,456,446	2,521,822
Bad debt expense (recovery)	(17,823)	(55,159)	-	-	(72,982)	124,420
Change in assets and liabilities:						
(Increase) decrease in accounts receivables	63,100	(1,246,846)	(26,053)	15,252	(1,194,547)	18,440
(Increase) decrease in inventories	(18,900)	61,091	-	-	42,191	-
Increase (decrease) in accounts payable	61,564	1,510,700	(73,013)	(168,056)	1,331,195	606,561
Increase (decrease) in accrued salaries	(10,340)	(11,763)	36,948	4,932	19,777	-
Increase (decrease) in compensated absences	3,591	(11,395)	(4,753)	(4,004)	(16,561)	10,492
Increase (decrease) in other post-employment benefits	308,796	146,818	23,714	50,735	530,063	-
Increase (decrease) in customer deposits	54,939	150,335	-	-	205,274	-
Increase (decrease) in deferred revenues	726	-	-	-	726	-
Net cash provided (used) by operating activities	<u>\$ 10,710,860</u>	<u>\$ 3,738,775</u>	<u>\$ 401,317</u>	<u>\$ (5,271,611)</u>	<u>\$ 9,579,341</u>	<u>\$ 2,188,401</u>

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

**CITY OF GASTONIA, NORTH CAROLINA**

**STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2013**

	<u>Agency Fund</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 12,902
Accounts receivable	<u>22,834</u>
Total assets	<u>\$ 35,736</u>
<b>Liabilities:</b>	
Accounts payable	<u>\$ 35,736</u>
Total liabilities	<u>\$ 35,736</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, 2013**

### **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.

#### **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.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### **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%) room occupancy tax, pursuant to Session Law 2001-439 of the North Carolina General Assembly, and remits on a monthly basis the net proceeds of the tax to the Gastonia Tourism Development Authority. The Gastonia Tourism Development Authority has a June 30 year-end, and complete financial statements for the Gastonia Tourism Development Authority may be obtained from the Director of Financial Services of the City of Gastonia, who serves, ex-officio, as the Finance Director of the Authority, at 186 West Franklin Street, Gastonia, North Carolina 28052.

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

The government-wide financial statements (Exhibit A - Statement of Net Position and Exhibit B - Statement of Activities) report information on all of the activities of the primary government and its component units. 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.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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, cultural and recreation, and general government services.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

**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. Current projects include road widening, resurfacing, sidewalk improvements, and bridge replacement.

The City reports the following major enterprise funds:

**Water and Sewer Fund.** The Water and Sewer Fund includes the accounts of the Water and Sewer Operation Fund, Capital Expansion Fund, Renewal and Replacement Fund, and the Water and Sewer Capital Projects Fund. Financing of the Water and Sewer Operation Fund comes principally from charges from the users. The Capital Expansion Fund is funded through transfers from the Water and Sewer Operation Fund. The Capital Projects Fund is financed mainly from revenue bonds as well as transfers from the Capital Expansion Fund.

**Electric Fund.** The Electric Fund includes the accounts of the Electric Operation Fund, Renewal and Replacement Fund, Power Agency Settlement Fund, and the Electric Capital Projects Fund. Financing of these funds, except for the Power Agency Settlement Fund, comes principally from charges to the users. Financing of the Power Agency Settlement Fund was from allocations from the North Carolina Electric Agency related to a contract settlement with the power generation plant's management company. The City's total allocation is \$1,354,500 per year for fiscal years 2007, 2008, 2009, and 2010.

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The basis of accounting determines when the revenues and expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All funds of the City are accounted for during the year using the modified accrual basis of accounting in accordance with the North Carolina General Statutes. The financial statements are reported at year-end as discussed below.

The government-wide financial statements, the proprietary fund, and the 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.

# **CITY OF GASTONIA, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

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, 2013. Property tax revenue and other taxes and licenses, except for local option sales tax and utility franchise tax, are recognized when collected. Local option sales tax and utility franchise tax are recognized if collected within 90 days and 60 days of June 30 year-end, respectively. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes, other taxes and licenses, and utility franchise tax. Ad valorem taxes receivable and other taxes and licenses receivables, except for local option sales tax and utility franchise tax, are not accrued as revenue because the amount is not considered susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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, Gaston County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Gastonia. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered in Gaston County from March 2012 through February 2013 apply to the fiscal year ended June 30, 2008. Uncollected taxes, which were billed during this period, are shown as a receivable in these financial statements and are offset by deferred inflows of resources. Those taxes for vehicles registered from March 1 through the fiscal year-end apply to the 2013-2014 fiscal year and are not shown as receivables at June 30, 2013.

Sales taxes collected and held by the State at year-end, on behalf of the City, are recognized as revenue. 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. Grant revenues which are unearned at year-end are recorded as unearned revenues. 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. On-behalf payments made by the State to the Firemen's and Rescue Squad Workers' Pension Plan for City firemen are recognized as revenues and

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

expenditures during the period in which the State makes the contributions to the plan. Also, the State's contributions to the Firemen's Relief Fund, which have been spent by the local Board of Trustees for various salary supplements and stipends for employees and volunteers, have been recognized as revenues and expenditures during the period in which those payments were received.

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

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

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

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

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

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.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

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

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

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

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

**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 and Equipment Renewal and Replacement Fund, which owns certain City vehicles and equipment; the Information Technology Fund, which provides computer support and other technology services; the Medical Self-Insurance Fund, which provides medical coverage to the City employees; and the Dental Self-Insurance Fund, which provides dental coverage to the City employees.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### **E. Budgetary Data**

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

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

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

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

#### Deposits and Investments

All deposits of the City and its component units are made in Council-designated official depositories and are secured as required by State law (G.S. 159-31). The City and its component units may designate, as an official depository, any bank or savings and loan association whose principal office is located in North Carolina. Also, the City and its component units may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

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

The City's 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. The securities of the NCCMT Cash Portfolio, NCCMT Term Portfolio, and SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less, and non-participating interest earnings and investment contracts are reported at amortized cost.

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

#### Cash, Cash Equivalents, and Investments

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

#### Restricted Assets

Unexpended debt proceeds, grant proceeds, loan pool receivable funds, and the Water and Sewer Renewal and Replacement Fund balance, established by the City's revenue bond trust document, 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. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected.



# **CITY OF GASTONIA, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

### **Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City ad valorem taxes, except for ad valorem taxes on certain vehicles, are levied by the Gaston County Tax Collector on July 1, the beginning of the fiscal year, and these taxes are due on September 1; however, no interest or penalties are assessed until the following January 6, when property taxes attach as enforceable liens. The taxes levied are based on the assessed values as of January 1, 2008. Collections of City taxes are made by the County and remitted to the City as collected.

### **Allowances for Doubtful Accounts**

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

### **Inventories and Prepaid Items**

Inventories in the City's governmental funds are carried at cost. Costing methods used are moving average, FIFO, and specific cost. The City's General Fund inventories consist of expendable supplies that are recorded as expenditures when purchased. The City's special revenue funds' inventories consist of real property acquired for redevelopment and rehabilitation that is recorded as expenditures when the property is purchased or improvements are made.

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

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

### **Capital Assets**

Capital assets are defined by the government as assets with an initial individual cost of more than a certain cost and an estimated useful life in excess of one year. Minimum capitalization costs are as follows: land, \$5,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; general governmental infrastructure, \$100,000; furniture and equipment, \$5,000; and vehicles, \$5,000.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The City's capital assets are recorded at original cost. Donated assets are listed at the estimated market value at the time of donation. The original cost of certain capital assets has been estimated. General governmental infrastructure assets acquired prior to July 1, 2001 consist of the major portion of the road network and are reported at the estimated historical cost using deflated replacement cost. The total of such estimates is not considered large enough that the errors would be material when capital assets are considered as a whole. 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.

Property, plant, and equipment in the proprietary funds of the City are recorded at original cost at the time of acquisition. Property, plant, and equipment donated to these proprietary fund type operations are recorded at the estimated fair market value at the date of donation.

Any material interest incurred during the construction phase of proprietary fund-type capital assets is reflected in the capitalized value of the asset constructed.

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 Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has no items that meet this criterion. In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has three items that meet the criterion for this category - prepaid taxes, unavailable revenue, and property taxes receivable.

# **CITY OF GASTONIA, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

### **Compensated Absences**

The vacation policies of the City provide for the accumulation of earned vacation leave up to 42 eight-hour days for all employees, other than firemen, and up to 18.5 twenty-four hour days for firemen, with such leave being fully vested when earned. Any excess vacation leave can be carried over to the employees' sick leave balance. All vacation pay is accrued when incurred in the government-wide, proprietary, and Internal Service Fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

### **Long-Term Debt**

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

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

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

#### **Net Position**

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

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### **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 in tact.

*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* – portion of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)].

*Restricted for General Government* – portion of fund balance that is restricted by revenue source for general government administration.

*Restricted for Economic and Physical Development* – portion of fund balance restricted by revenue source for economic development related activities, including activities accounted for in the City's Community Development Block Grant Fund.

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

**CITY OF GASTONIA, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

Restricted fund balance at June 30, 2013 is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Streets Capital Project Fund</b>	<b>Other Governmental Funds</b>
<b>Restricted, all other:</b>			
General government	\$ 99,814	\$ -	\$ -
Economic and physical development	-	-	432,960
Capital outlays	<u>16,693</u>	<u>23,178,913</u>	<u>12,056</u>
<b>Total</b>	<u>\$ 116,507</u>	<u>\$ 23,178,913</u>	<u>\$ 445,016</u>

**Committed Fund Balance**

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

**Assigned Fund Balance**

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

*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 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, 2013**

Assigned fund balance at June 30, 2013 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>
Subsequent year's expenditures	\$ 885,000	\$ -
Capital outlays	-	1,942,921
<b>Total</b>	<u>\$ 885,000</u>	<u>\$ 1,942,921</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 City of Gastonia has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Director of Financial Services will use resources in the following order: bond/debt proceeds, federal funds, State funds, local non-City funds, and City funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Director of Financial Services has the authority to deviate from this policy if it is in the best interest of the City or when required by grant or other contractual agreements.

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

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

Total fund balance - General Fund	\$ 20,916,901
Less:	
Inventories	608,580
Prepays	729,291
Stabilization by State statute	<u>5,723,916</u>
Total available fund balance	<u>\$ 13,855,114</u>

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Outstanding encumbrances represent amounts needed to pay commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances at June 30, 2013 are detailed as follows:

	<u>Encumbrances</u>
<b>General Fund</b>	\$ 524,369
<b>Mayor/Council Capital Project Fund</b>	1,072,635
<b>Streets Capital Project Fund</b>	865,521
<b>Nonmajor governmental funds:</b>	
Special revenue funds:	
CDBG Program Fund	27,246
Home Investment Trust Fund	448,773
108 loan/economic	35,334
108 loan/downtown revitalization	100
Economic Stimulus Grants Fund	351
Capital project funds:	
Airport	112,057
<b>Total</b>	<u>\$ 3,086,386</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, 2013

### 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, 2013, the City's deposits had a carrying amount of \$43,433,606 and a bank balance of \$44,659,035. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining bank balance is insured under the Pooling Method. The City had \$40,645 cash on hand as of June 30, 2013.



# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### Investments

At June 30, 2013, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>
Abbey National LLC - CP	\$ 999,017	\$ 999,017	\$ -
DCAT, LLC - CP	999,357	999,357	-
Deutsche Bank - CP	998,359	998,359	-
FCAR Owner Trust II - CP	999,187	999,187	-
FCAR Owner Trust I - CP	997,751	-	997,751
FCAR Owner Trust I - CP	998,035	-	998,035
Abbey National LLC - CP	998,876	-	998,876
Barclays US Funding - CP	995,666	-	995,666
Barclays US Funding - CP	995,921	-	995,921
HSBC - CP	998,452	-	998,452
North Carolina Capital Management Trust - Cash Portfolio	18,940,690	18,940,690	-
North Carolina Capital Management Trust - Term Portfolio	10,017,965	10,017,965	-
<b>Total</b>	<u>\$ 38,939,276</u>	<u>\$ 32,954,575</u>	<u>\$ 5,984,701</u>

*Interest Rate Risk.* The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

*Credit Risk.* State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The City has no formal policy regarding credit risk, but has internal management procedures that limit the City's investments to the provisions of North Carolina G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. Investments in the N.C. Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2013. The investments in the N.C. Capital Management Trust Term Portfolio were not rated. The investments in Barclays US Funding - CP carried credit ratings of P-1, A-1, and F1 by Moody's, Standard & Poor's, and Fitch, respectively. The investments in FCAR Owner Trust II - CP carried credit ratings of P-1 and A-1 by Moody's and Standard & Poor's, respectively. The investment in Abbey National - CP carried credit ratings of P-1 and A-1 by Moody's and Standard & Poor's, respectively. The investment in DCAT, LLC - CP carried credit ratings of F-1 and A-1 by Fitch and Standard & Poor's, respectively. The investment in Deutsche Bank - CP carried credit ratings of P-1, A-1, and F1+ by Moody's, Standard & Poor's, and Fitch, respectively. The investment in FCAR Owner Trust I - CP carried credit ratings of P-1 and A-1+ by Moody's and Standard & Poor's, and Fitch, respectively.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

*Concentration of Credit Risk.* The City typically does not invest more than \$2,000,000 in an issuer's commercial paper; however, the City places no limit on the amount that the City may invest in federal agency issues or 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, 2013:

#### **General Fund:**

Property taxes	\$ 775,358
Other receivables	1,081,951
Vehicle tags receivable	431,078

#### **Enterprise Funds:**

Water and Sewer Fund - utility receivables	812,548
Water and Sewer Fund - miscellaneous	5,357
Electric Fund - utility receivables	1,881,502
Electric Fund - miscellaneous	37,608
Stormwater Fund - utility receivables	115,366
Solid Waste Fund - customer receivables	35,884

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### Capital Assets

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

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Non-Depreciable Assets:</b>					
Land	\$ 10,395,565	\$ -	\$ (201,390)	\$ -	\$ 10,194,175
Construction in progress	18,711,060	2,942,779	(1,105,207)	(859,985)	19,688,647
<b>Depreciable Assets:</b>					
Other improvements	16,061,971	585,845	(8,572)	859,985	17,499,229
Buildings	42,436,308	-	(981,760)	-	41,454,548
Building - Internal Service Fund	109,761	-	-	-	109,761
Equipment	11,697,254	203,926	(165,552)	-	11,735,628
Equipment - Internal Service Fund	32,844,163	2,841,437	(1,168,086)	-	34,517,514
General infrastructure	<u>269,506,659</u>	<u>115,200</u>	<u>-</u>	<u>-</u>	<u>269,621,859</u>
Total capital assets	<u>401,762,741</u>	<u>6,689,187</u>	<u>(3,630,567)</u>	<u>-</u>	<u>404,821,361</u>
<b>Less Accumulated Depreciation:</b>					
Other improvements	7,847,202	694,892	(8,572)	-	8,533,522
Buildings	18,447,029	1,151,339	(636,099)	-	18,962,269
Building - Internal Service Fund	31,013	3,216	-	-	34,229
Equipment	9,396,703	455,154	(165,552)	-	9,686,305
Equipment - Internal Service Fund	24,105,029	2,518,606	(1,066,542)	-	25,557,093
General infrastructure	<u>173,748,792</u>	<u>5,983,667</u>	<u>-</u>	<u>-</u>	<u>179,732,459</u>
Total accumulated depreciation	<u>233,575,768</u>	<u>\$ 10,806,874</u>	<u>\$ (1,876,765)</u>	<u>\$ -</u>	<u>242,505,877</u>
Capital assets, net	<u>\$ 168,186,973</u>				<u>\$ 162,315,484</u>

### Depreciation Allocation

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

	<u>Governmental</u> <u>Funds</u>	<u>Internal</u> <u>Service</u> <u>Funds</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General government	\$ 745,655	\$ 226,964	\$ 972,619
Public safety	662,804	201,746	864,550
Public works	6,213,789	1,891,367	8,105,156
Cultural and recreation	662,804	201,746	864,550
Total	<u>\$ 8,285,052</u>	<u>\$ 2,521,822</u>	<u>\$ 10,806,874</u>

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### Enterprise Fund Capital Assets

The capital assets for the major enterprise funds of the City at June 30, 2013 are as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Water and Sewer Fund:</b>					
<b>Non-Depreciable Assets:</b>					
Land	\$ 11,989,337	\$ -	\$ -	\$ -	\$ 11,989,337
Construction in progress	4,000,386	1,178,743	-	(3,643,675)	1,535,454
<b>Depreciable Assets:</b>					
Land improvements	4,689,487	-	-	-	4,689,487
Buildings	69,369,105	-	-	-	69,369,105
Machinery, equipment, and vehicles	13,379,744	180,196	(62,722)	-	13,497,218
Water and sewer system	179,899,244	15,520	-	3,643,675	183,558,439
Total capital assets	<u>283,327,303</u>	<u>1,374,459</u>	<u>(62,722)</u>	<u>-</u>	<u>284,639,040</u>
<b>Less Accumulated Depreciation:</b>					
Land improvements	1,707,694	157,580	-	-	1,865,274
Buildings	28,988,425	1,453,388	-	-	30,441,813
Machinery, equipment, and vehicles	7,527,037	446,324	(62,722)	-	7,910,639
Water and sewer system	56,821,930	2,775,315	-	-	59,597,245
Total accumulated depreciation	<u>95,045,086</u>	<u>\$ 4,832,607</u>	<u>\$ (62,722)</u>	<u>\$ -</u>	<u>99,814,971</u>
Capital assets, net	<u>\$ 188,282,217</u>				<u>\$ 184,824,069</u>

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Electric Fund:</b>					
<b>Non-Depreciable Assets:</b>					
Land	\$ 973,598	\$ -	\$ -	\$ -	\$ 973,598
Construction in progress	5,152,872	1,339,158	-	(619,948)	5,872,082
<b>Depreciable Assets:</b>					
Land improvements	20,404	-	-	-	20,404
Buildings	117,132	-	-	-	117,132
Electrical distribution	79,779,164	1,482,145	-	619,948	81,881,257
Machinery, equipment, and vehicles	3,809,770	42,340	-	-	3,852,110
Total capital assets	<u>89,852,940</u>	<u>2,863,643</u>	<u>-</u>	<u>-</u>	<u>92,716,583</u>
<b>Less Accumulated Depreciation:</b>					
Land improvements	14,117	566	-	-	14,683
Buildings	38,032	5,533	-	-	43,565
Electrical distribution	44,950,036	1,730,254	-	-	46,680,290
Machinery, equipment, and vehicles	3,166,924	123,142	-	-	3,290,066
Total accumulated depreciation	<u>48,169,109</u>	<u>\$ 1,859,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>50,028,604</u>
Capital assets, net	<u>\$ 41,683,831</u>				<u>\$ 42,687,979</u>

**CITY OF GASTONIA, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Balance</u>				<u>Balance</u>
	<u>June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2013</u>
<b>Stormwater Fund:</b>					
<b>Non-Depreciable Assets:</b>					
Land	\$ 52,470	-	\$ -	\$ -	\$ 52,470
Construction in progress	207,772	261,882	(15,737)	(296,775)	157,142
<b>Depreciable Assets:</b>					
Buildings	5,360	-	-	-	5,360
Stormwater infrastructure	46,798,912	-	-	296,775	47,095,687
Machinery, equipment, and vehicles	<u>116,621</u>	-	-	-	<u>116,621</u>
Total capital assets	<u>47,181,135</u>	<u>261,882</u>	<u>(15,737)</u>	-	<u>47,427,280</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	3,424	357	-	-	3,781
Stormwater infrastructure	17,239,625	633,564	-	-	17,873,189
Machinery, equipment, and vehicles	<u>109,258</u>	<u>1,340</u>	-	-	<u>110,598</u>
Total accumulated depreciation	<u>17,352,307</u>	<u>\$ 635,261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>17,987,568</u>
Capital assets, net	<u>\$ 29,828,828</u>				<u>\$ 29,439,712</u>

The capital assets for the nonmajor enterprise funds of the City at June 30, 2013 are as follows:

	<u>Balance</u>				<u>Balance</u>
	<u>June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2013</u>
<b>Transit and Golf Funds:</b>					
<b>Non-Depreciable Assets:</b>					
Land	\$ 352,794	\$ 5,984	\$ -	\$ -	\$ 358,778
Construction in progress	-	-	-	-	-
<b>Depreciable Assets:</b>					
Land improvements	1,139,266	-	-	-	1,139,266
Buildings	1,541,842	-	-	-	1,541,842
Machinery, equipment, and vehicles	<u>2,825,275</u>	-	-	-	<u>2,825,275</u>
Total capital assets	<u>5,859,177</u>	<u>5,984</u>	-	-	<u>5,865,161</u>
<b>Less Accumulated Depreciation:</b>					
Land improvements	685,176	30,355	-	-	715,531
Buildings	673,088	36,386	-	-	709,474
Machinery, equipment, and vehicles	<u>2,376,024</u>	<u>228,151</u>	-	-	<u>2,604,175</u>
Total accumulated depreciation	<u>3,734,288</u>	<u>\$ 294,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,029,180</u>
Capital assets, net	<u>\$ 2,124,889</u>				<u>\$ 1,835,981</u>

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2013 is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 162,315,484	\$ 258,787,741
Long-term debt	(64,067,562)	(33,527,925)
Unspent debt proceeds	26,090,997	-
Long-term debt for assets not owned by the City	<u>1,888,000</u>	<u>-</u>
Net investment in capital assets	<u>\$ 126,226,919</u>	<u>\$ 225,259,816</u>

### B. Liabilities

#### Pension Plan Obligations

##### Local Governmental Employees' Retirement System

**Plan Description.** The City contributes to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. The current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, respectively, of annual covered payroll. The contribution requirements of members and of the City are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$2,742,718, \$2,871,496, and \$2,624,877, respectively. The contributions made by the City equaled the required contributions for each year.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### Law Enforcement Officers' and Firemen's Special Separation Allowance

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

All full-time law enforcement officers and firemen of the City are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits and terminated plan members entitled to, but not yet receiving, benefits	59
Active plan members	<u>315</u>
Total	<u>374</u>

A separate report is 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.

*Method Used to Value Investments.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

**Contributions.** The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included: (a) 5.00% investment rate of return (net of administrative expenses), and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2011 was 19 years.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 1,075,353
Interest on net pension obligation	58,074
Adjustment to annual required contribution	<u>(72,280)</u>
Annual pension costs	1,061,147
Contributions made	<u>1,197,050</u>
Increase (decrease) in net pension obligation	(135,903)
Net pension obligation:	
Beginning of year - July 1	<u>1,161,477</u>
End of year - June 30	<u><u>\$ 1,025,574</u></u>

### Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 891,113	118.95%	\$ 1,231,391
2012	1,015,143	106.89%	1,161,477
2013	1,061,147	112.81%	1,025,574

**Funding Status and Funding Progress.** As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$11,427,898. The covered payroll (annual payroll of the active employees covered by the plan) was \$14,950,807, and the ratio of the UAAL to the covered payroll was 76.44 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing, over time, relative to the actuarial accrued liability for benefits.

### Supplemental Retirement Income Plan for Law Enforcement Officers

**Plan Description.** The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.



# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

**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. Contributions for the year ended June 30, 2013 were \$654,333, which consisted of \$431,264 from the City and \$223,069 from the law enforcement officers.

### **Supplemental Retirement Income Plan for Firemen**

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

**Funding Policy.** The City contributes on a bi-weekly basis an amount equal to five percent of each fireman's salary and all amounts are vested immediately. Also, the firemen may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2013 were \$478,806, which consisted of \$334,337 from the City and \$144,469 from the firemen.

### **Supplemental Retirement Income Plan**

**Plan Description.** Prior to July 1, 2007 the City contributed to a 401(a) Money Purchase Plan, a defined contribution plan administered by ICMA Retirement Corporation. The Plan provided benefits to all full-time employees of the City, excluding law enforcement officers and firemen. As of July 1, 2007, the City contributes to the North Carolina 401(k) Plan administered by Prudential Retirement. The Plan provides retirement benefits to all full-time employees of the City, excluding law enforcement officers and firemen. Participants have the option of leaving their 401(a) balances as of June 30, 2007 in the plan or transferring them to the 401(k) plan account. 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 5.0% of each employee's salary, and all amounts are vested immediately. Also, the employees may make voluntary contributions to the plans. Contributions to the North Carolina 401(k) Plan for the year ended June 30, 2013 were \$1,742,555, which consisted of \$1,251,496 from the City and \$491,059 from the employees.

### **Firemen's and Rescue Squad Workers' Pension Fund**

**Plan Description.** The State of North Carolina contributes, on behalf of the City, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible firemen and rescue squad workers that have elected to become members of the Fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. 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.** Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the Plan through appropriations. The City does not contribute to the Fund. Contribution requirements of Plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

### **Deferred Compensation Plan**

City employees can elect to participate in a City-sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457 and administered by ICMA Retirement Corporation. The Plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency. The City contributes to the Plan 5% of the City Attorney's and City Manager's salaries. Contributions to the 457 Plan for the year ended June 30, 2013 were \$48,477, which consisted of \$16,047 from the City and \$32,430 from the employees.

### **Other Post-Employment Benefits**

#### **Healthcare Benefits**

**Plan Description.** According to a City resolution, the City provides 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. 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, 2013, the City made payments for post-retirement health benefit premiums of \$960,826. As of July 1, 2006, the City became self-insured and subsequent premium payments are made to the City's Medical Self-Insurance Internal Service Fund.

The City also provides life insurance coverage for all retirees. For employees hired prior to September 1, 2000, the City will provide a paid-up life insurance policy from retirement to the date of death to the extent of 50 percent of the coverage in effect at the time of retirement, up to a maximum of \$20,000. The City pays the full cost of coverage for these retirees. For employees hired on or after September 1, 2000, the City will provide a paid-up life insurance policy to the extent of 50 percent of the coverage in effect at the time of retirement until age 70, up to a maximum of \$20,000. At age 70, the amount of the insurance coverage will then be reduced to \$2,000. For these employees, the City pays an established percentage of the premium cost based on years of service. For the fiscal year ended June 30, 2013, the City made payments for post-retirement life insurance benefit premiums of \$35,634.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

<u>Years of Service</u>	<u>Percentage of Premium Paid By The City</u>
Up to 15	0%
15-19	25%
20-24	50%
25 or more	100%

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.

Membership of the healthcare plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

Retirees	430
General employees	585
Law enforcement	177
Firefighters	<u>146</u>
Total	<u><u>1,338</u></u>

**Funding Policy.** 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, as noted above. Also, the City's retirees can purchase coverage for their dependents at the City's group rates. The City pays from \$368.98 to \$443.98 per month for retiree and dependent coverage, based on dependents covered. The City's members pay from \$136.54 to \$485.82 per month for retiree and dependent coverage, based on dependents covered. The City has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 9.55% of annual covered payroll. For the current year, the City contributed \$1,676,929, or 4.00% of annual covered payroll. The City is self-insured on healthcare. The City has purchased specific stop/loss coverage for any claim that exceeds \$150,000. The City does not carry aggregate stop/loss coverage. Contributions made by retirees for retiree and dependent coverage were \$162,044 for the year ended June 30, 2013.

**Summary of Significant Accounting Policies.** Post-employment expenditures are made from the fund the employee was assigned to prior to retirement. These respective funds are maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

**Annual OPEB Cost and Net OPEB Obligation.** The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 3,970,966
Interest on net OPEB obligation	524,413
Adjustment to annual required contribution	<u>(500,977)</u>
Annual OPEB cost (expense)	3,994,402
Contributions made	<u>1,676,929</u>
Increase (decrease) in net OPEB obligation	2,317,473
Net OPEB obligation:	
Beginning of year July 1	<u>13,110,311</u>
End of year June 30	<u><u>\$ 15,427,784</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the past three years were as follows:

<b>Year Ended June 30</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2011	\$3,651,809	27.80%	\$10,781,129
2012	3,990,238	41.63%	13,110,311
2013	3,994,402	41.98%	15,427,784

**Funded Status and Funding Progress.** As of December 31, 2011, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$48,679,559. The covered payroll (annual payroll of active employees covered by the Plan) was \$41,571,549, and the ratio of the UAAL to the covered payroll was 117.1%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations, and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing, over time, relative to the actuarial accrued liabilities for benefits.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and an annual medical cost trend increase of 9.50 to 5.00 percent annually. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected pay on an open basis. The remaining amortization period at December 31, 2011 was 30 years.

### **Other Employment Benefits**

The City has also elected to provide death benefits to employees through the Death Benefit Plan for law enforcement officers who are members of the Local Government 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 officers 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 officer's 12 highest months' salary in a row during the 24 months prior to the officer's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. 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. The City considers these contributions to be immaterial.

### **Deferred Inflows of Resources**

The balance in deferred inflows of resources in the governmental fund statements at year-end is composed of the following elements:

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
Taxes receivable, net	\$ 1,257,195	\$ 19,278	\$ 1,276,473
HUD loans and mortgages	-	776,302	776,302
Other receivables, net	440,653	3,194	443,847
<b>Total</b>	<b>\$ 1,697,848</b>	<b>\$ 798,774</b>	<b>\$ 2,496,622</b>

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The balance in unearned revenues in the government-wide statements at year-end is composed of the following elements:

	<b>Governmental Activities</b>
Prepaid taxes	\$ 13,048

### Commitments

The City had the following outstanding or planned projects as of June 30, 2013. These projects are evidenced by contractual obligations. The projects are funded by a combination of City monies and long-term debt.

<b>Governmental Activities Projects</b>	<b>Remaining Commitment</b>
<b>Street Improvements:</b>	
Various resurfacing and road widening	\$ 737,549
Total	737,549
<b>General Government - Mayor/Council, Airport Capital Projects, and Downtown Capital Projects:</b>	
Schiele Museum Environmental Studies Center	251,548
Total	251,548
Total commitments - governmental activities	\$ 989,097

The City has entered into an agreement with a conference center management company to supervise, direct, manage and operate the newly constructed the City of Gastonia Conference Center. The term of the agreement is for an initial term of five (5) years with automatic renewals for additional one-year terms provided neither party has given notice of non-renewal to the other at least ninety (90) days prior to the end of the initial term or a renewal term. The agreement calls for a monthly management fee of \$6,800 with certain annual incentives based on gross revenues generated. The agreement also requires the City to fund all annual net operating losses. For the partial year ended June 30, 2013, the City funded \$223,000 of the \$282,825 net operating loss.

### 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, through commercial companies, general liability coverage of \$1 million per occurrence with a \$3 million aggregate limit, auto liability coverage of \$1 million combined single limit coverage with a \$2 million excess policy, property coverage up to the total insurance values of the property, which is \$2.76 million for the 2012 coverage year, workers' compensation coverage up to \$1 million per accident, unlimited lifetime employee health

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

coverage, police liability and public official liability of \$1 million, boiler and machinery coverage of \$1 million, museum of fine arts and articles at the military museum for \$6.46 million, airport coverage for \$25 million, earthquake coverage limited to \$5 million, and full coverage for community development housing renovation inventory (for houses that will be rehabilitated and not demolished).

All insurances are fully insured except workers' compensation and health and dental. For the 2012-2013 fiscal year, the City has a \$500,000 self-insured retention for all employees. Settled claims have not exceeded coverage in any of the past six fiscal years.

The City is self-insured on healthcare. The City has purchased specific stop/loss coverage for any claim that exceeds \$150,000. The City does not carry aggregate stop/loss coverage.

The City is not in close proximity to any major waterways, thus the City does not carry flood insurance for real and personal property owned by the City.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more, at any given time, of the City's funds are performance bonded through a commercial surety bond. The Finance Officer is individually bonded for \$150,000. The remaining employees that have access to funds are bonded under a blanket bond for \$150,000.

### Reconciliation of Claims Liability

Changes in the City's claims liability balance during fiscal year 2013 are as follows:

	<b>Dental Self- Insurance Fund</b>	<b>Medical Self- Insurance Fund</b>	<b>Total</b>
Balance, June 30, 2011	\$ -	\$ 468,664	\$ 468,664
Add incurred claims (including IBNRs) and changes in estimates	276,446	5,374,307	5,650,753
Deduct claims payments	(276,446)	(5,390,399)	(5,666,845)
Balance, June 30, 2012	-	452,572	452,572
Add incurred claims (including IBNRs) and changes in estimates	315,648	5,537,007	5,852,655
Deduct claims payments	(315,648)	(5,305,206)	(5,620,854)
Balance, June 30, 2013	\$ -	\$ 684,373	\$ 684,373

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### Claims and Judgments

At June 30, 2013, 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 materially adverse effect on the City's financial position. These matters are generally covered by insurance.

### Long-Term Obligations

#### **\$2,114,020 Installment Financing Agreement**

In January 2013, the City entered into a loan agreement with JP Morgan Chase Bank. The City was approved for a loan of \$2,114,020 from Chase Bank for various vehicles and equipment. The loan agreement calls for 10 semi-annual installments of \$216,337 each on July 23 and January 23 of each year, with interest at 1.1719% semi-annually on July 23 and January 23 of each year. The amount outstanding at June 30, 2013 is \$2,114,020. The loan is being carried in the Internal Service Fund.

Debt service requirements to maturity on the Sewer State Bond are as follows:

<b>Year Ending</b>				
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2014	\$ 409,095	\$ 23,579	\$ 432,674	
2015	413,903	18,771	432,674	
2016	418,768	13,906	432,674	
2017	423,688	8,984	432,672	
2018	448,566	3,775	452,341	
Total	<u>\$ 2,114,020</u>	<u>\$ 69,015</u>	<u>\$ 2,183,035</u>	

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

In 2009, the City entered into a loan agreement with the State of North Carolina Department of Environment and Natural Resources. 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 amount outstanding at June 30, 2013 is \$63,631. 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, 2013**

Debt service requirements to maturity are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 3,977	\$ -	\$ 3,977
2015	3,977	-	3,977
2016	3,977	-	3,977
2017	3,977	-	3,977
2018	3,977	-	3,977
2019-2023	19,885	-	19,885
2024-2028	19,885	-	19,885
2029	3,976	-	3,976
<b>Total</b>	<b>\$ 63,631</b>	<b>\$ -</b>	<b>\$ 63,631</b>

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

The City entered into a loan agreement with the State of North Carolina Department of Environment and Natural Resources. 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 amount outstanding at June 30, 2013 is \$3,727,863. The loan was assumed from the Town of Cramerton, North Carolina, in relation to the transfer of the Town's water and sewer system operations and related infrastructure to the City of Gastonia. The loan is being carried in the Water and Sewer Fund.

Debt service requirements to maturity are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 266,276	\$ 85,927	\$ 352,203
2015	266,276	79,790	346,066
2016	266,276	73,652	339,928
2017	266,276	67,514	333,790
2018	266,276	61,377	327,653
2019-2023	1,331,380	214,818	1,546,198
2024-2027	1,065,103	61,377	1,126,480
<b>Total</b>	<b>\$ 3,727,863</b>	<b>\$ 644,455</b>	<b>\$ 4,372,318</b>

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

The City entered into a loan agreement with the State of North Carolina Department of Environment and Natural Resources. 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 amount outstanding at June 30, 2013 is \$203,937. The loan was assumed from the Town of Cramerton, North Carolina, in relation to the transfer of the Town's water and sewer system operations and related infrastructure to the City of Gastonia. The loan is being carried in the Water and Sewer Fund.

Debt service requirements to maturity are as follows:

<b>Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>June 30</b>			
2014	\$ 11,996	\$ -	\$ 11,996
2015	11,996	-	11,996
2016	11,996	-	11,996
2017	11,996	-	11,996
2018	11,996	-	11,996
2019-2023	59,981	-	59,981
2024-2028	59,981	-	59,981
2029-2030	23,995	-	23,995
Total	<u>\$ 203,937</u>	<u>\$ -</u>	<u>\$ 203,937</u>

### **Section 108 Loan Guarantee**

In March 2002, the City received a \$2,000,000 loan under this Section 108 Loan Guarantee. The loan agreement calls for eighteen (18) annual principal installments from \$110,000 to \$120,000 beginning August 1, 2004, with semi-annual interest payments due on February 1 and August 1 of each year at rates ranging from 1.21% to 5.69%. The amount outstanding at June 30, 2013 is \$1,010,000.

In March 2007, the City received a \$252,000 loan under this Section 108 Loan Guarantee. The loan agreement calls for six (6) annual principal installments from \$12,000 to \$147,930 beginning August 1, 2009, with semi-annual interest payments beginning February 1, 2007 at 5.05%. The amount outstanding at June 30, 2013 is \$168,860

In July 2010, the City received a \$252,000 loan under this Section 108 Loan Guarantee. The loan agreement calls for nineteen (19) annual principal installments from \$10,000 to \$15,000 beginning August 1, 2012; semi-annual interest payments on February 1, 2011 and August 1, 2011, \$4,580 and \$4,339, respectively. The amount outstanding at June 30, 2013 is \$242,000.

**CITY OF GASTONIA, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

In September 2010, the City received a \$496,000 loan under this Section 108 Loan Guarantee. The loan agreement calls for twenty (20) annual principal installments from \$20,000 to \$30,000 beginning August 1, 2011; interest payments on February 1, 2011, April 1, 2011, and August 1, 2011, \$628, \$621, and \$580, respectively. The amount outstanding at June 30, 2013 is \$467,140.

The Section 108 loans are related to a special revenue fund and, therefore, are reported in the governmental activities of the government-wide Statement of Net Position.

Future minimum payments on the Section 108 Loan Guarantee as of June 30, 2013 are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 170,000	\$ 78,172	\$ 248,172
2015	293,000	67,961	360,961
2016	143,000	58,262	201,262
2017	144,000	52,102	196,102
2018	144,000	45,700	189,700
2019-2023	653,000	125,880	778,880
2024-2028	219,000	41,360	260,360
2029-2030	122,000	6,291	128,291
Total	<u>\$ 1,888,000</u>	<u>\$ 475,728</u>	<u>\$ 2,363,728</u>

In December 2008, the City entered into a financing agreement for the acquisition of various vehicles and equipment. Total loan proceeds received by the City amounted to \$3,972,000. The terms of the agreement call for semi-annual payments of \$425,313 from May 1, 2009 through November 1, 2013, including interest at 2.69%. The amount outstanding at June 30, 2013 is \$421,218. The loan is related to Internal Service Fund activity and is, therefore, reported in the fund Statement of Net Position as Internal Service Fund debt and in the government-wide Statement of Net Position as governmental activity debt.

Debt service requirements to maturity as of June 30, 2013 are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 421,218	\$ 4,233	\$ 425,451
Total	<u>\$ 421,218</u>	<u>\$ 4,233</u>	<u>\$ 425,451</u>

## CITY OF GASTONIA, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

In May 2010, the City entered into a financing agreement for the acquisition of various vehicles and equipment. Total loan proceeds received by the City amounted to \$1,750,000. The terms of the agreement call for annual payments of \$380,703 from May 26, 2010 through April 26, 2015, including interest at 2.87%. The amount outstanding at June 30, 2013 is \$729,869. The loan is related to Internal Service Fund activity and is, therefore, reported in the fund Statement of Net Position as Internal Service Fund debt and in the government-wide Statement of Net Position as governmental activity debt.

Debt service requirements to maturity as of June 30, 2013 are as follows:

<b>Year Ending</b>			
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 359,757	\$ 20,946	\$ 380,703
2015	370,112	9,884	379,996
Total	<u>\$ 729,869</u>	<u>\$ 30,830</u>	<u>\$ 760,699</u>

In May 2011, the City entered into a financing agreement for the acquisition of various vehicles and equipment. Total loan proceeds received by the City amounted to \$1,885,000. The terms of the agreement call for semi-annual payments of \$198,642 from October 26, 2011 through April 26, 2016, including interest at 1.990%. The amount outstanding at June 30, 2013 is \$1,151,444. The loan is related to Internal Service Fund activity and is, therefore, reported in the fund Statement of Net Position as Internal Service Fund debt and in the government-wide Statement of Net Position as governmental activity debt.

Debt service requirements to maturity as of June 30, 2013 are as follows:

<b>Year Ending</b>			
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 376,233	\$ 21,052	\$ 397,285
2015	383,758	13,527	397,285
2016	<u>391,453</u>	<u>5,852</u>	<u>397,305</u>
Total	<u>\$ 1,151,444</u>	<u>\$ 40,431</u>	<u>\$ 1,191,875</u>

In June 2011, the City entered into a \$500,000 installment note with the Town of Cramerton, North Carolina. Annual principal installments of \$25,000 to \$100,000 begin August 1, 2011 and continue through August 1, 2018. The loan bears no interest. The installment loan is in relation to the transfer of the Town of Cramerton's water and sewer operations and related assets to the City of Gastonia. The amount outstanding at June 30, 2013 is \$425,000. The debt 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, 2013**

Debt service requirements to maturity as of June 30, 2013 are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 50,000	\$ -	\$ 50,000
2015	50,000	-	50,000
2016	50,000	-	50,000
2017	75,000	-	75,000
2018	100,000	-	100,000
2019	100,000	-	100,000
<b>Total</b>	<b>\$ 425,000</b>	<b>\$ -</b>	<b>\$ 425,000</b>

In April 2012, the City entered into a financing agreement for the acquisition of various vehicles and equipment. Total loan proceeds received by the City amounted to \$2,592,800. The terms of the agreement call for semi-annual payments of \$269,478 from September 10, 2012 through March 10, 2017, including interest at 1.460%. The amount outstanding at June 30, 2013 is \$2,086,664. The loan is related to Internal Service Fund activity and is, therefore, reported in the fund Statement of Net Position as Internal Service Fund debt and in the government-wide Statement of Net Position as governmental activity debt.

Debt service requirements to maturity as of June 30, 2013 are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 510,326	\$ 28,610	\$ 538,936
2015	517,824	21,131	538,955
2016	525,412	13,544	538,956
2017	533,102	5,845	538,947
<b>Total</b>	<b>\$ 2,086,664</b>	<b>\$ 69,130</b>	<b>\$ 2,155,794</b>

**Certificates of Participation/Installment Financing**

In November 2002, the City entered into a \$4,000,000 installment financing agreement collateralized by City Hall. The debt proceeds were used to partially finance the renovation of the old county courthouse to be used as City municipal offices. The Certificates of Participation are due in semi-annual principal installments of \$133,333 from May 19, 2003 through November 19, 2017, with semi-annual interest payments from May 19, 2003 through November 19, 2017 at an interest rate of 3.71%. The amount outstanding at June 30, 2013 is \$1,199,996. The debt is related to General Fund activity and, therefore, is reported in the governmental activities of the government-wide Statement of Net Position.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The future minimum payments on the installment financing as of June 30, 2013 are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 266,667	\$ 42,067	\$ 308,734
2015	266,667	32,174	298,841
2016	266,667	22,335	289,002
2017	266,667	12,387	279,054
2018	133,328	2,493	135,821
<b>Total</b>	<b><u>\$ 1,199,996</u></b>	<b><u>\$ 111,456</u></b>	<b><u>\$ 1,311,452</u></b>

In February 2005, the City issued \$5,540,000 of Certificates of Participation. The debt proceeds were used to partially advance refund \$5,265,000 of the Certificates of Participation, Series 1995. The Certificates of Participation are due in annual principal installments from \$40,000 to \$640,000 from October 1, 2005 through October 1, 2015, with semi-annual interest payments from October 1, 2005 through October 1, 2015 at interest rates ranging from 3.00% to 4.00%. The amount outstanding at June 30, 2013 is \$1,845,000. The debt is related to General Fund activity and, therefore, is reported in the governmental activities of the government-wide Statement of Net Position.

The future minimum payments on the Certificates of Participation as of June 30, 2013 are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 590,000	\$ 61,263	\$ 651,263
2015	615,000	37,900	652,900
2016	640,000	12,800	652,800
<b>Total</b>	<b><u>\$ 1,845,000</u></b>	<b><u>\$ 111,963</u></b>	<b><u>\$ 1,956,963</u></b>

### **General Obligation and Revenue Bond Indebtedness**

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

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Bonds payable at June 30, 2013 are comprised of the following individual issues:

### General Obligation Bonds

#### Serviced by the General Fund:

\$4,705,000 2004 Refunding Serial Bonds, due in annual principal installments from \$75,000 to \$605,000 from May 1, 2005 through May 1, 2014, with semi-annual interest payments beginning November 1, 2004 at rates ranging from 2.00% to 3.50%	\$ 180,000
\$8,035,000 2005 Refunding Serial Bonds, due in annual principal installments from \$45,000 to \$910,000 from May 1, 2005 through May 1, 2017, with semi-annual interest payments beginning November 1, 2004 at rates ranging from 2.75% to 4.00%	3,450,000
\$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.	1,025,000
\$1,525,000 Series 2008B Public Improvements Serial Bonds (taxable), due in annual principal installments from \$165,000 to \$170,000 from June 1, 2011 through June 1, 2019; interest payable beginning December 1, 2008 and semi-annually thereafter at 5.00% to 5.25%. Proceeds are scheduled for downtown infrastructure revitalization projects.	1,020,000
\$2,130,000 Series 2010A Parks and Recreation General Obligation Bonds, due in annual principal installments from \$950,000 to \$1,180,000 from September 1, 2013 through September 1, 2014; interest payable semi-annually beginning March 1, 2011 at 3.00% to 4.00%. Proceeds are scheduled for parks and recreation projects.	2,130,000

**CITY OF GASTONIA, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Serviced by the General Fund:**

\$9,560,000 Series 2010B Street and Sidewalk General Obligation Bonds, due in annual principal installments of \$1,300,000 to \$1,810,000 from September 1, 2015 through September 1, 2020; interest payable semi-annually beginning March 1, 2011 at rates of 3.00% to 5.00%. Proceeds to be used for various street and sidewalk projects.	9,560,000
\$17,805,000 Series 2010C Street and Sidewalk General Obligation Bonds, due in annual principal installments of \$1,750,000 to \$1,925,000 from September 1, 2021 through September 1, 2030; interest payable semi-annually beginning March 1, 2011 at rates of 3.861% to 4.961%. Proceeds to be used for various street and sidewalk projects.	17,805,000
\$1,694,000 GOB Refunding, Series 2011, due in annual principal installments of \$15,000 to \$324,000 from June 1, 2012 through June 1, 2018; interest payable semi-annually beginning June 1, 2012 at a rate of 1.89%. Proceeds to be used for refunding \$2,700,000 Series 2002 Streets GOB.	<u>1,451,000</u>
Total general obligation bonds - governmental activities	<u>36,621,000</u>

**General Obligation Bonds (continued)**

**Serviced by the Electric Fund:**

\$1,455,000 Series 2008A Public Improvements Serial Bonds, due in annual principal installments from \$160,000 to \$165,000 from June 1, 2020 through June 1, 2028; interest payable beginning December 1, 2008 and semi-annually, thereafter, at 3.80% to 4.00% ( 70.4467% General Government and 29.5533% Electric Enterprise Fund ). Proceeds are scheduled for downtown underground electric utility projects.	<u>430,000</u>
Total general obligation bonds - business-type activities	<u>430,000</u>
Total general obligation bonds - governmental and business-type activities	<u>\$ 37,051,000</u>



**CITY OF GASTONIA, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Revenue Bonds**

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

\$14,565,000 2005 Combined Utility System Revenue Bonds, due in annual principal installments from \$325,000 to \$1,230,000 from May 1, 2006 through May 1, 2025, with semi-annual interest payments from November 1, 2005 through May 1, 2025 at rates ranging from 3.00% to 5.00%. Bond proceeds of \$8,945,000 were new funding and \$5,620,000 was used to partially advance refund the Series 1999 Combined Utility System Revenue Bonds. \$ 10,090,000

\$19,605,000 2009 Combined Utility System Revenue Bonds, due in annual principal installments from \$275,000 to \$2,610,000 from May 1, 2010 through May 1, 2020, with semi-annual interest payments from November 1, 2009 at rates ranging from 2.00% to 4.00%. Bond proceeds were used to partially refund \$2,825,000 of the Series 2001 revenue bonds and to refund the Series 1999 revenue bonds. 14,335,000

\$4,318,000 Combined Utility System Revenue Bonds, due in annual principal installments from \$11,000 to \$642,000 from May 1, 2012 through May 1, 2025, with semi-annual interest payments from May 1, 2012 at a rate of 2.91%. Bond proceeds were used to refund \$4,230,000 of the Series 2001 revenue bonds. 3,514,000

Total revenue bonds \$ 27,939,000

At June 30, 2013, the City had a legal debt margin of \$357,337,751.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 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, 2013 is as follows:

Gross revenues available for debt service	\$ 33,557,278
Expenses, as defined in the covenants	<u>20,949,880</u>
Income available for debt service	<u>\$ 12,607,398</u>
Debt service , principal and interest, parity indebtedness	<u>\$ 5,706,171</u>
Debt service coverage ratio	221%
Debt service, principal and interest, parity and subordinated indebtedness	<u>\$ 5,706,171</u>
Debt service coverage ratio	221%

At June 30, 2013, 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 \$38,488,000 in combined utility system revenue bonds issued from 2005 to 2011. Proceeds from the bonds were used to finance capital improvements to the water and sewer infrastructure. The bonds are payable from water and sewer customer net revenues and are payable through 2025. Annual principal and interest requirements are expected to require less than 20 percent of water and sewer customer net revenues. Total principal and interest remaining to be paid on the bonds is \$33,447,186. Principal and interest paid for the current year, and total customer net revenues were \$5,706,171 and \$9,134,541, respectively.

**CITY OF GASTONIA, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

Annual debt service requirements to maturity for general obligation bonds as of June 30, 2013 are as follows:

**Governmental Activities:**

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 2,439,000	\$ 1,452,048	\$ 3,891,048
2015	2,512,000	1,362,287	3,874,287
2016	2,660,000	1,274,696	3,934,696
2017	2,769,000	1,189,262	3,958,262
2018	2,006,000	1,097,579	3,103,579
2019-2023	9,671,426	4,454,821	14,126,247
2024-2028	9,313,574	2,417,670	11,731,244
2029-2031	5,250,000	390,679	5,640,679
Total	<u>\$ 36,621,000</u>	<u>\$ 13,639,042</u>	<u>\$ 50,260,042</u>

**Business-Type Activities:**

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ -	\$ 16,869	\$ 16,869
2015	-	16,869	16,869
2016	-	16,869	16,869
2017	-	16,869	16,869
2018	-	16,869	16,869
2019-2023	193,574	72,642	266,216
2024-2028	236,426	27,898	264,324
Total	<u>\$ 430,000</u>	<u>\$ 184,885</u>	<u>\$ 614,885</u>

**CITY OF GASTONIA, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

Annual debt service requirements to maturity for revenue bonds as of June 30, 2013 are as follows:

**Business-Type Activities:**

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 3,183,000	\$ 1,071,451	\$ 4,254,451
2015	3,281,000	984,687	4,265,687
2016	3,411,000	843,417	4,254,417
2017	3,531,000	725,747	4,256,747
2018	3,687,000	573,527	4,260,527
2019-2023	8,308,000	1,174,515	9,482,515
2024-2025	2,538,000	134,842	2,672,842
Total	<u>\$ 27,939,000</u>	<u>\$ 5,508,186</u>	<u>\$ 33,447,186</u>

**Limited Obligation Bond Indebtedness**

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

**Serviced by the General Fund:**

\$7,830,000 Series 2010A Tax Exempt Limited Obligation Bonds, due in annual principal installments from \$425,000 to \$915,000 from April 1, 2012 through April 1, 2022, with semi-annual interest payments beginning April 1, 2011 at rates ranging from 2.00% to 4.00%. \$ 6,840,000

\$8,000,000 Series 2010B Recovery Zone Economic Development Taxable Limited Obligation Bonds, due in annual principal installments from \$320,000 to \$710,000 from April 1, 2020 through April 1, 2033, with semi-annual interest payments beginning April 1, 2011 at rates ranging from 4.470% to 5.992%. The City will receive a subsidy from the United States Treasury equal to 45% of the amount of each interest payment. 8,000,000

Total limited obligation bonds \$ 14,840,000

**CITY OF GASTONIA, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

Annual debt service requirements to maturity for limited obligation bonds as of June 30, 2013 are as follows:

**Governmental Activities:**

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 870,000	\$ 687,552	\$ 1,557,552
2015	890,000	652,752	1,542,752
2016	890,000	632,727	1,522,727
2017	900,000	597,127	1,497,127
2018	905,000	570,127	1,475,127
2019-2023	4,225,000	2,330,944	6,555,944
2024-2028	2,835,000	1,503,069	4,338,069
2029-2032	3,325,000	610,884	3,935,884
Total	<u>\$ 14,840,000</u>	<u>\$ 7,585,182</u>	<u>\$ 22,425,182</u>

**Changes in Long-Term Liabilities**

During the year ended June 30, 2013, the following changes occurred in long-term liabilities:

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
<b>General Fund:</b>					
General obligation bonds	\$ 38,319,000	\$ -	\$ 1,698,000	\$ 36,621,000	\$ 2,439,000
Limited obligation bonds	15,330,000	-	490,000	14,840,000	870,000
Bond premium	1,337,544	-	167,193	1,170,351	-
Compensated absences	3,219,364	2,345,874	2,490,253	3,074,985	2,306,239
Unfunded pension obligation	1,161,477	1,061,147	1,197,050	1,025,574	-
Other post-employment benefits obligation	10,111,658	1,787,410	-	11,899,068	-
Installment financing	1,466,663	-	266,667	1,199,996	266,667
Certificates of participation	2,415,000	-	570,000	1,845,000	590,000
<b>Special Revenue Funds:</b>					
Section 108 Loan Guarantee	2,123,860	-	235,860	1,888,000	170,000
<b>Internal Service Funds:</b>					
Installment financing	6,880,677	2,114,020	2,491,482	6,503,215	2,076,629
Compensated absences	<u>70,542</u>	<u>81,034</u>	<u>70,542</u>	<u>81,034</u>	<u>60,775</u>
Governmental activity long-term liabilities	<u>\$ 82,435,785</u>	<u>\$ 7,389,485</u>	<u>\$ 9,677,047</u>	<u>\$ 80,148,223</u>	<u>\$ 8,779,310</u>

**CITY OF GASTONIA, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due Within</u> <u>One Year</u>
<b>Business-Type Activities:</b>					
General obligation bonds	\$ 430,000	\$ -	\$ -	\$ 430,000	\$ -
Compensated absences	893,468	877,087	893,468	877,087	657,814
Other post-employment benefits obligation	2,998,653	530,063	-	3,528,716	-
Revenue bonds	31,012,000	-	3,073,000	27,939,000	3,183,000
Bond premium	904,303	-	165,809	738,494	-
Installment debt	475,000	-	50,000	425,000	50,000
State revolving loans	<u>5,277,680</u>	<u>-</u>	<u>1,282,249</u>	<u>3,995,431</u>	<u>282,249</u>
Business-type activity long-term liabilities	<u>\$ 43,419,514</u>	<u>\$ 1,407,150</u>	<u>\$ 5,464,526</u>	<u>\$ 37,933,728</u>	<u>\$ 4,173,063</u>

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

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

**C. Revenues, Expenditures, and Expenses**

**On-Behalf Payments for Fringe Benefits and Salaries**

For the fiscal year ended June 30, 2013, the City has recognized on-behalf payments for pension contributions made by the State as revenue and an expenditure of \$47,970 for the 130 employed firemen who perform firefighting duties for the City's fire department. The employees are elected to be members of the Firemen's and Rescue Squad Workers' Pension Fund, a cost-sharing, multiple-employer public employee retirement system established and administered by the State of North Carolina. The plan is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation.

Also, the City has recognized as revenue and an expenditure on-behalf payments for fringe benefits and salaries of \$43,554 for the salary supplement and stipend benefits paid to eligible firemen by the local Board of Trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2013. Under State law, the local Board of Trustees for the fund receives an amount each year which the Board may use at its own discretion for eligible firemen or their dependents.

# **CITY OF GASTONIA, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

### **3. Jointly Governed Organizations**

#### **North Carolina Electric Agency**

The City, in conjunction with 20 other local governments, is a member of the North Carolina Electric Agency (Electric Agency). The Electric 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 commissioner to the Electric Agency's governing board. The 21 members who receive power from the Electric Agency have signed power sales agreements to purchase a specified share of the power generated by the Electric 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, 2013 were \$60,684,919.

#### **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 \$16,859 during the fiscal year ended June 30, 2013.

### **4. Joint Venture**

The City and the members of the City's fire department each appoint two members to the five-member local Board of Trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local Board of Trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums, which insurers remit to the State. The State passes these monies to the local Board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The City obtains an ongoing financial benefit from the Fund for the on-behalf payments for salaries and fringe benefits made to members of the City's fire department by the Board of Trustees. During the fiscal year ended June 30, 2013, the City reported revenues and expenditures for the payments of \$43,554 made through the Firemen's Relief Fund. 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, 2013. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local Board of Trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 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 2013, the City's Electric Fund provided services to the general government and other funds and did not charge the funds a fee for these services. The fair market value of these services is estimated at:

<u>Service</u>	<u>General Fund</u>	<u>Total</u>
Electricity	\$ 792,145	\$ 792,145
Electricity for street lights	693,939	693,939
Electricity charges for street lights billed by outside parties	292,646	292,646
Total	<u>\$ 1,778,730</u>	<u>\$ 1,778,730</u>

### 8. Interfund Balances and Activity

#### Transfers From/To Other Funds

In 2013, the City made the following transfers within its fund structure. Transfers to the General Fund from the Electric and Water and Sewer Funds were made to distribute profits to the general government. Transfers from the General Fund to the Transit Fund were made to underwrite the enterprise funds activities. Transfers from the General Fund to the capital project funds were made to provide the local support of the capital projects' capital outlay activities. Transfers from the General Fund and Uptown Municipal Tax District Fund were made to provide support for the Downtown Revitalization Capital Projects Fund. Transfers from the Community Development Fund to the Mayor Council Capital Project Fund were made to support various capital activities.



**CITY OF GASTONIA, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

Transfers from the Medical Health Insurance Fund to the General Fund were made to provide funding for a Council approved employee one-time bonus. Various other transfers of an immaterial nature were made between funds to supplement various operating activities.

<b>Transfers From/To Other Funds:</b>	<b>Transfers</b>	
	<b>From</b>	<b>To</b>
General	\$ 5,164,952	\$ 2,265,583
Enterprise funds:		
Electric Fund	2,026,882	-
Water and Sewer Fund	208,456	-
Stormwater Fund	4,182	-
Transit Fund	12,545	588,175
Solid Waste Fund	22,700	3,581,146
Internal Service Fund:		
Information Technology Fund	5,974	-
Vehicle Replacement Fund	-	5,816
Health Self-Insurance Fund	-	500,000
Special revenue funds:		
Uptown Municipal Tax District Fund	60,000	-
Economic Stimulus Grants Fund	-	185,409
Capital project funds:		
Airport Fund	-	30,000
Downtown Revitalization Fund	78,212	79,074
Mayor/Council	-	348,700
<b>Total</b>	<b>\$ 7,583,903</b>	<b>\$ 7,583,903</b>

**Interfund Receivables and Payables**

The composition of interfund balances as of June 30, 2013 is as follows:

**Due To/From Other Funds:**

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
	Nonmajor Special Revenue Funds,	
General	Internal Service Funds	\$ 1,150,012
Internal Service Funds	General	68,525
<b>Total</b>		<b>\$ 1,218,537</b>

# CITY OF GASTONIA, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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.

### **9. Change in Accounting Principles/Restatement**

The City implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position is now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position. Additionally, GASB Statement 65 requires that bond issuance costs, which were previously deferred and amortized, be accounted for as current expenditures retroactively. Accordingly, beginning net position for the Water and Sewer Fund was reduced by \$321,794 reflecting the write off of bond issuance costs.

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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

- Schedule of Funding Progress for the Law Enforcement Officers' and Firemen's Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' and Firemen's Special Separation Allowance
- Notes to the Required Schedules for the Law Enforcement Officers' and Firemen's Special Separation Allowance
- Schedule of Funding Progress for the Other Post-Employment Retiree Health Plan
- Schedule of Employer Contributions for the Other Post-Employment Retiree Health Plan
- Notes to the Required Schedules for the Other Post-Employment Retiree Health Plan



## CITY OF GASTONIA, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' AND FIREMEN'S  
SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2013

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
12/31/2002	\$ -	\$ 6,669,595	\$ 6,669,595	0.00%	\$ 12,117,445	55.04%
12/31/2003	-	6,980,067	6,980,067	0.00%	11,832,040	58.99%
12/31/2004	-	7,760,006	7,760,006	0.00%	12,506,019	62.05%
12/31/2005	-	7,583,558	7,583,558	0.00%	12,432,092	61.00%
12/31/2006	-	7,882,908	7,882,908	0.00%	12,877,824	61.21%
12/31/2007	-	9,226,637	9,226,637	0.00%	13,879,371	66.48%
12/31/2008	-	9,539,856	9,539,856	0.00%	14,788,345	64.51%
12/31/2009	-	11,967,191	11,967,191	0.00%	15,198,129	78.74%
12/31/2010	-	10,781,674	10,781,674	0.00%	15,149,434	71.17%
12/31/2011	-	10,947,473	10,947,473	0.00%	15,266,228	71.71%
12/31/2012	-	11,427,898	11,427,898	0.00%	14,950,807	76.44%

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Amount Contributed By Employer	Percentage of ARC Contributed
2003	\$ 630,811	\$ 613,360	97.23%
2004	653,321	645,642	98.82%
2005	730,031	679,623	93.10%
2006	730,031	715,392	97.99%
2007	733,401	770,943	105.12%
2008	733,401	853,088	116.32%
2009	729,611	915,292	125.45%
2010	782,277	916,637	117.18%
2011	896,065	1,059,996	118.29%
2012	1,027,032	1,085,057	105.65%
2013	1,075,353	1,197,050	111.32%

## Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the date indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	19 years
Asset valuation method	Market value

## Actuarial Assumptions:

Investment rate of return*	5.00%
Projected salary increases*	4.25% to 7.85%
Cost of living adjustments	None

\* Includes inflation at 3.00%

## CITY OF GASTONIA, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS - RETIREE HEALTH PLAN  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2013

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
12/31/2006	\$ -	\$ 40,569,078	\$ 40,569,078	0.00%	\$ 36,767,010	110.34%
12/31/2009	-	46,086,802	46,086,802	0.00%	42,482,474	108.48%
12/31/2011	-	48,679,559	48,679,559	0.00%	41,571,549	117.10%

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Amount Contributed By Employer	Percentage of ARC Contributed
2008	\$ 3,428,106	\$ 773,600	22.57%
2009	3,428,106	779,997	22.75%
2010	3,622,695	809,806	22.35%
2011	3,622,695	1,015,298	28.03%
2012	3,970,966	1,661,056	41.83%
2013	3,970,966	1,676,929	42.23%

## Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets

**Actuarial Assumptions:**

Investment rate of return*	4.00%
Medical cost trend rate	9.50%-5.00%
Year of Ultimate trend rate	2018

\* Includes inflation at 3.00%

## CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2013

	<u>Nonmajor</u>		<u>Total</u>
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	
<b>Assets:</b>			
Cash, cash equivalents, and investments	\$ 572,067	\$ 3,307,597	\$ 3,879,664
Taxes receivable, net	19,278	-	19,278
Accounts receivable, net	109,346	55,550	164,896
Due from other governments	80,749	-	80,749
Loan pool receivable, net	776,302	-	776,302
Cash and cash equivalents, restricted	19	-	19
Property acquired for rehabilitation and resale	<u>1,735,269</u>	<u>-</u>	<u>1,735,269</u>
Total assets	<u>\$ 3,293,030</u>	<u>\$ 3,363,147</u>	<u>\$ 6,656,177</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 176,652	\$ 267,304	\$ 443,956
Due to General Fund	<u>1,108,594</u>	<u>-</u>	<u>1,108,594</u>
Total liabilities	<u>1,285,246</u>	<u>267,304</u>	<u>1,552,550</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable taxes	19,278	-	19,278
Unavailable revenue	<u>776,302</u>	<u>3,194</u>	<u>779,496</u>
Total deferred inflows of resources	<u>795,580</u>	<u>3,194</u>	<u>798,774</u>
<b>Fund Balances:</b>			
Non-spendable:			
Inventories	1,735,269	-	1,735,269
Restricted:			
Stabilization by State statute	701,899	1,240,242	1,942,141
Restricted, all other	432,960	12,056	445,016
Assigned	-	1,942,921	1,942,921
Unassigned	<u>(1,657,924)</u>	<u>(102,570)</u>	<u>(1,760,494)</u>
Total fund balances (deficits)	<u>1,212,204</u>	<u>3,092,649</u>	<u>4,304,853</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,293,030</u>	<u>\$ 3,363,147</u>	<u>\$ 6,656,177</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, 2013**

	<u>Nonmajor</u>		<u>Total</u>
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	
<b>Revenues:</b>			
Ad valorem taxes	\$ 118,036	\$ -	\$ 118,036
Other taxes and licenses	462,765	-	462,765
Restricted intergovernmental	2,147,165	473,827	2,620,992
Sales and services	66,640	-	66,640
Investment earnings	1,066	5,453	6,519
Miscellaneous	3,978	391,284	395,262
Total revenues	<u>2,799,650</u>	<u>870,564</u>	<u>3,670,214</u>
<b>Expenditures:</b>			
Public safety	382,185	-	382,185
Economic and physical development	2,588,573	-	2,588,573
Capital outlay	-	2,199,381	2,199,381
Debt service:			
Principal repayment	236,042	-	236,042
Interest	80,826	-	80,826
Total expenditures	<u>3,287,626</u>	<u>2,199,381</u>	<u>5,487,007</u>
Revenues over (under) expenditures	<u>(487,976)</u>	<u>(1,328,817)</u>	<u>(1,816,793)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	185,409	457,774	643,183
Transfers to other funds	(60,000)	(78,212)	(138,212)
Total other financing sources (uses)	<u>125,409</u>	<u>379,562</u>	<u>504,971</u>
Net change in fund balances	(362,567)	(949,255)	(1,311,822)
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>1,438,580</u>	<u>4,041,904</u>	<u>5,480,484</u>
End of year - June 30	<u>\$ 1,212,204</u>	<u>\$ 3,092,649</u>	<u>\$ 4,304,853</u>



## CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2013

<u>Fiscal Year</u>	<u>Balance June 30, 2012</u>	<u>Additions and Adjustments</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2013</u>
2012-2013	\$ -	\$ 27,801,683	\$ 26,930,433	\$ 871,250
2011-2012	830,263	15,462	535,277	310,448
2010-2011	319,904	6,481	98,313	228,072
2009-2010	203,453	5,776	44,435	164,794
2008-2009	149,842	5,570	26,753	128,659
2007-2008	107,263	2,368	12,908	96,723
2006-2007	80,820	-	4,922	75,898
2005-2006	67,238	-	3,748	63,490
2004-2005	55,408	-	2,548	52,860
2003-2004	82,971	-	3,046	79,925
2002-2003	51,610	-	51,610	-
Total	<u>\$ 1,948,772</u>	<u>\$ 27,837,340</u>	<u>\$ 27,713,993</u>	2,072,119
Less: Allowance for uncollectible ad valorem taxes receivable				(775,358)
Add: Motor vehicle tag receivable				391,512
Less allowance for uncollectible motor vehicle tag receivable				<u>(431,078)</u>
Ad valorem taxes receivable - net				<u>\$ 1,257,195</u>
<b>Reconciliation with Revenues:</b>				
Taxes - ad valorem				\$ 27,757,734
Reconciling items:				
Penalties and interest				(171,484)
Amounts written off for tax year 2001-2002				51,610
Prior year releases and adjustments of uncollected taxes				<u>76,133</u>
Total collections and credits				<u>\$ 27,713,993</u>

## CITY OF GASTONIA, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY  
FOR THE YEAR ENDED JUNE 30, 2013

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 5,248,445,849	\$ 0.005300	\$ 27,816,763	\$ 25,515,803	\$ 2,300,960
<b>Discoveries:</b>					
Current year taxes	24,425,849	0.005300	129,457	100,286	29,171
<b>Abatements:</b>					
Current year taxes	<u>(27,271,132)</u>		<u>(144,537)</u>	<u>(62,481)</u>	<u>(82,056)</u>
Total property valuation	<u>\$ 5,245,600,566</u>				
<b>Net Levy</b>			27,801,683	25,553,608	2,248,075
Uncollected taxes at June 30, 2013			<u>871,250</u>	<u>486,073</u>	<u>385,177</u>
Current year's tax collections			<u>\$ 26,930,433</u>	<u>\$ 25,067,535</u>	<u>\$ 1,862,898</u>
<b>Current Levy Collection Percentage</b>			<u>96.87%</u>	<u>98.10%</u>	<u>82.87%</u>
<b>Prior Year Collection Percentage</b>			<u>96.92%</u>	<u>98.12%</u>	<u>82.74%</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Current year	\$ 26,331,358	\$ 26,912,868	\$ 581,510	\$ 26,022,692
Prior year	1,000,000	673,382	(326,618)	996,309
Penalties and interest	180,000	171,484	(8,516)	206,072
Total	<u>27,511,358</u>	<u>27,757,734</u>	<u>246,376</u>	<u>27,225,073</u>
<b>Other Taxes and Licenses:</b>				
Local option sales tax	9,613,737	9,245,172	(368,565)	9,461,249
Payments in lieu of taxes	3,090,950	3,108,107	17,157	3,077,026
Utility franchise tax	3,872,600	3,734,179	(138,421)	3,636,750
Privilege licenses	240,000	402,282	162,282	300,082
Penalties and interest	4,000	4,138	138	3,344
Auto tag fee	738,000	748,218	10,218	743,534
Rental vehicle tax	58,000	64,728	6,728	73,580
Total	<u>17,617,287</u>	<u>17,306,824</u>	<u>(310,463)</u>	<u>17,295,565</u>
<b>Unrestricted Intergovernmental Revenues:</b>				
Beer and wine	357,120	291,396	(65,724)	311,310
N.C. Highway Commission	345,000	388,524	43,524	359,006
City of Gastonia ABC Board	200,000	650,000	450,000	400,000
Court costs	20,000	12,935	(7,065)	16,142
Video franchise tax	646,410	540,586	(105,824)	543,537
Total	<u>1,568,530</u>	<u>1,883,441</u>	<u>314,911</u>	<u>1,629,995</u>
<b>Restricted Intergovernmental Revenues:</b>				
Powell Bill allocation	1,972,097	1,969,111	(2,986)	1,963,996
Section 104(f) - Federal Grant	443,529	259,832	(183,697)	264,033
Section 5303 - federal/State	122,754	30,590	(92,164)	19,123
Federal asset forfeitures	37,703	82,360	44,657	111,151
State asset forfeitures	45,000	69,386	24,386	50,246
State grants	115,300	83,845	(31,455)	1,928
Miscellaneous federal and State grants	14,912	-	(14,912)	-
Gaston County	30,492	30,504	12	32,850
US DOJ Block Grant 2002	86,388	86,389	1	9,864
Federal grants - vest	39,392	39,378	(14)	7,403
On-behalf payments - firemen	-	91,524	91,524	85,546
Total	<u>2,907,567</u>	<u>2,742,919</u>	<u>(164,648)</u>	<u>2,546,140</u>
<b>Permits</b>	<u>584,290</u>	<u>782,845</u>	<u>198,555</u>	<u>809,381</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		Variance Over/Under	2012
	Final Budget	Actual		Actual
<b>Sales, Services, and Rents:</b>				
Administration fees	502,810	539,467	36,657	514,992
Airport fees and rents	109,000	113,633	4,633	111,758
Commercial waste disposal fee	22,650	49,677	27,027	53,535
County Grant - museum	50,000	50,000	-	50,000
Fire protection charges	100	100	-	100
Hanson surcharge	25,000	27,582	2,582	31,855
Late fees	6,904	7,238	334	6,383
Museum	246,000	253,459	7,459	275,028
Reconnection fees	78,800	131,160	52,360	125,570
Recreation	350,950	352,228	1,278	341,065
Recycling fees	-	176	176	(3,654)
Reimbursement for services	2,546,755	1,926,280	(620,475)	1,063,642
Rents	353,026	351,788	(1,238)	223,246
Report copies	5,360	4,501	(859)	5,439
Sale of property	50,000	15,069	(34,931)	23,099
Skeet, trap, and pistol/rifle fees	100,000	103,091	3,091	116,606
Total	4,447,355	3,925,449	(521,906)	2,938,664
<b>Investment Earnings:</b>				
Regular investments	534,122	489,051	(45,071)	308,638
Federal asset forfeitures	-	17	17	24
State asset forfeitures	-	427	427	605
Police Memorial - Fund 75	-	(16)	(16)	(23)
Block Grant - Fund 76	-	144	144	204
Hanson surcharge	100	174	74	247
Total	534,222	489,797	(44,425)	309,695
<b>Miscellaneous:</b>				
Donations	9,730	8,730	(1,000)	105,978
Parking violations	1,500	1,033	(467)	1,151
Discounts earned	700	456	(244)	464
Other	482,105	400,174	(81,931)	242,176
Insurance proceeds	-	108,158	108,158	122,807
Total	494,035	518,551	24,516	472,576
Total revenues	55,664,644	55,407,560	(257,084)	53,227,089

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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Mayor and Council:</b>				
Salaries and employee benefits	134,174	134,142	32	133,231
Operating expenditures	255,366	215,622	39,744	318,183
Overhead allocated to other funds	(135,643)	(122,044)	(13,599)	(157,520)
Total	<u>253,897</u>	<u>227,720</u>	<u>26,177</u>	<u>293,894</u>
<b>Miscellaneous Grants and Donations:</b>				
Operating expenditures	2,500	-	2,500	-
Total	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>-</u>
<b>Communications and Marketing:</b>				
Salaries and employee benefits	92,165	90,473	1,692	91,033
Operating expenditures	67,194	32,279	34,915	35,643
Overhead allocated to other funds	(101,676)	(98,457)	(3,219)	(72,444)
Total	<u>57,683</u>	<u>24,295</u>	<u>33,388</u>	<u>54,232</u>
<b>City Manager:</b>				
Salaries and employee benefits	317,433	310,202	7,231	373,493
Operating expenditures	172,694	50,073	122,621	48,516
Overhead allocated to other funds	(161,936)	(110,166)	(51,770)	(128,184)
Total	<u>328,191</u>	<u>250,109</u>	<u>78,082</u>	<u>293,825</u>
<b>Assistant City Manager - Director of Human Resources and Administration:</b>				
Salaries and employee benefits	87,029	85,962	1,067	149,117
Operating expenditures	5,323	3,451	1,872	5,900
Overhead allocated to other funds	(2,674)	(3,095)	421	(5,401)
Total	<u>89,678</u>	<u>86,318</u>	<u>3,360</u>	<u>149,616</u>
<b>Assistant City Manager - Public Infrastructure:</b>				
Salaries and employee benefits	153,843	151,766	2,077	156,348
Operating expenditures	7,434	6,598	836	7,856
Overhead allocated to other funds	(89,933)	(88,414)	(1,519)	(91,257)
Total	<u>71,344</u>	<u>69,950</u>	<u>1,394</u>	<u>72,947</u>
<b>Archives and History:</b>				
Operating expenditures	200	177	23	177
Total	<u>200</u>	<u>177</u>	<u>23</u>	<u>177</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Human Resources:</b>				
Salaries and employee benefits	1,351,702	1,336,983	14,719	1,400,698
Operating expenditures	1,345,822	1,294,743	51,079	1,352,465
Overhead allocated to other funds	(541,944)	(513,836)	(28,108)	(532,623)
Total	2,155,580	2,117,890	37,690	2,220,540
<b>Technology Services:</b>				
<b>Administration:</b>				
Capital outlay	2,000	1,912	88	-
Total	2,000	1,912	88	-
<b>Admin Apps:</b>				
Salaries and employee benefits	114,493	88,727	25,766	128,740
Operating expenditures	208,445	109,578	98,867	105,614
Overhead allocated to other funds	(80,571)	(67,062)	(13,509)	(79,094)
Total	242,367	131,243	111,124	155,260
<b>Telephone Communication:</b>				
Salaries and employee benefits	64,329	48,290	16,039	63,780
Operating expenditures	(56,004)	(49,000)	(7,004)	(86,782)
Overhead allocated to other funds	(2,204)	4,841	(7,045)	4,750
Total	6,121	4,131	1,990	(18,252)
<b>Communication Division:</b>				
Salaries and employee benefits	693,809	615,028	78,781	542,910
Operating expenditures	137,877	123,049	14,828	92,699
Overhead allocated to other funds	(11,588)	(17,766)	6,178	(13,441)
Total	820,098	720,311	99,787	622,168
<b>Database Administration:</b>				
Salaries and employee benefits	227,909	226,894	1,015	225,277
Operating expenditures	131,772	119,149	12,623	112,409
Overhead allocated to other funds	(313,339)	(311,371)	(1,968)	(305,201)
Total	46,342	34,672	11,670	32,485
<b>Geographic Information Systems AM/FM:</b>				
Salaries and employee benefits	252,734	213,680	39,054	215,624
Operating expenditures	61,854	51,868	9,986	51,554
Capital outlay	5,000	5,000	-	-
Overhead allocated to other funds	(298,646)	(243,427)	(55,219)	(234,527)
Total	20,942	27,121	(6,179)	32,651



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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Technology - City Equipment:</b>				
Operating expenditures	-	-	-	4,550
Total	-	-	-	4,550
<b>Tech Services - Website:</b>				
Salaries and employee benefits	-	-	-	5,782
Operating expenditures	73,959	68,782	5,177	67,165
Overhead allocated to other funds	(51,608)	(46,772)	(4,836)	(49,602)
Total	22,351	22,010	341	23,345
<b>Tech Services - CIS Apps:</b>				
Salaries and employee benefits	312,910	303,803	9,107	302,937
Operating expenditures	220,322	204,088	16,234	210,935
Capital outlay	15,000	15,000	-	-
Overhead allocated to other funds	(511,771)	(508,977)	(2,794)	(502,863)
Total	36,461	13,914	22,547	11,009
<b>Tech Services - 800 Mhz System:</b>				
Salaries and employee benefits	-	-	-	77,848
Operating expenditures	355,456	353,173	2,283	192,309
Total	355,456	353,173	2,283	270,157
Total technology services	1,552,138	1,308,487	243,651	1,133,373
<b>Financial Services:</b>				
<b>Accounting Division:</b>				
Salaries and employee benefits	457,963	452,640	5,323	457,723
Operating expenditures	76,506	73,751	2,755	82,284
Overhead allocated to other funds	(131,785)	(129,599)	(2,186)	(133,870)
Total	402,684	396,792	5,892	406,137
<b>Budget Division:</b>				
Salaries and employee benefits	165,951	165,324	627	149,674
Operating expenditures	27,274	21,283	5,991	23,831
Overhead allocated to other funds	(52,678)	(50,785)	(1,893)	(46,961)
Total	140,547	135,822	4,725	126,544
<b>Accounts Receivable Division:</b>				
Salaries and employee benefits	333,534	330,209	3,325	331,497
Operating expenditures	254,863	256,381	(1,518)	253,897
Overhead allocated to other funds	(557,131)	(574,342)	17,211	(567,112)
Total	31,266	12,248	19,018	18,282

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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Purchasing Division:</b>				
Salaries and employee benefits	218,609	216,476	2,133	217,340
Operating expenditures	10,598	7,055	3,543	21,079
Overhead allocated to other funds	(74,952)	(72,626)	(2,326)	(78,193)
Total	154,255	150,905	3,350	160,226
<b>Warehouse Division:</b>				
Salaries and employee benefits	129,121	127,912	1,209	126,240
Operating expenditures	79,595	14,028	65,567	7,802
Overhead allocated to other funds	(114,782)	(114,115)	(667)	(111,466)
Total	93,934	27,825	66,109	22,576
<b>Financial Services Administration:</b>				
Salaries and employee benefits	192,620	185,610	7,010	196,243
Operating expenditures	14,462	12,538	1,924	15,013
Overhead allocated to other funds	(88,105)	(85,662)	(2,443)	(91,354)
Total	118,977	112,486	6,491	119,902
<b>Garage Parts Room:</b>				
Salaries and employee benefits	99,563	98,644	919	99,715
Operating expenditures	27,949	22,292	5,657	54,042
Overhead allocated to other funds	(25,643)	(24,677)	(966)	(25,356)
Total	101,869	96,259	5,610	128,401
<b>Revenue Administration:</b>				
Salaries and employee benefits	194,175	192,215	1,960	193,539
Operating expenditures	9,632	7,988	1,644	11,200
Overhead allocated to other funds	(203,252)	(200,139)	(3,113)	(205,398)
Total	555	64	491	(659)
<b>Customer Service:</b>				
Salaries and employee benefits	460,561	444,241	16,320	476,254
Operating expenditures	230,535	217,850	12,685	201,293
Overhead allocated to other funds	(681,600)	(658,574)	(23,026)	(678,896)
Total	9,496	3,517	5,979	(1,349)
<b>Meter Services:</b>				
Salaries and employee benefits	556,123	543,686	12,437	561,309
Operating expenditures	100,691	98,114	2,577	88,043
Overhead allocated to other funds	(658,246)	(641,324)	(16,922)	(654,968)
Total	(1,432)	476	(1,908)	(5,616)
Total financial services	1,052,151	936,394	115,757	974,444

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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>City Attorney:</b>				
Salaries and employee benefits	359,095	359,008	87	356,290
Operating expenditures	50,248	41,941	8,307	40,049
Overhead allocated to other funds	(78,843)	(76,498)	(2,345)	(76,157)
Total	330,500	324,451	6,049	320,182
<b>Special Project and Strategic Development:</b>				
Salaries and employee benefits	128,779	127,633	1,146	127,452
Operating expenditures	84,244	80,526	3,718	30,165
Overhead allocated to other funds	(14,322)	(13,831)	(491)	(13,904)
Total	198,701	194,328	4,373	143,713
<b>Development Services:</b>				
<b>Planning:</b>				
Salaries and employee benefits	345,628	337,647	7,981	331,729
Operating expenditures	53,890	42,648	11,242	43,826
Overhead allocated to other funds	(44,670)	(41,891)	(2,779)	(41,627)
Total	354,848	338,404	16,444	333,928
<b>Zoning:</b>				
Salaries and employee benefits	135,786	118,682	17,104	-
Operating expenditures	23,197	14,531	8,666	-
Total	158,983	133,213	25,770	-
<b>Economic Development:</b>				
Operating expenditures	60,150	-	60,150	47,718
Overhead allocated to other funds	(39,700)	-	(39,700)	(31,494)
Total	20,450	-	20,450	16,224
<b>Transportation Planning:</b>				
Salaries and employee benefits	308,325	286,873	21,452	283,118
Operating expenditures	462,534	118,168	344,366	89,101
Capital outlay	-	-	-	2,019
Total	770,859	405,041	365,818	374,238
<b>Building Services:</b>				
Salaries and employee benefits	703,390	637,597	65,793	838,613
Operating expenditures	399,215	229,450	169,765	291,421
Total	1,102,605	867,047	235,558	1,130,034

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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		Variance Over/Under	2012
	Final Budget	Actual		Actual
<b>Neighborhoods and Housing:</b>				
Salaries and employee benefits	121,218	120,605	613	118,166
Operating expenditures	84,373	52,344	32,029	104,506
Overhead allocated to other funds	(101,088)	(86,374)	(14,714)	(110,104)
Total	104,503	86,575	17,928	112,568
<b>Development Services - Administration:</b>				
Salaries and employee benefits	47,531	6,945	40,586	78,828
Operating expenditures	11,119	4,443	6,676	27,092
Total	58,650	11,388	47,262	105,920
<b>Keep Gastonia Beautiful:</b>				
Salaries and employee benefits	154,678	148,999	5,679	155,142
Operating expenditures	29,697	27,121	2,576	26,459
Total	184,375	176,120	8,255	181,601
<b>Land Development:</b>				
Salaries and employee benefits	579,092	568,800	10,292	576,601
Operating expenditures	45,240	40,983	4,257	45,442
Overhead allocated to other funds	(318,761)	(309,233)	(9,528)	(319,164)
Total	305,571	300,550	5,021	302,879
<b>Neighborhood and Community Resources:</b>				
Operating expenditures	-	-	-	191
Total	-	-	-	191
<b>Code Enforcement:</b>				
Operating expenditures	-	-	-	2,000
Total	-	-	-	2,000
<b>Sister Cities:</b>				
Salaries and employee benefits	26,612	25,870	742	30,236
Operating expenditures	6,125	6,000	125	5,192
Total	32,737	31,870	867	35,428
<b>Community Improvement - Downtown:</b>				
Salaries and employee benefits	93,186	90,832	2,354	91,861
Operating expenditures	2,979	1,323	1,656	488
Overhead allocated to other funds	(17,983)	(18,041)	58	(17,523)
Total	78,182	74,114	4,068	74,826

CITY OF GASTONIA, NORTH CAROLINA

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		Variance Over/Under	2012
	Final Budget	Actual		Actual
<b>Neighborhood Stabilization Program:</b>				
Operating expenditures	21,685	22,638	(953)	17,651
Total	21,685	22,638	(953)	17,651
Total development services	3,193,448	2,446,960	746,488	2,687,488
<b>General Administration:</b>				
Operating expenditures	60,091	58,277	1,814	47,255
Total	60,091	58,277	1,814	47,255
<b>Non-Departmental:</b>				
Operating expenditures	27,003	-	27,003	-
Total	27,003	-	27,003	-
Total general government	9,373,105	8,045,356	1,327,749	8,391,686
<b>Public Safety:</b>				
<b>Police Department:</b>				
<b>Administration:</b>				
Salaries and employee benefits	499,838	493,260	6,578	502,328
Operating expenditures	201,911	74,211	127,700	83,681
Total	701,749	567,471	134,278	586,009
<b>Recruiting:</b>				
Operating expenditures	6,500	3,238	3,262	775
Total	6,500	3,238	3,262	775
<b>2012 JAG Grant:</b>				
Operating expenditures	39,378	39,378	-	-
Total	39,378	39,378	-	-
<b>2011 JAG Grant:</b>				
Operating expenditures	96,253	96,252	1	-
Total	96,253	96,252	1	-
<b>Justice Funds:</b>				
Operating expenditures	87,824	87,824	-	-
Total	87,824	87,824	-	-
<b>Treasury Funds:</b>				
Operating expenditures	61,030	61,030	-	-
Total	61,030	61,030	-	-

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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Investigations:</b>				
Salaries and employee benefits	2,882,325	2,863,466	18,859	2,718,395
Operating expenditures	460,582	420,221	40,361	499,181
Total	3,342,907	3,283,687	59,220	3,217,576
<b>Field Services:</b>				
Salaries and employee benefits	6,893,168	6,749,738	143,430	6,979,582
Operating expenditures	1,570,903	1,466,326	104,577	1,347,171
Capital outlay	77,964	82,421	(4,457)	10,495
Total	8,542,035	8,298,485	243,550	8,337,248
<b>P.A.R.C.:</b>				
Salaries and employee benefits	270,421	264,758	5,663	262,923
Operating expenditures	29,141	27,969	1,172	22,082
Total	299,562	292,727	6,835	285,005
<b>M.I.S.:</b>				
Salaries and employee benefits	450,317	402,869	47,448	449,059
Operating expenditures	173,631	151,410	22,221	177,775
Total	623,948	554,279	69,669	626,834
<b>Support Services:</b>				
Salaries and employee benefits	662,860	544,647	118,213	625,648
Operating expenditures	287,231	212,522	74,709	268,084
Total	950,091	757,169	192,922	893,732
<b>ABC Enforcement:</b>				
Salaries and employee benefits	62,151	60,484	1,667	60,018
Operating expenditures	6,327	5,428	899	7,153
Total	68,478	65,912	2,566	67,171
<b>Early Police Retirement:</b>				
Salaries and employee benefits	783,173	778,699	4,474	693,857
Total	783,173	778,699	4,474	693,857
<b>Asset Forfeiture:</b>				
Operating expenditures	163,984	70,959	93,025	55,206
Capital outlay	-	20,524	(20,524)	36,983
Total	163,984	91,483	72,501	92,189

CITY OF GASTONIA, NORTH CAROLINA

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IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Police Memorial Trust:</b>				
Operating expenditures	2,092	-	2,092	706
Capital outlay	-	-	-	81,489
Total	2,092	-	2,092	82,195
<b>Special Situations:</b>				
Operating expenditures	32,209	25,990	6,219	43,776
Total	32,209	25,990	6,219	43,776
<b>K-9 Competition:</b>				
Operating expenditures	14	-	14	7,403
Total	14	-	14	7,403
<b>Police Department Grants:</b>				
Operating expenditures	3,307	3,207	100	-
Total	3,307	3,207	100	-
<b>Police Records Bureau:</b>				
Salaries and employee benefits	550,226	526,110	24,116	544,116
Operating expenditures	230,326	195,461	34,865	140,509
Total	780,552	721,571	58,981	684,625
<b>Police Miscellaneous Grants:</b>				
Operating expenditures	-	-	-	7,000
Total	-	-	-	7,000
<b>Gaston County Public Safety:</b>				
Operating expenditures	111,824	94,239	17,585	-
Total	111,824	94,239	17,585	-
Total police department	16,696,910	15,822,641	874,269	15,625,395
<b>Fire Department:</b>				
<b>Administration:</b>				
Salaries and employee benefits	372,207	370,554	1,653	365,991
Operating expenditures	82,996	76,680	6,316	73,906
Total	455,203	447,234	7,969	439,897
<b>Life Safety:</b>				
Salaries and employee benefits	403,392	349,923	53,469	401,946
Operating expenditures	53,204	48,098	5,106	51,717
Total	456,596	398,021	58,575	453,663

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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Operations:</b>				
Salaries and employee benefits	7,801,387	7,595,035	206,352	7,558,864
Operating expenditures	1,212,557	1,176,248	36,309	1,176,387
Capital outlay	7,867	-	7,867	13,833
Total	9,021,811	8,771,283	250,528	8,749,084
<b>Training:</b>				
Salaries and employee benefits	87,241	86,646	595	-
Operating expenditures	12,315	11,660	655	13,486
Total	99,556	98,306	1,250	13,486
<b>Early Fire Retirement:</b>				
Salaries and employee benefits	541,298	452,087	89,211	435,513
Total	541,298	452,087	89,211	376,334
<b>Risk Management:</b>				
Salaries and employee benefits	-	-	-	92,856
Operating expenditures	-	-	-	16
Total	-	-	-	92,872
<b>Grants:</b>				
Operating expenditures	-	-	-	420,000
<b>On-Behalf Payments:</b>				
Operating expenditures	-	91,524	(91,524)	85,546
Total	-	91,524	(91,524)	85,546
Total fire department	10,574,464	10,258,455	316,009	10,690,061
Total public safety	27,271,374	26,081,096	1,190,278	26,315,456
<b>Public Works:</b>				
<b>Enterprise Services:</b>				
<b>Solid Waste Administration:</b>				
Operating expenditures	-	456	(456)	-
Total	-	456	(456)	-
<b>Refuse Collection:</b>				
Operating expenditures	800	4,329	(3,529)	27
Total	800	4,329	(3,529)	27



CITY OF GASTONIA, NORTH CAROLINA

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WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Refuse Disposal:</b>				
Operating expenditures	76,250	-	76,250	3,466
Total	76,250	-	76,250	3,466
<b>Garage Inventory:</b>				
Operating expenditures	30,848	132,307	(101,459)	275,808
Overhead allocated to other funds	(6,697)	(7,111)	414	(5,924)
Total	24,151	125,196	(101,045)	269,884
<b>Equipment Services:</b>				
Salaries and employee benefits	961,622	934,878	26,744	961,141
Operating expenditures	172,213	153,755	18,458	142,922
Capital outlay	8,224	8,176	48	3,127
Overhead allocated to other funds	(406,266)	(389,548)	(16,718)	(392,404)
Total	735,793	707,261	28,532	714,786
<b>Airport Operations:</b>				
Operating expenditures	80,510	70,458	10,052	78,591
Total	80,510	70,458	10,052	78,591
Total enterprise services	917,504	907,700	9,804	1,066,754
<b>Public Works:</b>				
<b>Building and Grounds:</b>				
Salaries and employee benefits	704,581	623,013	81,568	662,193
Operating expenditures	239,106	175,442	63,664	211,822
Overhead allocated to other funds	(110,951)	(93,720)	(17,231)	(98,878)
Total	832,736	704,735	128,001	775,137
<b>Engineering:</b>				
Salaries and employee benefits	1,285,075	1,160,036	125,039	1,219,259
Operating expenditures	118,933	107,707	11,226	230,019
Overhead allocated to other funds	(770,091)	(681,071)	(89,020)	(778,013)
Total	633,917	586,672	47,245	671,265
<b>Traffic Services:</b>				
Salaries and employee benefits	486,562	482,216	4,346	456,671
Operating expenditures	154,158	149,690	4,468	193,629
Total	640,720	631,906	8,814	650,300

CITY OF GASTONIA, NORTH CAROLINA

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		2012	
	Final Budget	Actual	Variance Over/Under	Actual
<b>Street Department:</b>				
Supervision				
Salaries and employee benefits	227,023	224,984	2,039	225,682
Operating expenditures	28,141	25,907	2,234	27,809
Overhead allocated to other funds	(154,932)	(152,930)	(2,002)	(155,853)
Total	100,232	97,961	2,271	97,638
<b>Powell Bill Street Funds:</b>				
Salaries and employee benefits	1,213,233	1,113,526	99,707	1,184,551
Operating expenditures	886,559	710,893	175,666	835,477
Capital outlay	15,700	4,500	11,200	-
Overhead allocated to other funds	(109,858)	(94,014)	(15,844)	(103,552)
Total	2,005,634	1,734,905	270,729	1,916,476
<b>Landscape:</b>				
Salaries and employee benefits	406,849	363,648	43,201	382,644
Operating expenditures	51,380	50,572	808	50,958
Overhead allocated to other funds	(29,948)	(27,022)	(2,926)	(28,393)
Total	428,281	387,198	41,083	405,209
<b>Cemeteries:</b>				
Salaries and employee benefits	155,108	146,609	8,499	153,513
Operating expenditures	30,441	28,927	1,514	23,435
Total	185,549	175,536	10,013	176,948
Total public works	5,744,573	5,226,613	517,960	5,759,727
<b>Cultural and Recreational:</b>				
<b>Recreational:</b>				
<b>Operation Playground Pride:</b>				
Operating expenditures	19,976	9,709	10,267	1,414
Total	19,976	9,709	10,267	1,414
<b>Administration:</b>				
Salaries and employee benefits	122,037	120,460	1,577	168,123
Operating expenditures	30,012	26,838	3,174	26,559
Total	152,049	147,298	4,751	194,682
<b>Athletics and Special Facilities:</b>				
Salaries and employee benefits	492,024	487,557	4,467	475,195
Operating expenditures	347,360	305,727	41,633	290,498
Total	839,384	793,284	46,100	765,693

CITY OF GASTONIA, NORTH CAROLINA

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	<u>2013</u>		<u>2012</u>	
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Roland E. Bradley Community Center:</b>				
Salaries and employee benefits	172,535	161,719	10,816	176,551
Operating expenditures	<u>31,518</u>	<u>28,730</u>	<u>2,788</u>	<u>27,444</u>
Total	<u>204,053</u>	<u>190,449</u>	<u>13,604</u>	<u>203,995</u>
<b>Erwin Community Center:</b>				
Salaries and employee benefits	176,987	169,839	7,148	169,940
Operating expenditures	<u>93,653</u>	<u>91,805</u>	<u>1,848</u>	<u>86,724</u>
Total	<u>270,640</u>	<u>261,644</u>	<u>8,996</u>	<u>256,664</u>
<b>Martha Rivers Park:</b>				
Salaries and employee benefits	282,732	256,772	25,960	267,629
Operating expenditures	<u>77,179</u>	<u>72,465</u>	<u>4,714</u>	<u>64,846</u>
Total	<u>359,911</u>	<u>329,237</u>	<u>30,674</u>	<u>332,475</u>
<b>Phillips Community Center:</b>				
Salaries and employee benefits	160,597	133,854	26,743	150,012
Operating expenditures	<u>37,924</u>	<u>33,702</u>	<u>4,222</u>	<u>37,175</u>
Total	<u>198,521</u>	<u>167,556</u>	<u>30,965</u>	<u>187,187</u>
<b>Jeffers Community Center:</b>				
Salaries and employee benefits	158,188	142,969	15,219	157,826
Operating expenditures	<u>28,286</u>	<u>25,436</u>	<u>2,850</u>	<u>23,444</u>
Total	<u>186,474</u>	<u>168,405</u>	<u>18,069</u>	<u>181,270</u>
<b>Maintenance and Development:</b>				
Salaries and employee benefits	352,181	349,315	2,866	358,282
Operating expenditures	<u>100,734</u>	<u>96,945</u>	<u>3,789</u>	<u>78,310</u>
Total	<u>452,915</u>	<u>446,260</u>	<u>6,655</u>	<u>436,592</u>
<b>Golf Course:</b>				
Salaries and employee benefits	-	-	-	337
Operating expenditures	1,600	1,745	(145)	1,671
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,999</u>
Total	<u>1,600</u>	<u>1,745</u>	<u>(145)</u>	<u>152,007</u>
<b>Adult Recreation Center:</b>				
Salaries and employee benefits	156,401	151,230	5,171	152,008
Operating expenditures	<u>109,167</u>	<u>86,418</u>	<u>22,749</u>	<u>104,496</u>
Total	<u>265,568</u>	<u>237,648</u>	<u>27,920</u>	<u>256,504</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	<u>2013</u>		<u>2012</u>	
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Sims Park:</b>				
Operating expenditures	14,925	17,271	(2,346)	16,952
Total	<u>14,925</u>	<u>17,271</u>	<u>(2,346)</u>	<u>16,952</u>
<b>Southeast Community Center:</b>				
Salaries and employee benefits	27,042	26,412	630	25,290
Operating expenditures	4,092	3,667	425	4,101
Total	<u>31,134</u>	<u>30,079</u>	<u>1,055</u>	<u>29,391</u>
<b>Skeet/Trap Range:</b>				
Salaries and employee benefits	42,197	41,187	1,010	42,608
Operating expenditures	64,118	58,972	5,146	66,178
Total	<u>106,315</u>	<u>100,159</u>	<u>6,156</u>	<u>108,786</u>
<b>Lineberger Park:</b>				
Salaries and employee benefits	12,483	11,260	1,223	10,980
Operating expenditures	9,003	4,515	4,488	6,414
Total	<u>21,486</u>	<u>15,775</u>	<u>5,711</u>	<u>17,394</u>
<b>Rankin Lake:</b>				
Salaries and employee benefits	119,916	107,196	12,720	2,204
Operating expenditures	19,290	17,930	1,360	19,655
Total	<u>139,206</u>	<u>125,126</u>	<u>14,080</u>	<u>21,859</u>
<b>Greenways:</b>				
Operating expenditures	20,431	14,076	6,355	19,218
Total	<u>20,431</u>	<u>14,076</u>	<u>6,355</u>	<u>19,218</u>
<b>Recreation Grants:</b>				
Operating expenditures	13,232	736	12,496	650
Total	<u>13,232</u>	<u>736</u>	<u>12,496</u>	<u>650</u>
Total recreational	<u>3,297,820</u>	<u>3,056,457</u>	<u>241,363</u>	<u>3,182,733</u>
<b>Collections/Research:</b>				
Salaries and employee benefits	123,886	122,580	1,306	123,074
Operating expenditures	16,072	14,743	1,329	15,469
Total	<u>139,958</u>	<u>137,323</u>	<u>2,635</u>	<u>138,543</u>
<b>Education:</b>				
Salaries and employee benefits	347,418	346,013	1,405	353,937
Operating expenditures	70,672	65,557	5,115	71,081
Total	<u>418,090</u>	<u>411,570</u>	<u>6,520</u>	<u>425,018</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Exhibits:</b>				
Salaries and employee benefits	153,067	118,980	34,087	152,695
Operating expenditures	49,483	58,239	(8,756)	44,387
Total	202,550	177,219	25,331	197,082
<b>Administration:</b>				
Salaries and employee benefits	315,673	312,430	3,243	305,522
Operating expenditures	181,594	191,484	(9,890)	207,839
Total	497,267	503,914	(6,647)	513,361
<b>Operations:</b>				
Salaries and employee benefits	227,912	188,329	39,583	212,119
Operating expenditures	135,039	127,533	7,506	154,888
Total	362,951	315,862	47,089	367,007
<b>Programs:</b>				
Salaries and employee benefits	101,534	93,507	8,027	113,944
Operating expenditures	17,454	16,798	656	32,347
Capital outlay	633	633	-	-
Total	119,621	110,938	8,683	146,291
<b>Special Projects:</b>				
Operating expenditures	4,982	4,070	912	3,641
Total	4,982	4,070	912	3,641
Total museum	1,745,419	1,660,896	84,523	1,790,943
<b>Webb Theatre - Nicks:</b>				
Operating expenditures	59,259	-	59,259	-
Capital outlay	841	-	841	-
Total	60,100	-	60,100	-
<b>Conference Center:</b>				
Operating expenditures	499,409	271,242	228,167	-
Capital outlay	385,742	144,501	241,241	-
Total	885,151	415,743	469,408	-
Total cultural and recreational	5,988,490	5,133,096	855,394	4,973,676

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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Debt Service:</b>				
Principal	3,024,669	3,024,485	184	2,862,770
Interest	2,395,427	2,395,316	111	2,005,716
Bond issuance costs	-	-	-	43,796
Service charges	6,000	6,694	(694)	3,894
Total	5,426,096	5,426,495	(399)	4,916,176
Total expenditures	53,803,638	49,912,656	3,890,982	50,356,721
Revenues over (under) expenditures	1,861,006	5,494,904	3,633,898	2,870,368
 <b>Other Financing Sources (Uses):</b>				
Issuance of long-term debt	-	-	-	1,694,000
Payments to refunded bond escrow agent	-	-	-	(1,649,848)
Transfers from other funds:				
Water and Sewer Fund	127,371	127,371	-	569,267
Electric Fund	2,000,000	2,000,000	-	2,000,000
Internal service funds	-	-	-	477,861
Special revenue funds	60,000	60,000	-	-
Capital project funds	78,212	78,212	-	5,000
Transfers to other funds:				
Transit Fund	(588,175)	(588,175)	-	(614,497)
Solid Waste	(3,581,146)	(3,581,146)	-	(3,912,970)
Internal service funds	(352,448)	(352,448)	-	-
Special revenue funds	(185,409)	(185,409)	-	-
Capital project funds	(457,774)	(457,774)	-	(256,792)
Budgetary amounts:				
Appropriated fund balance	1,038,363	-	(1,038,363)	-
Total other financing sources (uses)	(1,861,006)	(2,899,369)	(1,038,363)	(1,687,979)
Net change in fund balance	\$ -	2,595,535	\$ 2,595,535	1,182,389
 <b>Fund Balance:</b>				
Beginning of year - July 1		18,255,394		17,037,031
Increase (decrease) in inventories		65,972		35,974
End of year - June 30		\$ 20,916,901		\$ 18,255,394

## **SPECIAL REVENUE FUNDS**

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

### Community Development Block Grant Program Fund

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

### Occupancy Tax Fund

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

### Uptown Municipal Fund

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

### Economic Stimulus Grants Fund

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

**CITY OF GASTONIA, NORTH CAROLINA**

**NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2013**

	<b>Community Development Block Grant</b>				
	<b>Program Fund</b>	<b>Affordable Housing Fund</b>	<b>Rehabilitation Fund</b>	<b>Home Investment Trust Fund</b>	<b>108 Loan/ Revitalization</b>
<b>Assets:</b>					
Cash, cash equivalents, and investments	\$ -	\$ 75,273	\$ 55,918	\$ -	\$ -
Taxes receivable, net	-	-	-	-	-
Accounts receivable, net	29,528	40,335	-	10,421	-
Due from other governments	-	-	-	-	-
Cash and investments, restricted	-	19	-	-	-
Loan pool receivable, net	41,474	434,819	74,500	225,509	-
Property acquired for rehabilitation and resale	656,167	-	39,779	769,759	76,100
<b>Total assets</b>	<b>\$ 727,169</b>	<b>\$ 550,446</b>	<b>\$ 170,197</b>	<b>\$ 1,005,689</b>	<b>\$ 76,100</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 5,635	\$ -	\$ -	\$ 3,342	\$ -
Due to General Fund	200,761	-	-	164,590	313,095
<b>Total liabilities</b>	<b>206,396</b>	<b>-</b>	<b>-</b>	<b>167,932</b>	<b>313,095</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable taxes	-	-	-	-	-
Unavailable revenue	41,474	434,819	74,500	225,509	-
<b>Total deferred inflows of resources</b>	<b>41,474</b>	<b>434,819</b>	<b>74,500</b>	<b>225,509</b>	<b>-</b>
<b>Fund Balances (Deficits):</b>					
Non-spendable:					
Inventories	656,167	-	39,779	769,759	76,100
Restricted:					
Stabilization by State statute	56,774	40,335	-	459,194	100
Restricted, all other	-	75,292	55,918	-	-
Unassigned	(233,642)	-	-	(616,705)	(313,195)
<b>Total fund balances (deficits)</b>	<b>479,299</b>	<b>115,627</b>	<b>95,697</b>	<b>612,248</b>	<b>(236,995)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 727,169</b>	<b>\$ 550,446</b>	<b>\$ 170,197</b>	<b>\$ 1,005,689</b>	<b>\$ 76,100</b>



<b>CDBG (continued)</b>					
<b>108 Loan/ Economic</b>	<b>Economic Development</b>	<b>Occupancy Tax Fund</b>	<b>Uptown Municipal Tax District</b>	<b>Economic Stimulus Grants Fund</b>	<b>Total</b>
\$ 339,054	\$ -	\$ 1,448	\$ 100,374	\$ -	\$ 572,067
-	-	-	19,278	-	19,278
-	-	-	1,094	27,968	109,346
-	-	80,749	-	-	80,749
-	-	-	-	-	19
-	-	-	-	-	776,302
<u>193,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,735,269</u>
<u>\$ 532,518</u>	<u>\$ -</u>	<u>\$ 82,197</u>	<u>\$ 120,746</u>	<u>\$ 27,968</u>	<u>\$ 3,293,030</u>
\$ 45,443	\$ -	\$ 80,749	\$ -	\$ 41,483	\$ 176,652
<u>56,901</u>	<u>2,598</u>	<u>-</u>	<u>-</u>	<u>370,649</u>	<u>1,108,594</u>
<u>102,344</u>	<u>2,598</u>	<u>80,749</u>	<u>-</u>	<u>412,132</u>	<u>1,285,246</u>
-	-	-	19,278	-	19,278
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>776,302</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>19,278</u>	<u>-</u>	<u>795,580</u>
193,464	-	-	-	-	1,735,269
35,334	-	80,749	1,094	28,319	701,899
201,376	-	-	100,374	-	432,960
<u>-</u>	<u>(2,598)</u>	<u>(79,301)</u>	<u>-</u>	<u>(412,483)</u>	<u>(1,657,924)</u>
<u>430,174</u>	<u>(2,598)</u>	<u>1,448</u>	<u>101,468</u>	<u>(384,164)</u>	<u>1,212,204</u>
<u>\$ 532,518</u>	<u>\$ -</u>	<u>\$ 82,197</u>	<u>\$ 120,746</u>	<u>\$ 27,968</u>	<u>\$ 3,293,030</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, 2013**

	<b>Community Development Block Grant</b>				
	<b>Program Fund</b>	<b>Affordable Housing Fund</b>	<b>Rehabilitation Fund</b>	<b>Home Investment Trust Fund</b>	<b>108 Loan/ Revitalization</b>
<b>Revenues:</b>					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	-	-	-	-	-
Restricted intergovernmental	521,927	-	-	290,284	-
Sales and services	6,598	27,534	-	30,864	1,644
Investment earnings	-	-	89	-	-
Miscellaneous	130	-	2	1,102	-
Total revenues	<u>528,655</u>	<u>27,534</u>	<u>91</u>	<u>322,250</u>	<u>1,644</u>
<b>Expenditures:</b>					
Public safety	-	-	-	-	-
Economic and physical development	229,657	-	-	400,993	-
Debt service:					
Principal	236,042	-	-	-	-
Interest	62,190	18,636	-	-	-
Total expenditures	<u>527,889</u>	<u>18,636</u>	<u>-</u>	<u>400,993</u>	<u>-</u>
Revenues over (under) expenditures	<u>766</u>	<u>8,898</u>	<u>91</u>	<u>(78,743)</u>	<u>1,644</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	766	8,898	91	(78,743)	1,644
<b>Fund Balances:</b>					
Beginning of year - July 1	526,927	106,729	95,606	506,406	(238,639)
Increase (decrease) in inventories and property/ land acquired redevelopment/rehabilitation	<u>(48,394)</u>	<u>-</u>	<u>-</u>	<u>184,585</u>	<u>-</u>
End of year - June 30	<u>\$ 479,299</u>	<u>\$ 115,627</u>	<u>\$ 95,697</u>	<u>\$ 612,248</u>	<u>\$ (236,995)</u>

CDBG (continued)					
<u>108 Loan/ Economic</u>	<u>Economic Development</u>	<u>Occupancy Tax Fund</u>	<u>Uptown Municipal Tax District</u>	<u>Economic Stimulus Grants Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 118,036	\$ -	\$ 118,036
-	-	462,765	-	-	462,765
-	-	-	-	1,334,954	2,147,165
-	-	-	-	-	66,640
727	-	-	250	-	1,066
-	-	-	980	1,764	3,978
<u>727</u>	<u>-</u>	<u>462,765</u>	<u>119,266</u>	<u>1,336,718</u>	<u>2,799,650</u>
-	-	-	-	382,185	382,185
103,071	-	462,765	33,622	1,358,465	2,588,573
-	-	-	-	-	236,042
-	-	-	-	-	80,826
<u>103,071</u>	<u>-</u>	<u>462,765</u>	<u>33,622</u>	<u>1,740,650</u>	<u>3,287,626</u>
<u>(102,344)</u>	<u>-</u>	<u>-</u>	<u>85,644</u>	<u>(403,932)</u>	<u>(487,976)</u>
-	-	-	-	185,409	185,409
-	-	-	(60,000)	-	(60,000)
-	-	-	(60,000)	185,409	125,409
(102,344)	-	-	25,644	(218,523)	(362,567)
532,518	(2,598)	1,448	75,824	(165,641)	1,438,580
-	-	-	-	-	136,191
<u>\$ 430,174</u>	<u>\$ (2,598)</u>	<u>\$ 1,448</u>	<u>\$ 101,468</u>	<u>\$ (384,164)</u>	<u>\$ 1,212,204</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental revenues	\$ 1,415,038	\$ 521,927	\$ (893,111)
Sales and services	2,340	6,598	4,258
Miscellaneous	130	130	-
Total revenues	<u>1,417,508</u>	<u>528,655</u>	<u>(888,853)</u>
<b>Expenditures:</b>			
Economic and physical development:			
Industrial development	17,082	6,735	10,347
Administration	250,611	129,293	121,318
Housing rehabilitation	527,545	86,338	441,207
Fair housing	16,351	7,291	9,060
Debt service:			
Principal	240,000	236,042	3,958
Interest	90,000	62,190	27,810
Total expenditures	<u>1,141,589</u>	<u>527,889</u>	<u>613,700</u>
Revenues over (under) expenditures	<u>275,919</u>	<u>766</u>	<u>(275,153)</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance/contingency	<u>(275,919)</u>	<u>-</u>	<u>275,919</u>
Total other financing sources (uses)	<u>(275,919)</u>	<u>-</u>	<u>275,919</u>
Net change in fund balance	<u>\$ -</u>	<u>766</u>	<u>\$ 766</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		526,927	
Increase (decrease) in inventories and property/land acquired for redevelopment/rehabilitation		<u>(48,394)</u>	
End of year - June 30		<u>\$ 479,299</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Sales and services	\$ 16,680	\$ 27,534	\$ 10,854
Total revenues	<u>16,680</u>	<u>27,534</u>	<u>10,854</u>
<b>Expenditures:</b>			
Economic and physical development:			
Debt service:			
Interest	47,315	18,636	28,679
Total expenditures	<u>47,315</u>	<u>18,636</u>	<u>28,679</u>
Revenues over (under) expenditures	<u>(30,635)</u>	<u>8,898</u>	<u>39,533</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance/contingency	30,635	-	(30,635)
Total other financing sources (uses)	<u>30,635</u>	<u>-</u>	<u>(30,635)</u>
Net change in fund balance	<u>\$ -</u>	8,898	<u>\$ 8,898</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>106,729</u>	
End of year - June 30		<u>\$ 115,627</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 89	\$ 89
Miscellaneous	<u>2</u>	<u>2</u>	<u>-</u>
Total revenues	<u>2</u>	<u>91</u>	<u>89</u>
<b>Expenditures:</b>			
Economic and physical development:			
Housing rehabilitation	701	-	701
Armstrong Apartment Project	<u>55,000</u>	<u>-</u>	<u>55,000</u>
Total expenditures	<u>55,701</u>	<u>-</u>	<u>55,701</u>
Revenues over (under) expenditures	<u>(55,699)</u>	<u>91</u>	<u>55,790</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance/contingency	<u>55,699</u>	<u>-</u>	<u>(55,699)</u>
Total other financing sources (uses)	<u>55,699</u>	<u>-</u>	<u>(55,699)</u>
Net change in fund balance	<u>\$ -</u>	<u>91</u>	<u>\$ 91</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>95,606</u>	
End of year - June 30		<u>\$ 95,697</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental revenues	\$ 2,039,132	\$ 290,284	\$ (1,748,848)
Sales and services	19,136	30,864	11,728
Miscellaneous	3,661	1,102	(2,559)
Total revenues	<u>2,061,929</u>	<u>322,250</u>	<u>(1,739,679)</u>
<b>Expenditures:</b>			
Economic and physical development:			
Home program	<u>1,945,467</u>	<u>400,993</u>	<u>1,544,474</u>
Total expenditures	<u>1,945,467</u>	<u>400,993</u>	<u>1,544,474</u>
Revenues over (under) expenditures	<u>116,462</u>	<u>(78,743)</u>	<u>(195,205)</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance/contingency	<u>(116,462)</u>	-	<u>116,462</u>
Total other financing sources (uses)	<u>(116,462)</u>	-	<u>116,462</u>
Net change in fund balance	<u>\$ -</u>	<u>(78,743)</u>	<u>\$ (78,743)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		506,406	
Increase (decrease) in inventories and property/land acquired for redevelopment/rehabilitation		<u>184,585</u>	
End of year - June 30		<u>\$ 612,248</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Sales and services	\$ -	\$ 1,644	\$ 1,644
Total revenues	<u>-</u>	<u>1,644</u>	<u>1,644</u>
 Net change in fund balance	 <u>\$ -</u>	 1,644	 <u>\$ 1,644</u>
 <b>Fund Balance:</b>			
Beginning of year - July 1		<u>(238,639)</u>	
 End of year - June 30		 <u>\$ (236,995)</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 727	\$ 727
Total revenues	<u>-</u>	<u>727</u>	<u>727</u>
<b>Expenditures:</b>			
Economic and physical development:			
108 Guaranteed Loan	179,664	-	179,664
Highland Grocery site	145,518	103,071	42,447
Debt service:			
Principal repayments	<u>12,000</u>	<u>-</u>	<u>12,000</u>
Total expenditures	<u>337,182</u>	<u>103,071</u>	<u>234,111</u>
Revenues over (under) expenditures	<u>(337,182)</u>	<u>(102,344)</u>	<u>234,838</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>337,182</u>	<u>-</u>	<u>(337,182)</u>
Total other financing sources (uses)	<u>337,182</u>	<u>-</u>	<u>(337,182)</u>
Net change in fund balance	<u>\$ -</u>	<u>(102,344)</u>	<u>\$ (102,344)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>532,518</u>	
End of year - June 30		<u>\$ 430,174</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ -	\$ -
Total revenues	-	-	-
Net change in fund balance	\$ -	-	\$ -
<b>Fund Balance:</b>			
Beginning of year - July 1		(2,598)	
End of year - June 30		<u>\$ (2,598)</u>	

## CITY OF GASTONIA, NORTH CAROLINA

**OCCUPANCY TAX**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Other taxes and licenses	\$ 500,000	\$ 462,765	\$ (37,235)
Total revenues	<u>500,000</u>	<u>462,765</u>	<u>(37,235)</u>
<b>Expenditures:</b>			
Economic and physical development:			
Gastonia Tourism Development Authority	<u>500,000</u>	<u>462,765</u>	<u>37,235</u>
Total expenditures	<u>500,000</u>	<u>462,765</u>	<u>37,235</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>1,448</u>	
End of year - June 30		<u>\$ 1,448</u>	

## CITY OF GASTONIA, NORTH CAROLINA

**UPTOWN MUNICIPAL TAX DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 118,623	\$ 118,036	\$ (587)
Investment earnings	-	250	250
Miscellaneous	20	980	960
Total revenues	<u>118,643</u>	<u>119,266</u>	<u>623</u>
<b>Expenditures:</b>			
Economic and physical development:			
Community improvement downtown	<u>131,083</u>	<u>33,622</u>	<u>97,461</u>
Total expenditures	<u>131,083</u>	<u>33,622</u>	<u>97,461</u>
Revenues over (under) expenditures	<u>(12,440)</u>	<u>85,644</u>	<u>98,084</u>
<b>Other Financing Sources (Uses):</b>			
Transfers to other funds	(60,000)	(60,000)	-
Appropriated fund balance	<u>72,440</u>	<u>-</u>	<u>(72,440)</u>
Total other financing sources (uses)	<u>12,440</u>	<u>(60,000)</u>	<u>(72,440)</u>
Net change in fund balance	<u>\$ -</u>	<u>25,644</u>	<u>\$ 25,644</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>75,824</u>	
End of year - June 30		<u>\$ 101,468</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental revenues	\$ 1,615,572	\$ 1,334,954	\$ (280,618)
Miscellaneous	<u>2,110</u>	<u>1,764</u>	<u>(346)</u>
Total revenues	<u>1,617,682</u>	<u>1,336,718</u>	<u>(280,964)</u>
<b>Expenditures:</b>			
Public safety:			
Police/Field Services Grant - ARRA	321,678	382,185	(60,507)
Economic and physical development:			
Neighborhood Stabilization Grant	357,304	102,165	255,139
Energy Efficiency Government Buildings	68,409	6,300	62,109
Neighborhood Stabilization Project 3	<u>950,000</u>	<u>1,250,000</u>	<u>(300,000)</u>
Total expenditures	<u>1,697,529</u>	<u>1,740,650</u>	<u>(43,121)</u>
Revenues over (under) expenditures	<u>(79,847)</u>	<u>(403,932)</u>	<u>(324,085)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	185,409	185,409	-
Contingency	<u>(105,562)</u>	<u>-</u>	<u>105,562</u>
Total other financing sources (uses)	<u>79,847</u>	<u>185,409</u>	<u>105,562</u>
Net change in fund balance	<u>\$ -</u>	<u>(218,523)</u>	<u>\$ (218,523)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>(165,641)</u>	
End of year - June 30		<u>\$ (384,164)</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 represent the combined statements of the Streets Fund, Mayor/Council Fund, Developer Sidewalk Fund, the Airport Fund, and the Downtown Revitalization Fund.

### Mayor / Council Fund

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

### Streets Fund

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

### Developer Sidewalk Fund

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

### Airport Fund

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

### Downtown Revitalization Fund

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

## **CAPITAL PROJECTS FUNDS (cont)**

### Infrastructure Rehabilitation Fund

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



## CITY OF GASTONIA, NORTH CAROLINA

**MAJOR CAPITAL PROJECT FUND - STREETS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental revenues	\$ 4,550,473	\$ 31,452	\$ (4,519,021)
Miscellaneous revenues	-	4,000	4,000
Investment earnings	<u>44,000</u>	<u>21,850</u>	<u>(22,150)</u>
Total revenues	<u>4,594,473</u>	<u>57,302</u>	<u>(4,537,171)</u>
<b>Expenditures:</b>			
Capital outlay:			
Joint Venture - Street Improvements	98,818	-	98,818
Walgreens at Cox Road	157,828	-	157,828
West Davidson Bridge Replacement	175,664	-	175,664
Capital Project Reserve	8,130	-	8,130
General Obligation Bonds Road Widening	28,595,705	1,069,031	27,526,674
General Obligation Bonds Sidewalks	479,874	164,354	315,520
General Obligation Bonds Resurfacing	124,093	-	124,093
2010 GO Bonds - Links and Sidewalks	160,000	-	160,000
2010 GO Bonds - Resurfacing	<u>489,999</u>	<u>4,000</u>	<u>485,999</u>
Total expenditures	<u>30,375,111</u>	<u>1,237,385</u>	<u>29,137,726</u>
Revenues over (under) expenditures	<u>(25,780,638)</u>	<u>(1,180,083)</u>	<u>24,600,555</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>25,780,638</u>	<u>-</u>	<u>(25,780,638)</u>
Total other financing sources (uses)	<u>25,780,638</u>	<u>-</u>	<u>(25,780,638)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,180,083)</u>	<u>\$ (1,180,083)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>25,788,016</u>	
End of year - June 30		<u>\$ 24,607,933</u>	

**CITY OF GASTONIA, NORTH CAROLINA**

**NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2013**

	<u>Mayor/Council</u>	<u>Developer Sidewalk</u>	<u>Airport</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 2,750,918	\$ 173,064	\$ 73,326
Accounts receivable	<u>-</u>	<u>-</u>	<u>43,724</u>
Total assets	<u>\$ 2,750,918</u>	<u>\$ 173,064</u>	<u>\$ 117,050</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 147,281	\$ 55,460	\$ 63,839
Total liabilities	<u>147,281</u>	<u>55,460</u>	<u>63,839</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>			
Restricted:			
Stabilization by State statute	1,072,635	-	155,781
Restricted, all other	-	-	-
Assigned	1,531,002	117,604	-
Unassigned	<u>-</u>	<u>-</u>	<u>(102,570)</u>
Total fund balances	<u>2,603,637</u>	<u>117,604</u>	<u>53,211</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,750,918</u>	<u>\$ 173,064</u>	<u>\$ 117,050</u>

**Schedule D-2**

<u>Downtown Revitalization</u>	<u>Infrastructure Rehabilitation Fund</u>	<u>Total</u>
\$ 12,056	\$ 298,233	\$ 3,307,597
<u>-</u>	<u>11,826</u>	<u>55,550</u>
<u>\$ 12,056</u>	<u>\$ 310,059</u>	<u>\$ 3,363,147</u>
\$ -	\$ 724	\$ 267,304
<u>-</u>	<u>724</u>	<u>267,304</u>
<u>-</u>	<u>3,194</u>	<u>3,194</u>
<u>-</u>	<u>3,194</u>	<u>3,194</u>
-	11,826	1,240,242
12,056	-	12,056
-	294,315	1,942,921
<u>-</u>	<u>-</u>	<u>(102,570)</u>
<u>12,056</u>	<u>306,141</u>	<u>3,092,649</u>
<u>\$ 12,056</u>	<u>\$ 310,059</u>	<u>\$ 3,363,147</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, 2013**

	<u>Mayor/Council</u>	<u>Developer Sidewalk</u>	<u>Airport</u>
<b>Revenues:</b>			
Restricted intergovernmental revenues	\$ -	\$ -	\$ 473,827
Investment earnings	3,693	1,228	219
Miscellaneous revenues	<u>198,135</u>	<u>-</u>	<u>-</u>
Total revenues	<u>201,828</u>	<u>1,228</u>	<u>474,046</u>
<b>Expenditures:</b>			
Capital outlay	<u>1,541,642</u>	<u>-</u>	<u>585,845</u>
Total expenditures	<u>1,541,642</u>	<u>-</u>	<u>585,845</u>
Revenues over (under) expenditures	<u>(1,339,814)</u>	<u>1,228</u>	<u>(111,799)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers to other funds	-	-	-
Transfers from other funds	<u>348,700</u>	<u>-</u>	<u>30,000</u>
Total other financing sources (uses)	<u>348,700</u>	<u>-</u>	<u>30,000</u>
Net change in fund balances	(991,114)	1,228	(81,799)
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>3,594,751</u>	<u>116,376</u>	<u>135,010</u>
End of year - June 30	<u>\$ 2,603,637</u>	<u>\$ 117,604</u>	<u>\$ 53,211</u>

**Schedule D-3**

<u>Downtown Revitalization</u>	<u>Infrastructure Rehabilitation Fund</u>	<u>Total</u>
\$ -	\$ -	\$ 473,827
-	313	5,453
-	193,149	391,284
<u>-</u>	<u>193,462</u>	<u>870,564</u>
-	71,894	2,199,381
<u>-</u>	<u>71,894</u>	<u>2,199,381</u>
-	121,568	(1,328,817)
(78,212)	-	(78,212)
<u>79,074</u>	<u>-</u>	<u>457,774</u>
<u>862</u>	<u>-</u>	<u>379,562</u>
862	121,568	(949,255)
<u>11,194</u>	<u>184,573</u>	<u>4,041,904</u>
<u>\$ 12,056</u>	<u>\$ 306,141</u>	<u>\$ 3,092,649</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental revenue	\$ 4,015,300	\$ -	\$ (4,015,300)
Investment earnings	5,400	3,693	(1,707)
Miscellaneous revenues	<u>338,625</u>	<u>198,135</u>	<u>(140,490)</u>
Total revenues	<u>4,359,325</u>	<u>201,828</u>	<u>(4,157,497)</u>
<b>Expenditures:</b>			
Mayor's Youth Council	300	-	300
Financial Services - Accounting	129,235	2,212	127,023
Transportation planning	4,364,000	-	4,364,000
Public Works - Powell Bill	58,579	-	58,579
Keep Gastonia Beautiful	3,221	-	3,221
Marth Rivers Park	12,780	2,647	10,133
Rankin Lane	7,996	1,761	6,235
2010 LOBs - Recreation projects	98,707	81,919	16,788
Farmer's Market	40,000	-	40,000
Greenways	191,913	-	191,913
Gastonia Optimist Club Park	144,800	6,610	138,190
Schiele Environmental Services Center	1,650,842	1,378,057	272,785
Miscellaneous Park Projects	59,605	-	59,605
2010 2/3 General Obligation Bonds	69,120	18,784	50,336
Annexation Street	176,107	24,130	151,977
2010 GO Bonds - Recreation Projects	10,777	6,383	4,394
Capital Project Reserve	19,040	-	19,040
General Obligation Bonds Project	22,060	19,139	2,921
Armstrong Apartment Project	<u>245,000</u>	<u>-</u>	<u>245,000</u>
Total	<u>7,304,082</u>	<u>1,541,642</u>	<u>5,762,440</u>
Total expenditures	<u>7,304,082</u>	<u>1,541,642</u>	<u>5,762,440</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
Revenues over (under) expenditures	<u>(2,944,757)</u>	<u>(1,339,814)</u>	<u>1,604,943</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	348,700	348,700	-
Appropriated fund balance	<u>2,596,057</u>	<u>-</u>	<u>(2,596,057)</u>
Total other financing sources (uses)	<u>2,944,757</u>	<u>348,700</u>	<u>(2,596,057)</u>
Net change in fund balance	<u>\$ -</u>	<u>(991,114)</u>	<u>\$ (991,114)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>3,594,751</u>	
End of year - June 30		<u>\$ 2,603,637</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 1,228	\$ 1,228
Total revenues	<u>-</u>	<u>1,228</u>	<u>1,228</u>
<b>Expenditures:</b>			
Redbud-Eckerds	5,876	-	5,876
Sundance Village	8,956	-	8,956
Bessemer City Highway	14,015	-	14,015
Capital project reserve	87,153	-	87,153
Total expenditures	<u>116,000</u>	<u>-</u>	<u>116,000</u>
Revenues over (under) expenditures	<u>(116,000)</u>	<u>1,228</u>	<u>117,228</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	116,000	-	(116,000)
Total other financing sources (uses)	<u>116,000</u>	<u>-</u>	<u>(116,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,228</u>	<u>\$ 1,228</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>116,376</u>	
End of year - June 30		<u>\$ 117,604</u>	



## CITY OF GASTONIA, NORTH CAROLINA

**CAPITAL PROJECT FUND - AIRPORT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental revenues	\$ 889,727	\$ 473,827	\$ (415,900)
Investment earnings	-	219	219
Total revenues	<u>889,727</u>	<u>474,046</u>	<u>(415,681)</u>
<b>Expenditures:</b>			
Airport operations/non-routine	<u>1,053,083</u>	<u>585,845</u>	<u>467,238</u>
Revenues over (under) expenditures	<u>(163,356)</u>	<u>(111,799)</u>	<u>51,557</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	30,000	30,000	-
Appropriated fund balance	<u>133,356</u>	<u>-</u>	<u>(133,356)</u>
Total other financing sources (uses)	<u>163,356</u>	<u>30,000</u>	<u>(133,356)</u>
Net change in fund balance	<u>\$ -</u>	<u>(81,799)</u>	<u>\$ (81,799)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>135,010</u>	
End of year - June 30		<u>\$ 53,211</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Capital outlay:			
South Street Plaza	\$ 12,055	\$ -	\$ 12,055
Total expenditures	<u>12,055</u>	<u>-</u>	<u>12,055</u>
Revenues over (under) expenditures	<u>(12,055)</u>	<u>-</u>	<u>12,055</u>
<b>Other Financing Sources (Uses):</b>			
Transfers to other funds	(78,212)	(78,212)	-
Transfers from other funds	79,074	79,074	-
Appropriated fund balance	<u>11,193</u>	<u>-</u>	<u>(11,193)</u>
Total other financing sources (uses)	<u>12,055</u>	<u>862</u>	<u>(11,193)</u>
Net change in fund balance	<u>\$ -</u>	862	<u>\$ 862</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>11,194</u>	
End of year - June 30		<u>\$ 12,056</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ 400	\$ 313	\$ (87)
Miscellaneous	<u>72,420</u>	<u>193,149</u>	<u>120,729</u>
Total revenues	<u>72,820</u>	<u>193,462</u>	<u>120,642</u>
<b>Expenditures:</b>			
Economic and physical development:	50,111	33,062	17,049
Administration	55,350	38,832	16,518
Capital project reserve	73,502	-	73,502
General Obligation Bonds properties	<u>29,602</u>	<u>-</u>	<u>29,602</u>
Total expenditures	<u>208,565</u>	<u>71,894</u>	<u>136,671</u>
Revenues over (under) expenditures	<u>(135,745)</u>	<u>121,568</u>	<u>257,313</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>135,745</u>	<u>-</u>	<u>(135,745)</u>
Total other financing sources (uses)	<u>135,745</u>	<u>-</u>	<u>(135,745)</u>
Net change in fund balance	<u>\$ -</u>	<u>121,568</u>	<u>\$ 121,568</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>184,573</u>	
End of year - June 30		<u>\$ 306,141</u>	



## **ENTERPRISE FUNDS**

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

### Water and Sewer Fund

The Water and Sewer Fund includes the accounts of the Water and Sewer Operation Fund and five capital projects funds. Financing of the operation fund comes principally from charges to the users. The capital projects funds are financed mainly from general obligation and revenue bonds as well as user charges.

### Electric Fund

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

### Stormwater Fund

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

### Transit System Fund

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

### Municipal Golf Course Fund

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

### Solid Waste Fund

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



## CITY OF GASTONIA, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	<u>Transit System Fund</u>	<u>Municipal Golf Course Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>Assets:</b>				
Cash, cash equivalents, and investments	\$ 87,790	\$ 1,895	\$ 510,580	\$ 600,265
Accounts receivable, net	-	-	127,049	127,049
Inventory	-	10,999	-	10,999
Due from other governments	176,579	-	-	176,579
Depreciable capital assets, net	885,195	592,008	-	1,477,203
Non-depreciable capital assets	<u>296,770</u>	<u>62,008</u>	<u>-</u>	<u>358,778</u>
Total assets	<u>\$ 1,446,334</u>	<u>\$ 666,910</u>	<u>\$ 637,629</u>	<u>\$ 2,750,873</u>
<b>Liabilities and Net Position:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 11,948	\$ -	\$ 109,572	\$ 121,520
Accrued salaries and benefits	40,922	-	60,190	101,112
Compensated absences	<u>40,711</u>	<u>-</u>	<u>72,725</u>	<u>113,436</u>
Total current liabilities	93,581	-	242,487	336,068
Compensated absences, non-current	13,570	-	24,242	37,812
Other post-employment benefits obligation, non-current	<u>337,753</u>	<u>-</u>	<u>-</u>	<u>337,753</u>
Total liabilities	<u>444,904</u>	<u>-</u>	<u>266,729</u>	<u>711,633</u>
<b>Net Position:</b>				
Net Investment in capital assets	1,181,965	654,016	-	1,835,981
Unrestricted	<u>(180,535)</u>	<u>12,894</u>	<u>370,900</u>	<u>203,259</u>
Total net position	<u>\$ 1,001,430</u>	<u>\$ 666,910</u>	<u>\$ 370,900</u>	<u>\$ 2,039,240</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, 2013**

	<b>Transit System Fund</b>	<b>Municipal Golf Course Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>				
Charges for services	\$ 214,862	\$ -	\$ 1,144,207	\$ 1,359,069
Other operating revenues	51,870	-	2,542	54,412
Total operating revenues	<u>266,732</u>	<u>-</u>	<u>1,146,749</u>	<u>1,413,481</u>
<b>Operating Expenses:</b>				
Administration	677,774	-	287,039	964,813
Maintenance	298,309	-	-	298,309
ADA/Para-transit expenses	180,343	-	-	180,343
Operations area	970,574	-	4,169,912	5,140,486
Depreciation and amortization	255,934	38,958	-	294,892
Total operating expenses	<u>2,382,934</u>	<u>38,958</u>	<u>4,456,951</u>	<u>6,878,843</u>
Operating income (loss)	<u>(2,116,202)</u>	<u>(38,958)</u>	<u>(3,310,202)</u>	<u>(5,465,362)</u>
<b>Non-Operating Revenues (Expenses):</b>				
Investment earnings	272	-	-	272
Total non-operating revenues (expenses)	<u>272</u>	<u>-</u>	<u>-</u>	<u>272</u>
Income (loss) before capital contributions and transfers	(2,115,930)	(38,958)	(3,310,202)	(5,465,090)
<b>Capital Contributions:</b>				
Federal and State grants	1,354,317	-	-	1,354,317
<b>Transfers:</b>				
Transfers to other funds	(12,545)	-	(22,700)	(35,245)
Transfers from other funds	588,175	-	3,581,146	4,169,321
Change in net position	(185,983)	(38,958)	248,244	23,303
<b>Net Position:</b>				
Beginning of year - July 1	<u>1,187,413</u>	<u>705,868</u>	<u>122,656</u>	<u>2,015,937</u>
End of year - June 30	<u>\$ 1,001,430</u>	<u>\$ 666,910</u>	<u>\$ 370,900</u>	<u>\$ 2,039,240</u>



## CITY OF GASTONIA, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Transit System Fund</u>	<u>Municipal Golf Course Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers and users	\$ 266,732	\$ -	\$ 1,162,001	\$ 1,428,733
Cash paid to suppliers	(880,358)	-	(2,761,557)	(3,641,915)
Cash paid to employees	(1,196,762)	-	(1,861,667)	(3,058,429)
Net cash provided (used) by operating activities	<u>(1,810,388)</u>	<u>-</u>	<u>(3,461,223)</u>	<u>(5,271,611)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Changes in due to/from other funds	(296,220)	-	-	(296,220)
Transfers from other funds	588,175	-	3,581,146	4,169,321
Transfers to other funds	(12,545)	-	(22,700)	(35,245)
Net cash provided (used) by non-capital financing activities	<u>279,410</u>	<u>-</u>	<u>3,558,446</u>	<u>3,837,856</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Federal and State grants received	1,624,480	-	-	1,624,480
Acquisition and construction of capital assets	(5,984)	-	-	(5,984)
Net cash provided (used) by capital and related financing activities	<u>1,618,496</u>	<u>-</u>	<u>-</u>	<u>1,618,496</u>
<b>Cash Flows from Investing Activities:</b>				
Interest on investments	272	-	-	272
Net cash provided (used) by investing activities	<u>272</u>	<u>-</u>	<u>-</u>	<u>272</u>
Net increase (decrease) in cash and cash equivalents	87,790	-	97,223	185,013
<b>Cash and Cash Equivalents:</b>				
Beginning of year - July 1	-	1,895	413,357	415,252
End of year - June 30	<u>\$ 87,790</u>	<u>\$ 1,895</u>	<u>\$ 510,580</u>	<u>\$ 600,265</u>
<b>Reconciliation of Operating Income to Cash Flows from Operating Activities:</b>				
Operating income (loss)	\$ (2,116,202)	\$ (38,958)	\$ (3,310,202)	\$ (5,465,362)
Depreciation and amortization	255,934	38,958	-	294,892
Change in assets and liabilities:				
(Increase) decrease in accounts receivables	-	-	15,252	15,252
Increase (decrease) in accounts payable	3,460	-	(171,516)	(168,056)
Increase (decrease) in accrued salaries	(1,349)	-	6,281	4,932
Increase (decrease) in compensated absences	(2,966)	-	(1,038)	(4,004)
Increase (decrease) in other post-employment benefits	50,735	-	-	50,735
Net cash provided (used) by operating activities	<u>\$ (1,810,388)</u>	<u>\$ -</u>	<u>\$ (3,461,223)</u>	<u>\$ (5,271,611)</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Water sales and sewer charges	\$ 30,724,000	\$ 31,862,674	\$ 1,138,674	\$ 31,072,080
Utilities for City use	1,194,986	1,056,647	(138,339)	1,038,104
Water and sewer taps	62,500	65,558	3,058	78,562
Other operating revenues	204,600	258,376	53,776	235,955
Pretreatment monitoring charge	68,000	56,101	(11,899)	65,832
Total	<u>32,254,086</u>	<u>33,299,356</u>	<u>1,045,270</u>	<u>32,490,533</u>
Non-operating revenues:				
Proceeds from sale of fixed assets	13,000	30,351	17,351	24,886
Investment earnings	26,500	30,113	3,613	39,939
Other non-operating revenues	70,959	89,416	18,457	69,899
Total	<u>110,459</u>	<u>149,880</u>	<u>39,421</u>	<u>134,724</u>
Total revenues	<u>32,364,545</u>	<u>33,449,236</u>	<u>1,084,691</u>	<u>32,625,257</u>
<b>Expenditures:</b>				
Operating expenditures:				
Administration:				
General services:				
Salaries and employee benefits	747,853	636,078	111,775	631,091
Other operating expenditures	3,017,822	2,782,365	235,457	2,373,191
Reserve - reduction of future debt issuance	1,575,759	-	1,575,759	-
Renewal and replacement	1,538,409	-	1,538,409	-
Overhead charged by other departments	3,487,247	3,284,910	202,337	3,453,563
Total	<u>10,367,090</u>	<u>6,703,353</u>	<u>3,663,737</u>	<u>6,457,845</u>
Cramerton sewer:				
Salaries and employee benefits	23,593	22,492	1,101	320,403
Other operating expenditures	32,345	30,874	1,471	725,871
Total	<u>55,938</u>	<u>53,366</u>	<u>2,572</u>	<u>1,046,274</u>
Customer service:				
Salaries and employee benefits	384,574	381,590	2,984	304,215
Other operating expenditures	398,406	352,119	46,287	399,872
Overhead charged by other departments	(1,000)	(460)	(540)	(570)
Total	<u>781,980</u>	<u>733,249</u>	<u>48,731</u>	<u>703,517</u>
Total administration	<u>11,205,008</u>	<u>7,489,968</u>	<u>3,715,040</u>	<u>8,207,636</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Operations area:				
AM/FM GIS:				
Other operating expenditures	22,007	11,951	10,056	10,495
Capital outlay	7,000	5,845	1,155	-
Total	29,007	17,796	11,211	10,495
PW Landscape:				
Salaries and employee benefits	138,108	137,477	631	136,131
Other operating expenditures	25,964	18,758	7,206	20,166
Total	164,072	156,235	7,837	156,297
Water and sewer street maintenance:				
Salaries and employee benefits	190,085	164,831	25,254	192,973
Other operating expenditures	144,650	126,498	18,152	156,281
Total	334,735	291,329	43,406	349,254
Service and meter repair:				
Other operating expenditures	430	470	(40)	483
Total	430	470	(40)	483
Utility locator:				
Other operating expenditures	870	950	(80)	2,487
Total	870	950	(80)	2,487
Water line maintenance:				
Salaries and employee benefits	1,050,271	1,008,756	41,515	1,037,912
Other operating expenditures	353,073	323,765	29,308	289,674
Overhead charged by other departments	(35,093)	(33,600)	(1,493)	(34,958)
Total	1,368,251	1,298,921	69,330	1,292,628
Sewer line maintenance:				
Salaries and employee benefits	904,161	842,292	61,869	804,992
Other operating expenditures	930,992	723,619	207,373	726,276
Capital outlay	55,467	38,197	17,270	10,025
Sewer line extensions	5,615	5,614	1	-
Overhead charged by other departments	(38,370)	(31,747)	(6,623)	(30,711)
Total	1,857,865	1,577,975	279,890	1,510,582
Total operations area	3,755,230	3,343,676	411,554	3,322,226

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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Water supply and treatment:				
Salaries and employee benefits	1,357,601	1,303,654	53,947	1,372,666
Other operating expenditures	2,451,594	2,473,775	(22,181)	2,242,353
Overhead charged by other departments	40,428	40,427	1	164,026
Total	3,849,623	3,817,856	31,767	3,779,045
Facility maintenance:				
Salaries and employee benefits	836,322	831,570	4,752	836,322
Other operating expenditures	796,473	726,506	69,967	677,598
Overhead charged by other departments	71,484	61,867	9,617	186
Total	1,704,279	1,619,943	84,336	1,514,106
Sewage treatment:				
Salaries and employee benefits	2,479,840	2,440,413	39,427	2,382,079
Other operating expenditures	3,772,819	3,315,166	457,653	3,205,717
Capital outlay	40,000	39,995	5	32,057
Total	6,292,659	5,795,574	497,085	5,619,853
Payseur Mountain Resource Recovery:				
Other operating expenditures	1,111,077	1,025,312	85,765	943,568
Total	1,111,077	1,025,312	85,765	943,568
Debt service:				
Debt principal	4,405,273	4,405,249	24	3,612,419
Interest and fees	1,307,923	1,291,087	16,836	1,487,895
Bond issuance costs	-	-	-	60,304
Total	5,713,196	5,696,336	16,860	5,160,618
Total expenditures	33,631,072	28,788,665	4,842,407	28,547,052
Revenues over (under) expenditures	(1,266,527)	4,660,571	5,927,098	4,078,205
<b>Other Financing Sources (Uses):</b>				
Issuance of long-term debt	-	-	-	4,318,000
Payments to refunded bond escrow agent	-	-	-	(4,255,869)
Bond issuance costs				
Intrafund transfers	(1,203,977)	(1,203,977)	-	(1,203,977)
Transfers to other funds	(208,456)	(208,456)	-	(569,267)
Appropriated fund balance	2,678,960	-	(2,678,960)	-
Total other financing sources (uses)	1,266,527	(1,412,433)	(2,678,960)	(1,711,113)

**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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 3,248,138	\$ 3,248,138	\$ 2,367,092

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

Net change in fund balance	\$ 3,248,138
Reconciling items:	
Depreciation and amortization	(4,832,607)
Amortization of debt premiums	165,809
Bad debt (expense) recovery	17,823
Long-term debt principal repayments	4,405,249
Intrafund transfers to capital project funds	1,203,977
Capital project revenues	26,748
Capital project expenditures	(1,182,721)
Capital assets purchased/capitalized	1,374,459
Change in unbilled revenues receivable	98,530
Change in accrued vacation pay	(3,591)
Change in deferred revenues and inventories	(10,539)
Change in accrued interest payable	61,181
Other post-employment benefits	<u>(308,796)</u>
Change in net position	<u>\$ 4,263,660</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 24,520	\$ 24,520	\$ -
Investment earnings	5,000	7,086	2,086
Other	<u>20,142</u>	<u>(4,858)</u>	<u>(25,000)</u>
Total revenues	<u>49,662</u>	<u>26,748</u>	<u>(22,914)</u>
<b>Expenditures:</b>			
Non-departmental	143,492	-	143,492
Regionalization	78,413	66,667	11,746
Crowders Creek	32,514	5,415	27,099
NCDOT Sewer Utility	48,698	-	48,698
Facility Upgrade - Sewer	55,862	18,295	37,567
Municipal operations	183,046	-	183,046
Collection System	1,551,937	186,816	1,365,121
Special Assessment	156,349	145,765	10,584
Pumpstation Force Main	191,628	-	191,628
Long Creek Wastewater Treatment Plant	31,716	18,890	12,826
Water Improvements - NCDOT Conflicts	113,464	-	113,464
Water Distribution	69,002	-	69,002
Water Supply and Treatment	1,144,387	522,043	622,344
Water Improvements - Revenue Bonds	366,244	214,853	151,391
Other	<u>3,977</u>	<u>3,977</u>	<u>-</u>
Total expenditures	<u>4,170,729</u>	<u>1,182,721</u>	<u>2,988,008</u>
Revenues over (under) expenditures	<u>(4,121,067)</u>	<u>(1,155,973)</u>	<u>2,965,094</u>
<b>Other Financing Sources (Uses):</b>			
Intrafund transfers	1,203,977	1,203,977	-
Appropriated fund balance	<u>2,917,090</u>	<u>-</u>	<u>(2,917,090)</u>
Total other financing sources (uses)	<u>4,121,067</u>	<u>1,203,977</u>	<u>(2,917,090)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 48,004</u>	<u>\$ 48,004</u>

CITY OF GASTONIA, NORTH CAROLINA

**ELECTRIC FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Over/Under	2012
	Budget	Actual		Actual
<b>Revenues:</b>				
Operating revenues:				
Electricity sales	\$ 71,253,841	\$ 69,355,719	\$ (1,898,122)	\$ 67,921,770
Utilities for City use	1,308,263	1,268,970	(39,293)	1,221,464
Other operating revenues	1,085,643	1,064,890	(20,753)	339,169
Total	<u>73,647,747</u>	<u>71,689,579</u>	<u>(1,958,168)</u>	<u>69,482,403</u>
Non-operating revenues:				
Investment earnings	25,000	30,356	5,356	43,016
Proceeds from sale of equipment	30,000	11,721	(18,279)	53,285
Total	<u>55,000</u>	<u>42,077</u>	<u>(12,923)</u>	<u>96,301</u>
Total revenues	<u>73,702,747</u>	<u>71,731,656</u>	<u>(1,971,091)</u>	<u>69,578,704</u>
<b>Expenditures:</b>				
Operating expenditures:				
Administration:				
Salaries and employee benefits	776,081	758,512	17,569	793,225
Overhead charged by other departments	2,538,348	2,403,722	134,626	2,477,022
Other operating expenditures	1,632,002	1,427,387	204,615	1,484,585
Total	<u>4,946,431</u>	<u>4,589,621</u>	<u>356,810</u>	<u>4,754,832</u>
Operations:				
AM/FM GIS:				
Other operating expenditures	68,389	29,241	39,148	1,517
Capital outlay	7,000	5,845	1,155	-
Total	<u>75,389</u>	<u>35,086</u>	<u>40,303</u>	<u>1,517</u>
Utility locator:				
Salaries and employee benefits	137,089	134,764	2,325	135,158
Other operating expenditures	41,478	36,687	4,791	22,365
Reimbursement for services	(97,520)	(102,822)	5,302	(116,919)
Total	<u>81,047</u>	<u>68,629</u>	<u>12,418</u>	<u>40,604</u>

CITY OF GASTONIA, NORTH CAROLINA

**ELECTRIC FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Electric service:				
Salaries and employee benefits	896,380	891,797	4,583	825,814
Other operating expenditures	360,851	349,094	11,757	319,993
Reimbursement of services	(2,000)	(78,283)	76,283	(161,080)
Total	<u>1,255,231</u>	<u>1,162,608</u>	<u>92,623</u>	<u>984,727</u>
Electric substation:				
Salaries and employee benefits	261,054	241,914	19,140	251,737
Other operating expenditures	284,159	159,010	125,149	113,634
Total	<u>545,213</u>	<u>400,924</u>	<u>144,289</u>	<u>365,371</u>
Street lights:				
Salaries and employee benefits	282,645	282,085	560	258,701
Other operating expenditures	467,741	415,068	52,673	440,741
Total	<u>750,386</u>	<u>697,153</u>	<u>53,233</u>	<u>699,442</u>
Load management:				
Other operating expenditures	400	-	400	-
Total	<u>400</u>	<u>-</u>	<u>400</u>	<u>-</u>
Electric line maintenance:				
Salaries and employee benefits	428,551	418,739	9,812	380,327
Other operating expenditures	924,232	918,825	5,407	917,154
Reimbursement for services	(40,000)	(5,274)	(34,726)	(83,894)
Total	<u>1,312,783</u>	<u>1,332,290</u>	<u>(19,507)</u>	<u>1,213,587</u>
Line construction:				
Salaries and employee benefits	767,251	761,329	5,922	630,198
Other operating expenditures	191,565	151,271	40,294	221,448
Capital outlay	65,423	51,717	13,706	68,824
Reimbursement for services	(8,000)	-	(8,000)	-
Total	<u>1,016,239</u>	<u>964,317</u>	<u>51,922</u>	<u>920,470</u>
Underground line construction:				
Salaries and employee benefits	350,923	350,827	96	325,826
Other operating expenditures	85,259	79,820	5,439	55,964
Capital outlay	161,195	108,990	52,205	173,620
Total	<u>597,377</u>	<u>539,637</u>	<u>57,740</u>	<u>555,410</u>



CITY OF GASTONIA, NORTH CAROLINA

**ELECTRIC FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Financial services / warehouse:				
Other operating expenditures	125,107	(135,768)	260,875	221,559
Total	125,107	(135,768)	260,875	221,559
Electric service - generators:				
Other operating expenditures	57,102	59,149	(2,047)	70,343
Reimbursement for services	(20,000)	(20,000)	-	-
Total	37,102	39,149	(2,047)	70,343
Renewal and replacement	1,285,384	-	1,285,384	-
Total	1,285,384	-	1,285,384	-
Total operations	7,081,658	5,104,025	1,977,633	5,073,030
Purchased power:				
Cost of electricity purchased	62,780,363	60,684,919	2,095,444	55,851,847
Debt service:				
Interest and fees	16,869	16,869	-	16,869
Total	16,869	16,869	-	16,869
Total expenditures	74,825,321	70,395,434	4,429,887	65,696,578
Revenues over (under) expenditures	(1,122,574)	1,336,222	2,458,796	3,882,126
<b>Other Financing Sources (Uses):</b>				
Transfers to other funds	(2,026,882)	(2,026,882)	-	(2,000,000)
Intrafund transfer	(1,000,000)	(1,000,000)	-	(1,043,838)
Appropriated fund balance	4,149,456	-	(4,149,456)	-
Total other financing sources (uses)	1,122,574	(3,026,882)	(4,149,456)	(3,043,838)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (1,690,660)	\$ (1,690,660)	\$ 838,288

**CITY OF GASTONIA, NORTH CAROLINA**

**ELECTRIC FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>		<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u> <u>Actual</u>
<b>Reconciliation from Budgetary Basis to Full Accrual Basis:</b>			
Net change in fund balance		\$ (1,690,660)	
Reconciling items:			
Depreciation		(1,859,495)	
Bad debt (expense) recovery		55,159	
Intrafund transfers to capital project funds		1,000,000	
Capital project revenues		82,201	
Capital project expenditures		(1,424,157)	
Capital projects - transfers from (to) other funds:			
Capital assets purchased/capitalized		2,863,643	
Change in unbilled revenues receivable		640,498	
Change in accrued vacation pay		11,395	
Change in deferred revenues and inventories		(116,245)	
Other post-employment benefits		<u>(146,818)</u>	
Change in net position		<u>\$ (584,479)</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental revenues	\$ 76,853	\$ 76,853	\$ -
Miscellaneous	60,505	505	(60,000)
Investment earnings	-	4,843	4,843
Total revenues	<u>137,358</u>	<u>82,201</u>	<u>(55,157)</u>
<b>Expenditures:</b>			
Economic development	191,200	85,000	106,200
Electric truck shed	21,380	-	21,380
SCADA replacement	59,146	47,127	12,019
Capital project reserve	505	-	505
Long Creek Generator Project	600,000	-	600,000
City electrical tie lines	956,404	724,561	231,843
US 74 line extension	505,414	352,284	153,130
Electric development	266,489	138,656	127,833
Residential development	297,124	5,345	291,779
NCDOT City Fiber	207,055	57,409	149,646
Loray Mill	435,000	13,775	421,225
GO Bonds Project	64,074	-	64,074
Total expenditures	<u>3,603,791</u>	<u>1,424,157</u>	<u>2,179,634</u>
Revenues over (under) expenditures	<u>(3,466,433)</u>	<u>(1,341,956)</u>	<u>2,124,477</u>
<b>Other Financing Sources (Uses):</b>			
Intrafund transfers	1,000,000	1,000,000	-
Bond issuance costs	(9,606)	-	9,606
Appropriated fund balance	2,476,039	-	(2,476,039)
Total other financing sources (uses)	<u>3,466,433</u>	<u>1,000,000</u>	<u>(2,466,433)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (341,956)</u>	<u>\$ (341,956)</u>

## CITY OF GASTONIA, NORTH CAROLINA

## STORMWATER FUND

## SCHEDULE OF REVENUES AND EXPENDITURES

## BUDGET AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2013

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Stormwater fees	\$ 2,029,000	\$ 2,019,583	\$ (9,417)	\$ 1,995,045
Stormwater fees to other funds	50,336	50,936	600	50,545
Other operating revenues	1,473	1,223	(250)	519
Total	<u>2,080,809</u>	<u>2,071,742</u>	<u>(9,067)</u>	<u>2,046,109</u>
Non-operating revenues:				
Investment earnings	650	671	21	951
Total	<u>650</u>	<u>671</u>	<u>21</u>	<u>951</u>
Total revenues	<u>2,081,459</u>	<u>2,072,413</u>	<u>(9,046)</u>	<u>2,047,060</u>
<b>Expenditures:</b>				
Operating expenditures:				
Administration:				
Salaries and benefits	254,343	253,144	1,199	221,595
Other operating expenditures	28,171	25,223	2,948	17,284
Overhead allocation from General Fund	861,172	793,963	67,209	824,001
Total	<u>1,143,686</u>	<u>1,072,330</u>	<u>71,356</u>	<u>1,062,880</u>
Operations:				
Salaries and benefits	363,651	343,709	19,942	355,281
Other operating expenditures	259,734	201,374	58,360	299,202
Total	<u>623,385</u>	<u>545,083</u>	<u>78,302</u>	<u>654,483</u>
AM/FM/GIS:				
Other operating expenditures	15,335	9,281	6,054	7,974
Total	<u>15,335</u>	<u>9,281</u>	<u>6,054</u>	<u>7,974</u>
Total expenditures	<u>1,782,406</u>	<u>1,626,694</u>	<u>155,712</u>	<u>1,725,337</u>

## CITY OF GASTONIA, NORTH CAROLINA

## STORMWATER FUND

## SCHEDULE OF REVENUES AND EXPENDITURES

## BUDGET AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2013

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	299,053	445,719	146,666	321,723
<b>Other Financing Sources (Uses):</b>				
Transfers to other funds	(4,182)	(4,182)	-	-
Intrafund transfer	(452,475)	(452,475)	-	(315,503)
Appropriated fund balance	157,604	-	(157,604)	-
Total other financing sources (uses)	(299,053)	(456,657)	157,604	(315,503)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (10,938)	\$ (10,938)	\$ 6,220

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

Net change in fund balance	\$ (10,938)
Reconciling items:	
Depreciation	(635,261)
Capital project revenues	2,314
Capital project expenditures	(261,882)
Intrafund transfer to Capital Project Fund	452,475
Capital assets purchased/capitalized	261,882
Gain/(loss) on sale of capital assets	(15,737)
Bad debt expense	(16,595)
Change in unbilled revenues receivable	17,656
Change in accrued vacation pay	4,753
Change in deferred revenues and inventories	16,595
Other post-employment benefits	(23,714)
Change in net position	\$ (208,452)

## 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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 1,583	\$ 1,583
Miscellaneous revenues	731	731	-
Total revenues	<u>731</u>	<u>2,314</u>	<u>1,583</u>
<b>Expenditures:</b>			
Stormwater system	786,614	251,218	535,396
Stormwater, non-capital	100,988	10,664	90,324
Total expenditures	<u>887,602</u>	<u>261,882</u>	<u>625,720</u>
Revenues over (under) expenditures	<u>(886,871)</u>	<u>(259,568)</u>	<u>627,303</u>
<b>Other Financing Sources (Uses):</b>			
Intrafund transfer in	452,475	452,475	-
Appropriated fund balance	434,396	-	(434,396)
Total other financing sources (uses)	<u>886,871</u>	<u>452,475</u>	<u>(434,396)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 192,907</u>	<u>\$ 192,907</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2012			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Bus user fees	\$ 200,200	\$ 214,862	\$ 14,662	\$ 211,119
Restricted intergovernmental	1,360,272	1,354,317	(5,955)	1,333,951
Miscellaneous	13,796	51,870	38,074	10,430
Total operating revenues	<u>1,574,268</u>	<u>1,621,049</u>	<u>46,781</u>	<u>1,555,500</u>
Non-operating revenues:				
Investment earnings	-	272	272	385
Total non-operating revenues	<u>-</u>	<u>272</u>	<u>272</u>	<u>385</u>
Total revenues	<u>1,574,268</u>	<u>1,621,321</u>	<u>47,053</u>	<u>1,555,885</u>
<b>Expenditures:</b>				
Fleet services	6,275	11,074	(4,799)	5,012
Total	<u>6,275</u>	<u>11,074</u>	<u>(4,799)</u>	<u>5,012</u>
Administration:				
Salaries and benefits	242,156	226,762	15,394	247,351
Other operating expenditures	45,319	40,111	5,208	41,267
Overhead allocation from General Fund	381,438	360,166	21,272	370,648
Total	<u>668,913</u>	<u>627,039</u>	<u>41,874</u>	<u>659,266</u>
Operations:				
Salaries and benefits	594,841	587,571	7,270	582,986
Other operating expenditures	401,373	374,565	26,808	353,130
Capital outlay	12,415	6,314	6,101	12,822
Total	<u>1,008,629</u>	<u>968,450</u>	<u>40,179</u>	<u>948,938</u>
Maintenance:				
Salaries and benefits	283,130	275,153	7,977	283,566
Other operating expenditures	28,133	23,156	4,977	20,745
Capital outlay	6,000	-	6,000	806
Total	<u>317,263</u>	<u>298,309</u>	<u>18,954</u>	<u>305,117</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2012			2012
	Budget	Actual	Variance Over/Under	Actual
ADA / Paratransit:				
Salaries and benefits	157,885	153,696	4,189	155,415
Other operating expenditures	29,467	26,647	2,820	20,004
Capital outlay	1,000	-	1,000	-
Total	<u>188,352</u>	<u>180,343</u>	<u>8,009</u>	<u>175,419</u>
Total expenditures	<u>2,189,432</u>	<u>2,085,215</u>	<u>104,217</u>	<u>2,093,752</u>
Revenues over (under) expenditures	<u>(615,164)</u>	<u>(463,894)</u>	<u>151,270</u>	<u>(537,867)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	588,175	588,175	-	614,497
Transfers to other funds	(12,545)	(12,545)	-	-
Appropriated fund balance	39,534	-	(39,534)	-
Total other financing sources (uses)	<u>615,164</u>	<u>575,630</u>	<u>(39,534)</u>	<u>614,497</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 111,736</u>	<u>\$ 111,736</u>	<u>\$ 76,630</u>
<b>Reconciliation from Budgetary Basis to Full Accrual Basis:</b>				
Net change in fund balance		\$ 111,736		
Reconciling items:				
Depreciation		(255,934)		
Capital assets purchased		5,984		
Decrease in accrued vacation pay		2,966		
Other post-employment benefits		<u>(50,735)</u>		
Change in net position		<u>\$ (185,983)</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, 2013

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Collection and recycling fees	\$ 1,119,200	\$ 1,184,015	\$ 64,815	\$ 1,406,159
Other operating revenues	3,007	2,542	(465)	2,951
Total revenues	<u>1,122,207</u>	<u>1,186,557</u>	<u>64,350</u>	<u>1,409,110</u>
<b>Expenditures:</b>				
Operating expenditures:				
Administration:				
Salaries and benefits	253,304	251,102	2,202	223,887
Other operating expenditures	69,990	58,031	11,959	83,977
Overhead allocation from General Fund	(20,066)	(21,056)	990	(21,199)
Total	<u>303,228</u>	<u>288,077</u>	<u>15,151</u>	<u>286,665</u>
Refuse collection:				
Salaries and benefits	1,672,698	1,615,808	56,890	1,685,086
Other operating expenditures	2,083,656	1,965,704	117,952	2,075,179
Capital outlay	(37,623)	(34,562)	(3,061)	(36,304)
Total	<u>3,718,731</u>	<u>3,546,950</u>	<u>171,781</u>	<u>3,723,961</u>
Refuse disposal:				
Other operating expenditures	<u>704,236</u>	<u>622,962</u>	<u>81,274</u>	<u>1,285,980</u>
Total	<u>704,236</u>	<u>622,962</u>	<u>81,274</u>	<u>1,285,980</u>
Total expenditures	<u>4,726,195</u>	<u>4,457,989</u>	<u>268,206</u>	<u>5,296,606</u>
Revenues over (under) expenditures	<u>(3,603,988)</u>	<u>(3,271,432)</u>	<u>332,556</u>	<u>(3,887,496)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	3,581,146	3,581,146	-	4,006,128
Transfers to other funds	(22,700)	(22,700)	-	-
Appropriated fund balance	45,542	-	(45,542)	-
Total other financing sources (uses)	<u>3,603,988</u>	<u>3,558,446</u>	<u>45,542</u>	<u>4,006,128</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 287,014</u>	<u>\$ 287,014</u>	<u>\$ 118,632</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, 2013

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Reconciliation from Budgetary Basis to Full Accrual Basis:</b>				
Net change in fund balance		\$ 287,014		
Reconciling items:				
Change in unbilled revenues receivable		(39,808)		
Change in accrued vacation pay		<u>1,038</u>		
Change in net position		<u>\$ 248,244</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, 2013

	<u>Vehicle Replacement Fund</u>	<u>Information Technology Fund</u>	<u>Dental Self-Insurance Fund</u>	<u>Medical Self-Insurance Fund</u>	<u>Total</u>
<b>Assets:</b>					
Current assets:					
Cash, cash equivalents, and investments	\$ -	\$ 508,648	\$ 139,254	\$ 678,195	\$ 1,326,097
Accounts receivable, net	-	144,347	-	9,156	153,503
Due from other funds	-	-	-	68,525	68,525
Cash and cash equivalents, restricted	1,841,140	-	-	-	1,841,140
Total current assets	<u>1,841,140</u>	<u>652,995</u>	<u>139,254</u>	<u>755,876</u>	<u>3,389,265</u>
Non-current assets:					
Depreciable capital assets, net	8,998,378	37,575	-	-	9,035,953
Total non-current assets	<u>8,998,378</u>	<u>37,575</u>	<u>-</u>	<u>-</u>	<u>9,035,953</u>
Total assets	<u>\$ 10,839,518</u>	<u>\$ 690,570</u>	<u>\$ 139,254</u>	<u>\$ 755,876</u>	<u>\$ 12,425,218</u>
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable	\$ 329,970	\$ 43,610	\$ -	\$ 777,607	\$ 1,151,187
Accrued salaries and benefits	-	30,522	-	-	30,522
Compensated absences, current	-	60,775	-	-	60,775
Accrued interest	26,751	-	-	-	26,751
Due to other funds	-	-	41,418	-	41,418
Current portion of long-term debt	2,076,629	-	-	-	2,076,629
Total current liabilities	<u>2,433,350</u>	<u>134,907</u>	<u>41,418</u>	<u>777,607</u>	<u>3,387,282</u>
Non-current liabilities:					
Compensated absences, non-current	-	20,259	-	-	20,259
Non-current portion of long-term debt	4,426,586	-	-	-	4,426,586
Total non-current liabilities	<u>4,426,586</u>	<u>20,259</u>	<u>-</u>	<u>-</u>	<u>4,446,845</u>
Total liabilities	<u>6,859,936</u>	<u>155,166</u>	<u>41,418</u>	<u>777,607</u>	<u>7,834,127</u>
<b>Net Position:</b>					
Net investment in capital assets	4,336,303	37,575	-	-	4,373,878
Unrestricted	(356,721)	497,829	97,836	(21,731)	217,213
Total net position	<u>3,979,582</u>	<u>535,404</u>	<u>97,836</u>	<u>(21,731)</u>	<u>4,591,091</u>
Total liabilities and net position	<u>\$ 10,839,518</u>	<u>\$ 690,570</u>	<u>\$ 139,254</u>	<u>\$ 755,876</u>	<u>\$ 12,425,218</u>

## CITY OF GASTONIA, NORTH CAROLINA

**INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Vehicle Replacement Fund</b>	<b>Information Technology Fund</b>	<b>Dental Self-Insurance Fund</b>	<b>Medical Self-Insurance Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>					
Charges for services	\$ 2,206,065	\$ 1,886,651	\$ 324,867	\$ 6,425,761	\$ 10,843,344
Other revenues	-	1,908	-	-	1,908
Total	<u>2,206,065</u>	<u>1,888,559</u>	<u>324,867</u>	<u>6,425,761</u>	<u>10,845,252</u>
<b>Operating Expenses:</b>					
Operations area	126,946	1,842,890	342,265	7,104,663	9,416,764
Depreciation and amortization	<u>2,494,493</u>	<u>27,329</u>	-	-	<u>2,521,822</u>
Total	<u>2,621,439</u>	<u>1,870,219</u>	<u>342,265</u>	<u>7,104,663</u>	<u>11,938,586</u>
Operating income (loss)	<u>(415,374)</u>	<u>18,340</u>	<u>(17,398)</u>	<u>(678,902)</u>	<u>(1,093,334)</u>
<b>Non-Operating Revenues (Expenses):</b>					
Miscellaneous	124,420	-	-	-	124,420
Investment earnings	(4,789)	809	34	668	(3,278)
Gain (loss) on disposal of fixed assets	(101,544)	-	-	-	(101,544)
Interest on long-term debt	<u>(133,336)</u>	-	-	-	<u>(133,336)</u>
Total non-operating revenues (expenses)	<u>(115,249)</u>	<u>809</u>	<u>34</u>	<u>668</u>	<u>(113,738)</u>
Income (loss) before capital contributions and transfers	<u>(530,623)</u>	<u>19,149</u>	<u>(17,364)</u>	<u>(678,234)</u>	<u>(1,207,072)</u>
<b>Transfers:</b>					
Transfers from other funds	5,816	-	-	500,000	505,816
Transfers to other funds	-	<u>(5,974)</u>	-	-	<u>(5,974)</u>
Total transfers	<u>5,816</u>	<u>(5,974)</u>	-	<u>500,000</u>	<u>499,842</u>
Change in net position	(524,807)	13,175	(17,364)	(178,234)	(707,230)
<b>Net Position:</b>					
Beginning of year - July 1	<u>4,504,389</u>	<u>522,229</u>	<u>115,200</u>	<u>156,503</u>	<u>5,298,321</u>
End of year - June 30	<u>\$ 3,979,582</u>	<u>\$ 535,404</u>	<u>\$ 97,836</u>	<u>\$ (21,731)</u>	<u>\$ 4,591,091</u>

## CITY OF GASTONIA, NORTH CAROLINA

INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013

	<b>Vehicle Replacement Fund</b>	<b>Information Technology Fund</b>	<b>Dental Self-Insurance Fund</b>	<b>Medical Self-Insurance Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers and users	\$ 2,347,561	\$ 1,899,079	\$ 324,867	\$ 6,416,605	\$ 10,988,112
Cash paid to suppliers	161,723	(1,262,672)	(342,265)	(6,820,236)	(8,263,450)
Cash paid to employees	-	(536,261)	-	-	(536,261)
Net cash provided (used) by operating activities	<u>2,509,284</u>	<u>100,146</u>	<u>(17,398)</u>	<u>(403,631)</u>	<u>2,188,401</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Change in due to/from other funds	-	-	41,418	(68,525)	(27,107)
Transfers from (to) other funds	5,816	-	-	500,000	505,816
Transfers to other funds	-	(5,974)	-	-	(5,974)
Net cash provided (used) by non-capital financing activities	<u>5,816</u>	<u>(5,974)</u>	<u>41,418</u>	<u>431,475</u>	<u>472,735</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Proceeds from issuance of debt	2,114,020	-	-	-	2,114,020
Principal paid on long-term debt	(2,491,482)	-	-	-	(2,491,482)
Acquisition and construction of capital assets	(2,812,611)	(28,826)	-	-	(2,841,437)
Interest paid on long-term debt	(143,187)	-	-	-	(143,187)
Net cash provided (used) by capital and related financing activities	<u>(3,333,260)</u>	<u>(28,826)</u>	<u>-</u>	<u>-</u>	<u>(3,362,086)</u>
<b>Cash Flows from Investing Activities:</b>					
Interest on investments	(4,789)	809	34	668	(3,278)
Net cash provided (used) by investing activities	<u>(4,789)</u>	<u>809</u>	<u>34</u>	<u>668</u>	<u>(3,278)</u>
Net increase (decrease) in cash and cash equivalents	(822,949)	66,155	24,054	28,512	(704,228)
<b>Cash and Cash Equivalents:</b>					
Beginning of year - July 1	<u>2,664,089</u>	<u>442,493</u>	<u>115,200</u>	<u>649,683</u>	<u>3,871,465</u>
End of year - June 30	<u>\$ 1,841,140</u>	<u>\$ 508,648</u>	<u>\$ 139,254</u>	<u>\$ 678,195</u>	<u>\$ 3,167,237</u>
<b>Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:</b>					
Operating income (loss)	\$ (415,374)	\$ 18,340	\$ (17,398)	\$ (678,902)	\$ (1,093,334)
Depreciation and amortization	2,494,493	27,329	-	-	2,521,822
Non-operating revenues (expenses)	124,420	-	-	-	124,420
Change in assets and liabilities:					
(Increase) decrease in accounts receivables	17,076	10,520	-	(9,156)	18,440
Increase (decrease) in accounts payable	288,669	33,465	-	284,427	606,561
Increase (decrease) in compensated absences	-	10,492	-	-	10,492
Net cash provided (used) by operating activities	<u>\$ 2,509,284</u>	<u>\$ 100,146</u>	<u>\$ (17,398)</u>	<u>\$ (403,631)</u>	<u>\$ 2,188,401</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Plan	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
Vehicle and equipment rentals	\$ 2,271,537	\$ 2,206,065	\$ (65,472)	\$ 2,615,168
Total	<u>2,271,537</u>	<u>2,206,065</u>	<u>(65,472)</u>	<u>2,615,168</u>
<b>Non-Operating Revenues:</b>				
Miscellaneous	10,449	124,420	113,971	53,491
Investment earnings	-	(4,789)	(4,789)	(6,481)
Total	<u>10,449</u>	<u>119,631</u>	<u>109,182</u>	<u>47,010</u>
Total revenues	<u>2,281,986</u>	<u>2,325,696</u>	<u>43,710</u>	<u>2,662,178</u>
<b>Expenditures:</b>				
Operating expenditures:				
Equipment manager 2013:				
Capital outlay	<u>1,586,000</u>	<u>1,195,843</u>	<u>390,157</u>	<u>-</u>
Total	<u>1,586,000</u>	<u>1,195,843</u>	<u>390,157</u>	<u>-</u>
Technology systems 2013:				
Other operating expenditures	261,520	75,073	186,447	-
Capital outlay	<u>188,500</u>	<u>67,633</u>	<u>120,867</u>	<u>-</u>
Total	<u>450,020</u>	<u>142,706</u>	<u>307,314</u>	<u>-</u>
Equipment manager 2012:				
Capital outlay	<u>1,363,595</u>	<u>1,265,356</u>	<u>98,239</u>	<u>816,288</u>
Total	<u>1,363,595</u>	<u>1,265,356</u>	<u>98,239</u>	<u>816,288</u>
Technology systems 2012:				
Other operating expenditures	17,623	17,623	-	63,306
Capital outlay	<u>135,941</u>	<u>126,755</u>	<u>9,186</u>	<u>-</u>
Total	<u>153,564</u>	<u>144,378</u>	<u>9,186</u>	<u>63,306</u>
Equipment manager:				
Other operating expenditures	2,337	899	1,438	-
Capital outlay	<u>244,024</u>	<u>43,698</u>	<u>200,326</u>	<u>15,450</u>
Total	<u>246,361</u>	<u>44,597</u>	<u>201,764</u>	<u>15,450</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, 2013**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Plan	Actual	Variance Over/Under	Actual
Financial services/Meter services:				
Other operating expenditures	37,000	32,749	4,251	-
Total	37,000	32,749	4,251	-
Computer systems:				
Other operating expenditures	36,916	36,478	438	48,473
Capital outlay	13,950	13,950	-	71,193
Total	50,866	50,428	438	119,666
Financial services - customer service:				
Other operating expenditures	6,588	-	6,588	-
Police field services:				
Other operating expenditures	63,681	63,500	181	35,319
Total	63,681	63,500	181	35,319
Fire operations:				
Other operating expenditures	-	-	-	6,161
Non-departmental:				
Other operating expenditures	332,078	-	332,078	-
Total	332,078	-	332,078	-
Water line maintenance:				
Capital outlay	5,771	-	5,771	59,229
Total	5,771	-	5,771	59,229
Total operating expenditures	4,295,524	2,939,557	1,355,967	1,115,419
Debt service:				
Principal repayments	2,491,959	2,491,482	477	2,961,293
Interest and fees	130,333	128,812	1,521	183,898
Debt issuance costs	16,500	10,250	6,250	-
Other debt service costs	50,317	4,125	46,192	15,410
Total	2,689,109	2,634,669	54,440	3,160,601

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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Plan	Actual	Variance Over/Under	Actual
Total expenditures	6,984,633	5,574,226	1,410,407	4,276,020
Revenues over (under) expenditures	(4,702,647)	(3,248,530)	1,454,117	(1,613,842)
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	5,816	5,816	-	-
Issuance of long-term debt	2,446,098	2,114,020	(332,078)	2,592,800
Appropriated fund balance	2,250,733	-	(2,250,733)	-
Total other financing sources (uses)	4,702,647	2,119,836	(2,582,811)	2,592,800
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (1,128,694)	\$ (1,128,694)	\$ 978,958
<b>Reconciliation from Budgetary Basis to Full Accrual Basis:</b>				
Net change in fund balance		\$ (1,128,694)		
Reconciling items:				
Depreciation and amortization		(2,494,493)		
Gain/(loss) on sale of capital assets		(101,544)		
Proceeds from issuance of long-term debt		(2,114,020)		
Long-term debt principal repayments		2,491,482		
Capital outlay, capitalized		2,812,611		
Change in accrued interest		9,851		
Change in net position		\$ (524,807)		

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, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Plan	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
Technology services	\$ 1,899,706	\$ 1,886,651	\$ (13,055)	\$ 2,002,041
Miscellaneous	1,908	1,908	-	1,847
Total	<u>1,901,614</u>	<u>1,888,559</u>	<u>(13,055)</u>	<u>2,003,888</u>
<b>Non-Operating Revenues:</b>				
Investment earnings	800	809	9	1,147
Total	<u>800</u>	<u>809</u>	<u>9</u>	<u>1,147</u>
Total revenues	<u>1,902,414</u>	<u>1,889,368</u>	<u>(13,046)</u>	<u>2,005,035</u>
<b>Expenditures:</b>				
Operating expenditures:				
Network access:				
Other operating expenditures	273,212	245,469	27,743	204,966
Capital outlay	<u>16,320</u>	<u>13,826</u>	<u>2,494</u>	<u>6,895</u>
Total	<u>289,532</u>	<u>259,295</u>	<u>30,237</u>	<u>211,861</u>
Technology services - administration:				
Salaries and employee benefits	130,861	130,375	486	266,820
Other operating expenditures	<u>15,355</u>	<u>10,850</u>	<u>4,505</u>	<u>121,807</u>
Total	<u>146,216</u>	<u>141,225</u>	<u>4,991</u>	<u>388,627</u>
Technology services - public safety:				
Salaries and employee benefits	5,383	5,332	51	74,229
Other operating expenditures	<u>65,850</u>	<u>62,327</u>	<u>3,523</u>	<u>54,060</u>
Total	<u>71,233</u>	<u>67,659</u>	<u>3,574</u>	<u>128,289</u>
Technology services - computer support:				
Salaries and employee benefits	208,101	174,567	33,534	280,571
Other operating expenditures	<u>78,589</u>	<u>59,197</u>	<u>19,392</u>	<u>45,124</u>
Total	<u>286,690</u>	<u>233,764</u>	<u>52,926</u>	<u>325,695</u>
Technology service - Assistant City Manager:				
Salaries and employee benefits	76,263	72,403	3,860	73,192
Other operating expenditures	<u>44,291</u>	<u>38,564</u>	<u>5,727</u>	<u>9,804</u>
Total	<u>120,554</u>	<u>110,967</u>	<u>9,587</u>	<u>82,996</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, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Plan	Actual	Variance Over/Under	Actual
Technology-city equipment:				
Other operating expenditures	329,138	321,373	7,765	388,686
Total	329,138	321,373	7,765	388,686
Technology services - support administration:				
Salaries and employee benefits	273,226	233,210	40,016	232,146
Other operating expenditures	158,415	134,947	23,468	140,344
Capital outlay	10,000	10,000	-	-
Total	441,641	378,157	63,484	372,490
Technology services - core services:				
Salaries and employee benefits	261,210	241,306	19,904	-
Other operating expenditures	46,394	36,466	9,928	-
Total	307,604	277,772	29,832	-
Technology services - admin services:				
Salaries and employee benefits				
Other operating expenditures	94,597	71,012	23,585	-
Total	94,597	71,012	23,585	-
Technology services - capital projects:				
Other operating expenditures	239,205	-	239,205	-
Total expenditures	2,326,410	1,861,224	465,186	1,898,644
Revenues over (under) expenditures	(423,996)	28,144	452,140	106,391
<b>Other Financing Sources (Uses):</b>				
Transfers to other funds	(5,974)	(5,974)	-	-
Appropriated fund balance	429,970	-	(429,970)	-
Total other financing sources (uses)	423,996	(5,974)	(429,970)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 22,170	\$ 22,170	\$ 106,391

**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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Reconciliation from Budgetary Basis to Full Accrual Basis</b>				
Net change in fund balance		\$ 22,170		
Reconciling items:				
Depreciation and amortization		(27,329)		
Capital outlay, capitalized		28,826		
Change in accrued vacation pay		<u>(10,492)</u>		
Change in net position		<u>\$ 13,175</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, 2013

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Plan	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Charges for services	\$ 340,000	\$ 324,867	\$ (15,133)	\$ 323,377
Total operating revenues	<u>340,000</u>	<u>324,867</u>	<u>(15,133)</u>	<u>323,377</u>
Non-operating revenues:				
Investment earnings	-	34	34	(14)
Total non-operating revenues	<u>-</u>	<u>34</u>	<u>34</u>	<u>(14)</u>
Total revenues	<u>340,000</u>	<u>324,901</u>	<u>(15,099)</u>	<u>323,363</u>
<b>Expenditures:</b>				
Operating expenditures:				
Administration:				
Operating expenditures	340,000	342,265	(2,265)	302,495
Total expenditures	<u>340,000</u>	<u>342,265</u>	<u>(2,265)</u>	<u>302,495</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (17,364)</u>	<u>\$ (17,364)</u>	<u>\$ 20,868</u>

## 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, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Operating Revenues:</b>				
Charges for services	\$ 6,316,523	\$ 6,425,761	\$ 109,238	\$ 6,828,485
Total operating revenues	<u>6,316,523</u>	<u>6,425,761</u>	<u>109,238</u>	<u>6,828,485</u>
<b>Non-Operating Revenues:</b>				
Investment earnings	<u>750</u>	<u>668</u>	<u>(82)</u>	<u>811</u>
Total non-operating revenues	<u>750</u>	<u>668</u>	<u>(82)</u>	<u>811</u>
Total revenues	<u>6,317,273</u>	<u>6,426,429</u>	<u>109,156</u>	<u>6,829,296</u>
<b>Expenditures:</b>				
Operating expenditures:				
Administration:				
Operating expenditures	<u>6,817,273</u>	<u>7,104,663</u>	<u>(287,390)</u>	<u>7,255,385</u>
Total expenditures	<u>6,817,273</u>	<u>7,104,663</u>	<u>(287,390)</u>	<u>7,255,385</u>
Revenues over (under) expenditures	<u>(500,000)</u>	<u>(678,234)</u>	<u>(178,234)</u>	<u>(426,089)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>(477,861)</u>
Total other financing sources (uses)	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>(477,861)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (178,234)</u>	<u>\$ (178,234)</u>	<u>\$ (903,950)</u>





## **AGENCY FUND**

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

Individual fund description:

### Cramerton Stormwater Fund

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



## CITY OF GASTONIA, NORTH CAROLINA

## AGENCY FUND

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2013</u>
<b>Cramerton Stormwater Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 12,088	\$ 134,751	\$ 133,937	\$ 12,902
Accounts receivable	22,567	67,573	67,306	22,834
Total assets	<u>\$ 34,655</u>	<u>\$ 202,324</u>	<u>\$ 201,243</u>	<u>\$ 35,736</u>
<b>Liabilities:</b>				
Accounts payable	\$ 34,655	\$ 66,363	\$ 65,282	\$ 35,736
Total liabilities	<u>\$ 34,655</u>	<u>\$ 66,363</u>	<u>\$ 65,282</u>	<u>\$ 35,736</u>



## **STATISTICAL SECTION**

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

### **Financial Trends - Schedules 1-4**

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

### **Revenue Capacity – Schedules 5-9**

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

### **Debt Capacity – Schedules 10-14**

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

### **Demographic and Economic Information – Schedules 15-17**

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

### **Operating Information – Tables 18-19**

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

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year. The City implemented Statement 34 in 2003; schedules presenting government-wide information begin in that year.



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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental activities</b>										
Net investment in capital assets	\$ 126,226,919	\$ 133,748,816	\$ 138,540,308	\$ 139,559,976	\$ 141,102,212	\$ 136,620,839	\$ 133,728,859	\$ 130,418,562	\$ 131,207,914	\$ 132,044,864
Restricted	9,627,851	11,607,308	15,584,703	-	-	-	67,748	339,013	339,013	76,578
Unrestricted	(527,578)	(5,919,857)	(10,820,650)	9,452,047	12,175,237	20,046,618	22,418,301	22,251,093	19,677,710	19,335,610
<b>Total governmental activities net position</b>	<b>\$ 135,327,192</b>	<b>\$ 139,436,267</b>	<b>\$ 143,304,361</b>	<b>\$ 149,012,023</b>	<b>\$ 153,277,449</b>	<b>\$ 156,667,457</b>	<b>\$ 156,214,908</b>	<b>\$ 153,008,668</b>	<b>\$ 151,224,637</b>	<b>\$ 151,457,052</b>
<b>Business Type activities</b>										
Net investment in capital assets	\$ 225,259,816	\$ 226,763,782	\$ 224,855,825	\$ 218,955,191	\$ 220,064,680	\$ 218,603,743	\$ 208,813,019	\$ 202,212,703	\$ 194,017,463	\$ 193,972,864
Restricted	-	-	-	-	-	-	-	-	-	100,688
Unrestricted	36,849,517	32,314,759	29,242,547	28,646,390	24,800,189	24,571,909	22,035,934	20,574,098	22,090,875	16,001,763
<b>Total Business Type activities net position</b>	<b>\$ 262,109,333</b>	<b>\$ 259,078,541</b>	<b>\$ 254,098,372</b>	<b>\$ 247,601,581</b>	<b>\$ 244,864,869</b>	<b>\$ 243,175,652</b>	<b>\$ 230,848,953</b>	<b>\$ 222,786,801</b>	<b>\$ 216,108,338</b>	<b>\$ 210,075,315</b>
<b>Primary Government</b>										
Net investment in capital assets	\$ 351,486,735	\$ 360,512,598	\$ 363,396,133	\$ 358,515,167	\$ 361,166,892	\$ 355,224,582	\$ 342,541,878	\$ 332,631,265	\$ 325,225,377	\$ 326,017,728
Restricted	9,627,851	11,607,308	15,584,703	-	-	-	67,748	339,013	339,013	177,266
Unrestricted	36,321,939	26,394,902	18,421,897	38,098,437	36,975,426	44,618,527	44,454,235	42,825,191	41,768,585	35,337,373
<b>Total primary government net position</b>	<b>\$ 397,436,525</b>	<b>\$ 398,514,808</b>	<b>\$ 397,402,733</b>	<b>\$ 396,613,604</b>	<b>\$ 398,142,318</b>	<b>\$ 399,843,109</b>	<b>\$ 387,063,861</b>	<b>\$ 375,795,469</b>	<b>\$ 367,332,975</b>	<b>\$ 361,532,367</b>

**Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.**

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 13,066,786	\$ 12,786,945	\$ 13,757,722	\$ 14,984,907	\$ 14,927,520	\$ 13,338,063	\$ 9,331,598	\$ 10,396,128	\$ 10,237,774	\$ 11,139,541
Public Safety	27,337,102	27,808,577	28,459,755	27,143,754	26,556,148	25,412,069	24,197,724	21,382,176	19,987,676	19,087,084
Public Works and Cemeteries	10,628,247	12,267,869	18,653,955	16,745,302	17,418,712	17,082,502	16,112,031	15,170,385	15,046,678	14,378,510
Cultural and Recreation	5,477,231	5,692,774	5,536,988	4,789,198	5,421,420	5,240,922	5,148,069	4,384,943	4,296,996	4,255,090
Economic and physical development	5,366,599	2,439,359	3,561,667	4,125,961	2,530,015	4,163,290	3,308,247	2,087,714	3,207,660	2,983,732
Interest on long-term debt	2,599,970	2,834,675	2,982,111	992,757	1,566,308	1,265,501	1,645,874	1,528,145	2,097,324	2,625,523
Total governmental activities expenses	64,475,935	63,830,199	72,952,196	68,781,879	68,422,123	66,502,347	59,743,543	54,949,491	54,874,108	54,469,480
<b>Business-type activities:</b>										
Water and Sewer	29,094,851	29,633,999	27,806,172	27,530,541	27,710,123	21,923,630	25,339,542	23,898,970	23,091,897	23,888,379
Electric	70,939,145	66,639,003	65,738,586	61,777,655	60,517,626	58,629,603	55,777,621	55,568,941	52,465,962	51,699,579
Transit	2,382,934	2,394,328	4,559,377	2,346,151	2,493,516	2,371,622	2,105,284	1,980,207	1,810,988	1,647,779
Golf	38,958	39,634	46,068	43,125	351,034	1,350,589	1,053,475	1,148,528	1,030,983	990,202
Stormwater	2,296,654	2,586,383	3,114,638	2,671,930	2,495,300	2,597,473	2,279,060	2,017,039	2,081,911	1,944,978
Solid Waste	4,456,951	5,394,611	-	-	-	-	-	-	-	-
Total business-type activities expenses	109,209,493	105,687,958	101,264,831	94,369,402	93,567,599	86,872,917	86,554,982	84,603,685	80,481,741	80,170,917
Total primary government expenses	\$ 173,685,428	\$ 169,518,157	\$ 174,217,029	\$ 163,151,281	\$ 161,989,722	\$ 153,375,264	\$ 146,298,525	\$ 139,553,176	\$ 135,355,849	\$ 134,640,397
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 8,066,339	\$ 8,852,324	\$ 6,508,600	\$ 6,426,452	\$ 7,980,309	\$ 7,376,991	\$ 6,801,438	\$ 4,659,178	\$ 5,972,453	\$ 3,895,413
Public Safety	1,063,056	850,748	1,285,505	925,868	915,662	976,090	1,037,069	914,264	888,095	117,898
Public Works and Cemeteries	53,677	81,070	1,580,194	1,491,713	1,632,041	1,480,559	1,176,743	1,071,621	276,013	1,165,977
Cultural and Recreation	605,687	616,093	570,237	574,519	557,575	534,573	503,688	483,749	408,725	525,879
Economic and physical development	66,640	127,886	107,524	79,408	256,297	129,767	170,842	8,035	493,794	950,490
Operating grants and contributions	5,306,834	4,426,430	6,056,309	7,254,047	5,016,361	5,513,514	5,456,919	3,270,271	2,821,083	3,395,852
Capital grants and contributions	505,279	1,406,920	4,086,757	770,492	1,767,264	5,030,594	3,803,343	3,222,650	2,267,142	4,384,092
Total governmental activities program revenues	15,867,512	16,361,471	20,195,126	17,522,499	18,125,529	21,042,088	18,950,042	13,629,768	13,127,305	14,435,601
<b>Business-type activities:</b>										
Charges for services:										
Water and Sewer	33,348,282	32,558,363	29,512,890	27,832,309	27,324,795	28,829,972	28,648,609	29,325,717	26,827,996	25,141,778
Electric	72,269,496	69,229,324	71,003,575	67,631,621	64,915,490	64,204,033	58,651,015	56,871,858	53,869,434	54,020,286
Transit	266,732	221,549	195,491	186,689	194,563	199,307	180,338	197,350	174,364	193,847
Golf	-	-	-	-	203,286	952,578	883,953	835,656	844,310	778,626
Stormwater	2,090,130	2,056,131	2,052,610	2,072,081	2,075,115	2,017,308	1,916,827	2,028,012	1,868,670	2,003,137
Solid Waste	1,146,749	1,511,139	-	-	-	-	-	-	-	-
Operating grants and contributions	914,077	1,333,951	3,423,573	1,341,804	1,478,376	1,322,680	1,189,055	1,143,028	1,242,265	2,615,825
Capital grants and contributions	557,133	1,603,308	3,261,820	184,523	487,237	1,761,894	3,232,242	1,481,317	2,664,195	4,978,903
Total business-type activities program revenues	110,592,599	108,513,765	109,449,959	99,249,037	96,648,862	99,287,772	94,702,039	91,882,938	87,491,234	89,732,402
Total primary government program revenues	\$ 126,260,111	\$ 124,875,236	\$ 129,645,085	\$ 116,771,536	\$ 114,774,391	\$ 120,329,860	\$ 113,652,081	\$ 105,512,706	\$ 100,618,539	\$ 104,168,003



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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (48,808,423)	\$ (47,468,728)	\$ (52,757,072)	\$ (51,259,380)	\$ (50,296,594)	\$ (45,460,259)	\$ (40,793,501)	\$ (41,319,723)	\$ (41,746,803)	\$ (40,033,879)
Business-type activities	1,383,106	2,825,807	8,185,128	4,879,635	3,081,263	12,414,855	8,147,057	7,279,253	7,009,493	9,561,485
Total primary government net expense	<u>(47,425,317)</u>	<u>(44,642,921)</u>	<u>(44,571,944)</u>	<u>(46,379,745)</u>	<u>(47,215,331)</u>	<u>(33,045,404)</u>	<u>(32,646,444)</u>	<u>(34,040,470)</u>	<u>(34,737,310)</u>	<u>(30,472,394)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities										
Ad valorem taxes	28,142,234	27,224,338	27,376,171	27,442,703	27,318,145	26,666,751	24,414,295	23,932,639	23,380,799	22,669,086
Sales taxes	9,245,172	9,461,249	9,456,007	9,728,777	9,988,923	9,988,922	9,988,923	9,988,923	9,988,923	9,988,893
Other taxes	8,524,417	8,264,811	7,920,147	7,385,674	7,292,414	6,931,381	6,801,318	6,447,572	6,275,867	7,492,204
Interest earned on investments	682,081	701,594	476,840	139,237	506,639	1,314,797	1,534,154	1,044,898	477,790	227,310
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Special Item-Contribution of Infrastructure to Stormwater Fund	-	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of assets	(1,894,556)	(2,051,358)	1,820,244	2,297,562	1,800,465	1,010,957	1,261,051	1,689,723	1,410,694	2,129,069
Transfers	44,699,348	43,600,634	47,049,409	46,993,953	46,906,586	45,912,808	43,999,741	43,103,755	41,534,073	42,506,562
Total governmental activities										
Business-type activities:										
Interest earned on investments	74,924	103,004	131,907	154,639	408,419	922,801	1,176,146	1,088,933	434,224	182,943
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Liquidated Damages Recovery	-	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of assets	1,894,556	2,051,358	(1,820,244)	(2,297,562)	(1,800,465)	(1,010,957)	(1,261,051)	(1,689,723)	(1,410,694)	(2,129,069)
Transfers	1,969,480	2,154,362	(1,688,337)	(2,142,923)	(1,392,046)	(88,156)	(84,905)	(600,790)	(976,470)	(1,948,126)
Total Business-type activities										
Total primary government	<u>\$ 46,668,828</u>	<u>\$ 45,754,996</u>	<u>\$ 45,361,072</u>	<u>\$ 44,851,030</u>	<u>\$ 45,514,540</u>	<u>\$ 45,824,652</u>	<u>\$ 43,914,836</u>	<u>\$ 42,502,965</u>	<u>\$ 40,557,603</u>	<u>\$ 40,560,436</u>
<b>Changes in Net Position</b>										
Governmental activities	\$ (4,109,075)	\$ (3,868,094)	\$ (5,707,663)	\$ (4,265,427)	\$ (3,390,008)	\$ 452,549	\$ 3,206,240	\$ 1,784,031	\$ (212,730)	\$ 2,472,683
Business-type activities	3,352,586	4,980,169	6,496,791	2,736,712	1,689,217	12,326,699	8,062,152	6,678,463	6,033,023	7,615,359
Total primary government	<u>\$ (756,489)</u>	<u>\$ 1,112,075</u>	<u>\$ 789,128</u>	<u>\$ (1,528,715)</u>	<u>\$ (1,700,791)</u>	<u>\$ 12,779,248</u>	<u>\$ 11,268,392</u>	<u>\$ 8,462,494</u>	<u>\$ 5,820,293</u>	<u>\$ 10,088,042</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Non Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 547,632	\$ 561,648	\$ 1,337,871
Restricted	-	-	-	-	-	-	-	8,318,593	6,609,664	5,840,423
Assigned	-	-	-	-	-	-	-	177,856	79,500	885,000
Unassigned	-	-	-	-	-	-	-	7,992,950	11,004,582	12,853,607
Reserved	5,856,130	5,882,457	7,948,007	7,791,312	7,374,962	6,777,335	8,872,364	-	-	-
Unreserved	5,826,604	8,378,956	8,680,480	10,315,422	10,435,150	9,637,414	7,132,237	-	-	-
Total General Fund	\$ 11,682,734	\$ 14,261,413	\$ 16,628,487	\$ 18,106,734	\$ 17,810,112	\$ 16,414,749	\$ 16,004,601	\$ 17,037,031	\$ 18,255,394	\$ 20,916,901
All other Governmental Funds										
Non Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,667,572	\$ 1,599,078	\$ 1,735,269
Restricted	-	-	-	-	-	-	-	6,103,037	4,678,039	-
Mayor/Council Capital Project Fund	-	-	-	-	-	-	-	26,373,447	26,586,512	24,607,933
Mayor/Streets Capital Project Fund	-	-	-	-	-	-	-	6,865,013	1,940,844	2,387,157
Other Governmental Funds	-	-	-	-	-	-	-	584,454	-	-
Assigned	-	-	-	-	-	-	-	374,248	300,949	1,942,921
Mayor/Council Capital Project Fund	-	-	-	-	-	-	-	(1,627,203)	(1,955,138)	(1,760,494)
Other Governmental Funds	-	-	-	-	-	-	-	-	(798,496)	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Mayor/Council Capital Project Fund	4,302,467	73,998	44,720	239,178	1,157,677	803,631	708,310	-	-	-
Other Governmental Funds	1,566,402	1,239,395	3,446,185	4,058,649	4,671,316	4,462,211	5,862,568	-	-	-
Reserved, reported in:	(2,488,596)	1,014,546	998,534	1,302,184	1,634,921	1,418,181	1,386,361	-	-	-
Mayor/Council Capital Project Fund	3,637,918	3,516,651	1,198,326	459,430	2,088,019	2,291,756	(556,559)	-	-	-
Other Governmental Funds	\$ 7,018,191	\$ 5,844,590	\$ 5,687,765	\$ 6,059,441	\$ 9,551,933	\$ 8,975,779	\$ 7,400,680	\$ 40,340,568	\$ 31,268,500	\$ 28,912,786

Note: The significant increase in other governmental funds balances is directed related to the issuance of capital projects debt. Significant These projects are still in the planning phase.

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Ad valorem taxes	\$ 22,639,101	\$ 23,373,800	\$ 23,966,246	\$ 24,458,231	\$ 26,581,312	\$ 27,238,368	\$ 27,446,629	\$ 27,453,644	\$ 27,347,456	\$ 27,875,770
Other taxes and licenses	12,970,759	16,264,790	16,436,495	16,790,241	16,920,303	17,281,337	17,114,451	17,376,154	17,726,060	17,769,589
Unrestricted intergovernmental revenues	4,536,755	1,216,412	1,087,056	1,232,970	1,633,727	1,811,720	1,821,361	2,481,684	1,629,995	1,883,441
Restricted intergovernmental revenues	3,978,279	4,595,552	6,018,455	5,345,953	6,444,156	6,058,245	6,975,492	6,434,710	4,640,456	5,395,363
Permits and fees	785,382	780,417	626,678	1,097,740	999,738	743,410	549,800	626,451	809,381	782,845
Sales and services	4,858,900	4,730,450	4,948,879	5,430,463	5,002,323	5,033,550	4,494,145	4,705,447	3,066,550	3,992,089
Investment earnings	227,692	440,837	942,043	1,266,500	1,081,437	458,517	145,188	314,173	538,938	518,166
Miscellaneous	973,664	438,395	281,371	673,450	1,043,725	1,422,226	561,224	1,331,963	3,128,408	917,813
Total revenues	50,970,532	51,840,653	54,307,223	56,295,548	59,706,721	60,047,373	59,108,290	60,724,206	58,887,244	59,135,076
<b>Expenditures</b>										
Current:										
General government	9,139,017	9,074,541	8,787,333	8,403,961	9,089,348	9,553,424	9,598,133	8,709,365	8,391,686	8,045,356
Public Safety	18,974,037	19,688,974	21,163,473	23,273,025	24,527,453	25,704,818	26,426,963	26,964,024	26,706,437	26,463,281
Public works and cemeteries	9,609,414	9,901,062	10,188,437	9,950,758	10,795,304	11,257,939	10,596,754	11,216,635	5,759,727	5,226,613
Cultural and recreation	3,724,833	3,746,778	3,841,965	4,503,247	4,555,067	4,804,856	4,811,947	4,830,337	4,973,676	5,133,096
Economic and physical development	1,945,723	2,554,789	3,027,392	3,178,595	3,655,570	2,236,652	4,328,382	2,540,421	1,668,954	2,588,573
Capital outlay	4,142,350	1,376,734	1,776,775	1,394,321	2,662,256	4,691,159	2,298,712	10,610,551	11,771,548	3,436,766
Debt Service:										
Principal repayments	3,533,454	3,770,971	3,972,434	3,995,435	3,833,152	3,491,529	3,182,767	3,577,924	3,297,770	3,280,527
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Interest	2,126,596	2,086,891	1,537,989	1,417,371	1,184,142	1,190,809	989,965	2,022,227	2,641,881	2,482,836
Total expenditures	53,195,424	52,200,740	54,295,798	56,116,713	60,302,292	62,931,186	62,233,623	70,471,484	65,211,679	56,637,048
Revenues over (under) expenditures	(2,224,892)	(360,087)	11,425	178,835	(595,571)	(2,883,813)	(3,125,333)	(9,747,278)	(6,324,435)	2,498,028
<b>Other Financing Sources (Uses)</b>										
Payments to refunded bond escrow agent	(4,640,371)	(13,445,368)	-	-	-	-	-	(5,277,343)	(1,649,848)	-
Transfers from other funds	4,376,129	2,321,000	2,497,181	2,902,209	3,990,273	4,117,105	3,061,405	3,590,426	3,621,460	2,908,766
Transfers to other funds	(2,247,060)	(910,306)	(825,824)	(1,641,158)	(2,974,316)	(2,913,463)	(2,291,868)	(1,716,546)	(5,194,957)	(5,303,164)
Operating transfers from component unit	-	-	-	-	-	-	-	-	-	-
Section 108 loan proceeds	-	-	-	-	-	-	-	-	-	-
Issuance of long term debt	4,705,000	13,575,000	-	-	2,550,020	-	-	46,070,930	1,694,000	-
Bond premium received	30,038	141,102	-	-	-	-	-	1,671,930	-	-
Total other financing sources (uses)	2,223,736	1,681,428	1,671,357	1,261,051	3,565,977	1,203,642	769,537	44,339,397	(1,529,345)	(2,394,398)
Net change in fund balances	(\$1,156)	\$1,321,341	\$1,682,782	\$1,439,886	\$2,970,406	-\$1,680,171	-\$2,355,796	\$34,592,119	-\$7,853,780	\$103,630
Debt service as a percentage of noncapital expenditures	11.54%	11.53%	10.49%	9.89%	8.70%	8.04%	6.96%	9.36%	11.11%	10.80%

Note: The significant increase in fund balances in 2011 was related to the issuance of significant debt. Some of the projects were completed in 2012 however the street projects are in the planning and right-of-way acquisition phases.

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	Franchise Tax	Video Franchise Tax	Beer and Wine Tax		Rental Vehicle Tax	Total
					Wine Tax	Beer Tax		
2004	\$ 22,539,485	\$ 9,988,893	\$ 3,181,734	\$ -	\$ 293,098	\$ -	19,151	\$ 36,022,361
2005	23,272,597	9,988,923	3,149,026	-	303,281	-	53,159	36,766,986
2006	23,869,281	9,988,923	3,180,450	-	303,925	-	54,991	37,397,570
2007	24,356,610	9,988,923	3,323,537	-	317,568	-	59,486	38,046,124
2008	26,581,312	9,988,923	3,397,786	571,029	328,786	-	61,364	40,929,200
2009	27,238,368	9,988,923	3,604,081	635,429	327,159	-	56,976	41,850,936
2010	27,446,629	9,728,777	3,525,229	634,707	106,282	-	54,439	41,496,063
2011	27,136,501	9,456,007	3,637,666	628,273	331,788	-	59,379	41,249,614
2012	27,019,001	9,461,249	3,636,750	543,537	331,310	-	73,580	41,065,427
2013	27,586,250	9,245,172	3,734,179	540,586	291,396	-	64,728	41,462,311

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

In Fiscal Year 2008, the State implemented a State Video Franchise Tax applicable to the cablevision industry. In the past, each municipality entered into franchise fee agreements with the local cablevision supplier based on revenues defined by the state. The statute allows municipalities to continue with existing agreements based on the revised definition of revenues not applicable to the State Video Tax statute.

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

Fiscal Year	Real Property <sup>(1)</sup>	Personal Property <sup>(2)</sup>	Motor Vehicles	Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2004	\$ 3,213,975	\$ 481,328	\$ 434,471	\$ 117,053	\$ 4,246,827	0.5300	\$ 4,591,164
2005	3,396,429	392,600	380,558	99,560	4,269,147	0.5400	4,678,517
2006	3,389,163	477,540	420,911	98,925	4,386,539	0.5400	4,873,932
2007	3,463,484	496,793	410,628	103,924	4,474,829	0.5400	4,972,032
2008	3,945,878	500,405	432,830	110,132	4,989,245	0.5300	4,989,245
2009	4,082,384	482,831	433,571	116,429	5,115,215	0.5300	5,115,215
2010	4,135,722	489,271	402,900	116,435	5,144,328	0.5300	5,144,328
2011	4,159,158	470,599	373,641	108,636	5,112,034	0.5300	5,112,034
2012	4,184,015	461,499	389,889	120,953	5,156,356	0.5200	5,156,356
2013	4,213,068	481,162	419,048	115,685	5,228,963	0.5300	5,228,963

**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 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. Per Gaston County Tax Assessor's office, the 2006 and 2007 tax assessment is approximately 90% of taxable value (market value). For years subsequent to the 1998 octennial revaluation, we will interpolate an annual 1.25% taxable value increase. Based on the economic condition in the current housing market, the 2008, 2009, 2010, 2011, 2012 and 2013 taxable value (market value) is estimated to be approximately 100% of the County assessed value.

<sup>(1)</sup> North Carolina General Statutes 105-286 require that an octennial reappraisal of real property be conducted. The last reappraisal of all taxable property took place in January of 2007 and was effective for the Fiscal Year 2008 property taxes.

<sup>(2)</sup> Effective with the 1993 tax year, taxes on registered motor vehicles were billed out separately from other personal property taxes based on the registration renewal of the vehicle. Prior to this time, the value of all motor vehicles was included with all other taxable personal property.

**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	Capital Projects Fund	Total Direct Rate		
2004	\$ 0.3875	\$ 0.1125	\$ 0.0300	\$ 0.5300	\$ 0.8930	\$ 1.4230
2005	0.4275	0.1125	-	0.5400	0.8930	1.4330
2006	0.4275	0.1125	-	0.5400	0.8930	1.4330
2007	0.4275	0.1125	-	0.5400	0.8800	1.4200
2008	0.4175	0.1125	-	0.5300	0.8400	1.3700
2009	0.4175	0.1125	-	0.5300	0.8350	1.3650
2010	0.4175	0.1125	-	0.5300	0.8350	1.3650
2011	0.4175	0.1125	-	0.5300	0.8350	1.3650
2012	0.4075	0.1125	-	0.5200	0.8350	1.3550
2013	0.4175	0.1125	-	0.5300	0.8350	1.3650

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

	2013				2004			
	Taxable Assessed Value	Rank	City Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	City Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
<b>Taxpayer</b>								
Daimler Trucks North America	\$ 59,567,774	1	1.24%	-	\$ 61,862,563	1	1.46%	-
Triangle Real Estate	45,963,431	2	0.96%	-	-	-	-	-
PSNC Energy	36,276,163	3	0.75%	47,684,803	2	1.13%	45,105,411	1.07%
Wix Corporation	35,399,963	4	0.74%	36,957,209	3	0.87%	40,230,969	0.95%
Stabilus Inc.	32,327,120	5	0.67%	-	4	-	-	-
BellSouth Company	28,981,920	6	0.60%	-	-	-	-	-
Centro Bradley Spe 1 LLC	27,293,721	7	0.57%	-	-	-	-	-
Southwood Realty	25,117,739	8	0.52%	-	-	-	-	-
E & A Franklin Square LTD	23,649,095	9	0.49%	-	-	-	-	-
Wal-Mart	23,109,136	10	0.48%	-	-	-	-	-
Parkdale Mills	-	-	-	25,475,338	6	0.60%	16,492,871	0.39%
American & Efird	-	-	-	21,227,849	7	0.50%	19,447,830	0.46%
Eastridge Mall Inc.	-	-	-	15,473,671	8	0.37%	-	-
Danaher Tools	-	-	-	-	10	-	-	-
Pass & Seymour	-	-	-	-	-	-	-	-

**Source: City of Gastonia Treasurer**

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 Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 22,506	\$ 21,431	95.22%	995	\$ 22,426	99.64%
2005	23,053	22,036	95.59%	964	23,000	99.77%
2006	23,687	22,715	95.90%	908	23,623	99.73%
2007	24,167	23,238	96.16%	854	24,092	99.69%
2008	26,447	25,366	95.91%	984	26,350	99.63%
2009	27,115	25,950	95.70%	1,036	26,986	99.52%
2010	27,283	26,195	96.01%	922	27,117	99.39%
2011	27,247	26,243	96.32%	776	27,019	99.16%
2012	26,969	26,139	96.92%	520	26,659	98.85%
2013	27,802	26,930	96.87%	-	26,930	96.87%

Source: City Of Gastonia Treasurer



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

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Installment Financing	Limited Obligation Bonds	Section 108 Loan	General Obligation Bonds	Water Revenue Bonds	Installment Financing	State Revolving Loans	Total Primary Government			
2004	\$ 23,914	\$ 16,595	\$ 7,547	\$ -	\$ 2,960	\$ 11,206	\$ 41,450	\$ -	\$ 6,450	\$ 110,122	5.57%	\$ 1,614	
2005	21,944	15,485	8,248	-	2,690	9,056	39,610	-	5,300	102,333	4.98%	1,487	
2006	19,238	13,821	9,445	-	2,410	6,976	46,545	-	4,150	102,585	4.73%	1,460	
2007	16,610	12,105	10,287	-	2,490	5,125	44,215	-	3,000	93,832	4.16%	1,315	
2008	16,558	11,010	11,286	-	2,285	3,837	41,780	-	2,000	88,756	3.72%	1,218	
2009	14,494	9,925	12,130	-	2,080	2,772	39,290	-	1,750	82,441	4.63%	1,106	
2010	12,547	8,955	10,374	-	1,863	1,523	36,715	-	1,576	73,553	4.17%	977	
2011	39,941	2,965	8,982	17,335	2,389	539	34,965	475	5,809	113,400	6.93%	1,581	
2012	38,319	2,415	8,347	16,668	2,124	430	31,916	475	5,278	105,972	6.80%	1,468	
2013	36,621	1,845	7,703	14,840	1,888	430	27,939	425	3,995	95,686	NA	1,320	

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

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

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Population	Per Capita
2004	\$ 35,120	0.76%	68,246	\$ 515
2005	31,000	0.66%	68,809	451
2006	26,215	0.54%	70,278	373
2007	21,735	0.44%	71,349	305
2008	20,395	0.41%	72,848	280
2009	17,266	0.34%	74,518	232
2010	14,070	0.27%	75,280	187
2011	40,480	0.79%	71,741	564
2012	38,749	0.75%	72,173	537
2013	37,051	0.71%	72,507	511

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements. The decrease in early years in general obligation debt was due to a financing movement to revenue bonds in the Water & Sewer Enterprise Fund.

Schedule 12  
City of Gastonia  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2013  
(dollars in thousands)

<u>Governmental Unit</u>	<u>Total Debt</u>	<u>Estimated Percentage Applicable<sup>(2)</sup></u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct Debt:			
City of Gastonia	\$ 62,897 <sup>(1)</sup>	100%	\$ 62,897
Overlapping Debt			
Gaston County	<u>207,120 <sup>(3)</sup></u>	34.87%	<u>78,551</u>
Total direct and overlapping debt	<u>\$ 270,017</u>		<u>\$ 141,448</u>

Notes:

- (1) Total debt was calculated as general obligation bonds, certificates of participation, section 108 loan, installment purchases, limited obligation bonds less general obligation bonds incurred for water & sewer.
- (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, less debt incurred for enterprise funds.



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

Fiscal Year	Water Revenue Bonds					Coverage
	Gross Utility Revenues <sup>(1)</sup>	Less: Operating Expenses <sup>(2)</sup>	Net Available Revenue	Debt Service Principal <sup>(3)</sup>	Debt Service Interest <sup>(4)</sup>	
2004	\$ 25,255	\$ 15,689	\$ 9,566	\$ 5,205	\$ 2,774	\$ 1.20
2005	26,921	15,632	11,289	5,141	2,634	1.45
2006	29,898	14,986	14,912	5,464	2,645	1.84
2007	29,238	16,939	12,299	5,331	2,585	1.55
2008	29,438	13,580	15,858	5,155	2,389	2.10
2009	27,590	19,443	8,147	3,805	2,181	1.36
2010	27,951	18,993	8,958	4,379	1,612	1.50
2011	29,484	19,743	9,741	4,079	1,614	1.71
2012	32,860	21,295	11,565	3,612	1,480	2.27
2013	33,557	20,950	12,607	4,405	1,301	2.21

(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. Includes all subordinated debt service.

(4) "Interest" includes all subordinated debt service.

Note: Trust agreement coverage ratio for subordinated indebtedness (all debt) is 1.00.

**Schedule 15  
City of Gastonia  
Demographic and Economic Statistics,  
Last Ten Calendar Years**

<b>Calendar Year</b>	<b>Population <sup>(1)</sup></b>	<b>Personal Income (thousands of dollars) <sup>(2)</sup></b>	<b>Per Capita Personal Income <sup>(3)</sup></b>	<b>Unemployment Rate <sup>(4)</sup></b>
2004	68,246	\$ 1,976,472	\$ 28,961	7.1%
2005	68,809	2,054,224	29,854	6.4%
2006	70,278	2,171,028	30,892	5.4%
2007	71,349	2,253,558	31,585	5.7%
2008	72,848	2,384,096	32,727	7.5%
2009	74,518	1,780,757	23,897	13.3%
2010	75,280	1,762,079	23,407	10.4%
2011	71,741	1,636,269	22,808	11.3%
2012	72,173	1,558,287	21,591	10.5%
2013	72,507	N/A	N/A	9.7%

**Notes:**

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

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

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Gaston County Schools	1,000 & Over	1	-	1,000 & Over	1	-
Caromont Health	1,000 & Over	2	-	1,000 & Over	2	-
Wal-Mart Association, Inc.	1,000 & Over	3	-	-	-	-
Gaston County	1,000 & Over	4	-	1,000 & Over	4	-
FKA Wix Filtration Corp	1,000 & Over	5	-	1,000 & Over	3	-
American & Efird	1,000 & Over	6	-	1,000 & Over	7	-
City of Gastonia	500-999	7	-	500-999	8	-
Freightliner	500-999	8	-	1,000 & Over	6	-
Gaston College	500-999	9	-	-	-	-
Dole Fresh Foods	500-999	10	-	500-999	-	-
Stabilus, Inc.	-	-	-	500-999	10	-
Parkdale Mills	-	-	-	500-999	9	-
Pharr Yarns	-	-	-	1,000 & Over	5	-

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

Source: Gaston County Economic Development Commission.

Due to the confidentiality policies of many employers, obtaining exact number of employees for the principal employers, beginning FYE 2003 the number of employees is reported by an employment range; therefore, the percentage of total city employment is unavailable. The Gaston County Economic Development Commission and NC Employment Security Commission provides this information in ranges only.

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

Function/Program	Full-time-equivalent Employees as of June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	134	113	139	135	185	187	177	158	148	151
Police	192	193	181	188	170	170	178	171	171	170
Fire	143	146	142	141	139	140	140	139	137	134
Public Works	157	167	141	145	152	158	158	141	92	89
Cultural and Recreation	61	61	51	51	56	56	54	51	49	48
Water and Sewer	146	146	129	125	121	127	133	128	134	130
Electric	40	40	40	40	40	44	44	47	46	45
Transit	15	20	18	21	17	20	20	21	20	20
Golf Course	9	9	8	8	8	0	0	0	0	0
Solid Waste	0	0	0	0	0	0	0	0	48	40
Stormwater	11	11	8	6	5	5	5	5	8	7
<b>Total</b>	<b>908</b>	<b>906</b>	<b>857</b>	<b>860</b>	<b>893</b>	<b>907</b>	<b>909</b>	<b>861</b>	<b>853</b>	<b>834</b>

Notes: Fiscal years 2013, 2012, 2011, 2010, 2009, 2008, 2007 and 2006 were actual data obtained from the City's Human Resources Department. Fiscal years' 2005, and 2004 actual data was not readily available; therefore, data obtained from the City's Budget department (budgeted employees). In the 2012 fiscal year, the City created the Solid Waste Enterprise Fund, and these employees were previously in Public Works



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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Commercial Construction										
Commercial Building permits issued	516	381	629	577	548	514	563	564	636	629
Commercial Building permit value	59,836	51,347	80,082	60,589	62,785	57,213	25,221	26,487	97,074	64,292
Residential Construction										
Residential Building permits issued	621	649	439	789	800	586	461	480	514	347
Residential Building permit value	63,955	69,706	40,903	109,402	98,364	49,945	39,607	56,445	68,468	46,624
Police										
Physical arrests	5,292	5,517	5,936	6,067	7,867	8,116	8,127	7,963	7,605	7,454
Parking violations	371	354	152	34	19	22	38	51	53	34
Traffic violations	7,669	5,721	6,570	5,984	8,615	9,103	11,269	9,750	8,836	9,092
Fire										
Number of calls answered	7,611	7,750	7,611	8,648	8,810	8,968	8,624	8,856	8,689	9,082
Fires extinguished	-	-	390	329	491	403	332	361	293	336
Inspections	2,185	1,637	1,337	2,776	2,123	2,662	3,051	3,625	4,293	3,066
Sanitation/Solid Waste										
Residential Refuse collected (tons annually)	25,590	25,919	25,810	27,687	26,650	25,421	29,865	29,984	21,532	18,939
Commercial Refuse collected (tons annually)	20,371	30,530	32,370	36,441	24,483	24,908	23,632	20,922	20,395	-
Contractor/Recyclables collected (tons annually)	1,188	1,374	549	364	806	896	1,253	1,226	2,348	3,741
City Crews/Recyclables collected (tons annually)	204	122	72	104	126	161	143	120	103	32
Other public works										
Street resurfacing (miles)	-	-	-	5	9	7	4	10	-	0.44
Potholes repaired	-	-	-	597	499	637	1,104	739	1,052	691
Water										
Number of service connections	25,997	26,361	26,854	27,140	27,931	25,591	25,879	25,784	27,684	25,419
Water main breaks	-	-	-	168	176	608	934	162	111	144
Average daily consumption (thousands of gallons)	11.83 MGD	11.97 MGD	12.69 MGD	12.26 MGD	11.48 MGD	11.40 MGD	12.09 MGD	12.79 MGD	13.07 MGD	12.18 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	27.3 MGD	27.3 MGD	27.3 MGD	27.3 MGD	25.2 MGD
Wastewater										
Average daily sewage treatment (thousands of gallons)	9.0 MGD	11.97 MGD	9.0 MGD	8.4 MGD	7.8 MGD	8.0 MGD	8.9 MGD	8.1 MGD	8.3 MGD	8.8 MGD
Maximum daily capacity of treatment in gallons	22 MGD	22 MGD	22 MGD	22 MGD	22 MGD	22 MGD	22 MGD	22 MGD	26 MGD	26 MGD
Number of service connections	21,491	22,130	22,238	22,731	23,247	23,324	23,534	23,680	25,244	27,741
Transit										
Total route miles	296,121	289,677	300,871	191,045	295,495	286,726	286,382	285,024	289,028	293,896

Sources: Various City Departments

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	134	130	132	131	133	133	133	139	139	143
Fire Stations	8	8	8	8	8	8	8	8	8	8
Refuse collection										
Collection trucks	NA	NA	22	22	22	22	22	22	22	21
Other Public Works										
Streets (miles)	318	321	323.05	329.05	334.73	335.56	335.56	335.56	335.56	336
Streetlights	9408	9401	9423	9466	9566	9687	9696	9770	9874	9891
Parks and recreation										
Acreage	587	587	587	587	587	587	587	587	587	587
Parks	16	16	16	16	16	16	16	16	16	16
Baseball/softball diamonds	17	17	17	17	19	19	19	19	19	19
Soccer fields	4	4	4	4	4	4	4	4	4	4
Community Centers	6	6	6	6	6	6	6	6	6	6
Golf Courses	1	1	1	1	1	1	1	1	1	1
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	46	46	46	46	46	46	46	46	46	46
Jogging Tracks	8	8	8	8	8	8	8	8	8	8
Skeet & Trap Range	1	1	1	1	1	1	1	1	1	1
Skate Park	1	1	1	1	1	1	1	1	1	0
Water										
Water mains (miles)	526	531	534.87	537.85	547	548.2	548	556	589	591.77
Fire Hydrants	3027	3075	3,107	3,143	3,226	3,776	3,237	3,308	3,497	3512
Maximum daily capacity of plant in gallons	27.3 MGD	27.3 MGD	27.3 MGD	27.3 MGD	27.3 MGD	27.3 MGD	25.4 MGD	25.4 MGD	27.3 MGD	25.2MGD
Wastewater										
Number of treatment plants	2	2	2	2	2	2	2	2	3	3
Sanitary Sewers (miles)	486	490	490	497	528	504.9	505	509	542	553.19
Storm sewers (miles)	250	250	250	255	265	265	265	265	265	265
Maximum daily capacity of treatment in gallons	22 MGD	22 MGD	22 MGD	22 MGD	22 MGD	22 MGD	22 MGD	22 MGD	26 MGD	26 MGD
Transit										
Buses	NA	NA	8	8	8	8	8	9	9	9
ADA vans	NA	NA	5	5	5	5	5	5	5	5
Electric										
Distribution miles	468	468	469	470	471	474	476	476	471	473
Customers	24819	24819	25403	25536	25929	26256	26063	26133	26067	26268

**SUPPLEMENTARY INFORMATION**  
**COMPLIANCE SECTION**



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

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

## **Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit of Financial Statements Performed In Accordance With Government Auditing Standards**

### **Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable of the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gastonia, North Carolina, as of and for the year ended June 30, 2013, 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 28, 2013. The financial statements of the Gastonia Tourism Development Authority and the City of Gastonia ABC Board were not audited in accordance with *Governmental Auditing Standards*.

### **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) to determine the 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 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 material weaknesses. However, material weaknesses may exist that have not been identified.

730 13th Avenue Drive SE ♦ Hickory, North Carolina 28602 ♦ Phone 828-327-2727 ♦ Fax 828-328-2324  
13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085  
Toll Free Both Locations 1-800-948-0585 ♦ Website: [www.martinstarnes.com](http://www.martinstarnes.com)

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Gastonia's financial statements are free of 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 determination of financial statement amounts. 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
October 28, 2013

# 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; In Accordance With OMB Circular A-133 And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

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

#### **Report on Compliance for Each Major Federal Program**

We have audited the compliance of the City of Gastonia, North Carolina with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. The City of Gastonia's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Gastonia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133 and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Gastonia's compliance with those requirements and performing, such other procedures as we considered necessary in the circumstances.

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

730 13th Avenue Drive SE ♦ Hickory, North Carolina 28602 ♦ Phone 828-327-2727 ♦ Fax 828-328-2324  
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Toll Free Both Locations 1-800-948-0585 ♦ Website: [www.martinstarnes.com](http://www.martinstarnes.com)

## **Opinion on Each Major Federal Program**

In our opinion, the City of Gastonia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## **Report on Internal Control Over Compliance**

Management of the City of Gastonia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Gastonia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Gastonia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
October 28, 2013



# 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; In Accordance With OMB Circular A-133; And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

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

#### **Report on Compliance for Each Major State Program**

We have audited the compliance of the City of Gastonia, North Carolina with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Gastonia's major State programs for the year ended June 30, 2013. City of Gastonia's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Gastonia's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133 and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Gastonia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major State Program**

In our opinion, the City of Gastonia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the City of Gastonia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Gastonia's internal control over compliance with the requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Gastonia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on our requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
October 28, 2013

**CITY OF GASTONIA, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**1. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency identified that is not considered to be a material weakness	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 identified that is not considered to be a material weakness	None reported
Non-compliance material to federal awards?	No
Type of auditors' report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with U.S Office of Management and Budget, Circular A-133, Audits of States, Local Governments, and Non Profit Organizations, Section 510(a)?	No

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
14.218, 14.253, 14.254	CDBG - Entitlement Grants Cluster
20.106	Aviation Grant
14.239	CDBG - Home Investment Trust Fund
14.228, 14.255	CDBG - State Administered CDBG Cluster
20.500, 20.507, 20.525, 20.526	Federal Transit Cluster
20.205, 20.219, 23.003	Highway Planning and Construction Cluster

**CITY OF GASTONIA, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

Dollar threshold used to distinguish between  
Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee? No

**State Awards**

Internal control over major State programs:

- Material weakness identified? No
- Significant deficiency identified that is not considered to be a material weakness? None reported

Non-compliance material to State awards? No

Type of auditors' report issued on compliance for major State programs Unmodified

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

Identification of major State programs:

**Program Name**

Powell Bill

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

None reported

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

None reported

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

None reported

**CITY OF GASTONIA, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

None

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through/ Grantor's Number	Federal (Direct and Pass-Through Expenditures	State Expenditures	Federal Expenditures
<b>FEDERAL GRANTS - Cash Programs:</b>					
<b><u>U.S. Department of Housing and Urban Development</u></b>					
Direct Program:					
CDBG - Entitlement Grants Cluster					
Community Development Block Grant/Entitlement Program	14.218		\$ 527,887	\$ -	\$ -
Section 108 Loan Guarantee Program	14.218		121,706	-	-
Total CDBG - Entitlement Grants Cluster			649,593		
Community Development Block Grant/Home Investment Trust Fund	14.239		400,995	-	-
<b>Total U.S. Department of Housing and Urban Development</b>			<b>1,050,588</b>	<b>-</b>	<b>-</b>
<b><u>N.C. Department of Commerce: Division of Community Assistance</u></b>					
Passed-Through the State:					
CDBG State Administered CDBG Cluster:					
ARRA Neighborhood Stabilization Program - NSP1	14.228	Grant # 08-N-1891	102,165	-	-
ARRA Neighborhood Stabilization Program - NSP3	14.228	Grant # 11-N-2190	1,250,000	-	-
Total CDBG State Administered Cluster			1,352,165	-	-
<b>Total U.S. Department of Commerce: Division of Community Assistance</b>			<b>1,352,165</b>	<b>-</b>	<b>-</b>
<b><u>U.S. Department of Transportation</u></b>					
Direct Program:					
Federal Transit Cluster					
Urbanized Area Formula Program- Operating Expenditures - 12/13	20.507	NC90X468, 500, 535	595,789	-	595,789
Urbanized Area Formula Program- Capital Expenditures - 12/13	20.507	NC90X468, 500	440,240	-	110,059
Urbanized Area Formula Program - Capital-Multi-Modal Expenditures - 12/13	20.507	NC90X500	23,627	-	5,906
Urbanized Area Formula Program-Fuel Grant Expenditures - 12/13	20.507	NC905521	90,175	-	22,543
Total Federal Transit Cluster			1,149,831	-	734,297
Passed-Through N.C. Department of Transportation:					
Highway Safety Cluster					
North Carolina Governor's Highway Safety Program	20.600	GHSP2013	69,328	-	-
Total Highway Safety Cluster			69,328	-	-
Highway Planning and Construction Cluster					
NC DOT Bicycle and Pedestrian Planning Grant Initiative Highway Planning, Research and Construction:	20.205	TIP# M-0371	14,817	-	9,878
Section 104(f)	20.205	Planning Funds	236,205	-	59,052
Section 5303	20.205	Planning Funds	30,590	-	3,458
Federal-Aid Federal Highway Administration (FHWA)	20.205	NCDOT Project # C-4934	130,411	-	43,470
Total Highway Planning and Construction Cluster			412,023	-	115,858
Division of Aviation:					
Aviation Grant	20.106	36237.55.9.1	473,826	-	52,647
<b>Total U.S. Department of Transportation</b>			<b>2,105,008</b>	<b>-</b>	<b>902,802</b>
<b><u>U.S. Department of Justice</u></b>					
Direct Program:					
JAG Program Cluster					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011 JAG	86,388	-	-
Passed through Gaston County - City is subrecipient:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012 JAG	39,378	-	-
Total JAG Program Cluster			125,766	-	-
ARRA COPS CHRP-Hiring Personnel Grant	16.710	#2009RKWX0552	188,501	-	-
<b>Total U.S. Department of Justice</b>			<b>314,267</b>	<b>-</b>	<b>-</b>
<b>Total assistance - Federal programs</b>			<b>4,822,028</b>	<b>-</b>	<b>902,802</b>

CITY OF GASTONIA, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through/ Grantor's Number</u>	<u>Federal (Direct and Pass-Through Expenditures</u>	<u>State Expenditures</u>	<u>Federal Expenditures</u>
<b>STATE GRANTS - Cash Programs:</b>					
<b><u>N.C. Department of Transportation</u></b>					
Powell Bill	NA		-	1,969,110	-
State Maintenance Assistance Program	NA		-	228,113	-
<b>Total N.C. Department of Transportation</b>			-	<u>2,197,223</u>	-
<b>Total assistance - State programs</b>			-	<u>2,197,223</u>	-
<b>Total assistance</b>			<b>\$ 4,822,028</b>	<b>\$ 2,197,223</b>	<b>\$ 902,802</b>

Awards Which Have Been Passed Through to Subrecipients

Federal:

U.S. Department of Justice-2011 JAG Grant-(\$38,262)  
Gaston County-\$38,262  
Community Development Block Grant Home Program- (72,650)  
Reinvestment in Communities- \$72,650  
Community Development Block Entitlement Grant Subrecipients (\$2,500)  
Catherine's House, Inc.-\$500  
With Friends, Inc.- \$500  
Family Service of Gaston County- \$500  
Gaston County Interfaith- \$500  
ACPP Inc.- \$500

State:

None

**Notes to the Schedule of Expenditures of Federal and State Awards**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal and State Awards includes the Federal and State grant activity of the City of Gastonia and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.