

**GASTON COUNTY
NORTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

PREPARED BY: FINANCE DEPARTMENT

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GASTON COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	Introductory Section	
	Letter of Transmittal	i-viii
	Organizational Chart	ix
	List of Principal Officials	x
	2017 GFOA Certificate of Achievement for Excellence in Financial Reporting	xi
	Independent Auditor's Report	1-3
	Management's Discussion and Analysis	4-14
	Basic Financial Statements:	
	Government-Wide Financial Statements:	
A	Statement of Net Position	15
B	Statement of Activities	16-17
	Fund Financial Statements:	
C	Balance Sheet - Governmental Funds	18
D	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	19
E	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
F	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds to the Statement of Activities	21
G	General Fund and Annually Budgeted Special Revenue Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	22-23

GASTON COUNTY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	Fund Financial Statements (continued):	
H	Statement of Net Position - Proprietary Funds	24
I	Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	25
J	Statement of Cash Flows - Proprietary Funds	26
K	Statement of Fiduciary Net Position - Fiduciary Funds	27
	Notes to the Financial Statements	28-74
<u>Schedule</u>		
	Required Supplementary Information:	
1-A	Law Enforcement Officers' Special Separation Allowance Schedule of Changes in Total Pension Liability Last Two Fiscal Years	75
1-B	Law Enforcement Officers' Special Separation Allowance Schedule of Total Pension Liability as Percentage of Covered Payroll Last Two Fiscal Years	76
1-C	Other Post-Employment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios	77
1-D	County's Proportionate Share of Net Pension Liability (Asset) - Local Government Employees' Retirement System Last Five Fiscal Years	78
1-E	County's Contributions - Local Government Employees' Retirement System Last Five Fiscal Years	79
1-F	County's Proportionate Share of Net Pension Liability (Asset) - Register of Deeds' Supplemental Pension Fund Last Five Fiscal Years	80

GASTON COUNTY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Required Supplementary Information (continued):	
1-G	County's Contributions - Register of Deeds' Supplemental Pension Fund Last Five Fiscal Years	81
	Supplemental Financial Data:	
2	General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	82-92
3	Public Assistance Fund - Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual	93-96
4	Debt Service Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	97
5	Capital Improvements Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	98-99
	Combining and Individual Fund Statements and Schedules:	
6	Nonmajor Special Revenue Funds - Combining Balance Sheet	100-101
7	Nonmajor Special Revenue Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	102-103
8	Travel and Tourism Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	104
9	Property Revaluation Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	105
10	Emergency Telephone System Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	106
11	Drug Forfeitures Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	107

GASTON COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Combining and Individual Fund Statements and Schedules (continued):	
12	Controlled Substance Abuse Tax Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	108
13	Parking Fee Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	109
14	Fire Districts Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	110
15	Solid Waste Fund - Schedule of Revenues and Expenditures - Budget and Actual - (Non-GAAP)	111-112
16	Self-Insurance Internal Service Fund - Schedule of Revenues, Expenditures, and Changes in Net Position - Financial Plan and Actual (Non-GAAP)	113
17	Combining Statement of Fiduciary Assets and Liabilities - Agency Funds	114
18	Combining Statement of Changes in Fiduciary Assets and Liabilities - Agency Funds	115
19	Schedule of Ad Valorem Taxes Receivable	116
20	Analysis of Current Property Tax Levy - General Fund	117
21	Analysis of Current Tax Levy - County-Wide Levy - Secondary Market Disclosures	118
22	Schedule of the Ten Largest Taxpayers	119

GASTON COUNTY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

	Statistical Section:	<u>Page</u>
1	Net Position by Component	120
2	Changes in Net Position	121-122
3	Fund Balances, Governmental Funds	123
4	Changes in Fund Balances, Governmental Funds	124
5	Assessed Value and Actual Value of Taxable Property	125
6	Direct and Overlapping Property Tax Rates	126-127
7	Principal Property Tax Payers	128
8	Property Tax Levies and Collections	129
9	Ratios of General Bonded Debt Outstanding	130
10	Ratios of Outstanding Debt by Type	131
11	Legal Debt Margin Information	132
12	Demographic and Economic Statistics	133
13	Principal Employers	134
14	Full-Time Equivalent Budgeted County Government Employees by Function	135
15	Operating Indicators by Function	136-138
16	Capital Asset Statistics by Function	139
	Compliance Section:	
	Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	140-141
	Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance With The Uniform Guidance and The State Single Audit Implementation Act	142-143
	Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance With The Uniform Guidance and The State Single Audit Implementation Act	144-145
	Schedule of Findings, Responses, and Questioned Costs	146-150
	Corrective Action Plan	151 -152
	Schedule of Prior Year Audit Findings	153
	Schedule of Expenditures of Federal and State Awards	154-161

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INTRODUCTORY SECTION

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GASTON COUNTY FINANCE DEPARTMENT

P.O. Box 1578 – Gastonia, N.C. 28053-1578 Phone (704) 866-3111 – Fax (704)866-3518

February 15, 2019

The Honorable Chairman and Members of the Board of Commissioners
Gaston County
Gastonia, North Carolina

It is our pleasure to present the Comprehensive Annual Financial Report of Gaston County, North Carolina for the fiscal year ended June 30, 2018, with comparative numbers for the fiscal year ended June 30, 2017.

This report consists of management's representations concerning the finances of Gaston County. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the County 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 Gaston County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County'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.

Gaston County'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 County for the fiscal year ended June 30, 2018, are free of 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. Then the independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Gaston County's financial statements for the fiscal year ended June 30, 2018, 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 County 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.

Mission Statement

Gaston County seeks to be among the finest counties in North Carolina. It will provide effective, efficient and affordable services leading to a safe, secure and healthy community, an environment for economic growth, and promote a favorable quality of life.

The standards governing Single Audit engagement requires 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 a separately bound presentation.

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 County's basic financial statements. The County's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is designed to complement the Management Discussion and Analysis and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

GENERAL DESCRIPTION OF THE COUNTY

Gaston County was created on December 21, 1846 by the North Carolina General Assembly. Located in the south central part of the Piedmont region of the State approximately 15 miles west of Charlotte, Gaston County encompasses an area of 364.5 square miles. The County is bound on the east by the Catawba River and Mecklenburg County, on the south by York County, South Carolina, on the west by Cleveland County and on the north by Lincoln County. The County's 2018 population was estimated at 220,182.

There are 14 active municipalities and one inactive municipal unit fully contained within the County limits. A portion of the City of Kings Mountain (majority located in Cleveland County) lies in the western section of the County. The municipalities range in size from the City of Gastonia, the County seat, with a 2017 estimated population of 76,593 to the Town of McAdenville with an estimated population of 651. The incorporated/unincorporated population mix is approximately 62% to 38%.

The topography of the County is gently rolling to hilly, with several pronounced ridges, including Kings Mountain Pinnacle, Spencer Mountain, Jackson's Knob, Paysour Mountain, and Crowders Mountain. Elevations above sea level in Gaston County range from 587 feet in the southeast corner to 1,705 feet at the Pinnacle of the Kings Mountain ridge in the southwest. The average elevation is estimated at 825 feet.

The County is traversed from east to west by Interstate Highway I-85 and U.S. Highway 29/74 and north to south by U.S. Highway 321. This segment of U.S. Highway 321 is a controlled access four-lane highway that now connects two major interstate routes, I-85 in the County and Interstate Highway 40 in Catawba County. Two major railroad lines serve the County: Norfolk/Southern Railroad System, and CSX Railroad System. These railroads provide freight and limited passenger transportation to interchange points with other railroads throughout the eastern United States.

Mission Statement

Gaston County seeks to be among the finest counties in North Carolina. It will provide effective, efficient and affordable services leading to a safe, secure and healthy community, an environment for economic growth, and promote a favorable quality of life.

Gastonia Municipal Airport is located south of the City of Gastonia and is owned and operated by the City of Gastonia. The facility has one lighted runway measuring 3,750 feet and one unlighted emergency runway measuring 2,500 feet. Charlotte-Douglas International Airport, west of the City of Charlotte, provides regularly scheduled airline passenger and freight service, on both a national and international schedule. Over 50 freight and trucking companies as well as a national bus line carrier serve the County.

The County operates under the manager form of government. Policy making and legislative authority are vested in a Board of Commissioners consisting of seven members who are elected for four-year terms on a two-year staggered basis. The County Manager is appointed by the Board and is responsible for the administration of the affairs of the County. The County is responsible for and maintains a full range of services inherent in the operation of a county government. These services include general government, public safety, human services, cultural and recreational activities, education, economic and physical development, and environmental protection. The County also operates a landfill on a user charge basis. This report includes all the County's activities in maintaining these services.

The County operates under an annual budget ordinance, adopted in accordance with the provisions of the Local Government Budget and Fiscal Control Act. Budgetary control is maintained on a function basis and may be amended as changing conditions warrant.

LOCAL ECONOMY

The County has traditionally been a center for textile goods production but after the economic downturn of the earlier years of this century, many of the textile jobs have been eliminated. The County has made significant advances in diversifying and expanding the local economy. Today, the County's economy is more diversified with a variety of industry, trade and tourism sectors. In 2017, approximately 12% of the workforce in the County was employed in the art, accommodation and food service sector, 20% in manufacturing, 17% in health care and social assistance, 6% in government services, 9 % in educational services, 14% in retail trade, 2% in utilities and construction and the remaining 20% in transportation/communication, and entertainment, information, real estate/rental and leasing, and management of companies and enterprises.

Major business and institutional employers in the County includes Gaston County Schools, CaroMont Healthcare, Freightliner Corporation, Gaston County Government, Wal-mart Stores, and Wix Filtration.

In 1977, the Board of Commissioners established a County-wide Economic Development Commission ("EDC"). The purpose of the EDC is to actively promote and market the County to corporate site location decision-makers throughout the U.S. and the world. The EDC works with the North Carolina Department of Commerce and the Charlotte Regional Partnership to promote the area. The EDC has been actively involved in the development of four new business parks since 1997. These new parks created an additional 1,000 acres of business site inventory located primarily along Interstate Highway 85. This inventory ensures that sites are available for the location of new business and the expansion of existing businesses. Not only do the new parks increase the acreage available but they also provide a wide range of sites to accommodate small and large corporate facilities.

Mission Statement

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The County continues to emphasize the attraction of new and diverse industry, while providing support for the existing commercial and industrial community.

Major investments and announcements in the County since January of 2010 include the following:

- Owens Corning – a company that develops and produces insulation, roofing and fiberglass composites has built a 180,000 square foot building in the Gastonia Technology Park with a \$135,000,000 investment, the fourth largest in the State for 2013. It is projected to hire 110 employees and was operational in 2016.
- US Leisure – an Israeli company that manufactures outdoor resin furniture and outdoor storage products expanded its facilities by 155,650 square feet in 2013 and invested over \$10,000,000.
- Aichele – a German company that makes cutting equipment for the nonwovens and paper industries invested \$2,040,000 in an 11,000 square foot building in the Gastonia Technology Park in August of 2014, adding 4 new jobs.
- Dalton Dynamics – a Brazilian industrial adhesive manufacturer, located to the County in November of 2014 making a \$2,000,000 investment and 25 projected jobs.
- Faist Chemtec – a German company that manufactures products for sound insulation and weight reduction for the automotive, home appliance and construction industries expanded by 24,000 square feet in February of 2015, adding 20 additional jobs.
- Tosaf – an Israeli company that produces polymers and compounds announced a \$13,100,000 investment in December of 2014. This recently constructed building is in the SouthRidge Business Park and plans to hire up to 75 initial employees.
- Dixon Valve & Coupling – announced a 70,000 square foot expansion and an investment of \$3,000,000 in November of 2014. This is an expansion of its original investment of \$14,000,000 in 2013.
- Lanxess – a German chemical company announced a \$15,000,000 expansion in August of 2014. The first phase originally located in 2012 with a \$22,000,000 investment and it employs about 40 people.
- Hanesbrands – began a \$4,596,426 expansion in February of 2015.
- Daimler – announced the creation of 605 additional jobs at its Mt. Holly truck assembly facility in May of 2015.
- Modern Polymers – announced 11 new jobs and an investment of \$4,587,000 in June of 2015.
- Maistro Investments – a Brazilian company has constructed a 50,000 square-foot speculative industrial building in Gastonia.

The County's estimated unemployment rate of 4.1% for June 2018 was lower than the June 2017 figure of 4.2%. The economic outlook is cautiously optimistic as consumer/investor confidence consistently improves.

Mission Statement

Gaston County seeks to be among the finest counties in North Carolina. It will provide effective, efficient and affordable services leading to a safe, secure and healthy community, an environment for economic growth, and promote a favorable quality of life.

LONG-TERM FINANCIAL PLANNING

Available fund balance in the general fund (21.21% of general fund expenditures and transfers-out) is a little higher than the policy guidelines set by the Board of Commissioners for budgetary and planning purposes (10% - 20% of general fund expenditures and transfers-out). The excess amount has proven valuable in light of today's economy. With the adoption of the fiscal year 2017/2018 budget the Board of Commissioners sought to align expenditures with revenues so that we will have a long term solution to the voter approved debt service, procurement of replacement vehicles for our aging fleet and funding increases in the health insurance premiums. These efforts continued with the adoption of the fiscal year 2018/2019 budget.

MAJOR INITIATIVES

Fiscal year 2017/2018 has been a steady year, with some progress made on several broad initiatives and important services in Gaston County. All of these major initiatives will carry into fiscal year 2018/2019 and beyond.

EDUCATION

The voters of Gaston County approved \$250,000,000 in general obligation bonds for additional school buildings and other school plant facilities, enlarging, reconstructing, renovating, existing school buildings, and acquiring any land, furnishings, equipment and appurtenant facilities. The first \$60,000,000 of these authorized bonds was issued in November of 2018.

JAIL EXPANSION

The Gaston County Jail has been near capacity and has held off jail expansion through the use of alternative sentencing programs and the cooperation of all the major participants in the judicial system. However, at some point in the future, some form of jail expansion will likely be necessary, leading to increases in staffing and operating costs. Housing inmates from other jurisdictions will help offset increased costs in staffing, operating and debt payments for jail expansion. With any additional capacity beyond our immediate needs, we will have the availability to rent the unused space to the Federal Marshall's Office, and therefore lessen the initial impact on property taxes. Until recently, the County's work with the judicial system in developing strategies to reduce the number of inmates in our jail has paid off. With the rise of the opioid epidemic our jail population has begun to once again grow. A 72 bed infill project is currently underway.

Mission Statement

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ANIMAL CONTROL

Beginning in 2006, the State began to regulate public animal shelters. Upon inspection, major inadequacies were found in a facility built in 1968. After reviewing the cost to correct these inadequacies and the lack of space, it was determined that the County would pursue a new animal control facility. The project had been placed on hold due to the economy and funds were budgeted to temporarily improve the existing facility. During fiscal year 2015/2016 the Board of Commissioners set aside funds to renovate a facility for the use as an animal shelter. The County also rebranded the Animal Control to reflect a more accurate name for its mission. Animal Care and Enforcement (ACE) is the new name of our department. The renovation of the new ACE facility is under construction.

INTERNAL CONTROLS

Internal controls are designed to insure that the assets of the County are protected from loss, theft or misuse, and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. 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 County'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 statutes, and is an integral part of the County's accounting system and daily operations.

Under modified accrual accounting, revenues are recorded when they are both measurable and available. The County makes every attempt to maintain a diverse and stable revenue base to shelter it from short and long-term fluctuations in any one revenue source. Aggressive collection policies are in place to ensure the highest collection percentage possible for County revenues. User charges and fees are reviewed annually to establish amounts that support the cost of service provision.

Expenditures are recorded when a liability is incurred, except for interest on long-term debt and accrued vacation benefits. The Board of County Commissioners can only amend the budget since it creates a legal limit on spending authorizations. Once the budget 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 the annually adopted budget.

It is believed that the County's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions.

Mission Statement

Gaston County seeks to be among the finest counties in North Carolina. It will provide effective, efficient and affordable services leading to a safe, secure and healthy community, an environment for economic growth, and promote a favorable quality of life.

FUND BALANCE

The County, as per the Local Government Commission (Department of State Treasurer) guidelines, must maintain, at a minimum, undesignated fund balance of 8.33% - an amount equal to one month of General Fund operations. It is the County's stated goal to respect the integrity of the fund balance and use it sparingly. It is the County's stated goal to maintain a minimum available fund balance of at least 10-20% at the end of each fiscal year. Obviously where we fall within this general range depends upon a variety of factors including pending capital projects and economic conditions. The County's General Fund available fund balance at June 30, 2018 is \$42,699,025 or 19.02% of total expenditures and transfers-out.

GRANTS

As a recipient of Federal and State financial assistance, the County is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to these programs. The County's single audit for the fiscal year ended June 30, 2018 and the report, along with any areas of concern, are included in a separately bound presentation and available through the Finance Department.

DEBT

Gaston County constantly assesses its capital needs and, where appropriate, addresses the need for long-term financing. The County strives to confine long-term borrowing to terms of 20 years or less, paying attention to the expected useful life of the project. Long-term debt will not be used as a source of funding for current operations. The County maintains a sound relationship with all bond rating agencies and lending institutions. For fiscal year 2017/2018, the County had an Aa2 bond rating with Moody's Investor Service and a AA bond rating with Standard & Poor's Corporation.

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 County and its opinion has been included in this report. The firm's audit was made in accordance with generally accepted auditing standards and, included examining, on a test basis, evidence supporting the amounts and disclosures in Gaston County's basic financial statements as well as assessing the accounting principles used and significant estimates made by management. The firm's opinion indicates that the accompanying Gaston County's basic financial statements for the fiscal year ended June 30, 2018, have been prepared in conformity with GAAP.

Mission Statement

Gaston County seeks to be among the finest counties in North Carolina. It will provide effective, efficient and affordable services leading to a safe, secure and healthy community, an environment for economic growth, and promote a favorable quality of life.

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 and 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 Gaston County, North Carolina for its comprehensive annual report for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

We wish to express our appreciation to each member of the Finance Department who has assisted in the preparation of this report. Due to their professional competency and dedicated services, this Comprehensive Annual Financial Report was prepared and contains complete financial information about the County's operations. We would also like to recognize the cooperation of each County department as we work together to service the needs of all the residents of Gaston County. Additional thanks are due to the members of the Board of Commissioners for their continued guidance and support throughout the past year. The Commission has played a vital role in enabling Gaston County to achieve and maintain a high degree of fiscal responsibility. We believe this report reflects the financial health of the County which we submit to you with pride as a tribute to your leadership.

Respectfully submitted,



Earl Mathers
County Manager

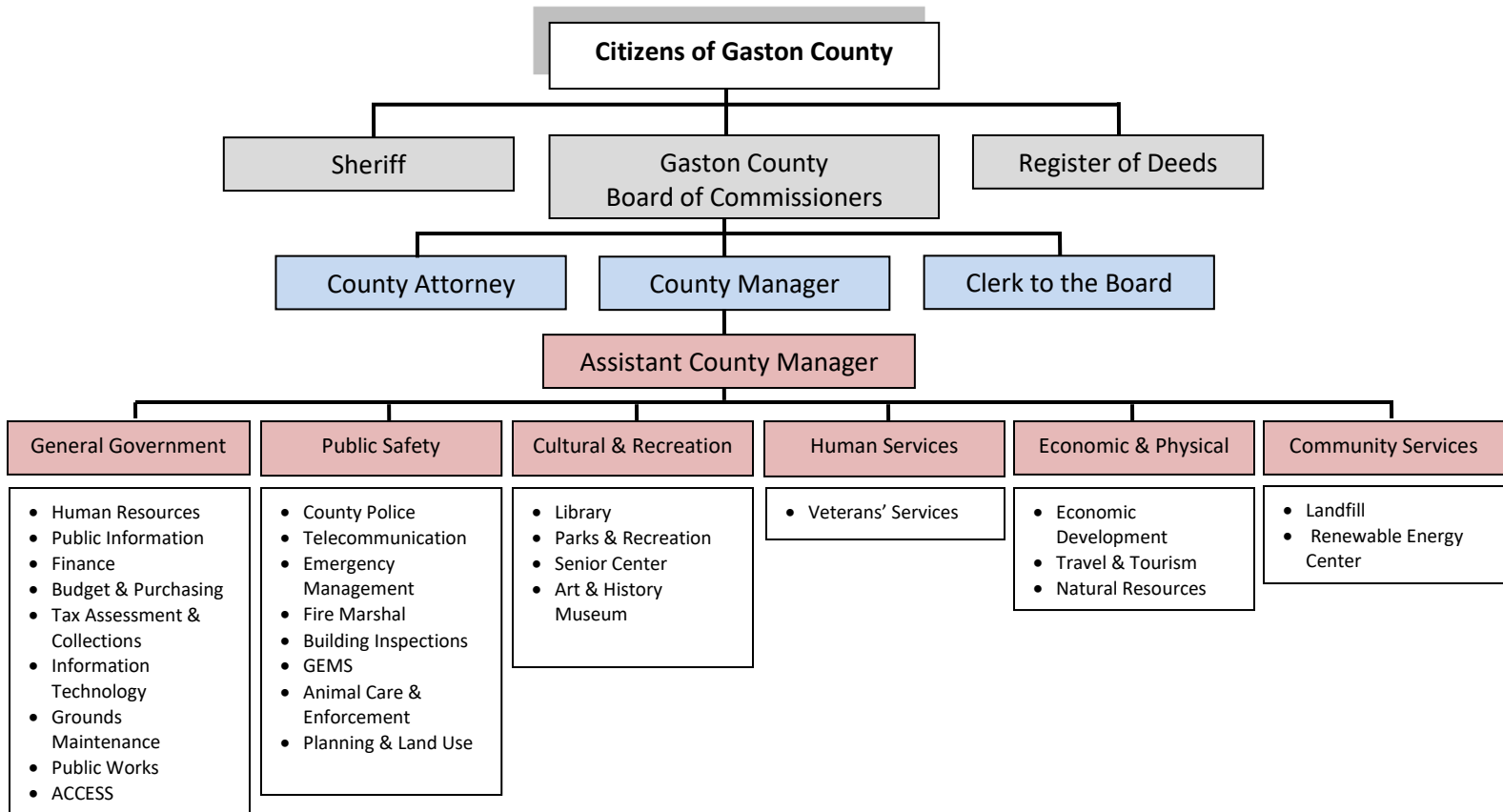


Linda Grimsley
Finance Officer

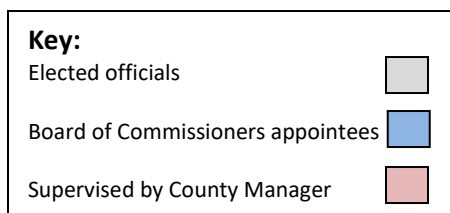
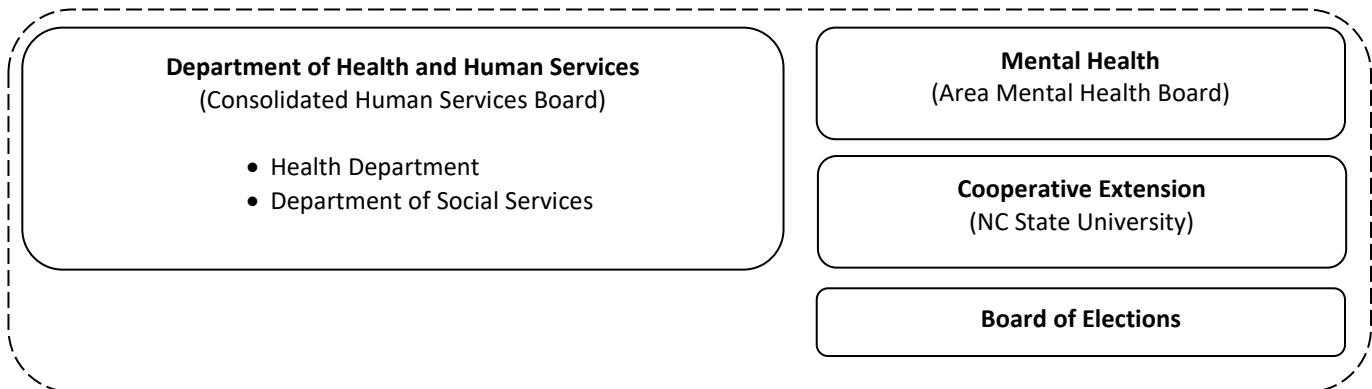
Mission Statement

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Organization Chart



Quasi-county agencies over which the Board of Commissioners exercises budgetary and/or appointive control



GASTON COUNTY, NORTH CAROLINA

List of Principal Officials

June 30, 2018

Board of Commissioners

Chad Brown, Chairman
Ronnie Worley, Vice-Chairman
Allen Fraley, Commissioner
Don Grant, Commissioner
Bob Hovis, Commissioner
Tom Keigher, Commissioner
Tracy Philbeck, Commissioner

Principal Officials

Earl Mathers, County Manger
Matthew Rhoten, Assistant County Manager
Pam Overcash, Assistant County Manager
Donna Buff, Clerk to the Board of Commissioners
Linda Grimsley, Finance Officer
Charles Moore, County Attorney
James Tanner, Tax Administration
Luke Sisk, Tax Collector
David Williams, Planning Director
James Ragan, Chairman of Elections
Susan Lockridge, Register of Deeds
Ricky Johnson, Information Technology Director
Ray Maxwell, Public Works/Solid Waste Director
Alan Cloninger, Sheriff
Mark Lamphiear, Emergency Medical Services Director
Joe Ramey, Chief of Police
Chris Dobbins, Health and Human Services Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Gaston County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Gaston County
Gastonia, North Carolina

Report On the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gaston County, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County'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.

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, each major fund, and the aggregate remaining fund information of Gaston County, North Carolina, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and Public Assistance 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 G to the financial statements, for the fiscal year ended June 30, 2018, the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. 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 the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Other Post-Employment Benefits' Schedules of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) and Schedule of County 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 Gaston County's basic financial statements. The introductory section, combining and individual fund financial statements, budgetary schedules, other schedules, statistical tables, and Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2019, on our consideration of Gaston County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Gaston County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering Gaston County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
February 15, 2019

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Management's Discussion and Analysis

The management of Gaston County provides the readers of the County's financial statements the following narrative summary and analysis of the financial activities of Gaston County for the fiscal year ended June 30, 2018. We encourage readers to read this information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follows this narrative.

Financial Highlights

- The liabilities and deferred inflows of resources of Gaston County exceed its assets and deferred outflows of resources at the end of the fiscal year by (\$21,657,615) (net position).
- The County's net position of governmental activities increased by \$657,764, and business-type activities increased by \$3,329,550.
- As of June 30, 2018, Gaston County's governmental funds reported combined ending fund balances of \$130,754,998, after a net decrease in fund balance of \$14,771,554. Approximately 41% of this total amount, or \$53,912,846, is restricted or non-spendable.
- At the end of the current fiscal year, available fund balance for the General Fund was \$42,699,025, or 19.32%, of total General Fund expenditures and transfers to other funds for the fiscal year.
- Gaston County's total debt, excluding premium on refunding, compensated absences, net pension obligations and other post-employment benefits, decreased by \$9,827,487 during the current fiscal year.
- The County maintained the following bond ratings:

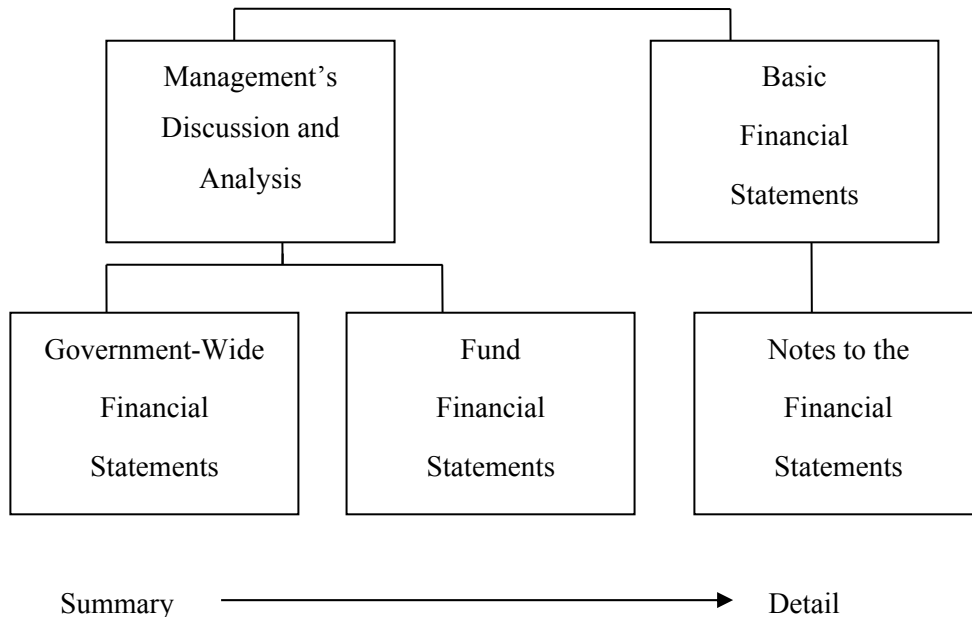
Moody's	Aa2
Standard & Poor's	AA

Overview of the Financial Statements

This discussion and analysis is an introduction to Gaston County's basic financial statements. The County's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County 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 Gaston County.

Required Components of the 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 County's financial status.

The next statements (Exhibits C through K) are **fund financial statements**. These statements focus on the activities of the individual parts of Gaston County government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: (1) the governmental funds statements, (2) the budgetary comparison statements, (3) the proprietary fund statements, and (4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about Gaston County's nonmajor governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County'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 County's financial condition as a whole.

The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into two categories: (1) governmental activities and (2) business-type activities. The governmental activities include most of the County's basic services, such as public safety, health and social services, parks and recreation, and general administration. Property taxes and federal and state grants finance most of these activities. The business-type activities are those that the County charges customers to provide. In Gaston County, only landfill services are reported as a business-type activity.

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the County'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. Gaston County, 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 County's budget ordinance. All of the funds of Gaston County 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 County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow, both 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. This method also has a current financial resources 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 County'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.

Gaston County 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 and management of the County and the decisions of the Board of Commissioners about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County 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 Public Assistance Fund; and (4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds. Gaston County has one kind of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Gaston County uses an enterprise fund to account for its solid waste services. This fund is the same as the function shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Agency (Fiduciary) Funds. Agency funds are used to account for assets the County holds on behalf of others. Gaston County has six agency funds.

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 start on page 28 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Gaston County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 75 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The liabilities and deferred inflows of resources of Gaston County exceeded its assets and deferred outflows of resources by (\$21,657,615) as of June 30, 2018. The County's net position increased by \$3,987,314 for the fiscal year ended June 30, 2018.

The largest portion of net position in the amount of \$94,907,906 reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Gaston County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Gaston County'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. An additional portion of Gaston County's net position, \$44,691,049 represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$161,256,570) is unrestricted.

The net deficit in unrestricted net position results from a situation somewhat unique to North Carolina in that counties record the debt for school bonds issued, but title to the land and buildings resides with the school system. The County's outstanding school debt at June 30, 2018 was \$175,081,427.

Gaston County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$ 164,319,422	\$ 175,756,942	\$ 12,623,599	\$ 9,637,933	\$ 176,943,021	\$ 185,394,875
Capital assets	96,077,823	97,776,985	24,228,379	24,282,153	120,306,202	122,059,138
Total assets	<u>260,397,245</u>	<u>273,533,927</u>	<u>36,851,978</u>	<u>33,920,086</u>	<u>297,249,223</u>	<u>307,454,013</u>
Deferred Outflows of Resources	<u>25,930,255</u>	<u>25,998,416</u>	<u>312,889</u>	<u>407,000</u>	<u>26,243,144</u>	<u>26,405,416</u>
Liabilities:						
Long-term liabilities outstanding	286,721,861	252,041,381	13,062,369	12,678,344	299,784,230	264,719,725
Other liabilities	36,607,416	36,625,002	2,754,399	2,704,506	39,361,815	39,329,508
Total liabilities	<u>323,329,277</u>	<u>288,666,383</u>	<u>15,816,768</u>	<u>15,382,850</u>	<u>339,146,045</u>	<u>304,049,233</u>
Deferred Inflows of Resources	<u>5,915,221</u>	<u>1,815,096</u>	<u>88,716</u>	<u>19,746</u>	<u>6,003,937</u>	<u>1,834,842</u>
Net Position:						
Net investment in capital assets	72,946,461	72,933,525	21,961,445	21,569,824	94,907,906	94,503,349
Restricted	44,691,049	35,125,642	-	-	44,691,049	35,125,642
Unrestricted	<u>(160,554,508)</u>	<u>(99,008,303)</u>	<u>(702,062)</u>	<u>(2,645,334)</u>	<u>(161,256,570)</u>	<u>(101,653,637)</u>
Total net position	<u>\$ (42,916,998)</u>	<u>\$ 9,050,864</u>	<u>\$ 21,259,383</u>	<u>\$ 18,924,490</u>	<u>\$ (21,657,615)</u>	<u>\$ 27,975,354</u>

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

- Significantly greater investment in education and economic development.
- Continued investment in staff compensation in order to get closer to market.
- Fewer grant funds for public safety initiatives.

The County continues to monitor and control operating expenditures in light of current economic conditions as well as balance the available funding with the needs of the residents.

Gaston County Changes in Net Position

Figure 3

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 37,575,796	\$ 33,773,009	\$ 11,106,915	\$ 11,101,886	\$ 48,682,711	\$ 44,874,895
Operating grants and contributions	19,679,828	27,019,761	-	-	19,679,828	27,019,761
Capital grants and contributions	8,054,004	8,047,624	-	-	8,054,004	8,047,624
General revenues:						
Property taxes	148,141,098	143,710,080	-	-	148,141,098	143,710,080
Other taxes	37,084,145	35,671,950	-	-	37,084,145	35,671,950
Other	3,855,028	2,617,261	131,598	44,490	3,986,626	2,661,751
Total revenues	<u>254,389,899</u>	<u>250,839,685</u>	<u>11,238,513</u>	<u>11,146,376</u>	<u>265,628,412</u>	<u>261,986,061</u>
Expenses:						
General government	32,021,171	28,494,793	-	-	32,021,171	28,494,793
Public safety	64,758,386	63,783,887	-	-	64,758,386	63,783,887
Environmental protection	80,459	82,563	-	-	80,459	82,563
Economic and physical development	6,953,443	7,119,799	-	-	6,953,443	7,119,799
Human services	56,430,359	63,926,904	-	-	56,430,359	63,926,904
Cultural and recreational	6,217,083	5,301,850	-	-	6,217,083	5,301,850
Education	80,128,234	86,104,362	-	-	80,128,234	86,104,362
Interest on long-term debt	6,680,302	8,064,520	-	-	6,680,302	8,064,520
Solid waste management	-	-	8,371,661	8,722,360	8,371,661	8,722,360
Total expenses	<u>253,269,437</u>	<u>262,878,678</u>	<u>8,371,661</u>	<u>8,722,360</u>	<u>261,641,098</u>	<u>271,601,038</u>
Change in net position before transfers	1,120,462	(12,038,993)	2,866,852	2,424,016	3,987,314	(9,614,977)
Transfers	<u>(462,698)</u>	<u>(366,730)</u>	<u>462,698</u>	<u>366,730</u>	<u>-</u>	<u>-</u>
Change in net position	<u>657,764</u>	<u>(12,405,723)</u>	<u>3,329,550</u>	<u>2,790,746</u>	<u>3,987,314</u>	<u>(9,614,977)</u>
Net Position:						
Beginning of year - July 1	9,050,864	28,487,753	18,924,490	16,133,744	27,975,354	44,621,497
Restatement	<u>(52,625,626)</u>	<u>(7,031,166)</u>	<u>(994,657)</u>	<u>-</u>	<u>(53,620,283)</u>	<u>(7,031,166)</u>
Beginning of year - restated	<u>(43,574,762)</u>	<u>21,456,587</u>	<u>17,929,833</u>	<u>16,133,744</u>	<u>(25,644,929)</u>	<u>37,590,331</u>
End of year - June 30	<u>\$ (42,916,998)</u>	<u>\$ 9,050,864</u>	<u>\$ 21,259,383</u>	<u>\$ 18,924,490</u>	<u>\$ (21,657,615)</u>	<u>\$ 27,975,354</u>

Governmental Activities. Governmental activities increased the County's net position by \$657,764, thereby accounting for 16.50% of the total change in the net position of Gaston County. Key element in this change is as follows:

- The County's expenditures overall for education were lower due to the construction of Pleasant Ridge Elementary School and Stanley Middle School being completed.
- Property tax revenues as well as other general revenues were higher.

Business-Type Activities. Business-type activities increased the County's net position by \$3,329,550, which was 83.50% of the total change of the County's net position. Key elements in this change are as follows:

- Landfill closure/post closure costs were \$1,296,966 lower.

Financial Analysis of the County's Funds

As noted earlier, Gaston County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Gaston County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Gaston County's financing requirements. Specifically, fund balance available for appropriation 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 County. At the end of the current fiscal year, Gaston County's fund balance available in the General Fund was \$42,699,025, while total fund balance decreased to \$57,562,109. The governing body of Gaston County has determined that the County should maintain an available fund balance of 10% to 20% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 19.32% of General Fund expenditures and transfers to other funds, while total fund balance represents 26.05% of the same amount.

The Public Assistance Fund, a major fund, had an increase in fund balance during the current year of \$1,329,600 to bring the year end fund balance to \$15,374,243. The increase in fund balance was mainly due to transfers from the General Fund.

The Capital Improvements Fund, a major fund, had a decrease in fund balance during the current year of \$11,843,565 to bring the year end fund balance to \$47,497,367. The decrease in fund balance was mainly due to expending of various projects during the year.

The Debt Service Fund, a major fund, had a decrease in fund balance during the current year of \$379,686 to bring the year end fund balance to \$3,676,796. The decrease in fund balance was mainly due to the debt service payments made during the year.

At June 30, 2018, the governmental funds of Gaston County reported a combined fund balance of \$130,754,998, a 10.15% decrease over last year. The primary reason for the decrease is the capital outlay, primarily for Gaston County schools.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and (3) increases in appropriations that become necessary to maintain services. Various budget amendments accounted for a \$1,820,164 increase in the revenue estimates for the General Fund, the result of additional federal and state funding and increase in miscellaneous revenues. Other amendments appropriated a total of \$7,754,522 from the fund balance of the General Fund.

As a result of management's efforts to control expenditures in light of current economic conditions, the General Fund's actual expenditures were \$17,673,496 under budgeted expenditures. The Gaston County Health Department expenditures were \$2,815,893 under budget. The Sheriff's Department was \$1,266,225 under budget and the County Police Department was \$1,414,727 under budget. Gaston Emergency Medical Services (GEMS) was an additional \$1,521,536 under budget in operating and capital expenditures. The remaining amount was spread over numerous operating expenditures and capital outlay accounts.

Proprietary Funds. Gaston County's proprietary fund provides the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the fiscal year amounted to (\$702,062). The total increase in net position for that fund was \$3,329,550. Other factors concerning the finances of this fund have already been addressed in the discussion of Gaston County's business-type activities.

Capital Asset and Debt Administration

Capital Assets. Gaston County's net investment in capital assets for its governmental and business-type activities as of June 30, 2018 totals \$120,306,202 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Various additions and renovations of county buildings, including Animal Care and Control Center, and recreation centers.
- Acquisition of new vehicles for the County's departments to replace aging models.
- Development and installation of enterprise resource planning (ERP) system to replace the 20 year-old accounting system.

**Gaston County's Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 19,713,831	\$ 19,713,831	\$ 1,655,959	\$ 1,655,959	\$ 21,369,790	\$ 21,369,790
Buildings and improvements	62,695,216	66,241,867	15,749,810	16,639,878	78,445,026	82,881,745
Equipment	2,904,050	1,983,192	1,666,980	652,594	4,571,030	2,635,786
Vehicles and motorized equipment	5,648,786	5,839,601	608,500	974,606	6,257,286	6,814,207
Construction in progress	5,115,940	3,998,494	4,547,130	4,359,116	9,663,070	8,357,610
Total	<u>\$ 96,077,823</u>	<u>\$ 97,776,985</u>	<u>\$ 24,228,379</u>	<u>\$ 24,282,153</u>	<u>\$ 120,306,202</u>	<u>\$ 122,059,138</u>

Additional information on the County's capital assets can be found in Note 2.E of the basic financial statements.

Long-Term Debt. As of June 30, 2018, Gaston County had total bonded debt outstanding of \$176,574,000, all of which is debt backed by the full faith and credit of the County.

Gaston County's Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 176,574,000	\$ 185,044,000	\$ -	\$ -	\$ 176,574,000	\$ 185,044,000
Capitalized leases	4,641,266	3,679,317	611,101	435,014	5,252,367	4,114,331
Installment purchases	5,125,518	6,999,559	1,655,833	2,277,315	6,781,351	9,276,874
Total	<u>\$ 186,340,784</u>	<u>\$ 195,722,876</u>	<u>\$ 2,266,934</u>	<u>\$ 2,712,329</u>	<u>\$ 188,607,718</u>	<u>\$ 198,435,205</u>

Gaston County's total debt decreased by \$9,827,487 during the past fiscal year due to the retirement of debt, primarily of general obligation bonds.

Pursuant to the North Carolina General Statutes, the County's outstanding general obligation debt is subject to a legal limitation based on 8% of the total assessed valuation of taxable property located within the government's bounties. As of June 30, 2018, the County's legal debt limit was approximately \$1,315,000,000. The outstanding debt subject to this limit was \$186,340,784, leaving a net legal debt margin of approximately \$1,129,000,000.

Gaston County maintain an "AA" rating from Standard & Poor's and Fitch Ratings and an "Aa2" rating from Moody's Investors Service for general obligation debt.

Additional information regarding the County's long-term debt can be found beginning on page 48 of this report.

Economic Factors and Next Year's Budgets and Rates

Economic Factors

The following key indicators reflect the economic condition of the County:

Unemployment in the County was 4.1% for June 2018, compared to 4.2% at June 2017. Comparable rates for the State of North Carolina were 4.2 % and 4.2%, respectively.

Construction within the County increased with more permits than the previous year for residential and commercial/other buildings. This included residential and commercial/other permits with a valuation of \$497,608.219.

Population growth experienced an increase of approximately 3,217 from a year ago; the certified County population estimate is 220,182.

Gaston County 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, 2019

Governmental Activities: The Board of County Commissioners adopted the 2018/2019 budget with no change to the tax rate (87 cents per \$100) and appropriated \$19,224,072 of fund balance in the General Fund. Budgeted ad valorem taxes increased by \$4,877,262 as a result of growth. Sales tax revenues also increased indicating positive growth within the economy.

Budgeted expenditures and transfers-out in the General Fund are \$227,105,805. The largest component of those expenditures is the funding of the compensation and benefits of the County's employees. The County did budget a 3% salary increase for its employees for 2018/2019. Health insurance premiums, co-pays, and cost of prescriptions remained flat. It is expected that future increases in health insurance costs will be shared by the County and employees. The County also continued to prolong the lag time between personnel vacancies and the hiring of replacement personnel to help lessen the impact on the budget. Education funding increased in the 2018/2019 fiscal year by the amount of \$2,025,783 over 2017/2018. The increase in education funding is primarily from debt service as a result of building two new schools and selling bonds in the amount of \$55,000,000 and debt sever of \$6,000,000 for land and design cost for a new middle school in FY 18. In FY 19 the county sold bonds for education in the amount of \$60,000,000 to build the new middle school and to complete capital projects for schools. Education also increased due to an additional \$500,000 for teacher supplements in the 2018/2019 fiscal year.

The County maintained approximately the same level of other operating appropriations in most departments. The County purchased 31 replacement vehicles. Twenty-six of those vehicles were for Public Safety: 13 for County Police, 2 for the Sheriff's Office, 10 for GEMS, and 1 for the Fire Marshal. The 5 other vehicles were for the following departments: Museum (1), DSS (1), Building Inspections (2), and Environmental Health (1).

The fee structure for building inspections did not include new fees for FY18/19. There were increases in the following fees: Valuation of Work (\$10 for \$1-\$5k and \$10 for \$5,001-\$50k valuations), One-Time Inspections (\$60 before or after normal work hours and \$20 during work hours), Weekend Inspections (\$120), and Refunds (\$10 per inspection that has already occurred). In ground Swimming Pool fees

decreased by \$20. Overall, the building inspections fund increased by \$291,143 in FY18/19 compared to FY17/18. This is due to increased personnel, operating costs, and vehicle debt as a result of an increased demand.

Business-Type Activities: The landfill fee rate structure for the County did not include any increases for FY18/19. The Municipal Solid Waste fee decreased by \$1.00.

Requests for Information

This report is designed to provide an overview of the County'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 Gaston County Director of Financial Services, P.O. Box 1578, Gastonia, North Carolina 28053-1578.

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BASIC FINANCIAL STATEMENTS

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GASTON COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total Primary Government
Assets:			
Current assets:			
Cash and cash equivalents	\$ 133,373,377	\$ 11,560,430	\$ 144,933,807
Ad valorem taxes receivable, net	1,745,636	-	1,745,636
Accounts receivable, net	19,327,890	1,036,508	20,364,398
Inventories	406,544	26,661	433,205
Prepaid items	512,752	-	512,752
Restricted cash and cash equivalents	8,807,744	-	8,807,744
Total current assets	164,173,943	12,623,599	176,797,542
Non-current assets:			
Net pension asset - ROD	145,479	-	145,479
Capital assets:			
Land, improvements, and construction in progress	24,829,771	6,203,089	31,032,860
Other capital assets, net of accumulated depreciation	71,248,052	18,025,290	89,273,342
Total capital assets	96,077,823	24,228,379	120,306,202
Total non-current assets	96,223,302	24,228,379	120,451,681
Total assets	260,397,245	36,851,978	297,249,223
Deferred Outflows of Resources:			
OPEB deferrals	2,903,896	53,634	2,957,530
Pension deferrals	14,220,460	259,255	14,479,715
Deferred charge on refunding	8,805,899	-	8,805,899
Total deferred outflows of resources	25,930,255	312,889	26,243,144
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	13,338,121	883,777	14,221,898
Liabilities payable from restricted assets	10,039	-	10,039
Prepaid fees	1,416,806	-	1,416,806
Due in less than one year	21,842,450	1,870,622	23,713,072
Total current liabilities	36,607,416	2,754,399	39,361,815
Long-term liabilities:			
Net pension liability - LGERS	16,036,914	342,415	16,379,329
Total pension liability - LEOSSA	11,847,267	-	11,847,267
Total OPEB liability	76,305,879	1,409,343	77,715,222
Due in more than one year	182,531,801	11,310,611	193,842,412
Total long-term liabilities	286,721,861	13,062,369	299,784,230
Total liabilities	323,329,277	15,816,768	339,146,045
Deferred Inflows of Resources:			
OPEB deferrals	3,994,902	73,784	4,068,686
Pension deferrals	892,005	14,932	906,937
Prepaid taxes	1,028,314	-	1,028,314
Total deferred inflows of resources	5,915,221	88,716	6,003,937
Net Position:			
Net investment in capital assets	72,946,461	21,961,445	94,907,906
Restricted for:			
Stabilization for state statute	27,400,970	-	27,400,970
Medicaid maximization	12,149,191	-	12,149,191
Fire protection	969,473	-	969,473
Public safety protection	1,083,632	-	1,083,632
Emergency telephone	1,727,739	-	1,727,739
Register of Deeds	1,103,426	-	1,103,426
Register of Deeds - pension plan	256,618	-	256,618
Unrestricted net position	(160,554,508)	(702,062)	(161,256,570)
Total net position	\$ (42,916,998)	\$ 21,259,383	\$ (21,657,615)

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

GASTON COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 32,021,171	\$ 8,529,223	\$ -	\$ 645,239
Public safety	64,758,386	15,053,195	116,893	-
Environmental protection	80,459	2,608,882	-	-
Economic and physical development	6,953,443	421,410	-	264,649
Human services	56,430,359	10,716,470	19,562,935	5,023,236
Cultural and recreational	6,217,083	246,616	-	-
Education	80,128,234	-	-	2,120,880
Interest expense and fees	6,680,302	-	-	-
Total governmental activities	<u>253,269,437</u>	<u>37,575,796</u>	<u>19,679,828</u>	<u>8,054,004</u>
Business-Type Activities:				
Solid waste	<u>8,371,661</u>	<u>11,106,915</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 261,641,098</u>	<u>\$ 48,682,711</u>	<u>\$ 19,679,828</u>	<u>\$ 8,054,004</u>

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

GASTON COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Functions/Programs:			
Primary Government:			
Governmental Activities:			
General government	\$ (22,846,709)	\$ -	\$ (22,846,709)
Public safety	(49,588,298)	-	(49,588,298)
Environmental protection	2,528,423	-	2,528,423
Economic and physical development	(6,267,384)	-	(6,267,384)
Human services	(21,127,718)	-	(21,127,718)
Cultural and recreational	(5,970,467)	-	(5,970,467)
Education	(78,007,354)	-	(78,007,354)
Interest expense and fees	(6,680,302)	-	(6,680,302)
Total governmental activities	(187,959,809)	-	(187,959,809)
Business-Type Activities:			
Solid waste	-	2,735,254	2,735,254
Total primary government	(187,959,809)	2,735,254	(185,224,555)
General Revenues:			
Taxes:			
Ad valorem taxes	148,141,098	-	148,141,098
Sales tax	37,084,145	-	37,084,145
Real estate transfer taxes	2,120,723	-	2,120,723
Investment earnings	1,734,305	131,598	1,865,903
Total general revenues	189,080,271	131,598	189,211,869
Total transfers	(462,698)	462,698	-
Change in net position	657,764	3,329,550	3,987,314
Net Position:			
Beginning of year - July 1	9,050,864	18,924,490	27,975,354
Restatement	(52,625,626)	(994,657)	(53,620,283)
Beginning of year - restated	(43,574,762)	17,929,833	(25,644,929)
End of year - June 30	\$ (42,916,998)	\$ 21,259,383	\$ (21,657,615)

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

GASTON COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	Major				Nonmajor	
	General Fund	Public Assistance Fund	Capital Improvements Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 57,142,463	\$ 13,943,640	\$ 34,714,995	\$ 3,112,134	\$ 6,399,695	\$ 115,312,927
Ad valorem taxes receivable, net	1,644,384	-	-	-	101,252	1,745,636
Accounts receivable	10,565,918	2,860,276	5,191,829	564,697	143,040	19,325,760
Inventories	322,936	83,608	-	-	-	406,544
Prepaid items	507,673	2,715	-	-	2,364	512,752
Restricted cash and cash equivalents	-	-	8,559,119	-	248,625	8,807,744
Total assets	<u>\$ 70,183,374</u>	<u>\$ 16,890,239</u>	<u>\$ 48,465,943</u>	<u>\$ 3,676,831</u>	<u>\$ 6,894,976</u>	<u>\$ 146,111,363</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 8,013,309	\$ 1,515,996	\$ 968,576	\$ 35	\$ 139,202	\$ 10,637,118
Liabilities payable from restricted assets	-	-	-	-	10,039	10,039
Prepaid fees	1,416,806	-	-	-	-	1,416,806
Total liabilities	<u>9,430,115</u>	<u>1,515,996</u>	<u>968,576</u>	<u>35</u>	<u>149,241</u>	<u>12,063,963</u>
Deferred Inflows of Resources:						
Prepaid taxes	1,028,314	-	-	-	-	1,028,314
Unavailable taxes	1,644,384	-	-	-	101,252	1,745,636
Unavailable revenue	518,452	-	-	-	-	518,452
Total deferred inflows of resources	<u>3,191,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,252</u>	<u>3,292,402</u>
Fund Balances:						
Non-Spendable:						
Inventories	322,936	83,608	-	-	-	406,544
Prepays	507,673	2,715	-	-	2,364	512,752
Restricted:						
Stabilization by state statute	14,032,475	3,011,508	9,634,262	566,197	156,528	27,400,970
Restricted for Medicaid maximization	12,149,191	-	-	-	-	12,149,191
Education	-	-	8,559,119	-	-	8,559,119
Fire protection	-	-	-	-	969,473	969,473
Sheriff protection	1,083,632	-	-	-	-	1,083,632
Emergency telephone	-	-	-	-	1,727,739	1,727,739
Register of Deeds	1,103,426	-	-	-	-	1,103,426
Committed:						
Future capital projects	-	-	12,184,397	-	-	12,184,397
Tax revaluation	-	-	-	-	238,586	238,586
Assigned:						
Insurance reserves	3,853,585	-	-	-	-	3,853,585
Subsequent year's expenditures	21,995,992	-	17,119,589	-	-	39,115,581
Gaston County tap fees	181,777	-	-	-	-	181,777
Public assistance	-	12,276,412	-	-	-	12,276,412
Parking	-	-	-	-	1,313,812	1,313,812
Travel and tourism	-	-	-	-	960,733	960,733
Public safety	-	-	-	-	1,275,248	1,275,248
Debt service	-	-	-	3,110,599	-	3,110,599
Unassigned	2,331,422	-	-	-	-	2,331,422
Total fund balances	<u>57,562,109</u>	<u>15,374,243</u>	<u>47,497,367</u>	<u>3,676,796</u>	<u>6,644,483</u>	<u>130,754,998</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 70,183,374</u>	<u>\$ 16,890,239</u>	<u>\$ 48,465,943</u>	<u>\$ 3,676,831</u>	<u>\$ 6,894,976</u>	<u>\$ 146,111,363</u>

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

GASTON COUNTY, NORTH CAROLINA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2018

Amounts reported for governmental activities in the Statement of
Net Position are different because:

Total fund balances, per Exhibit C	\$ 130,754,998
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	96,077,823
Net pension asset - ROD	145,479
Net pension liability - LGERS	(16,036,914)
Total pension liability - LEOSSA	(11,847,267)
Total OPEB liability	(76,305,879)
Assets and liabilities of the Self-Insurance Internal Service Fund used by management to account for certain insurance costs are included in governmental activities in the Statement of Net Position.	15,361,577
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.	2,264,088
Charges related to refundings issued	8,805,899
Pension related deferrals	13,328,455
OPEB related deferrals	(1,091,006)
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(204,374,251)</u>
Net position of governmental activities, per Exhibit A	<u>\$ (42,916,998)</u>

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

GASTON COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Major				Nonmajor	Total
	General	Public	Capital	Debt	Other	Total
	Fund	Assistance	Improvements	Service	Governmental	Governmental
	Fund	Fund	Fund	Fund	Funds	Funds
Revenues:						
Ad valorem taxes	\$ 143,707,647	\$ -	\$ -	\$ -	\$ 4,659,390	\$ 148,367,037
Other taxes and licenses	32,128,302	-	6,163,713	-	912,853	39,204,868
Restricted intergovernmental revenues	7,265,529	19,562,935	264,649	2,120,880	116,893	29,330,886
Fees, licenses, and permits	4,614,578	-	-	-	-	4,614,578
Sales and services	22,560,970	-	-	-	-	22,560,970
E911 surcharge	-	-	-	-	736,000	736,000
Investment earnings	638,572	158,619	631,221	50,963	88,922	1,568,297
Miscellaneous revenues	1,895,677	348,171	421,410	1,053,343	212,872	3,931,473
Total revenues	<u>212,811,275</u>	<u>20,069,725</u>	<u>7,480,993</u>	<u>3,225,186</u>	<u>6,726,930</u>	<u>250,314,109</u>
Expenditures:						
Current:						
General government	29,907,519	-	-	-	382,782	30,290,301
Public safety	60,050,083	-	-	-	5,402,798	65,452,881
Environmental protection	81,533	-	-	-	-	81,533
Economic and physical development	3,491,411	-	-	-	926,137	4,417,548
Human services	19,918,858	36,515,898	-	-	-	56,434,756
Cultural and recreational	5,819,668	-	-	-	-	5,819,668
Education	54,073,032	-	-	-	-	54,073,032
Capital outlay	-	-	28,481,094	-	-	28,481,094
Debt service:						
Principal retirement	2,460,977	36,238	-	75,526,041	-	78,023,256
Interest and fees	59,195	984	-	10,895,650	-	10,955,829
Total expenditures	<u>175,862,276</u>	<u>36,553,120</u>	<u>28,481,094</u>	<u>86,421,691</u>	<u>6,711,717</u>	<u>334,029,898</u>
Revenues over (under) expenditures	<u>36,948,999</u>	<u>(16,483,395)</u>	<u>(21,000,101)</u>	<u>(83,196,505)</u>	<u>15,213</u>	<u>(83,715,789)</u>
Other Financing Sources (Uses):						
Debt issued	3,459,164	-	6,000,000	59,182,000	-	68,641,164
Transfers in	765,769	17,812,995	3,156,536	23,634,819	210,000	45,580,119
Transfers out	(45,127,048)	-	-	-	(150,000)	(45,277,048)
Total other financing sources (uses)	<u>(40,902,115)</u>	<u>17,812,995</u>	<u>9,156,536</u>	<u>82,816,819</u>	<u>60,000</u>	<u>68,944,235</u>
Net change in fund balances	<u>(3,953,116)</u>	<u>1,329,600</u>	<u>(11,843,565)</u>	<u>(379,686)</u>	<u>75,213</u>	<u>(14,771,554)</u>
Fund Balances:						
Beginning of year - July 1	<u>61,515,225</u>	<u>14,044,643</u>	<u>59,340,932</u>	<u>4,056,482</u>	<u>6,569,270</u>	<u>145,526,552</u>
End of year - June 30	<u>\$ 57,562,109</u>	<u>\$ 15,374,243</u>	<u>\$ 47,497,367</u>	<u>\$ 3,676,796</u>	<u>\$ 6,644,483</u>	<u>\$ 130,754,998</u>

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

GASTON COUNTY, 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, 2018**

Amounts reported for governmental activities in the Statement of
Activities are different because:

Net change in fund balances - total governmental funds (Exhibit E)	\$ (14,771,554)
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.	4,403,924
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(6,092,968)
The sale/disposal of capital assets is reported as a revenue in the governmental funds statement without subtracting the net book value of the capital assets sold.	(10,118)
Exhibit E reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:	
Property taxes	(225,939)
Sales and services	(40,111)
Expenses related to compensated absences and Law Enforcement Officers' Separation Allowance and total pension liability and net pension liability that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(103,757)
Pension expense - LEOSSA	142,345
Pension expense - LGERS	114,369
Pension expense - ROD	(58,679)
OPEB plan expense	66,562
Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities.	(68,641,164)
Principal repayments 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. (This line includes debt refunding transactions).	78,023,256
Changes in premium related to bonds and changes in deferred charge on refunding	4,275,527
Net revenue of the Self-Insurance Internal Service Fund determined to be governmental-type	<u>3,576,071</u>
Change in net position of governmental activities - Exhibit B	<u>\$ 657,764</u>

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

GASTON COUNTY, NORTH CAROLINA

**GENERAL FUND AND ANNUALLY BUDGETED SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Over/Under
Revenues:				
Ad valorem taxes	\$ 141,336,000	\$ 141,336,000	\$ 143,707,647	\$ 2,371,647
Other taxes and licenses	31,811,740	31,811,740	32,128,302	316,562
Restricted intergovernmental revenues	6,640,050	8,112,087	7,265,529	(846,558)
Permits and fees	3,693,703	3,723,216	4,614,578	891,362
Sales and services	19,918,207	20,019,897	22,560,970	2,541,073
Investment earnings	105,000	105,490	638,572	533,082
Miscellaneous	926,862	1,143,296	1,895,677	752,381
Total revenues	<u>204,431,562</u>	<u>206,251,726</u>	<u>212,811,275</u>	<u>6,559,549</u>
Expenditures:				
General government	32,833,731	35,574,058	29,907,519	5,666,539
Public safety	61,619,214	67,884,066	60,050,083	7,833,983
Environmental protection	99,509	99,509	81,533	17,976
Economic and physical development	3,620,729	3,854,724	3,491,411	363,313
Human services	20,485,353	22,850,342	19,918,858	2,931,484
Cultural and recreational	6,047,121	6,354,856	5,819,668	535,188
Education	53,969,093	54,208,493	54,073,032	135,461
Principal retirement	2,599,794	2,599,794	2,460,977	138,817
Interest and fees	109,930	109,930	59,195	50,735
Total expenditures	<u>181,384,474</u>	<u>193,535,772</u>	<u>175,862,276</u>	<u>17,673,496</u>
Revenues over (under) expenditures	<u>23,047,088</u>	<u>12,715,954</u>	<u>36,948,999</u>	<u>24,233,045</u>
Other Financing Sources (Uses):				
Appropriated fund balance	19,968,941	27,723,463	-	(27,723,463)
Installment purchase contracts issued	-	3,921,862	3,459,164	(462,698)
Transfers in	765,769	765,769	765,769	-
Transfers (out)	(43,781,798)	(45,127,048)	(45,127,048)	-
Total other financing sources (uses)	<u>(23,047,088)</u>	<u>(12,715,954)</u>	<u>(40,902,115)</u>	<u>(28,186,161)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(3,953,116)</u>	<u>\$ (3,953,116)</u>
Fund Balances:				
Beginning of year - July 1			<u>61,515,225</u>	
End of year - June 30			<u>\$ 57,562,109</u>	

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

GASTON COUNTY, NORTH CAROLINA

**GENERAL FUND AND ANNUALLY BUDGETED SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Public Assistance Fund			
	Original Budget	Final Budget	Actual	Variance Over/Under
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	-	-	-	-
Restricted intergovernmental revenues	33,192,059	33,590,028	19,562,935	(14,027,093)
Permits and fees	-	-	-	-
Sales and services	-	-	-	-
Investment earnings	-	-	158,619	158,619
Miscellaneous	226,083	362,177	348,171	(14,006)
Total revenues	<u>33,418,142</u>	<u>33,952,205</u>	<u>20,069,725</u>	<u>(13,882,480)</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Environmental protection	-	-	-	-
Economic and physical development	-	-	-	-
Human services	51,106,404	52,722,922	36,515,898	16,207,024
Cultural and recreational	-	-	-	-
Education	-	-	-	-
Principal retirement	48,541	48,541	36,238	12,303
Interest and fees	2,993	2,993	984	2,009
Total expenditures	<u>51,157,938</u>	<u>52,774,456</u>	<u>36,553,120</u>	<u>16,221,336</u>
Revenues over (under) expenditures	<u>(17,739,796)</u>	<u>(18,822,251)</u>	<u>(16,483,395)</u>	<u>2,338,856</u>
Other Financing Sources (Uses):				
Appropriated fund balance	-	1,009,256	-	(1,009,256)
Installment purchase contracts issued	-	-	-	-
Transfers in	17,739,796	17,812,995	17,812,995	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>17,739,796</u>	<u>18,822,251</u>	<u>17,812,995</u>	<u>(1,009,256)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,329,600</u>	<u>\$ 1,329,600</u>
Fund Balances:				
Beginning of year - July 1			<u>14,044,643</u>	
End of year - June 30			<u>\$ 15,374,243</u>	

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

GASTON COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2018

	Business-Type Activities	Governmental Activities
	Enterprise Solid Waste Fund	Internal Service Fund
Assets:		
Current assets:		
Cash and cash equivalents	\$ 11,560,430	\$ 18,060,450
Accounts receivable, net	1,036,508	2,130
Inventories	26,661	-
Total current assets	12,623,599	18,062,580
Non-current assets:		
Land, improvements, and construction in progress	6,203,089	-
Capital assets, net	36,685,861	-
Accumulated depreciation	(18,660,571)	-
Total non-current assets	24,228,379	-
Total assets	36,851,978	18,062,580
Deferred Outflows of Resources:		
OPEB deferrals	53,634	-
Pension deferrals	259,255	-
Total deferred outflows of resources	312,889	-
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	883,777	2,701,003
Compensated absences	37,156	-
Current portion of notes payable and capital leases	972,212	-
Current portion of closure and post-closure care	861,254	-
Total current liabilities	2,754,399	2,701,003
Non-current liabilities:		
Net pension liability	342,415	-
Compensated absences	111,468	-
Capital leases and notes payable	1,294,722	-
Total OPEB liability	1,409,343	-
Landfill closure and post-closure care	9,904,421	-
Total non-current liabilities	13,062,369	-
Total liabilities	15,816,768	2,701,003
Deferred Inflows of Resources:		
OPEB deferrals	73,784	-
Pension deferrals	14,932	-
Total deferred inflows of resources	88,716	-
Net Position:		
Net investment in capital assets	21,961,445	-
Unrestricted net position	(702,062)	15,361,577
Total net position	\$ 21,259,383	\$ 15,361,577

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

GASTON COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities	Governmental Activities
	Enterprise Solid Waste Fund	Internal Service Fund
Operating Revenues:		
Charges for services	\$ 8,216,930	\$ 22,501,684
Energy charges	2,431,332	-
Other operating revenues	458,653	-
Total operating revenues	11,106,915	22,501,684
Operating Expenses:		
Operating expenses	5,047,242	18,325,852
Renewable energy department	1,336,652	-
Depreciation	1,437,481	-
Total operating expenses	7,821,375	18,325,852
Operating income (loss)	3,285,540	4,175,832
Non-Operating Revenues (Expenses):		
Interest expense	(550,286)	-
Investment earnings	131,598	166,008
Total non-operating revenues (expenses)	(418,688)	166,008
Other Financing Sources (Uses):		
Transfers out	-	(765,769)
Transfers in	462,698	-
Total other financing sources (uses)	462,698	(765,769)
Change in net position	3,329,550	3,576,071
Net Position:		
Beginning of year - July 1	18,924,490	11,785,506
Restatement	(994,657)	-
Beginning of year, restated	17,929,833	11,785,506
End of year - June 30	\$ 21,259,383	\$ 15,361,577

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

GASTON COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities	Governmental Activities
	Enterprise Solid Waste Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from customers	\$ 10,665,968	\$ 2,574,882
Receipts from interfund charges for insurance programs	-	19,997,241
Other operating receipts	458,653	-
Cash paid to employees for services	(1,951,533)	-
Cash paid for goods and services	(4,377,312)	(18,282,624)
Net cash provided (used) by operating activities	<u>4,795,776</u>	<u>4,289,499</u>
Cash Flows From Non-Capital Financing Activities:		
Transfer in (out)	462,698	(765,769)
Net cash (used) provided by non-capital financing activities	<u>462,698</u>	<u>(765,769)</u>
Cash Flows from Capital and Related Financing Activities:		
Principal payments	(908,093)	-
Proceeds from issuance of long-term debt	462,698	-
Acquisition of capital assets	(1,383,707)	-
Interest expense	(550,286)	-
Net cash provided (used) by capital and related financing activities	<u>(2,379,388)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest income (loss)	131,598	166,008
Net cash provided (used) by investing activities	<u>131,598</u>	<u>166,008</u>
Net increase (decrease) in cash and cash equivalents	3,010,684	3,689,738
Cash and Cash Equivalents:		
Beginning of year - July 1	<u>8,549,746</u>	<u>14,370,712</u>
End of year - June 30	<u>\$ 11,560,430</u>	<u>\$ 18,060,450</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 3,285,540	\$ 4,175,832
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and amortization	1,437,481	-
Landfill closure and post-closure care cost	142,906	-
Changes in Assets and Liabilities:		
Increase (decrease) in net pension liability	(145,265)	-
(Increase) decrease in deferred outflows of resources for pensions	147,745	-
(Increase) decrease in deferred outflows of resources for OPEB	(53,634)	-
Increase (decrease) in deferred inflows of resources for pensions	(4,814)	-
Increase (decrease) in deferred inflows of resources for OPEB	73,784	-
Increase (decrease) in OPEB liability	(21,380)	-
(Increase) decrease in accounts receivable	17,706	70,439
(Increase) decrease in inventories and prepaid expenses	7,312	-
Increase (decrease) in accounts payable	(106,547)	43,228
Increase (decrease) in accrued payroll and other liabilities	<u>14,942</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 4,795,776</u>	<u>\$ 4,289,499</u>

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

GASTON COUNTY, NORTH CAROLINA**STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****JUNE 30, 2018**

	Agency Funds
	<hr/>
Assets:	
Cash and cash equivalents	\$ 475,737
Total assets	<hr/> <u>\$ 475,737</u>
 Liabilities:	
Fiduciary depository accounts	\$ 475,737
Total liabilities	<hr/> <u>\$ 475,737</u>

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

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GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1. Summary of Significant Accounting Policies

The accompanying financial statements and the following accounting policies of Gaston County, North Carolina (the "County"), conform to accounting principles generally accepted in the United States of America as applicable to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a seven-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component unit, a legally separate entity for which the County is financially accountable. The blended component unit, although a separate legal entity, is, in substance, part of the County's operations.

Blended Component Unit

The Gaston County Soil and Water Conservation District ("District"), exists to provide leadership and conservation assistance to the people of Gaston County, to improve and sustain their soil, water, air, plant, and wildlife resources. The District almost exclusively benefits the County even though it does not provide services directly to it. Therefore, the District is reported as part of the general governmental activities in the County's financial statements. The Board for the Blended Component Unit is the same as the County's Board of Commissioners.

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government net position. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds. The County only has one proprietary fund.

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

The County reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Public Assistance Special Revenue Fund. The Public Assistance Special Revenue Fund is used to account for the activities of the Department of Social Services. The transactions included proceeds of federal and state revenue sources for various assistance programs (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Improvements Capital Project Fund. The Capital Improvements Capital Project Fund is used to account for financial resources for capital improvements for all County departments, as well as the Gaston County schools and Gaston College.

Debt Service Fund. The Debt Service Fund is used to account for debt service payments for the County.

The County reports the following major proprietary fund:

Solid Waste Fund. The Solid Waste Fund is used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the governing body has decided that the periodic determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

Additionally, the County reports the following fund types:

Fiduciary Funds. Fiduciary funds account for assets being held by the government in a trust or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Fiduciary funds include the following fund type:

Agency Funds. Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments, and/or other funds. They are custodial in nature and do not involve measurement of results of operations. The County's agency funds are used to account for monies deposited with the County's Department of Social Services for the benefit of certain individuals for whom the County acts as an agent, to account for funds collected by the Tax Collector's office on behalf of other municipal entities within the County, to account for monies held on behalf of inmates of the County jail, to report various legal fines and forfeitures that the County is required to remit to the Gaston County schools, to account for funds collected by the Tax Collector's office for penalties paid from personal and business properties for late listing and insufficient funds, and defeased bond payments to escrow agents in relation to the refunding of County debt in the current year.

Internal Service Funds. Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units on a cost reimbursement basis. The measurement focus is upon determination of net income, financial position, and changes in financial position. The generally accepted accounting principles here are those applicable to similar businesses in the private sector and; thus, these funds are maintained on the accrual basis. The County has one internal service fund, the Self-Insurance Internal Service Fund.

Nonmajor Funds. The County maintains seven legally budgeted funds. The Travel and Tourism Fund, Property Revaluation Fund, Emergency Telephone System Fund, Drug Forfeitures Fund, Controlled Substance Abuse Tax Fund, Parking Fee Fund, and the Fire District Fund are reported as nonmajor special revenue funds.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds are maintained during the year using the modified accrual basis of accounting.

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus, and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Proprietary funds distinguish operating revenues and expenses from 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 revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period when they become susceptible to accrual (i.e., when they are "measurable" and "available"). Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not 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 September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes collected and held by the state at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Public Assistance Fund, Debt Service Fund, Capital Improvements Fund, Travel and Tourism Fund, Property Revaluation Fund, Emergency Telephone System Fund, Drug Forfeitures Fund, Controlled Substance Abuse Tax Fund, Parking Fee Fund, Fire District Fund, and the enterprise funds. All budgets are prepared using the modified accrual basis of accounting.

Budgetary control is exercised in all funds except the agency funds. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The County Manager and/or the Finance Director may make transfers of appropriations between and within a department. The budget amounts presented in the financial statements are the final amounts budgeted as of June 30, 2018. The budget was prepared on the modified accrual basis of accounting as required by North Carolina General Statutes. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

Deposits and Investments

All deposits of the County are made in Board-designated official depositories and are secured as required by state law [G.S.159-31]. The County may designate, as an official depository, any bank or savings and loan association whose principal office is located in North Carolina. Also, the County 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 County 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 County's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Government Portfolio, an SEC-registered (2a-7) government money market fund, are valued at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. 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.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Cash and Cash Equivalents

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Restricted Assets

Unspent bond proceeds in the Capital Improvements Fund are classified as restricted assets because their use is restricted to the purpose for which the bonds were originally issued. Money in the Property Revaluation Fund is classified as restricted assets, because its use is restricted per North Carolina General Statute 153A-150.

Governmental Activities:

Capital Improvements Fund - Major:

Unspent bond proceeds \$ 8,559,119

Nonmajor other governmental funds:

Tax revaluation 248,625

Total restricted cash \$ 8,807,744

Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date), but penalties do not begin to accrue until the following January 6. The taxes are based on the assessed values as of January 1, 2017.

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

	General	Nonmajor Special Revenue	Solid Waste
	Fund	Fund	Fund
Taxes receivable	\$ 4,000,000	\$ 125,000	\$ -
Emergency Medical Services (GEMS)	2,161,221	-	-
Health department	21,188	-	-
Accounts receivable	-	-	15,000
Total	<u>\$ 6,182,409</u>	<u>\$ 125,000</u>	<u>\$ 15,000</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Inventories and Prepaid Items

The inventories of the County are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. The inventory of the County's Enterprise Fund consists of materials and supplies held for consumption. The cost of the inventory carried in the Enterprise Fund is recorded as an expense as it is 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

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The County has elected not to capitalize those interest costs, which are incurred during the construction period of capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets of the County generally have an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. Capital assets are depreciated on the straight-line method over their estimated useful lives:

<u>Assets</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	20-30 years
Vehicles	5 years
Equipment	7-15 years

The County holds title to certain Gaston County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit certificates of participation financing of acquisition and construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education once all restrictions of the financing agreements have been met. The properties are reflected as capital assets in the financial statements of the Gaston County Board of Education.

Interest incurred during the construction phase of proprietary fund type capital assets is reflected in the capitalized value of the asset constructed.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow 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 County has several items that meet this criteria – a deferred charge on refunding, pension and OPEB related deferrals. In addition to liabilities, the Statement of Net Position can also 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 County has several items that meet the criteria for this category – prepaid taxes, unavailable revenue and unavailable taxes, and pension and OPEB related deferrals.

Long-Term Obligations

In the government-wide financial statements and in 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.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as another financing source.

Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty (30) days of earned vacation leave, with such leave being fully vested when earned. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary related payments are recorded as the leave is earned.

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

Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are 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 statutes.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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.

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of 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 prepaids, 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 for 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 Education – portion of fund balance that can only be used for school capital per G.S. 159-18-22. The Capital Improvements Fund had \$8,559,119 in unspent bond proceeds at June 30, 2018.

Restricted for Fire Protection – portion of fund balance restricted by revenue source for fire protection expenditures.

Restricted for Sheriff Protection – portion of fund balance restricted by revenue source for sheriff protection expenditures.

Restricted for Emergency Telephone – portion of fund balance restricted for expenditures to enhance the state's 911 system.

Restricted for Register of Deeds – portion of fund balance restricted by state statute for automation enhancement (software) improvements.

Restricted for Medicaid Maximization – portion of fund balance budgeted by the Board for Gaston County Health Department expenditures.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent bond proceeds of \$8,559,119 and Register of Deeds pension plan of \$256,618 at June 30, 2018.

Committed Fund Balance

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

Committed for Tax Revaluation – portion of fund balance that can only be used for tax revaluation.

Committed for Future Capital Projects – portion of fund balance that can only be used for capital expenditures/projects.

Assigned Fund Balance

Assigned fund balance is the portion of fund balance that Gaston County intends to use for specific purposes. The County's governing body has the 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 approves the appropriation; however, the budget ordinance authorizes the Manager to make certain modifications utilizing a contingency line item without requiring Board approval.

Assigned for Insurance Reserves – portion of fund balance budgeted by the Board for future insurance expenditures and catastrophic events.

Assigned for Public Assistance – portion of fund balance budgeted by the Board for public assistance expenditures.

Assigned for Parking – portion of fund balance budgeted by the Board for expenditures related to the County's parking facilities.

Assigned for Travel and Tourism – portion of fund balance budgeted by the Board for travel and tourism expenditures.

Assigned Debt Service – portion of fund balance budgeted by the Board for debt service expenditures.

Assigned for Gaston County Tap Fees – portion of fund balance budgeted by the Board for tap fee expenditures.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Assigned for Public Safety – portion of fund balance budgeted by the Board for public safety expenditures.

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 or other funds. Only the General Fund may report a positive unassigned fund balance. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Gaston County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: debt proceeds, federal funds, state funds, local non-County funds, and/or County 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 Finance Officer has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

Gaston County has also adopted a minimum fund balance policy for the General Fund, which instructs management to conduct the business of the County in such a manner that available fund balance in the range of 10% to 20% of the prior year's expenditures.

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	\$ 57,562,109
Less:	
Inventories	322,936
Prepays	507,673
Stabilization by state statute	<u>14,032,475</u>
Fund balance available for appropriation	<u>\$ 42,699,025</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

	General Fund	Public Assistance Fund	Capital Improvements Fund	Debt Service Fund	Nonmajor Funds
Encumbrances	<u>\$ 3,985,009</u>	<u>\$ 151,232</u>	<u>\$ 4,442,433</u>	<u>\$ 1,500</u>	<u>\$ 13,488</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

F. Defined Benefit Cost-Sharing Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the state; the Local Governmental Employees' Retirement System (LGERs) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

G. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Other Resources

The General Fund provides the basis of local resources for other governmental funds. These transactions are recorded as "transfers out" in the General Fund and "transfers in" in the receiving fund.

2. Detail Notes On All Funds

A. Assets

Deposits

All of the County's deposits of the County are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits over the federal depository insurance coverage are collateralized with securities held by the County's agent in the County's name. 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 County, these deposits are considered to be held by the County's agent in the County's name. The amount of 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 County or the escrow agent. Because of the inability to

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

measure the exact amount of collateral provided for the County under the Pooling Method, the potential exists for undercollateralization. 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 County has no formal policy regarding custodial risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2018, the carrying amount of the County's deposits was \$15,840,242, and the related bank balance was \$17,356,018. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$16,856,018 in deposits were covered by collateral held under the Pooling Method. The County had \$10,075 cash on hand.

B. Investments

All investments are stated at cost, which approximates fair value. The County distributes interest earned to the various funds based on each fund's proportionate equity in pooled cash and investments during each month of the year.

North Carolina General Statute 159-30(c) authorizes the County 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 Exhibit 13 53 commercial paper and banker's acceptance; and the North Carolina Capital Management Trust, a SEC-registered (2a-7) government money market fund.

At June 30, 2018, the County had the following investments and maturities:

Investment Type	Valuation Measurement	Book Value	Within 12 Months	1-3 Years	Over 3 Years
	Method				
US government agencies	Fair Value Level 2	\$ 8,995,500	\$ -	\$ 8,995,500	\$ -
NC Capital Management Trust - Term Portfolio*	Fair Value Level 1	44,946,912	44,946,912	-	-
NC Capital Management Trust - Government Portfolio	Amortized Cost	84,424,560	N/A	N/A	-
Total		<u>\$ 138,366,971</u>	<u>\$ 44,946,912</u>	<u>\$ 8,995,500</u>	<u>\$ -</u>

*Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

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

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from increasing interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchase of securities to be tiered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County had no formal policy on managing credit risk. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAA by Standard & Poor's as of June 30, 2018. The County's investments in the NC Capital Management Trust Term Portfolio are unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County's investments in US agencies (Federal Home Loan Bank) are rated AA by Standard & Poor's and Aa2 by Moody's Investors Service.

Concentration of Credit Risk. The County does not have a policy that places a limit on the amount that the County may invest in any one issuer. More than 5% of the County's investments are in interest-bearing Federal Farm Credit Bank. These investments are 100%, respectively, of the County's total investments in U.S. government agencies.

C. Property Tax Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, and forestland may be taxed by the County at the present use-value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,446,879	\$ 473,854	\$ 1,920,733
2016	1,174,726	279,031	1,453,757
2017	1,191,433	175,757	1,367,190
2018	1,197,998	68,894	1,266,892
Total	<u>\$ 5,011,036</u>	<u>\$ 997,536</u>	<u>\$ 6,008,572</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

D. Accounts Receivable

Accounts receivable at the government-wide level at June 30, 2018 were as follows:

	Governmental Activities	Business-Type Activities
Emergency Medical Services (GEMS), net	\$ 381,392	\$ -
Landfill fees, net	-	1,036,508
Health department fees, net	68,181	-
Accrued sales tax distribution	4,464,654	-
Due from other governments, public assistance	2,860,276	-
Due from other governments, capital improvement	5,191,829	-
Due from other governments, Special Revenue Fund	142,641	-
Internal Service Fund	2,130	-
Sales tax paid	1,319,054	-
Other	4,897,733	-
Accounts receivable	<u>\$ 19,327,890</u>	<u>\$ 1,036,508</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

E. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 19,713,831	\$ -	\$ -	\$ 19,713,831
Construction in progress	3,998,494	1,117,446	-	5,115,940
Total non-depreciable capital assets	<u>23,712,325</u>	<u>1,117,446</u>	<u>-</u>	<u>24,829,771</u>
Depreciable Capital Assets:				
Buildings and improvements	128,954,517	124,330	-	129,078,847
Equipment	18,837,120	1,666,149	-	20,503,269
Vehicles and motorized equipment	19,915,751	1,495,999	(1,297,349)	20,114,401
Total depreciable capital assets	<u>167,707,388</u>	<u>3,286,478</u>	<u>(1,297,349)</u>	<u>169,696,517</u>
Less Accumulated Depreciation:				
Buildings and improvements	62,712,650	3,670,981	-	66,383,631
Equipment	16,853,928	745,291	-	17,599,219
Vehicles and motorized equipment	14,076,150	1,676,696	(1,287,231)	14,465,615
Total accumulated depreciation	<u>93,642,728</u>	<u>\$ 6,092,968</u>	<u>\$ (1,287,231)</u>	<u>98,448,465</u>
Total depreciable capital assets, net	<u>74,064,660</u>			<u>71,248,052</u>
Governmental activities capital assets, net	<u>\$ 97,776,985</u>			<u>\$ 96,077,823</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 3,223,972
Public safety	1,966,849
Economic and physical development	112,748
Human services	262,944
Cultural and recreational	526,455
Total depreciation expense	<u>\$ 6,092,968</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Business-Type Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 1,655,959	\$ -	\$ -	\$ 1,655,959
Construction in progress	4,359,116	188,014	-	4,547,130
Total non-depreciable capital assets	<u>6,015,075</u>	<u>188,014</u>	<u>-</u>	<u>6,203,089</u>
Depreciable Capital Assets:				
Buildings and improvements	27,173,408	-	-	27,173,408
Equipment	1,458,633	1,195,693	-	2,654,326
Vehicles and motorized equipment	6,858,127	-	-	6,858,127
Total depreciable capital assets	<u>35,490,168</u>	<u>1,195,693</u>	<u>-</u>	<u>36,685,861</u>
Less Accumulated Depreciation:				
Buildings and improvements	10,533,530	890,068	-	11,423,598
Equipment	806,039	181,307	-	987,346
Vehicles and motorized equipment	5,883,521	366,106	-	6,249,627
Total accumulated depreciation	<u>17,223,090</u>	<u>\$ 1,437,481</u>	<u>\$ -</u>	<u>18,660,571</u>
Total depreciable capital assets, net	<u>18,267,078</u>			<u>18,025,290</u>
Business-type activities capital assets, net	<u>\$ 24,282,153</u>			<u>\$ 24,228,379</u>

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2018 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 96,077,823	\$ 24,228,379
Less:		
Long-term debt	(198,212,789)	(2,266,934)
Add:		
Debt related to assets not owned by the County	175,081,427	-
Total	<u>(23,131,362)</u>	<u>(2,266,934)</u>
Net investment in capital assets	<u>\$ 72,946,461</u>	<u>\$ 21,961,445</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Construction Commitments

A summary of the remaining commitments on the County's open construction projects is as follows:

Project	Remaining Commitment
Jail Expansion	\$ 463,328
CH/Jail/DHHS Chiller Replaced	260,000
Dallas Park CMAQ Trail	701,695
DSS/Courthouse/Jail HVAC	2,000
ADA Compliance	246,475
MPO Sidewalk Grant- Match	83,595
Lowell-Poston Park Sidewalk	334,379
Rankin Lake to GTP Trail	946,847
New Animal Control Facility	5,731,896
Dallas Park Expansion	1,813,363
Poston Pump Track/Upgrades	226,605
Property Acquisition	500,000
HHW Facility	70,000
Cell Construction	94,367
Landfill Construction	166,309
Unit III Permitting	199,449
Unit I Closure	117,534
Wellfield Expansion	310,000
Crowder's Creek Recycling	350,000
New Hope Recycling Center	350,000
Riverbend Recycling	400,000
Buffer Property Purchase	360,000
Energy Park Water Line Design	54,037
Siloxane Removal System	50,000
Total	<u><u>\$ 13,831,879</u></u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

F. Payables

Payables at the government-wide level at June 30, 2018 were as follows:

	<u>Vendors</u>	<u>Accrued Expenses</u>	<u>Total</u>
Governmental Activities:			
General	\$ -	\$ 8,013,309	\$ 8,013,309
Public assistance	-	1,515,996	1,515,996
Capital improvement	968,576	-	968,576
Debt service	35	-	35
Nonmajor special revenue	-	139,202	139,202
Internal Service Fund	<u>2,701,003</u>	<u>-</u>	<u>2,701,003</u>
Total governmental activities	<u>\$ 3,669,614</u>	<u>\$ 9,668,507</u>	<u>\$ 13,338,121</u>
 Business-Type Activities:			
Solid waste	<u>\$ -</u>	<u>\$ 883,777</u>	<u>\$ 883,777</u>

G. Closure and Post-Closure Costs

In October 1991, the US Environmental Protection Agency issued its rule entitled “Solid Waste Disposal Facility Criteria” (the “EPA rule”). The effect of the EPA rule is to obligate all municipal solid waste landfill owners and operators to perform certain closing functions and certain post-closure monitoring and maintenance functions as a condition for the right to continue operating existing landfill sites. Beginning in April 1995, owners and operators were also required to provide assurance that financial resources would be available to provide for the closure and post-closure care costs.

The County is continuing to develop and modify closure plans and assess post-closure monitoring methods and strategies. Engineering cost estimates continue to be refined consistent with current regulatory requirements and anticipated rule changes. Such costs, which are to include the cost of all equipment and facilities, the cost of providing final cover, and the cost of monitoring and maintaining the landfill area during the 30-year post-closure period are likely to be significant.

Federal and state laws and regulations required the County to close by December 31, 1997 the last remaining unlined landfill cell in which the County was burying solid waste. Just prior to January 1, 1998, as required by law, the County opened its first landfill cell containing a synthetic liner to capture any leachate from the solid waste. The County obtained approval for an operating permit for only the one cell in which the liner was installed. Much of the 300 acres of the original tract purchased for landfill purposes will remain unpermitted until the need for additional cells arises. Consequently, the County considers only the cell currently in use to calculate its estimate of landfill closure and post-closure care costs for this landfill.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The County's current landfill cell and the one closed in December 1997 are subject to the new regulations. Although closure and post-closure care costs will be paid only near or after the date that the individual landfill cells stop accepting waste, a portion of these closure and post-closure care costs are reported as a liability within the Proprietary Fund based on County landfill used as of each balance sheet date. The closure and post-closure care costs accrued at June 30, 2018 amount to \$10,765,675. This estimated amount is based on what it would cost to perform all closure and post-closure care costs in 2018. Actual costs may differ due to inflation, changes in technology, or changes in regulations. The County will recognize the remaining estimated costs of closure and post-closure care costs of each new cell as it is permitted and begins to accept waste. The County is currently using two lined cells, which were opened in January 1998 and March 2003, and expects to close both of those concurrently in approximately four years once another cell has been permitted.

The County has three additional landfills, which have not received solid waste since October 9, 1991 and, therefore, are not subject to the most recent EPA requirements. The Biggerstaff Landfill was closed during the 1992 fiscal year. The Cramerton and Auten Road Landfills were closed during the 1995 fiscal year. These landfills are subject to the 1986 EPA rule requiring certain closure functions and post-closure monitoring for five years. The five-year period for monitoring the landfills closed under the 1986 EPA rule has expired; therefore, the County has accrued no costs for those landfills at June 30, 2018.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

H. Deferred Inflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Charge on refunding of debt	\$ 8,805,899	\$ -
Pensions - difference between expected and actual experience	1,152,092	464,116
Pensions - difference between projected and actual investment earnings	3,989,288	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	131,211	282,932
Pensions - change of assumptions	2,882,478	159,889
Contributions to pension plan in 2016-2017 fiscal year	5,644,012	-
Benefit payments and administration costs paid subsequent to the measurement date (LEOSSA)	680,634	-
OPEB - difference between expected and actual experience	-	489,138
OPEB - change of assumptions	-	3,579,548
Benefit payments and plan administrative expense made subsequent to the measurement date	2,957,530	-
Prepaid taxes not yet earned (General Fund)	-	1,028,314
Taxes receivable, net (General Fund)	-	1,644,384
Taxes receivable, net (Special Revenue Fund)	-	101,252
Health department receivable, net (General Fund)	-	68,181
Other (General Fund)	-	450,271
Total	<u>\$ 26,243,144</u>	<u>\$ 8,268,025</u>

I. Long-Term Obligations

Capital Leases

The County has entered into agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

At June 30, 2018, the County leased vehicles and equipment as follows:

Governmental Activities:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Vehicles	\$ 4,223,246	\$ 1,170,175	\$ 3,053,071
Total	<u>\$ 4,223,246</u>	<u>\$ 1,170,175</u>	<u>\$ 3,053,071</u>

Business-Type Activities:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 432,827	\$ 216,413	\$ 216,414
Vehicles	195,742	41,989	153,752
Total	<u>\$ 628,569</u>	<u>\$ 258,403</u>	<u>\$ 370,166</u>

For the County, the future minimum lease payments as of June 30, 2018 were as follows:

Governmental Activities:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 2,417,919	\$ 75,568
2020	1,633,225	34,609
2021	590,122	5,196
Total	<u>\$ 4,641,266</u>	<u>\$ 115,373</u>

Business-Type Activities:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 327,097	\$ 9,867
2020	205,146	4,525
2021	78,858	695
Total	<u>\$ 611,101</u>	<u>\$ 15,087</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Installment Purchase Obligations

Business-Type Activities:

3.77% note, payable in annual installments ranging from \$35,806 to \$353,919, including interest; final payment due in 2020; secured by electric facility issued June 2010

\$ 1,655,833

For the County, the future minimum payments for all installment purchase obligations as of June 30, 2018 are as follows:

Business-Type Activities:

Year Ending June 30	Principal	Interest	Total
2019	\$ 645,115	\$ 56,412	\$ 701,527
2020	669,647	31,884	701,531
2021	341,071	6,424	347,495
Total	<u>\$ 1,655,833</u>	<u>\$ 94,720</u>	<u>\$ 1,750,553</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

General Obligation Indebtedness

General obligation bonds are collateralized by the full faith, credit, and taxing power of the County. Principal and interest requirements will be provided by appropriation in the year in which they become due.

\$50,025,000 General Obligation School Bonds, Series 2016:

Principal due in annual installments through February 1, 2036.

Installments range from \$2,500,000 to \$2,505,000. Interest payable semi-annually (February and August) ranges from 2.0% to 5.0% issued May 2016.

\$ 45,020,000

\$21,980,000 General Obligation School Bonds, Series 2009A:

Principal due in annual installments through February 1, 2019.

Installments range from \$2,325,000 to \$3,110,000. Interest payable semi-annually (February and August) ranges from 2.0% to 4.0% issued August 2009.

3,110,000

\$58,855,000 2013 Refunding Bonds:

Principal due in annual installments through March 1, 2028.

Installments range from \$85,000 to \$6,180,000. Interest payable semi-annually (March and September) ranges from 2.0% to 5.0% issued April 2013.

50,995,000

\$12,295,000 General Obligation Refunding Bonds, Series 2009C:

Principal due in annual installments through June 1, 2020.

Installments range from \$295,000 to \$2,710,000. Interest payable semi-annually (June and December) ranges from 2.0% to 3.5% issued August 2009.

3,755,000

\$7,338,000 General Obligation Refunding Bonds, Series 2012:

Principal due in annual installments through March 1, 2022.

Installments range from \$71,000 to \$2,380,000. Interest payable semi-annually (March and September) at 2.02% issued March 2012.

6,887,000

\$5,020,000 General Obligation Refunding Bonds, Series 2016:

Principal due in annual installments through February 1, 2019.

Installments range from \$625,000 to \$1,770,000. Interest payable semi-annually (February and August) ranges from 2.0% to 5.0% issued May 2016.

1,625,000

\$6,000,000 General Obligation School Bonds, Series 2017:

Principal due in annual installments through August 1, 2027.

Installments are \$600,000. Interest payable semi-annually (February and August) at 2.103% issued September 2017.

6,000,000

\$59,182,000 General Obligation Refunding Bonds, Series 2017:

Principal due in annual installments through February 1, 2029.

Installments range from \$115,000 to \$8,323,000. Interest payable semi-annually (February and August) at 2.53% issued December 2017.

59,182,000

Total

\$ 176,574,000

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Annual debt service requirements to maturity for the County's general obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 16,444,000	\$ 6,257,335	\$ 22,701,335
2020	16,719,000	5,352,857	22,071,857
2021	15,858,000	4,783,584	20,641,584
2022	15,704,000	4,194,000	19,898,000
2023	14,657,000	3,606,571	18,263,571
2024-2028	68,869,000	10,391,252	79,260,252
2029-2033	20,823,000	2,398,405	23,221,405
2034-2036	7,500,000	450,000	7,950,000
Total	<u>\$ 176,574,000</u>	<u>\$ 37,434,003</u>	<u>\$ 214,008,003</u>

Revolving Loan Payables

On July 12, 2011, the County was approved for a maximum loan amount of \$8,500,000 from the U.S. Environmental Protection Agency passed-through the North Carolina Department of Environmental and Natural Resources under the Drinking Water State Revolving Fund program. The loan proceeds were being used to construct High Shoals Sewer Interconnect. The loan is repayable at 2.455% for 20 years.

The loan repayment schedule based on the maximum loan of \$8,500,000 calls for fixed annual principal payments of \$425,000 and semi-annual interest repayments based on outstanding principal annually for 20 years. The total amount outstanding at June 30, 2018 was \$5,125,518.

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2019	\$ 366,108	\$ 128,519	\$ 494,627
2020	366,108	122,336	488,444
2021	366,108	107,856	473,964
2022	366,108	98,868	464,976
2023	366,108	98,868	464,976
2024-2028	1,830,540	314,578	2,145,118
2029-2032	1,464,438	89,879	1,554,317
Total	<u>\$ 5,125,518</u>	<u>\$ 960,904</u>	<u>\$ 6,086,422</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2018:

	Balance			Balance	Current
	July 1, 2017	Increases	Decreases	June 30, 2018	Portion
Governmental Activities:					
General obligation bonds	\$ 185,044,000	\$ 65,182,000	\$ (73,652,000)	\$ 176,574,000	\$ 16,444,000
Premium	12,946,062	-	(1,074,057)	11,872,005	1,074,057
Capitalized leases of equipment	3,679,317	3,459,164	(2,497,215)	4,641,266	2,417,919
State revolving loan	5,491,626	-	(366,108)	5,125,518	366,108
Installment purchases payable	1,507,933	-	(1,507,933)	-	-
Compensated absences	6,057,705	6,161,462	(6,057,705)	6,161,462	1,540,366
Total OPEB liability	77,463,447	-	(1,157,568)	76,305,879	-
Net pension liability (LGRS)	23,154,920	-	(7,118,006)	16,036,914	-
Total pension liability (LEOSSA)	10,886,409	960,858	-	11,847,267	-
Total governmental activities	<u>\$ 326,231,419</u>	<u>\$ 75,763,484</u>	<u>\$ (93,430,592)</u>	<u>\$ 308,564,311</u>	<u>\$ 21,842,450</u>
Business-Type Activities:					
Installment purchases payable	\$ 2,277,315	\$ -	\$ (621,482)	\$ 1,655,833	\$ 645,115
Compensated absences	133,682	148,624	(133,682)	148,624	37,156
Net pension liability (LGRS)	487,680	-	(145,265)	342,415	-
Total OPEB liability	1,430,723	-	(21,380)	1,409,343	-
Landfill closure and post-closure costs	10,622,769	142,906	-	10,765,675	861,254
Capitalized leases of equipment	435,014	462,698	(286,611)	611,101	327,097
Total business-type activities	<u>\$ 15,387,183</u>	<u>\$ 754,228</u>	<u>\$ (1,208,420)</u>	<u>\$ 14,932,991</u>	<u>\$ 1,870,622</u>

Compensated absences, OPEB liability, and pension liabilities of the governmental activities are generally liquidated by the General Fund. At June 30, 2018, Gaston County had a legal debt margin of approximately \$1,129,000,000.

Debt Related to Capital Activities

Of the total governmental activities debt listed, only \$23,131,362 relates to assets the County holds title.

Bond Refunding

On May 24, 2016, the County issued \$5,020,000 of general obligation refunding bonds to provide resources to refund all or a portion of the County's outstanding general obligation school bonds, Series 2006 and the general obligation community college bonds, Series 2007 in the amounts of \$1,750,000 and \$3,400,000, respectively. A portion of the proceeds will be used to purchase the Restricted Escrow Fund Securities and to provide the cash that will be placed in an irrevocable escrow account to refund the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liabilities have been removed from the governmental activities column of the

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$158,094. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This refunding was undertaken to reduce total debt service payments over the next three years and resulted in an economic gain of \$192,566.

On December 15, 2017, the County issued \$59,182,000 of general obligation refunding bonds to be used for debt service payments of \$58,981,923 of general obligation bonds. As a result, the refunded bonds are considered to be decreased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$200,077. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This refunding was undertaken to reduce total debt service payments over the next 7 years and resulted in an economic gain of \$426,270.

J. Interfund Balances and Activity

The composition of interfund transfers during the year ended June 30, 2018 is as follows:

From	To	Purpose	Amount
General Fund	Public Assistance Fund	County amount transferred to balance budget for FY18 for various expenditures.	\$ 17,739,796
General Fund	Public Assistance Fund	Vehicles (FY 2018 Vehicle Lease Purchase Financing)	73,199
General Fund	Property Revaluation Fund	County amount transferred to balance budget for FY18 for various expenditures.	210,000
General Fund	Debt Service Fund	To fund all non-school debt service payments	5,718,826
General Fund	Debt Service Fund	To fund all school debt service payments	17,915,993
General Fund	Capital Improvements Fund	County amount transferred to balance budget for FY18 for various project expenditures.	3,006,536
General Fund	Enterprise Fund	Vehicles (FY 2018 Vehicle Lease Purchase Financing)	462,698
Self-Insurance Fund	General Fund	To fund medical claims and associated administrative costs for FY18	765,769
Travel and Tourism Fund	Capital Improvements Fund	To fund for the purchase of a pumptract at Poston Park	150,000
Total			<u><u>\$ 46,042,817</u></u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

3. Other Information

A. Risk Management

The County 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 County carries commercial insurance coverage for all risks of loss with the exception of certain vehicle coverage's. The County is self-insured for (1) any collision damage to County-owned, on-road vehicles as a result of at-fault accidents and (2) any window breakage, vandalism, or theft of vehicles typically included in comprehensive commercial coverage. This self-insurance program is funded by annual appropriation. There have been no significant reductions in insurance coverage from the previous years, and settled claims from these risks have not exceeded commercial insurance coverage in any of the last three fiscal years.

The County carries flood insurance because the County is in an area of the state that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Management Agency; the County is eligible to purchase coverage of \$1,000,000. The County also purchases coverage for commercial flood insurance for areas designated as "X" for another \$25,000,000 of coverage.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Finance Director and Tax Collector are each individually bonded for \$100,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$500,000.

The County accounts for health, life, and dental Insurance within the Internal Service Fund. Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported (IBNR). The result of the process to eliminate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether they are allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Changes in the balances of claims liabilities during the past two years are as follows:

	Risk Management Claims	
	Year Ended June 30	
	2018	2017
Unpaid claims, beginning of fiscal year	\$ 2,580,485	\$ 2,981,000
Incurred claims (including IBNRs)	15,273,671	12,584,706
Claim payments	(15,153,153)	(12,985,221)
Unpaid claims, end of fiscal year	<u>\$ 2,701,003</u>	<u>\$ 2,580,485</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

B. Joint Ventures

The County, in conjunction with Lincoln County and Cleveland County, participates in the Gaston/Lincoln/Cleveland Area Mental Health/Developmental Disabilities/Substance Abuse Authority - d/b/a "Partners Behavioral" (the "Authority"). The Board of Commissioners of each County appoints one of its own members to the Authority's Board. Those Board members, in turn, appoint the additional members of the Authority's Board allotted to each County, nine from Gaston County, four from Lincoln County, and five from Cleveland County, making a total of 21 Board members. The Authority provides a variety of services to citizens of the three counties, including individual and group out-patient psychiatric services for adults and adolescents, case management services, a community support program for formerly institutionalized persons adjusting to a return to the community, a 24-hour crisis service, and a full range of mental retardation services for citizens of all ages. The County has an ongoing financial responsibility to the Authority to supplement the federal and state funds, which comprise the bulk of its budget. For the fiscal year ended June 30, 2018, the County contributed \$884,300 to the Authority, which represented approximately 0.27% of its total budget. The County does not have an equity interest in the Authority; therefore, no equity interest has been reflected in the financial statements. Complete financial statements for the Authority may be obtained from its administrative offices at 2505 Court Drive, Gastonia, North Carolina 28054.

The County participates with the State of North Carolina and the Gaston County Board of Education in a joint venture to operate Gaston College (the "College"), a part of the North Carolina Community College System, which provides low-cost education to area citizens in a variety of academic disciplines, often in conjunction with local industry. Each of the three participants appoints four members of the 13-member Board of Trustees of the College. The president of the College's student government association serves as a non-voting, ex-officio member of the Board of Trustees. The College is included as a component unit of the State of North Carolina. The County has the responsibility for providing funding for the facilities of the College and also provides some financial support for its operations. In addition to providing annual appropriations for facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the College because of the statutory responsibilities to provide funding for the College's facilities. The County's contributions for the College's operating and capital expenditures for the year ended June 30, 2018 were \$5,107,079 and \$695,823, respectively. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2018. Complete financial statements for the College may be obtained at its administrative offices at 201 Highway 321 South, Dallas, North Carolina 28034.

The County, in conjunction with Mecklenburg County, North Carolina, and York County, South Carolina, participates in the Lake Wylie Marine Commission (the "LWMC"). The LWMC was established by the 1987 session of the North Carolina General Assembly, Chapter 683 as amended by Chapter 897, and the 1987 session of the South Carolina General Assembly, Act 176 as amended by Act 769, for the purpose of preserving and protecting property and wildlife and promoting public safety in, on, and around Lake Wylie. The counties that fall within the jurisdiction of the LWMC appoint its Board members. Gaston County appoints three members, Mecklenburg County appoints two members, and York County appoints two members. The primary sources of revenue for the LWMC are the member assessments in equal amounts of

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

\$25,000 for each of the three counties for the fiscal year ended June 30, 2018. The County has no equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2018. Complete financial statements for the Lake Wylie Marine Commission are available from the Centralina Council of Governments, 1300 Baxter Street, Suite 450, PO Box 35008, Charlotte, North Carolina 28235, which performs general and administrative services for the LWMC under an administrative services contract.

C. Related Organizations

The County Board of Commissioners appoints 13 of the 14 members of the Board of Directors of CaroMont Health, Inc. (formerly Gaston Health Care, Inc.). CaroMont Health, Inc. is a holding company, which includes several operating companies providing health services to the citizens of Gaston County and surrounding counties. The most significant of these companies is Gaston Memorial Hospital, Inc. The County leases buildings and land to CaroMont Health, Inc. for the Gaston Memorial Hospital for one dollar per year. The lease is for 30 years expiring on April 29, 2035 with automatic one-year renewal provisions until terminated by either party.

The County Board of Commissioners appoints the seven-member Board of Directors of the Gaston County Industrial Facilities and Pollution Control Financing Authority (the "Authority"), which was created in 1976 under the authority of North Carolina General Statute 159D. The Authority is charged with the review of applications for the County's allotment of industrial revenue bonds and approves or denies the preliminary application. The Authority also makes recommendations to the Board of Commissioners regarding each bond application and serves as agent for industrial bond issues as specified under federal and state tax laws for tax-exempt industrial revenue bonds.

D. Other Employment Benefits

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

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

E. Pension Plan Obligations

Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.55% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$5,637,293 for the year ended June 30, 2018.

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

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

At June 30, 2018, the County reported a liability of \$16,379,329 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017, utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the County's proportion was 1.072%, which was a decrease of 0.042% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$5,520,589. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 943,601	\$ 463,647
Changes of assumptions	2,339,195	-
Net difference between projected and actual earnings on pension plan investments	3,976,921	-
Changes in proportion and differences between County contributions and proportionate share of contributions	65,732	282,932
County's contributions subsequent to the measurement date	5,637,293	-
Total	<u>\$ 12,962,742</u>	<u>\$ 746,579</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

\$5,637,293 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Total
2019	\$ 784,202
2020	4,695,564
2021	2,366,628
2022	(1,267,524)
2023	-
Thereafter	-
Total	<u>\$ 6,578,870</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
	productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	<u>6.0%</u>	4.0%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.20%, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20%) or one percentage point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
County's proportionate share of the net pension liability (asset)	<u>\$ 49,717,117</u>	<u>\$ 16,379,329</u>	<u>\$ (10,991,461)</u>

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

Law Enforcement Officers' Special Separation Allowance

Plan Description. Gaston County administers a public employee retirement system (the "Separation Allowance"); a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of credible service or have attained 55 years of age and have completed five or more years of credible service. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer 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.

The Separation Allowance covers all full-time law enforcement officers of the County. At December 31, 2016, the Separation Allowance's membership consisted of:

Law Enforcement Officers' Special Separation Allowance	
Retirees receiving benefits	42
Active plan members	<u>227</u>
Total	<u>269</u>

A separate report was not issued for the plan.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

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

Mortality Rates are based on the following:

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

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

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

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

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$680,634 as benefits came due for the reporting period.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

At June 30, 2018, the County reported a total pension liability of \$11,847,267. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$875,946.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Benefit payments and administrative costs subsequent to measurement date	\$ 680,634	\$ -
Difference between expected and actual experience	205,994	-
Changes of assumptions and other inputs	<u>518,737</u>	<u>159,889</u>
Total	<u>\$ 1,405,365</u>	<u>\$ 159,889</u>

\$680,634 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Total</u>
2019	\$ 125,463
2020	125,463
2021	125,463
2022	134,770
2023	53,683
Thereafter	<u>-</u>
Total	<u>\$ 564,842</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 3.16%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16%) or 1-percentage-point higher (4.16%) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	<u>\$ 12,758,140</u>	<u>\$ 11,847,267</u>	<u>\$ 11,005,943</u>

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

Beginning balance	\$ 10,886,409
Service cost	341,920
Interest on the total pension liability	407,079
Difference between expected and actual experience	253,678
Changes of assumptions and other inputs	638,815
Benefit payments made	<u>(680,634)</u>
Net change in total pension liability	960,858
Ending balance of the total pension liability	<u>\$ 11,847,267</u>

Changes of Assumptions. Changes of assumption and other inputs reflect a change in the Municipal Bond Index Rate from 3.86% at December 31, 2016 to 3.16% at December 31, 2017.

Changes of Benefit Terms. Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5% 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, 2018 were \$1,093,803, which consisted of \$723,103 from the County and \$370,700 from the law enforcement officers, no amounts were forfeited.

Registers of Deeds' Supplemental Pension Fund

Plan Description. The County also contributes to the Registers of Deeds' Supplemental Pension Fund RODSPF), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county Register of Deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental 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.

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least ten years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contributions this and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$6,719 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of \$145,479 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuations as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2017, the County's proportion was 0.85%, which was a decrease of .28% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$65,400. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,497	\$ 469
Changes of assumptions	24,546	-
Net difference between projected and actual earnings on pension plan investments	12,367	-
Changes in proportion and differences between County contributions and proportionate share of contributions	65,479	-
County's contributions subsequent to the measurement date	6,719	-
Total	<u>\$ 111,608</u>	<u>\$ 469</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

\$6,719 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Total
2019	\$ 60,530
2020	39,321
2021	1,415
2022	3,154
2023	-
Thereafter	-
Total	<u>\$ 104,420</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2017 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75%, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	<u>\$ (114,345)</u>	<u>\$ (145,479)</u>	<u>\$ (171,662)</u>

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

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

The net pension liability for LGERS and ROD was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of December 31, 2017, with an actuarial valuation date of December 31, 2016. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
Proportionate share of net pension liability (asset)	\$ 16,379,329	\$ -	\$ (145,479)	\$ 16,233,850
Proportion of the net pension liability (asset)	1.072%	NA	0.852%	-
Total pension liability	-	11,847,267	-	11,847,267
Pension expense	5,520,589	875,946	65,400	6,461,935

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflows of Resources</u>	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
Differences between expected and actual experience	\$ 943,601	\$ 205,994	\$ 2,497	\$ 1,152,092
Changes of assumptions	2,339,195	518,737	24,546	2,882,478
Net difference between projected and actual earnings on pension plan investments	3,976,921	-	12,367	3,989,288
Changes in proportion and differences between County contributions and proportionate share of contributions	65,732	-	65,479	131,211
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	5,637,293	680,634	6,719	6,324,646
Total deferred outflows of resources	<u>\$ 12,962,742</u>	<u>\$ 1,405,365</u>	<u>\$ 111,608</u>	<u>\$ 14,479,715</u>
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ 463,647	\$ -	\$ 469	\$ 464,116
Changes of assumptions	-	159,889	-	159,889
Changes in proportion and differences between County contributions and proportionate share of contributions	282,932	-	-	282,932
Total deferred inflows of resources	<u>\$ 746,579</u>	<u>\$ 159,889</u>	<u>\$ 469</u>	<u>\$ 906,937</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Other Post-Employment Benefits

Plan Description. In accordance with a County resolution, the County administers a single-employer, defined benefit plan, which provides healthcare benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the County. The plan is available to qualified retirees until the age of 65 or until Medicare eligible, whichever is sooner. The County pays the full cost of coverage for these benefits if you have 25 or more years of service. Also, retirees can purchase coverage for their dependents at the County's group rates. Currently, 187 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2018, the County made payments for post-retirement health benefit premiums of \$2,957,530. The County obtains healthcare coverage through self and private insurers. A separate report was not issued for the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

County Contributions Based on Years of Creditable Service		
Years of Creditable Service	Date Hired	
	Pre-July 1, 2007	On or after July 1, 2007
Less than 3 years	0%	0%
3-15	50%	50%
15+	100%	75%

Membership of the post-employment health benefit plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	455
Active members	<u>521</u>
Total	<u><u>976</u></u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Total OPEB Liability

The County's total OPEB liability of \$77,715,222 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.50%-7.75%, including wage inflation
Discount rate	3.56 percent
Healthcare cost trend rates	Pre-Medicare - 7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023

The discount rate is based on the June average of the Bond Buyer General Obligation 20-Year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2017	\$ 81,092,529
Changes for the Year:	
Service cost	1,804,661
Interest	2,408,143
Differences between expected and actual experience	(648,987)
Changes of assumptions or other inputs	(4,749,335)
Benefit payments	(2,191,789)
Net changes	(3,377,307)
Balance at June 30, 2018	\$ 77,715,222

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.01% to 3.56%.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	\$ 86,669,691	\$ 77,715,222	\$ 70,041,344

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 72,912,921	\$ 77,715,222	\$ 83,187,876

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

For the year ended June 30, 2018, the County recognized OPEB expense of \$2,889,738. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 489,138
Changes of assumptions	-	3,579,548
Benefit payments and plan administrative expense made subsequent to the measurement date	2,957,530	-
Total	<u>\$ 2,957,530</u>	<u>\$ 4,068,686</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

\$2,957,530 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending	
June 30	Total
2019	\$ (1,329,636)
2020	(1,329,636)
2021	(1,329,636)
2022	(79,778)
2023	-
Thereafter	-
Total	<u>\$ (4,068,686)</u>

F. Claims and Judgments

At June 30, 2018, the County was a defendant to other various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

G. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*, in the fiscal year ended June 30, 2018. The implementation of the statement required the County to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the County related to OPEB during the measurement period (fiscal year ended June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for governmental activities decreased \$52,625,626 and \$994,657 for the business-type activities.

H. Subsequent Event

The County issued \$60,000,000 in general obligation school bonds on November 8, 2018. The funds will be used to construct a new middle school and additions at other schools.

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REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Schedule of Changes in Total Pension Liability for Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll for Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in the Total OPEB Liability and Related Ratios for Other Post-Employment Benefits
- County's Proportionate Share of Net Pension Liability (Asset) for Local Government Employee's Retirement System
- County's Contributions for Local Government Employee's Retirement System
- County's Proportionate Share of Net Pension Liability (Asset) for Register of Deeds' Pension Fund
- County's Contributions for Register of Deeds' Pension Fund

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GASTON COUNTY, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST TWO FISCAL YEARS

Law Enforcement Officers' Special Separation Allowance		
	2018	2017
Beginning balance	\$ 10,886,409	\$ 10,936,528
Service cost	341,920	387,553
Interest on the total pension liability	407,079	380,199
Difference between expected and actual experience	253,678	-
Changes in assumptions or other inputs	638,815	(244,487)
Benefit payments	(680,634)	(573,384)
Ending balance of the total pension liability	<u>\$ 11,847,267</u>	<u>\$ 10,886,409</u>

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

Note: Information is intended to be shown for ten years; additional years' information will be displayed as it becomes available.

GASTON COUNTY, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST TWO FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance			
	2018		2017
Total pension liability	\$ 11,847,267	\$	10,886,409
Covered payroll	13,342,210		14,212,061
Total pension liability as a percentage of covered payroll	88.80%		76.60%

Notes to Schedules:

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

Note: Information is intended to be shown for ten years; additional years' information will be displayed as it becomes available.

GASTON COUNTY, NORTH CAROLINA**OTHER POST-EMPLOYMENT BENEFITS****REQUIRED SUPPLEMENTARY INFORMATION****SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS****JUNE 30, 2018****Other Post-Employment Benefits**

	2018
Service cost	\$ 1,804,661
Interest	2,408,143
Differences between expected and actual experience	(648,987)
Changes of assumptions or other inputs	(4,749,335)
Benefit payments	(2,191,789)
Net change in total OPEB liability	(3,377,307)
Total OPEB liability - beginning	81,092,529
Total OPEB liability - ending	<u>\$ 77,715,222</u>
 Covered payroll	 \$ 30,225,889
Total OPEB liability as a percentage of covered payroll	257.11%

Notes to the Required Schedules:

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

Fiscal Year	Rate
2018	3.56%

GASTON COUNTY, NORTH CAROLINA
COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARS*

Local Government Employees' Retirement System					
	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	1.07214%	1.11399%	1.09906%	1.14287%	1.16630%
County's proportion of the net pension liability (asset) (\$)	\$ 16,379,329	\$ 23,642,600	\$ 4,932,515	\$ (6,740,036)	\$ 14,058,394
County's covered payroll*	\$ 69,171,453	\$ 67,510,404	\$ 66,133,607	\$ 65,995,520	\$ 66,397,570
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	23.68%	35.02%	7.46%	-10.21%	21.17%
Plan fiduciary net position as a percentage of the total pension liability **	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

Note: Information is intended to be shown for ten years; additional years' information will be displayed as it becomes available.

GASTON COUNTY, NORTH CAROLINA**GASTON COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARS**

Local Government Employees' Retirement System					
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 5,637,293	\$ 5,126,405	\$ 4,687,940	\$ 4,693,058	\$ 4,711,193
Contributions in relation to the contractually required contribution	<u>5,637,293</u>	<u>5,126,405</u>	<u>4,687,940</u>	<u>4,693,058</u>	<u>4,711,193</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 73,803,006	\$ 69,171,453	\$ 67,510,404	\$ 66,133,607	\$ 65,995,520
Contributions as a percentge of covered payroll	7.64%	7.41%	6.94%	7.10%	7.14%

Note: Information is intended to be shown for ten years; additional years' information will be displayed as it becomes available.

GASTON COUNTY, NORTH CAROLINA
COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARS*
Register of Deeds' Supplemental Pension Fund

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.85230%	1.13299%	1.34155%	1.42133%	1.39896%
County's proportion of the net pension liability (asset) (\$)	\$ (145,479)	\$ (211,824)	\$ (310,898)	\$ (322,166)	\$ (298,818)
County's covered payroll*	\$ 103,227	\$ 96,827	\$ 93,457	\$ 90,947	\$ 90,168
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-140.93%	-218.77%	-332.66%	-354.23%	-331.40%
Plan fiduciary net position as a percentage of the total pension liability **	153.77%	160.17%	197.29%	193.88%	190.50%

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

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

Note: Information is intended to be shown for ten years; additional years' information will be displayed as it becomes available.

GASTON COUNTY, NORTH CAROLINA**GASTON COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARS**

Register of Deeds' Supplemental Pension Fund					
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 6,719	\$ 7,405	\$ 10,735	\$ 10,765	\$ 11,605
Contributions in relation to the contractually required contribution	<u>6,719</u>	<u>7,405</u>	<u>10,735</u>	<u>10,765</u>	<u>11,605</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 106,313	\$ 103,227	\$ 96,827	\$ 93,457	\$ 90,947
Contributions as a percentage of covered payroll	6.32%	7.17%	11.09%	11.52%	12.76%

Note: Information is intended to be shown for ten years; additional years' information will be displayed as it becomes available.

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SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

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GENERAL FUND

The General Fund accounts for resources traditionally associated with government that is not required to be accounted for in other funds.

PUBLIC ASSISTANCE FUND

The Public Assistance Special Revenue Fund is used to account for the activities of the Department of Social Services. The transactions included proceeds of federal and State revenue sources for various assistance programs (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

DEBT SERVICE FUND

The Debt Service Fund is used to account for all expenditures for principal and interest for all long-term debt payments. The other governmental fund types provide the resources to the Debt Service Fund to make the payments through transfers.

CAPITAL IMPROVEMENTS FUND

The Capital Improvements Fund is used to account for the acquisition and construction of major capital and capital facilities other than those financed by the proprietary funds and trust funds.

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GASTON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017**

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 140,481,000	\$ 142,968,172	\$ 2,487,172	\$ 138,563,807
Penalties and interest	855,000	739,475	(115,525)	749,920
Total	141,336,000	143,707,647	2,371,647	139,313,727
Other Taxes and Licenses:				
One-cent tax	13,300,000	13,300,000	-	13,300,001
Half-cent sales tax	17,520,000	17,620,432	100,432	17,602,378
Real estate transfer taxes	991,740	1,207,870	216,130	1,019,995
Total	31,811,740	32,128,302	316,562	31,922,374
Restricted Intergovernmental Revenues:				
Federal grants	811,352	645,239	(166,113)	812,010
State grants	5,715,735	5,023,236	(692,499)	4,698,298
Federal prisoner detention reimbursements	1,335,000	1,325,646	(9,354)	1,590,277
Court facilities fees	250,000	271,408	21,408	264,146
Total	8,112,087	7,265,529	(846,558)	7,364,731
Fees, Licenses, and Permits:				
Inspection fees	1,641,650	2,119,009	477,359	1,727,673
Register of Deeds' fees	1,078,416	1,109,482	31,066	1,081,496
Other	1,003,150	1,386,087	382,937	1,418,671
Total	3,723,216	4,614,578	891,362	4,227,840
Sales and Services:				
Medical transport fees	12,214,782	11,180,707	(1,034,075)	9,472,277
Library fees	70,522	87,741	17,219	85,620
Jail fees	155,000	153,347	(1,653)	189,063
Animal shelter fees	559,199	489,873	(69,326)	542,934
Municipal election fees	110,000	122,128	12,128	-
Central transportation fees	150,000	169,294	19,294	280,034
Recreation fees	143,690	158,875	15,185	174,932
Personal health fees	431,400	5,743,069	5,311,669	3,393,246
Highland Medical Center	432,900	161,727	(271,173)	186,893
Environmental health fees	210,000	251,816	41,816	211,637
Family planning fees	930,000	497,688	(432,312)	471,216
Maternal and child health fees	3,135,000	2,067,553	(1,067,447)	2,080,176
Gynecological clinic fees	18,100	7,942	(10,158)	13,173
Tap fees	-	-	-	16,000
Miscellaneous	1,459,304	1,469,210	9,906	1,442,783
Total	20,019,897	22,560,970	2,541,073	18,559,984
Investment Earnings	105,490	638,572	533,082	355,290

GASTON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017**

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Miscellaneous Revenue:				
Sales of surplus property	100,963	132,742	31,779	97,676
Insurance settlements	-	110,074	110,074	358,879
Other	1,042,333	1,652,861	610,528	1,377,554
Total	1,143,296	1,895,677	752,381	1,834,109
Total revenues	206,251,726	212,811,275	6,559,549	203,578,055
Expenditures:				
General Government:				
County Commissioners:				
Salaries and employee benefits	420,947	412,361	8,586	388,158
Operating expenditures	671,007	454,588	216,419	413,046
Total	1,091,954	866,949	225,005	801,204
County Manager:				
Salaries and employee benefits	490,401	483,706	6,695	425,440
Operating expenditures	53,589	30,785	22,804	31,167
Total	543,990	514,491	29,499	456,607
County Attorney:				
Salaries and employee benefits	400,167	396,058	4,109	380,370
Operating expenditures	32,294	23,718	8,576	19,757
Total	432,461	419,776	12,685	400,127
Elections:				
Salaries and employee benefits	328,821	328,467	354	300,635
Operating expenditures	801,374	513,999	287,375	517,792
Capital outlay	131,774	130,732	1,042	-
Total	1,261,969	973,198	288,771	818,427
Register of Deeds:				
Salaries and employee benefits	952,976	910,410	42,566	859,844
Operating expenditures	314,467	164,457	150,010	210,339
Total	1,267,443	1,074,867	192,576	1,070,183
Finance:				
Salaries and employee benefits	930,794	833,614	97,180	847,382
Operating expenditures	358,912	226,473	132,439	205,076
Total	1,289,706	1,060,087	229,619	1,052,458
Budget:				
Salaries and employee benefits	377,654	383,021	(5,367)	344,189
Operating expenditures	1,247,189	619,410	627,779	240,880
Capital outlay	-	-	-	231
Total	1,624,843	1,002,431	622,412	585,300

GASTON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017**

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Purchasing:				
Salaries and employee benefits	173,382	149,484	23,898	174,404
Operating expenditures	15,164	8,487	6,677	6,347
Total	188,546	157,971	30,575	180,751
Information Technology:				
Salaries and employee benefits	3,148,150	3,087,075	61,075	2,848,968
Operating expenditures	2,015,104	1,523,361	491,743	1,273,804
Capital outlay	150,759	147,163	3,596	275,251
Total	5,314,013	4,757,599	556,414	4,398,023
ACCESS/Central Transportation Administration:				
Salaries and employee benefits	251,544	220,187	31,357	226,679
Operating expenditures	77,744	49,638	28,106	50,580
Total	329,288	269,825	59,463	277,259
ACCESS/Central Transportation Operations:				
Salaries and employee benefits	1,094,281	913,621	180,660	938,325
Operating expenditures	992,592	899,876	92,716	895,491
Service fees to other departments	(1,000,000)	(210,426)	(789,574)	(1,048,269)
Capital outlay	518,902	243,874	275,028	70,751
Total	1,605,775	1,846,945	(241,170)	856,298
Tax:				
Salaries and employee benefits	3,079,893	3,044,883	35,010	2,888,271
Operating expenditures	1,315,236	1,250,391	64,845	906,654
Capital outlay	6,000	-	6,000	-
Total	4,401,129	4,295,274	105,855	3,794,925
Human Resources:				
Salaries and employee benefits	900,623	904,670	(4,047)	854,838
Operating expenditures	575,090	500,765	74,325	471,764
Total	1,475,713	1,405,435	70,278	1,326,602
Human Relations:				
Operating expenditures	50,000	39,793	10,207	39,792
Total	50,000	39,793	10,207	39,792
Public Works Administration:				
Salaries and employee benefits	374,059	355,204	18,855	359,496
Operating expenditures	179,612	95,265	84,347	52,393
Total	553,671	450,469	103,202	411,889

GASTON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017**

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Fleet Maintenance:				
Salaries and employee benefits	547,198	523,527	23,671	469,057
Operating expenditures	(89,875)	(85,326)	(4,549)	116,487
Capital outlay	7,997	7,997	-	-
Service fees to other departments	-	-	-	(150,469)
Total	465,320	446,198	19,122	435,075
Facilities Management:				
Salaries and employee benefits	762,426	747,873	14,553	749,766
Operating expenditures	3,122,282	2,564,254	558,028	2,305,418
Service fees to other departments	723,713	456,362	267,351	101,721
Total	4,608,421	3,768,489	839,932	3,156,905
Grounds Maintenance:				
Salaries and employee benefits	518,129	453,723	64,406	418,697
Operating expenditures	189,111	168,051	21,060	166,062
Capital outlay	49,752	21,009	28,743	-
Service fees to other departments	-	-	-	(34,555)
Total	756,992	642,783	114,209	550,204
Courts:				
Operating expenditures	1,053,650	1,046,637	7,013	947,372
Total	1,053,650	1,046,637	7,013	947,372
Print Shop:				
Salaries and employee benefits	167,367	158,303	9,064	156,572
Operating expenditures	8,538	79,443	(70,905)	86,916
Service fees to other departments	-	-	-	(15,292)
Total	175,905	237,746	(61,841)	228,196
Cable Access:				
Salaries and employee benefits	167,988	165,223	2,765	158,607
Operating expenditures	50,758	29,933	20,825	26,855
Capital outlay	-	-	-	23,717
Total	218,746	195,156	23,590	209,179
Public Information:				
Salaries and employee benefits	87,822	87,609	213	81,385
Operating expenditures	5,519	4,113	1,406	3,692
Total	93,341	91,722	1,619	85,077

GASTON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Non-Departmental Expenditures:				
Medicare supplement	1,450,000	951,242	498,758	913,812
Retirees	3,500,000	3,500,000	-	3,500,000
Risk management fees	52,000	5,547	46,453	41,482
Lake Wylie Marine Commission	25,000	25,000	-	25,000
Insurance reserves	648,827	388,880	259,947	632,241
Pretrial services	772,855	772,855	-	630,355
Drug Task Force	-	(100)	100	(571)
Investment Grant Program	1,745,500	1,494,784	250,716	857,949
Stormwater fees	32,000	19,649	12,351	23,282
Phoenix Counseling	45,000	15,000	30,000	-
Indirect cost reimbursement from DSS	(1,500,000)	(2,829,179)	1,329,179	(2,281,491)
Total	<u>6,771,182</u>	<u>4,343,678</u>	<u>2,427,504</u>	<u>4,342,059</u>
Total general government	<u>35,574,058</u>	<u>29,907,519</u>	<u>5,666,539</u>	<u>26,423,912</u>
Public Safety:				
County Police:				
Salaries and employee benefits	12,924,310	12,537,714	386,596	11,840,317
Operating expenditures	2,531,006	1,939,127	591,879	2,169,343
Capital outlay	651,315	78,167	573,148	493,053
Services to other departments	(1,182,310)	(1,113,088)	(69,222)	(1,053,114)
Total	<u>14,924,321</u>	<u>13,441,920</u>	<u>1,482,401</u>	<u>13,449,599</u>
Sheriff:				
Salaries and employee benefits	6,574,902	6,200,935	373,967	5,967,162
Operating expenditures	2,690,032	1,944,057	745,975	1,693,619
Capital outlay	100,362	10,244	90,118	84,697
Total	<u>9,365,296</u>	<u>8,155,236</u>	<u>1,210,060</u>	<u>7,745,478</u>
Jail:				
Salaries and employee benefits	9,336,327	9,341,309	(4,982)	8,413,358
Operating expenditures	4,218,056	4,171,874	46,182	3,383,260
Capital outlay	-	-	-	23,175
Total	<u>13,554,383</u>	<u>13,513,183</u>	<u>41,200</u>	<u>11,819,793</u>
Law Enforcement Special Allowance:				
Salaries and employee benefits	<u>775,630</u>	<u>805,885</u>	<u>(30,255)</u>	<u>686,307</u>
Total	<u>775,630</u>	<u>805,885</u>	<u>(30,255)</u>	<u>686,307</u>
Juvenile Detention Home:				
Operating expenditures	<u>275,000</u>	<u>228,506</u>	<u>46,494</u>	<u>172,386</u>
Total	<u>275,000</u>	<u>228,506</u>	<u>46,494</u>	<u>172,386</u>

GASTON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017**

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Emergency Management:				
Salaries and employee benefits	164,755	158,998	5,757	152,237
Operating expenditures	199,321	147,616	51,705	175,924
Total	364,076	306,614	57,462	328,161
Fire Marshal:				
Salaries and employee benefits	380,901	327,355	53,546	257,077
Operating expenditures	551,805	502,581	49,224	470,276
Capital outlay	42,556	2,159	40,397	-
Total	975,262	832,095	143,167	727,353
Building Inspections:				
Salaries and employee benefits	1,349,674	1,371,842	(22,168)	1,182,025
Operating expenditures	239,197	220,976	18,221	144,400
Capital outlay	78,552	78,000	552	42,204
Total	1,667,423	1,670,818	(3,395)	1,368,629
Medical Examiner:				
Operating expenditures	215,370	164,568	50,802	205,396
Total	215,370	164,568	50,802	205,396
Emergency Medical Services:				
Salaries and employee benefits	9,767,589	8,734,017	1,033,572	8,067,259
Operating expenditures	3,472,172	3,132,413	339,759	2,476,856
Capital outlay	3,993,981	1,194,473	2,799,508	2,597,841
Rescue squad supplements	1,389,969	1,389,767	202	1,285,913
Total	18,623,711	14,450,670	4,173,041	14,427,869
Animal Control:				
Salaries and employee benefits	1,553,837	1,428,823	125,014	1,239,476
Operating expenditures	566,146	428,871	137,275	383,905
Capital outlay	25,573	7,709	17,864	81,770
Total	2,145,556	1,865,403	280,153	1,705,151
Telecommunications:				
Salaries and employee benefits	3,989,096	3,789,900	199,196	3,472,801
Operating expenditures	1,008,942	825,285	183,657	738,020
Total	4,998,038	4,615,185	382,853	4,210,821
Total public safety	67,884,066	60,050,083	7,833,983	56,846,943
Environmental Protection: Forestry Control Services:				
Operating expenditures	99,509	81,533	17,976	60,916
Total environmental protection	99,509	81,533	17,976	60,916

GASTON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017**

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Economic and Physical Development:				
Planning:				
Salaries and employee benefits	925,513	919,530	5,983	854,028
Operating expenditures	131,191	85,451	45,740	86,678
Total	1,056,704	1,004,981	51,723	940,706
Economic Development Commission:				
Salaries and employee benefits	720,721	658,834	61,887	602,685
Operating expenditures	343,524	242,375	101,149	547,445
Capital outlay	-	-	-	11,244
Total	1,064,245	901,209	163,036	1,161,374
Tourism:				
Operating expenditures	-	-	-	2,324
Total	-	-	-	2,324
Court Drive Development	65,400	45,000	20,400	59,143
Technology Park Development	87,800	65,000	22,800	69,044
Cooperative Extension Service:				
Salaries and employee benefits	57,383	55,901	1,482	54,644
Operating expenditures	577,335	527,406	49,929	519,971
Total	634,718	583,307	51,411	574,615
Urgent Repair Program:				
Operating expenditures	100,399	95,579	4,820	-
Total	100,399	95,579	4,820	-
Agricultural Stabilization:				
Operating expenditures	10,156	9,935	221	9,506
Total	10,156	9,935	221	9,506
4-H Programs:				
Operating expenditures	19,979	6,190	13,789	6,451
Total	19,979	6,190	13,789	6,451
Quality of Natural Resources Commission:				
Operating expenditures	3,000	1,966	1,034	463
Total	3,000	1,966	1,034	463
Gaston County Soil and Water Conservation:				
Salaries and employee benefits	729,030	711,465	17,565	642,759
Operating expenditures	83,293	66,779	16,514	58,888
Total	812,323	778,244	34,079	701,647
Total economic and physical development	3,854,724	3,491,411	363,313	3,525,273

GASTON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017**

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Human Services:				
Health Department:				
Administration:				
Salaries and employee benefits	1,778,867	1,783,678	(4,811)	1,768,597
Operating expenditures	2,799,993	2,019,651	780,342	1,450,414
Total	4,578,860	3,803,329	775,531	3,219,011
Allied Health:				
Salaries and employee benefits	1,603,853	1,534,832	69,021	1,388,965
Operating expenditures	477,506	371,375	106,131	410,139
Total	2,081,359	1,906,207	175,152	1,799,104
Personal Health:				
Salaries and employee benefits	2,750,642	2,491,329	259,313	2,487,858
Operating expenditures	1,210,392	850,358	360,034	833,723
Total	3,961,034	3,341,687	619,347	3,321,581
Environmental Health:				
Salaries and employee benefits	1,305,407	1,301,450	3,957	1,192,607
Operating expenditures	361,142	273,537	87,605	222,328
Total	1,666,549	1,574,987	91,562	1,414,935
Gynecological Health:				
Salaries and employee benefits	25,423	16,324	9,099	23,531
Operating expenditures	33,450	10,382	23,068	11,468
Total	58,873	26,706	32,167	34,999
Bioterrorism Health:				
Salaries and employee benefits	3,157	3,157	-	18,938
Operating expenditures	54,827	43,773	11,054	33,128
Total	57,984	46,930	11,054	52,066
Family Planning:				
Salaries and employee benefits	1,755,009	1,358,381	396,628	1,332,981
Operating expenditures	397,628	341,267	56,361	355,190
Total	2,152,637	1,699,648	452,989	1,688,171
Women, Infants, and Children:				
Salaries and employee benefits	892,807	872,553	20,254	852,598
Operating expenditures	67,826	56,026	11,800	67,412
Total	960,633	928,579	32,054	920,010
Maternal and Child Health:				
Salaries and employee benefits	3,142,389	2,976,865	165,524	2,964,573
Operating expenditures	766,658	438,849	327,809	436,518
Total	3,909,047	3,415,714	493,333	3,401,091

GASTON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017**

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Highland Health Center:				
Salaries and employee benefits	612,512	592,543	19,969	600,806
Operating expenditures	318,980	173,297	145,683	149,912
Total	931,492	765,840	165,652	750,718
Gaston Family Health Services:				
Medical services - operating expenditures	344,872	344,872	-	444,872
Total	344,872	344,872	-	444,872
Total health department	20,703,340	17,854,499	2,848,841	17,046,558
Contribution to Pathways	884,300	884,300	-	884,300
Veterans Services:				
Salaries and employee benefits	284,130	280,577	3,553	274,296
Operating expenditures	114,295	54,907	59,388	73,814
Total	398,425	335,484	62,941	348,110
Youth Services	696,277	676,575	19,702	664,703
Gaston Skills:				
Operating expenditures	168,000	168,000	-	168,000
Total	168,000	168,000	-	168,000
Total human services	22,850,342	19,918,858	2,931,484	19,111,671
Cultural and Recreational:				
Recreation:				
Salaries and employee benefits	310,735	310,071	664	290,066
Operating expenditures	692,634	602,991	89,643	543,765
Capital outlay	44,329	43,665	664	-
Total	1,047,698	956,727	90,971	833,831
Museum:				
Salaries and employee benefits	470,322	373,380	96,942	359,963
Operating expenditures	127,006	100,820	26,186	90,567
Total	597,328	474,200	123,128	450,530
Library Administrative and Technical Services:				
Salaries and employee benefits	917,763	907,679	10,084	824,152
Operating expenditures	551,526	364,834	186,692	443,970
Total	1,469,289	1,272,513	196,776	1,268,122

GASTON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017**

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Main Library Services:				
Salaries and employee benefits	1,117,662	1,060,229	57,433	1,075,195
Operating expenditures	516,540	511,654	4,886	500,594
Total	1,634,202	1,571,883	62,319	1,575,789
Branch Library Services:				
Salaries and employee benefits	1,079,738	1,047,173	32,565	947,546
Operating expenditures	285,617	278,011	7,606	266,936
Total	1,365,355	1,325,184	40,171	1,214,482
Law Library:				
Operating expenditures	-	-	-	2,249
Total	-	-	-	2,249
Senior Center:				
Salaries and employee benefits	107,252	107,978	(726)	93,432
Operating expenditures	125,833	104,390	21,443	100,461
Total	233,085	212,368	20,717	193,893
Historic Preservation Commission:				
Operating expenditures	7,899	6,793	1,106	9,868
Total	7,899	6,793	1,106	9,868
Total cultural and recreational	6,354,856	5,819,668	535,188	5,548,764
Education:				
Gaston College:				
Operating expenditures	5,107,079	5,107,079	-	4,915,079
Total	5,107,079	5,107,079	-	4,915,079
County Schools:				
Resource officers	1,182,310	1,113,088	69,222	1,053,114
School of excellence	65,000	65,000	-	65,000
Operating expenditures	47,854,104	47,787,865	66,239	45,351,704
Total	49,101,414	48,965,953	135,461	46,469,818
Total education	54,208,493	54,073,032	135,461	51,384,897
Debt Service:				
Principal retirement	2,599,794	2,460,977	138,817	1,883,623
Interest and fees	109,930	59,195	50,735	45,294
Total debt service	2,709,724	2,520,172	189,552	1,928,917
Total expenditures	193,535,772	175,862,276	17,673,496	164,831,293
Revenues over (under) expenditures	12,715,954	36,948,999	24,233,045	38,746,762

GASTON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017**

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Installment purchase contracts issued	3,921,862	3,459,164	(462,698)	1,861,715
Fund balance appropriated	27,723,463	-	(27,723,463)	-
Transfers From (to) Other Funds:				
From Capital Improvements Fund	-	-	-	45,000
From Solid Waste Fund	-	-	-	90,783
From Self-Insurance Internal Service Fund	765,769	765,769	-	-
To Debt Service Fund	(23,634,819)	(23,634,819)	-	(23,502,286)
To Public Assistance Fund	(17,812,995)	(17,812,995)	-	(17,250,299)
To Property Revaluation Fund	(210,000)	(210,000)	-	(210,000)
To Capital Improvements Fund	(3,006,536)	(3,006,536)	-	(2,182,219)
To Solid Waste Fund	(462,698)	(462,698)	-	(457,513)
To Emergency Telephone System Fund	-	-	-	(9,086)
Total other financing sources (uses)	<u>(12,715,954)</u>	<u>(40,902,115)</u>	<u>(28,186,161)</u>	<u>(41,613,905)</u>
Net change in fund balance	<u>\$ -</u>	<u>(3,953,116)</u>	<u>\$ (3,953,116)</u>	<u>(2,867,143)</u>
Fund Balance:				
Beginning of year - July 1		<u>61,515,225</u>		<u>64,382,368</u>
End of year - June 30		<u>\$ 57,562,109</u>		<u>\$ 61,515,225</u>

GASTON COUNTY, NORTH CAROLINA

**PUBLIC ASSISTANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017**

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental revenues	\$ 33,590,028	\$ 19,562,935	\$ (14,027,093)	\$ 26,971,143
Investment earnings	-	158,619	158,619	60,327
Miscellaneous revenues	362,177	348,171	(14,006)	349,651
Total revenues	<u>33,952,205</u>	<u>20,069,725</u>	<u>(13,882,480)</u>	<u>27,381,121</u>
Expenditures:				
Social Services:				
Salaries and employee benefits	21,639,278	20,624,592	1,014,686	19,111,133
Operating expenditures	2,524,988	1,953,498	571,490	1,895,203
Capital outlay	185,851	146,929	38,922	149,037
Total	<u>24,350,117</u>	<u>22,725,019</u>	<u>1,625,098</u>	<u>21,155,373</u>
WIA Administration:				
Salaries and employee benefits	127,942	122,639	5,303	86,883
Operating expenditures	96,445	47,801	48,644	53,150
Capital outlay	49,000	-	49,000	11,984
Total	<u>273,387</u>	<u>170,440</u>	<u>102,947</u>	<u>152,017</u>
Classroom Training:				
Salaries and employee benefits	258,768	239,161	19,607	270,531
Operating expenditures	1,144,129	695,667	448,462	818,783
Capital outlay	65,000	191	64,809	17,700
Total	<u>1,467,897</u>	<u>935,019</u>	<u>532,878</u>	<u>1,107,014</u>
Technical Assistance:				
Operating expenditures	185,100	99,973	85,127	53,211
Total	<u>185,100</u>	<u>99,973</u>	<u>85,127</u>	<u>53,211</u>
Year-Round Youth Program:				
Operating expenditures	874,625	280,387	594,238	659,573
Total	<u>874,625</u>	<u>280,387</u>	<u>594,238</u>	<u>659,573</u>

GASTON COUNTY, NORTH CAROLINA

**PUBLIC ASSISTANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017**

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
WorkFirst - County:				
Salaries and employee benefits	1,536,340	1,043,846	492,494	1,244,907
Operating expenditures	594,550	222,896	371,654	418,722
Capital outlay	2,800	-	2,800	870
Total	2,133,690	1,266,742	866,948	1,664,499
WorkFirst - Other:				
Operating expenditures	1,000	-	1,000	-
Total	1,000	-	1,000	-
Battered Spouse Shelter:				
Salaries and employee benefits	565,306	375,805	189,501	371,800
Operating expenditures	608,946	300,097	308,849	216,760
Capital outlay	113,793	111,293	2,500	14,857
Total	1,288,045	787,195	500,850	603,417
Senior Center:				
Operating expenditures	3,000	2,968	32	523
Total	3,000	2,968	32	523
Nutrition Program:				
Salaries and employee benefits	328,413	298,897	29,516	303,041
Operating expenditures	489,005	367,785	121,220	357,620
Total	817,418	666,682	150,736	660,661
In Home Aide-Services:				
Salaries and employee benefits	226,545	216,499	10,046	201,370
Operating expenditures	832,066	651,676	180,390	655,741
Total	1,058,611	868,175	190,436	857,111
Child Advocacy:				
Salaries and employee benefits	169,572	156,613	12,959	138,368
Operating expenditures	218,475	97,474	121,001	49,234
Total	388,047	254,087	133,960	187,602

GASTON COUNTY, NORTH CAROLINA

**PUBLIC ASSISTANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017**

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Gastonia Adult Daycare Center:				
Salaries and employee benefits	247,504	226,210	21,294	217,755
Operating expenditures	66,392	58,013	8,379	58,696
Capital outlay	400	181	219	865
Total	<u>314,296</u>	<u>284,404</u>	<u>29,892</u>	<u>277,316</u>
Belmont Adult Daycare Center:				
Salaries and employee benefits	149,414	139,141	10,273	142,996
Operating expenditures	87,282	66,697	20,585	70,173
Capital outlay	1,150	304	846	865
Total	<u>237,846</u>	<u>206,142</u>	<u>31,704</u>	<u>214,034</u>
Community Alternative Program:				
Salaries and employee benefits	437,342	424,255	13,087	403,157
Operating expenditures	77,000	31,566	45,434	40,037
Total	<u>514,342</u>	<u>455,821</u>	<u>58,521</u>	<u>443,194</u>
Food Stamp Issuance:				
Operating expenditures	96,500	59,056	37,444	72,933
Total	<u>96,500</u>	<u>59,056</u>	<u>37,444</u>	<u>72,933</u>
Public Assistance Expenditures:				
TANF	3,262,972	2,946,244	316,728	586,601
Other financing assistance	275,000	235,001	39,999	213,864
Aid to the blind	10,000	8,848	1,152	8,616
Medicaid	1,106,000	12,525	1,093,475	757,226
Special assistance to adults	1,830,000	1,405,900	424,100	1,721,478
Child daycare	8,250,922	373	8,250,549	6,541,634
Crisis intervention	894,893	850,278	44,615	728,567
Transportation - Home and Community Care Block Grant	362,980	127,665	235,315	139,920
Total	<u>15,992,767</u>	<u>5,586,834</u>	<u>10,405,933</u>	<u>10,697,906</u>

GASTON COUNTY, NORTH CAROLINA

**PUBLIC ASSISTANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017**

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Residential Service Expenditures:				
Title IV - Foster Care	-	-	-	1,835,197
Adoption	928,759	557,194	371,565	533,518
Receiving homes	117,348	64,379	52,969	15,632
State foster home	1,611,040	1,194,908	416,132	1,258,012
Special treatment	69,087	50,473	18,614	28,688
Total	<u>2,726,234</u>	<u>1,866,954</u>	<u>859,280</u>	<u>3,671,047</u>
Debt Service:				
Principal retirement	48,541	36,238	12,303	87,994
Interest and fees	2,993	984	2,009	945
Total	<u>51,534</u>	<u>37,222</u>	<u>14,312</u>	<u>88,939</u>
Total expenditures	<u>52,774,456</u>	<u>36,553,120</u>	<u>16,221,336</u>	<u>42,566,370</u>
Revenues over (under) expenditures	<u>(18,822,251)</u>	<u>(16,483,395)</u>	<u>2,338,856</u>	<u>(15,185,249)</u>
Other Financing Sources (Uses):				
Fund balance appropriated	1,009,256	-	(1,009,256)	-
Transfers from/to other funds:				
From General Fund	<u>17,812,995</u>	<u>17,812,995</u>	<u>-</u>	<u>17,250,299</u>
Total other financing sources (uses)	<u>18,822,251</u>	<u>17,812,995</u>	<u>(1,009,256)</u>	<u>17,250,299</u>
Net change in fund balance	<u>\$ -</u>	<u>1,329,600</u>	<u>\$ 1,329,600</u>	<u>2,065,050</u>
Fund Balance:				
Beginning of year - July 1		<u>14,044,643</u>		<u>11,979,593</u>
End of year - June 30		<u>\$ 15,374,243</u>		<u>\$ 14,044,643</u>

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GASTON COUNTY, NORTH CAROLINA

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ 50,963	\$ 50,963	\$ 29,663
Lottery proceeds - restricted intergovernmental	2,050,000	2,120,880	70,880	1,880,336
Miscellaneous revenue	1,031,315	1,053,343	22,028	1,052,779
Total revenues	3,081,315	3,225,186	143,871	2,962,778
Expenditures:				
Principal Retirement:				
Administration/York - Chester	1,926,842	1,874,041	52,801	1,616,658
School bonds	73,652,000	73,652,000	-	11,855,538
Courthouse bonds	-	-	-	1,677,379
Jail bonds	-	-	-	1,013,083
Certificates of Participation	-	-	-	1,580,000
Total principal retirement	75,578,842	75,526,041	52,801	17,742,658
Interest and Fees:				
Bond issuance fees	-	-	-	80,000
Administration/York - Chester	653,930	190,516	463,414	242,330
School bonds	9,069,506	9,069,527	(21)	4,865,788
Build America	1,620,662	1,613,701	6,961	3,227,403
Courthouse bonds	-	-	-	60,572
Jail bonds	-	-	-	38,094
Professional fees	150,000	21,906	128,094	34,906
Certificates of Participation	-	-	-	39,500
Total interest and fees	11,494,098	10,895,650	598,448	8,588,593
Total expenditures	87,072,940	86,421,691	651,249	26,331,251
Revenues over (under) expenditures	(83,991,625)	(83,196,505)	795,120	(23,368,473)
Other Financing Sources (Uses):				
Refunding bonds issued	59,182,000	59,182,000	-	-
Fund balance appropriated	1,174,806	-	(1,174,806)	-
Transfers from General Fund	23,634,819	23,634,819	-	23,502,286
Total other financing sources (uses)	83,991,625	82,816,819	(1,174,806)	23,502,286
Net change in fund balance	\$ -	(379,686)	\$ (379,686)	133,813
Fund Balance:				
Beginning of year - July 1		4,056,482		3,922,669
End of year - June 30		\$ 3,676,796		\$ 4,056,482

GASTON COUNTY, NORTH CAROLINA**CAPITAL IMPROVEMENTS FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues:			
Home Investments Partnership Program / SFRLP1508	\$ -	\$ 109,570	\$ 109,570
Highway Planning and Construction Grants:			
Congestion Mitigation and Air Quality / CMAQ-000S(849)	-	79	79
Congestion Mitigation and Air Quality / CMAQ-000S(899)	334,379	-	(334,379)
Congestion Mitigation and Air Quality / CMAQ-000S(900)	757,478	-	(757,478)
Investment earnings:			
School bond proceeds - General Obligation	137,761	156,961	19,200
Gaston Community College - General Obligation	2,023	2,649	626
School bond proceeds - Build America	20,372	25,664	5,292
Other	-	445,944	445,944
Miscellaneous revenues:			
Property Sales: Southridge	-	419,577	419,577
Sales Tax	1,450,000	6,163,714	4,713,714
Other	155,000	156,834	1,834
Total revenues	<u>2,857,013</u>	<u>7,480,992</u>	<u>4,623,979</u>
Capital Expenditures by Department:			
Animal Control:			
New Animal Control Facility	5,997,548	265,652	5,731,896
EDC:			
Land Purchase and Development	9,040,011	330,820	8,709,191
One NC Grant : Tosaf	225,000	-	225,000
Public Infrastructure Grant: Tosaf / 2015-044-3212-2587	375,000	-	375,000
Building Resuse Grant: Project Roo	25,000	-	25,000
Advanced Manufacturing Training Grant	25,000	25,000	-
Other	27,500	27,500	-
Historic Preservation:			
Land	62,573	-	62,573
Public Works:			
New Animal Control Facility Design	132,631	28,335	104,296
Renovations and Improvements	2,375,759	284,876	2,090,883
Highway Planning and Construction Grants:			
Congestion Mitigation and Air Quality / CMAQ-000S(899)	417,974	-	417,974
Congestion Mitigation and Air Quality / CMAQ-000S(900)	946,847	-	946,847
Recreation:			
Dallas Park Expansion	1,835,463	22,100	1,813,363
Park Renovations and Improvements	305,000	78,395	226,605

GASTON COUNTY, NORTH CAROLINA

**CAPITAL IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
CDBG:			
Program income	46,381	9,082	37,299
NC Housing Finance Agency:			
Home Investments Partnership Program / SFRLP1508	192,859	109,570	83,289
Special Grants:			
Township	1,855,909	742,055	1,113,854
Gigabit Incubator Project	421,349	271,349	150,000
Nondepartmental Expenditures:			
ERP System	364,534	231,158	133,376
Gaston County Schools	32,818,734	25,321,228	7,497,506
Gaston College	2,029,697	695,823	1,333,874
Debt Issuance Costs	65,000	38,150	26,850
Water and sewer lines	100,000	-	100,000
Total expenditures	<u>59,685,769</u>	<u>28,481,093</u>	<u>31,204,676</u>
Revenues over (under) expenditures	<u>(56,828,756)</u>	<u>(21,000,101)</u>	<u>35,828,655</u>
Other Financing Sources (Uses):			
Bonds Issued	6,000,000	6,000,000	-
Fund balance appropriated	47,672,220	-	(47,672,220)
Transfers in (out):			
Transfer from the General Fund	3,006,536	3,006,536	-
Transfer from the Tourism Fund	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total other financing sources (uses)	<u>56,828,756</u>	<u>9,156,536</u>	<u>(47,672,220)</u>
Net change in fund balance	<u>\$ -</u>	<u>(11,843,565)</u>	<u>\$ (11,843,565)</u>
Fund Balance:			
Beginning of year - July 1		<u>59,340,932</u>	
End of year - June 30		<u>\$ 47,497,367</u>	

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NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of special revenue sources that are legally restricted to expenditures for specific purposes.

Individual Fund Descriptions:

- **Travel and Tourism Fund** – accounts for the revenue receipts from occupancy tax and the related expenditures.
- **Property Revaluation Fund** – accounts for the accumulation of funds necessary to cover the cost of real property revaluation.
- **Emergency Telephone System Fund** – accounts for the activities of a county-wide emergency telephone service funded by telephone company line charges.
- **Drug Forfeitures Fund** – accounts for revenues received from Federal Drug Forfeitures in conjunction with local law enforcement agencies as a result of property confiscations. These funds must be used by the County for law enforcement purposes.
- **Controlled Substance Abuse Tax Fund** – accounts for revenues received from State Drug Forfeitures in conjunction with local law enforcement agencies as a result of property confiscations. These funds must be used by the County for law enforcement purposes.
- **Parking Fee Fund** - accounts for the revenues received from parking fees at the County courthouse.
- **Fire Districts Fund** – accounts for the revenues of the fire districts within the County.

GASTON COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

	Travel and Tourism Fund	Property Revaluation Fund	Emergency Telephone System Fund	Drug Forfeitures Fund
Assets:				
Cash and cash equivalents	\$ 1,418,150	\$ -	\$ 1,747,258	\$ 1,126,733
Ad valorem taxes receivable, net	-	-	-	-
Accounts receivable	19,367	-	61,333	-
Prepays	2,165	-	199	-
Restricted cash	-	248,625	-	-
Total assets	<u>\$ 1,439,682</u>	<u>\$ 248,625</u>	<u>\$ 1,808,790</u>	<u>\$ 1,126,733</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 104,338	\$ -	\$ 6,031	\$ -
Liabilities payable from restricted assets	-	10,039	-	-
Total liabilities	<u>104,338</u>	<u>10,039</u>	<u>6,031</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable taxes	-	-	-	-
Fund Balances:				
Non-Spendable:				
Prepays	2,165	-	199	-
Restricted:				
Stabilization by State statute	19,367	-	74,821	-
Fire protection	-	-	-	-
Emergency telephone	-	-	1,727,739	-
Committed:				
Tax revaluation	-	238,586	-	-
Assigned:				
Parking	1,313,812	-	-	-
Travel and tourism	-	-	-	-
Public safety	-	-	-	1,126,733
Total fund balances	<u>1,335,344</u>	<u>238,586</u>	<u>1,802,759</u>	<u>1,126,733</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,439,682</u>	<u>\$ 248,625</u>	<u>\$ 1,808,790</u>	<u>\$ 1,126,733</u>

GASTON COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

	Controlled Substance Abuse Tax Fund	Parking Fee Fund	Fire Districts Fund	Total
Assets:				
Cash and cash equivalents	\$ 148,590	\$ 962,408	\$ 996,556	\$ 6,399,695
Ad valorem taxes receivable, net	-	-	101,252	101,252
Accounts receivable	-	7,984	54,356	143,040
Prepays	-	-	-	2,364
Restricted cash	-	-	-	248,625
Total assets	<u>\$ 148,590</u>	<u>\$ 970,392</u>	<u>\$ 1,152,164</u>	<u>\$ 6,894,976</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 75	\$ 1,675	\$ 27,083	\$ 139,202
Liabilities payable from restricted assets	-	-	-	10,039
Total liabilities	<u>75</u>	<u>1,675</u>	<u>27,083</u>	<u>149,241</u>
Deferred Inflows of Resources:				
Unavailable taxes	-	-	101,252	101,252
Fund Balances:				
Non-Spendable:				
Prepays	-	-	-	2,364
Restricted:				
Stabilization by State statute	-	7,984	54,356	156,528
Fire protection	-	-	969,473	969,473
Emergency telephone	-	-	-	1,727,739
Committed:				
Tax revaluation	-	-	-	238,586
Assigned:				
Parking	-	-	-	1,313,812
Travel and tourism	-	960,733	-	960,733
Public safety	148,515	-	-	1,275,248
Total fund balances	<u>148,515</u>	<u>968,717</u>	<u>1,023,829</u>	<u>6,644,483</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 148,590</u>	<u>\$ 970,392</u>	<u>\$ 1,152,164</u>	<u>\$ 6,894,976</u>

GASTON COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Travel and Tourism Fund	Property Revaluation Fund	Emergency Telephone System Fund	Drug Forfeitures Fund
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Occupancy taxes	912,853	-	-	-
Restricted intergovernmental revenues	-	-	-	2,218
E911 surcharge	-	-	736,000	-
Investment earnings	27,132	2,834	20,604	13,931
Miscellaneous revenues	32,340	-	-	-
Total revenues	<u>972,325</u>	<u>2,834</u>	<u>756,604</u>	<u>16,149</u>
Expenditures:				
Current:				
General government	-	335,926	-	-
Public safety	-	-	703,988	74,514
Economic and physical development	903,475	-	-	-
Total expenditures	<u>903,475</u>	<u>335,926</u>	<u>703,988</u>	<u>74,514</u>
Revenues over (under) expenditures	68,850	(333,092)	52,616	(58,365)
Other Financing Sources (Uses):				
Transfers in/out	<u>(150,000)</u>	<u>210,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(81,150)	(123,092)	52,616	(58,365)
Fund Balances:				
Beginning of year - July 1	<u>1,416,494</u>	<u>361,678</u>	<u>1,750,143</u>	<u>1,185,098</u>
End of year - June 30	<u>\$ 1,335,344</u>	<u>\$ 238,586</u>	<u>\$ 1,802,759</u>	<u>\$ 1,126,733</u>

GASTON COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

	Controlled Substance Abuse Tax Fund	Parking Fee Fund	Fire Districts Fund	Total
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ 4,659,390	\$ 4,659,390
Occupancy taxes	-	-	-	912,853
Restricted intergovernmental revenues	114,675	-	-	116,893
E911 surcharge	-	-	-	736,000
Investment earnings	1,571	10,971	11,879	88,922
Miscellaneous revenues	-	180,532	-	212,872
Total revenues	<u>116,246</u>	<u>191,503</u>	<u>4,671,269</u>	<u>6,726,930</u>
Expenditures:				
Current:				
General government	-	46,856	-	382,782
Public safety	5,792	-	4,618,504	5,402,798
Economic and physical development	-	22,662	-	926,137
Total expenditures	<u>5,792</u>	<u>69,518</u>	<u>4,618,504</u>	<u>6,711,717</u>
Revenues over (under) expenditures	110,454	121,985	52,765	15,213
Other Financing Sources (Uses):				
Transfers in/out	-	-	-	60,000
Net change in fund balances	110,454	121,985	52,765	75,213
Fund Balances:				
Beginning of year - July 1	<u>38,061</u>	<u>846,732</u>	<u>971,064</u>	<u>6,569,270</u>
End of year - June 30	<u>\$ 148,515</u>	<u>\$ 968,717</u>	<u>\$ 1,023,829</u>	<u>\$ 6,644,483</u>

GASTON COUNTY, NORTH CAROLINA

TRAVEL AND TOURISM FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Occupancy tax	\$ 945,133	\$ 912,853	\$ (32,280)	\$ 690,363
Investment earnings	-	27,132	27,132	12,455
Miscellaneous revenue	30,000	32,340	2,340	3,800
Total revenues	<u>975,133</u>	<u>972,325</u>	<u>(2,808)</u>	<u>706,618</u>
Expenditures:				
Economic and physical development:				
Salaries and employee benefits	253,220	253,690	(470)	262,886
Operating expenditures	813,163	648,589	164,574	742,635
Capital outlay	<u>2,500</u>	<u>1,196</u>	<u>1,304</u>	<u>1,245</u>
Total expenditures	<u>1,068,883</u>	<u>903,475</u>	<u>165,408</u>	<u>1,006,766</u>
Revenues over (under) expenditures	<u>(93,750)</u>	<u>68,850</u>	<u>162,600</u>	<u>(300,148)</u>
Other Financing Sources (Uses):				
Transfers to Capital Improvements Fund	(150,000)	(150,000)	-	-
Fund balance appropriated	<u>243,750</u>	<u>-</u>	<u>(243,750)</u>	<u>-</u>
Total other financing sources (uses)	<u>93,750</u>	<u>(150,000)</u>	<u>(243,750)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(81,150)</u>	<u>\$ (81,150)</u>	<u>(300,148)</u>
Fund Balance:				
Beginning of year - July 1		<u>1,416,494</u>		<u>1,716,642</u>
End of year - June 30		<u>\$ 1,335,344</u>		<u>\$ 1,416,494</u>

GASTON COUNTY, NORTH CAROLINA**PROPERTY REVALUATION FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2018****WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017**

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ 2,834	\$ 2,834	\$ 1,874
Expenditures:				
General government:				
Operating expenditures	550,980	335,926	215,054	356,788
Revenues over (under) expenditures	(550,980)	(333,092)	217,888	(354,914)
Other Financing Sources (Uses):				
Fund balance appropriated	340,980	-	(340,980)	-
Transfers from General Fund	-	-	-	52,500
Transfers from Capital Improvements Fund	210,000	210,000	-	157,500
Total other financing sources (uses)	550,980	210,000	(340,980)	210,000
Net change in fund balance	\$ -	(123,092)	\$ (123,092)	(144,914)
Fund Balance:				
Beginning of year - July 1		361,678		506,592
End of year - June 30		\$ 238,586		\$ 361,678

GASTON COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
E911 surcharge	\$ 710,795	\$ 736,000	\$ 25,205	\$ 734,975
Investment earnings	-	20,604	20,604	9,393
Total revenues	<u>710,795</u>	<u>756,604</u>	<u>45,809</u>	<u>744,368</u>
Expenditures:				
Public safety:				
Operating expenditures	833,207	700,058	133,149	690,626
Capital outlay	<u>9,000</u>	<u>3,930</u>	<u>5,070</u>	<u>60,091</u>
Total expenditures	<u>842,207</u>	<u>703,988</u>	<u>138,219</u>	<u>750,717</u>
Revenues over (under) expenditures	<u>(131,412)</u>	<u>52,616</u>	<u>184,028</u>	<u>(6,349)</u>
Other Financing Sources (Uses):				
Transfers from General Fund	-	-	-	9,086
Appropriated fund balance	<u>131,412</u>	<u>-</u>	<u>(131,412)</u>	<u>-</u>
Total other financing sources (uses)	<u>131,412</u>	<u>-</u>	<u>(131,412)</u>	<u>9,086</u>
Net change in fund balance	<u>\$ -</u>	<u>52,616</u>	<u>\$ 52,616</u>	<u>2,737</u>
Fund Balance:				
Beginning of year - July 1		<u>1,750,143</u>		<u>1,747,406</u>
End of year - June 30		<u>\$ 1,802,759</u>		<u>\$ 1,750,143</u>

GASTON COUNTY, NORTH CAROLINA**DRUG FORFEITURES FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2018****WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017**

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental revenue - police	\$ -	\$ 2,218	\$ 2,218	\$ 1,452
Investment earnings	10,736	13,931	3,195	6,085
Total revenues	<u>10,736</u>	<u>16,149</u>	<u>5,413</u>	<u>7,537</u>
Expenditures:				
Public safety:				
Operating expenditures - police	103,559	74,514	29,045	477,241
Operating expenditures - sheriff	549	-	549	-
Total expenditures	<u>104,108</u>	<u>74,514</u>	<u>29,594</u>	<u>477,241</u>
Revenues over (under) expenditures	(93,372)	(58,365)	35,007	(469,704)
Other Financing Sources (Uses):				
Fund balance appropriated	<u>93,372</u>	<u>-</u>	<u>(93,372)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(58,365)</u>	<u>\$ (58,365)</u>	<u>(469,704)</u>
Fund Balance:				
Beginning of year - July 1		<u>1,185,098</u>		<u>1,654,802</u>
End of year - June 30		<u>\$ 1,126,733</u>		<u>\$ 1,185,098</u>

GASTON COUNTY, NORTH CAROLINA

CONTROLLED SUBSTANCE ABUSE TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Controlled substance tax - police	\$ -	\$ 111,707	\$ 111,707	\$ 46,822
Controlled substance tax - sheriff	-	2,968	2,968	344
Investment earnings	1,156	1,571	415	829
Total revenues	1,156	116,246	115,090	47,995
Expenditures:				
Public safety:				
Operating expenditures - police	16,130	5,792	10,338	265,912
Operating expenditures - sheriff	208	-	208	-
Total expenditures	16,338	5,792	10,546	265,912
Revenues over (under) expenditures	(15,182)	110,454	125,636	(217,917)
Other Financing Sources (Uses):				
Fund balance appropriated	15,182	-	(15,182)	-
Net change in fund balance	\$ -	110,454	\$ 110,454	(217,917)
Fund Balance:				
Beginning of year - July 1		38,061		255,978
End of year - June 30		\$ 148,515		\$ 38,061

GASTON COUNTY, NORTH CAROLINA

PARKING FEE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Parking fees collected	\$ 71,560	\$ 180,532	\$ 108,972	\$ 107,639
Investment earnings	-	10,971	10,971	4,475
Total revenues	<u>71,560</u>	<u>191,503</u>	<u>119,943</u>	<u>112,114</u>
Expenditures:				
Public safety:				
Salaries and employee benefits	37,160	36,479	681	23,356
Operating expenditures	13,476	10,377	3,099	1,545
Capital outlay	<u>20,924</u>	<u>22,662</u>	<u>(1,738)</u>	<u>36,493</u>
Total expenditures	<u>71,560</u>	<u>69,518</u>	<u>2,042</u>	<u>61,394</u>
Net change in fund balance	<u>\$ -</u>	121,985	<u>\$ 121,985</u>	50,720
Fund Balance:				
Beginning of year - July 1		<u>846,732</u>		<u>796,012</u>
End of year - June 30		<u>\$ 968,717</u>		<u>\$ 846,732</u>

GASTON COUNTY, NORTH CAROLINA**FIRE DISTRICTS FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2018****WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017**

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes:				
Taxes	\$ 4,502,990	\$ 4,631,927	\$ 128,937	\$ 4,574,668
Penalties and interest	-	27,463	27,463	254,674
Investment earnings	-	11,879	11,879	5,282
Total revenues	<u>4,502,990</u>	<u>4,671,269</u>	<u>168,279</u>	<u>4,834,624</u>
Expenditures:				
Public safety:				
Operating expenditures	<u>4,652,500</u>	<u>4,618,504</u>	<u>33,996</u>	<u>4,716,439</u>
Revenues over (under) expenditures	(149,510)	52,765	202,275	118,185
Other Financing Sources (Uses):				
Fund balance appropriated	<u>149,510</u>	<u>-</u>	<u>(149,510)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>52,765</u>	<u>\$ 52,765</u>	<u>118,185</u>
Fund Balance:				
Beginning of year - July 1		<u>971,064</u>		<u>852,879</u>
End of year - June 30		<u>\$ 1,023,829</u>		<u>\$ 971,064</u>

ENTERPRISE FUNDS

The Enterprise Fund is used to account for solid waste collection and disposal operations in Gaston County that are financed through solid waste fees.

GASTON COUNTY, NORTH CAROLINA

SOLID WASTE FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL - (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Landfill charges	\$ 6,026,630	\$ 8,216,930	\$ 2,190,300	\$ 8,134,136
Other operating revenues	366,250	458,653	92,403	439,288
Energy charges	1,987,293	2,431,332	444,039	2,528,462
Total operating revenues	8,380,173	11,106,915	2,726,742	11,101,886
Investment Earnings	-	131,598	131,598	44,490
Total revenues	8,380,173	11,238,513	2,858,340	11,146,376
Expenditures:				
Landfill Department:				
Salaries and employee benefits	1,878,984	1,755,302	123,682	1,485,552
Professional services	365,000	337,037	27,963	386,611
Operating expenditures	3,045,740	2,740,600	305,140	2,103,828
Repairs and maintenance	-	-	-	525,901
Capital outlay	4,620,815	1,108,641	3,512,174	4,418,323
Renewable Energy Department:				
Salaries and employee benefits	214,243	207,609	6,634	204,503
Professional services	20,000	13,647	6,353	15,000
Operating expenditures	1,042,538	991,794	50,744	819,171
Capital outlay	581,072	458,687	122,385	116,905
Total operating expenditures	11,768,392	7,613,317	4,155,075	10,075,794
Debt Service Payments	1,458,379	1,458,379	-	1,062,209
Revenues over (under) expenditures	(4,846,598)	2,166,817	7,013,415	8,373
Other Financing Sources (Uses):				
Installment purchase debt	462,698	462,698	-	629,393
Fund balance appropriated	3,921,202	-	(3,921,202)	-
Transfers in - General Fund	462,698	462,698	-	457,513
Transfers out - General Fund	-	-	-	(90,783)
Total other financing sources (uses)	4,846,598	925,396	(3,921,202)	996,123
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 3,092,213	\$ 3,092,213	\$ 1,004,496

GASTON COUNTY, NORTH CAROLINA

**SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2017**

	2018			2017
	Final Budget	Actual	Variance Over/Under	Actual
Reconciliation of Modified Accrual Basis to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 3,092,213		\$ 4,857,422
Reconciling Items:				
(Increase) decrease in accrued vacation payable		(14,942)		
(Increase) decrease in accrual landfill closure and post-closure care		(142,906)		
Proceeds from debt		(462,698)		
(Increase) decrease in net pension liability		145,265		
Change in deferred outflows - pension		(147,745)		
Change in deferred inflows - pension		4,814		
Change in deferred outflows - OPEB		53,634		
Change in deferred inflows - OPEB		(73,784)		
Principal payments		908,093		
(Increase) decrease in OPEB liability		21,380		
Capital outlay capitalized		1,383,707		
Depreciation		<u>(1,437,481)</u>		
Change in net position		<u>\$ 3,329,550</u>		

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INTERNAL SERVICE FUND

The Internal Service Fund is used to account for the operations of Gaston County's Health, Life, and Dental Insurance programs.

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GASTON COUNTY, NORTH CAROLINA

SELF-INSURANCE INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN NET POSITION - FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2018

	2018		
	Financial Plan	Actual	Variance Over/Under
Revenues:			
Charges for services:			
Health insurance	\$ 21,136,348	\$ 21,901,475	\$ 765,127
Dental insurance	312,257	314,048	1,791
Life insurance	233,486	286,161	52,675
Total charges for services	<u>21,682,091</u>	<u>22,501,684</u>	<u>819,593</u>
Investment Earnings	<u>-</u>	<u>166,008</u>	<u>166,008</u>
Total revenues	<u>21,682,091</u>	<u>22,667,692</u>	<u>985,601</u>
Expenditures:			
Other operating expenditures:			
Benefits paid:			
Health insurance	17,972,177	10,818,588	7,153,589
Dental insurance	523,650	558,763	(35,113)
Life insurance	452,945	377,795	75,150
Administrative costs:			
Health insurance	2,667,600	6,506,809	(3,839,209)
Dental insurance	43,219	41,529	1,690
Life insurance	<u>22,500</u>	<u>22,368</u>	<u>132</u>
Total other operating expenditures	<u>21,682,091</u>	<u>18,325,852</u>	<u>3,356,239</u>
Revenues over (under) expenditures	<u>-</u>	<u>4,341,840</u>	<u>4,341,840</u>
Other Financing Sources (Uses):			
Fund balance appropriated	765,769	-	(765,769)
Transfers out - General Fund	<u>(765,769)</u>	<u>(765,769)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(765,769)</u>	<u>(765,769)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>3,576,071</u>	<u>\$ 3,576,071</u>
Net Position:			
Beginning of year - July 1		<u>11,785,506</u>	
End of year - June 30		<u>\$ 15,361,577</u>	

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AGENCY FUNDS

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 Descriptions:

- **Social Services Agency Fund Accounts** – This fund accounts for the monies of indigents for which the county Department of Social Services acts as an agent.
- **Tax Collector Fund** – This fund accounts for funds collected by the Tax Collector's office on behalf of other municipal entities within the County.
- **Sheriff Inmates Fund** – This fund accounts for monies held on behalf of inmates of the County jail.
- **Fines and Forfeitures Fund** – This fund accounts for various legal fines and forfeitures that the County collects.
- **Late List and Non-Sufficient Funds Penalties Fund** – This fund accounts for the additional interest on delinquent motor vehicle property tax payments to be transferred to N.C. State Treasurer.
- **Defeased Bond Trustee Payments** – This fund accounts for the defeased bond payments to be paid to escrow agents in relation to refunding of debt.

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GASTON COUNTY, NORTH CAROLINA**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES****AGENCY FUNDS****JUNE 30, 2018**

	<u>Social Services</u>	<u>Tax Collector</u>	<u>Sheriff Inmates</u>	<u>Late List and Insufficient Funds Penalties</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 159,515	\$ 25,717	\$ 281,912	\$ 8,593	\$ 475,737
Liabilities:					
Fiduciary depository accounts	\$ 159,515	\$ 25,717	\$ 281,912	\$ 8,593	\$ 475,737

GASTON COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2018</u>
Social Services:				
Assets:				
Cash and cash equivalents	<u>\$ 142,257</u>	<u>\$ 426,341</u>	<u>\$ (409,083)</u>	<u>\$ 159,515</u>
Liabilities:				
Fiduciary depository accounts	<u>\$ 142,257</u>	<u>\$ 426,341</u>	<u>\$ (409,083)</u>	<u>\$ 159,515</u>
Tax Collector:				
Assets:				
Cash and cash equivalents	<u>\$ 12,511</u>	<u>\$ 58,728,944</u>	<u>\$ (58,715,738)</u>	<u>\$ 25,717</u>
Liabilities:				
Fiduciary depository accounts	<u>\$ 12,511</u>	<u>\$ 58,728,944</u>	<u>\$ (58,715,738)</u>	<u>\$ 25,717</u>
Sheriff Inmates:				
Assets:				
Cash and cash equivalents	<u>\$ 272,780</u>	<u>\$ 1,547,508</u>	<u>\$ (1,538,376)</u>	<u>\$ 281,912</u>
Liabilities:				
Fiduciary depository accounts	<u>\$ 272,780</u>	<u>\$ 1,547,508</u>	<u>\$ (1,538,376)</u>	<u>\$ 281,912</u>
Fines and Forfeitures:				
Assets:				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 500,658</u>	<u>\$ (500,658)</u>	<u>\$ -</u>
Liabilities:				
Fiduciary depository accounts	<u>\$ -</u>	<u>\$ 500,658</u>	<u>\$ (500,658)</u>	<u>\$ -</u>
Late List and Non-Sufficient Penalties:				
Assets:				
Cash and cash equivalents	<u>\$ 11,231</u>	<u>\$ 275,791</u>	<u>\$ (278,429)</u>	<u>\$ 8,593</u>
Liabilities:				
Fiduciary depository accounts	<u>\$ 11,231</u>	<u>\$ 275,791</u>	<u>\$ (278,429)</u>	<u>\$ 8,593</u>
Defeased Bond Trustee Payments:				
Assets:				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 3,227,402</u>	<u>\$ (3,227,402)</u>	<u>\$ -</u>
Liabilities:				
Fiduciary depository accounts	<u>\$ -</u>	<u>\$ 3,227,402</u>	<u>\$ (3,227,402)</u>	<u>\$ -</u>
Total All Agency Funds:				
Assets:				
Cash and cash equivalents	<u>\$ 438,779</u>	<u>\$ 64,706,644</u>	<u>\$ (64,669,686)</u>	<u>\$ 475,737</u>
Liabilities:				
Fiduciary depository accounts	<u>\$ 438,779</u>	<u>\$ 64,706,644</u>	<u>\$ (64,669,686)</u>	<u>\$ 475,737</u>

OTHER SUPPLEMENTAL SCHEDULES

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GASTON COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2018

Fiscal Year	Uncollected Balance July 1, 2017	Additions	Collections and Credits	Uncollected Balance June 30, 2018
2017-2018	\$ -	\$ 143,478,862	\$ 141,959,045	\$ 1,519,817
2016-2017	1,544,728	40,526	849,216	736,038
2015-2016	651,370	10,162	152,423	509,109
2014-2015	646,823	466	163,843	483,446
2013-2014	588,276	2,226	102,870	487,632
2012-2013	507,474	1,081	71,740	436,815
2011-2012	449,925	104	44,262	405,767
2010-2011	413,006	194	32,288	380,912
2009-2010	384,463	145	27,026	357,582
2008-2009	342,460	74	15,268	327,266
2007-2008	337,679	33	337,712	-
Total	<u>\$ 5,866,204</u>	<u>\$ 143,533,873</u>	<u>\$ 143,755,693</u>	<u>5,644,384</u>
Less: Allowance for uncollectible ad valorem taxes receivable:				
General Fund				<u>(4,000,000)</u>
Ad valorem taxes receivable, net				<u>\$ 1,644,384</u>
Reconciliation with Revenues:				
General Fund				\$ 143,707,647
Penalties and interest collected current year				(429,305)
Releases				1,056,868
Interest on prior years' delinquent taxes				(299,410)
Advertising on prior year's delinquent taxes				
Miscellaneous adjustment				(617,819)
Amount written off per Statute of Limitations				<u>337,712</u>
Total collections and credits				<u>\$ 143,755,693</u>

GASTON COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT PROPERTY TAX LEVY - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 16,393,394,544	\$ 0.0087	\$ 142,622,532	\$ 127,267,648	\$ 15,354,884
Penalties	-		409,956	259,830	150,126
Total	<u>16,393,394,544</u>		<u>143,032,488</u>	<u>127,527,478</u>	<u>15,505,010</u>
Discoveries:					
Current year taxes	<u>111,740,471</u>		972,143	969,566	2,577
Penalties			<u>98,151</u>	<u>98,151</u>	-
Total			<u>1,070,294</u>	<u>1,067,717</u>	<u>2,577</u>
Abatements	<u>(68,092,420)</u>		(592,404)	(591,374)	(1,030)
Penalties			<u>(31,516)</u>	<u>(31,516)</u>	-
Total			<u>(623,920)</u>	<u>(622,890)</u>	<u>(1,030)</u>
Total property valuation	<u>\$ 16,437,042,595</u>				
Net Levy			143,478,862	127,972,305	15,506,557
Uncollected taxes at June 30, 2018 (General Fund)			<u>1,519,817</u>	<u>1,519,817</u>	-
Current Year Taxes Collected			<u>\$ 141,959,045</u>	<u>\$ 126,452,488</u>	<u>\$ 15,506,557</u>
Current Levy Collection Percentage			<u>98.94%</u>	<u>98.81%</u>	<u>100.00%</u>
Prior Year Levy Collection Percentage			<u>98.89%</u>	<u>98.75%</u>	<u>100.00%</u>

GASTON COUNTY, NORTH CAROLINA**ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2018****Secondary Market Disclosures:****Assessed Valuation:**

Assessment ratio	<u>100.00%</u>
Real property	\$ 12,290,605,578
Personal property	3,356,729,625
Public service companies	<u>789,707,392</u>
Total assessed valuation	<u>\$ 16,437,042,595</u>
Tax rate per \$100	0.0087
Levy (includes discoveries, releases, and abatements, excludes penalties)	<u>\$ 143,478,862</u>

GASTON COUNTY, NORTH CAROLINA**SCHEDULE OF THE TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2018 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Duke Energy Corporation	Electric Utility	\$ 482,863,599	3.31%
Daimler Trucks North America	Trucks and Truck Parts	163,183,107	1.12%
Public Service Company	Natural Gas Company	92,372,331	0.63%
Owens Corning Non-Woven	Manufacturing	92,000,551	0.63%
Southwood Realty Company	Real Estate	67,144,494	0.46%
FMC Corporation, Lithium Division	Mining	54,593,800	0.37%
Georgia-Pacific Mt Holly LLC	Manufacturing	44,215,294	0.30%
Mann+Hummel Filtration Tech US	Manufacturing	44,177,458	0.30%
Bud Antle, Inc.	Food Distribution	43,290,371	0.30%
Pharr Yarns, LLC.	Textiles	42,123,968	0.29%
Total		<u>\$1,125,964,973</u>	<u>7.72%</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 County's overall financial health.

Financial Trends – Schedules 1-4

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

Revenue Capacity – Schedules 5-8

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

Debt Capacity – Schedules 9-10

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

Demographic and Economic Information – Schedules 11-12

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

Operating Information – Schedules 13-16

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County 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 County implemented Statement No. 34 in 2002; schedules presenting government-wide information began in that year.

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Gaston County
Net Position by Component,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Government activities										
Net investment in capital assets										
Restricted	\$ 85,644,814	\$ 74,299,159	\$ 47,909,022	\$ 65,519,776	\$ 14,034,292	\$ 51,070,843	\$ 55,545,813	\$ 71,461,891	\$ 72,933,525	\$ 72,946,461
Unrestricted	2,137,860	2,279,543	19,657,108	68,652,573	49,935,245	53,516,925	50,677,610	52,033,806	35,125,642	44,691,049
	(20,651,294)	(35,406,701)	(48,031,285)	(139,950,135)	(79,277,715)	(103,919,075)	(82,292,573)	(95,007,944)	(99,008,303)	(160,554,508)
Total governmental activities net position	\$ 67,131,380	\$ 41,172,001	\$ 19,534,845	\$ (5,777,786)	\$ (15,308,178)	\$ 668,693	\$ 23,930,850	\$ 28,487,753	\$ 9,050,864	\$ (42,916,998)
Business-type activities										
Net investment in capital assets										
Unrestricted	\$ 10,391,562	\$ 13,308,956	\$ 14,563,102	\$ 15,592,500	\$ 16,623,549	\$ 17,361,556	\$ 18,240,871	\$ 18,219,489	\$ 21,569,824	\$ 21,961,445
	(889,875)	(7,070,291)	(7,149,474)	(5,966,825)	(5,774,553)	(4,595,614)	(4,361,654)	(2,085,745)	(2,645,334)	(702,062)
Total business-type activities net position	\$ 9,501,687	\$ 6,238,665	\$ 7,413,628	\$ 9,625,675	\$ 10,848,996	\$ 12,765,942	\$ 13,879,217	\$ 16,133,744	\$ 18,924,490	\$ 21,259,383
Primary government										
Net investment in capital assets										
Restricted	\$ 96,036,376	\$ 87,608,115	\$ 62,472,124	\$ 81,112,276	\$ 30,657,841	\$ 68,432,399	\$ 73,786,684	\$ 89,681,380	\$ 94,503,349	\$ 94,907,906
Unrestricted	2,137,860	2,279,543	19,657,108	68,652,573	49,935,245	53,516,925	50,677,610	52,033,806	35,125,642	44,691,049
	(21,541,169)	(42,476,992)	(55,180,759)	(145,916,960)	(85,052,268)	(108,514,689)	(86,654,227)	(97,093,689)	(101,653,637)	(161,296,570)
Total primary government net position	\$ 76,633,067	\$ 47,410,666	\$ 26,948,473	\$ 3,847,889	\$ (4,459,182)	\$ 13,434,635	\$ 37,810,067	\$ 44,621,497	\$ 27,975,354	\$ (21,657,615)

Gaston County
Changes in Net Position
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses										
Governmental activities:										
General government	\$ 25,273,093	\$ 24,673,484	\$ 23,867,441	\$ 24,739,786	\$ 24,874,384	\$ 25,154,391	\$ 27,552,105	\$ 28,558,125	\$ 28,494,793	\$ 32,021,171
Public safety	52,594,906	53,742,546	55,963,307	56,013,987	57,032,854	57,175,032	58,453,071	61,146,913	63,783,887	64,758,386
Environmental protection	56,459	62,302	57,977	65,307	63,277	49,390	83,892	64,799	82,563	80,459
Economic and physical development	7,911,202	10,255,773	9,946,270	15,284,021	8,511,130	5,595,428	4,442,119	8,144,361	7,119,799	6,953,443
Human Services	65,455,737	61,967,834	60,487,994	58,297,624	59,523,625	58,608,554	58,060,108	62,370,891	63,926,904	56,430,359
Cultural and recreation	6,230,571	5,502,247	4,784,769	5,309,453	5,351,880	5,377,790	5,345,740	5,128,279	5,301,850	6,217,083
Education	83,609,422	78,290,535	68,714,103	75,473,335	66,536,545	55,382,876	58,782,741	62,216,186	86,104,362	80,128,234
Debt service - interest and fees	7,140,331	8,703,240	10,638,611	11,016,887	10,127,140	8,654,419	8,310,982	7,982,990	8,064,520	6,690,302
Total governmental activities expenses	248,271,721	243,197,961	234,460,472	246,200,400	232,020,835	215,997,880	221,030,758	235,612,544	262,878,678	253,269,437
Business-type activities:										
Solid Waste	4,306,126	9,217,452	5,333,677	6,506,491	6,562,494	5,668,250	7,399,385	8,001,750	8,722,360	8,371,661
Total primary government expenses	\$ 252,577,847	\$ 252,415,413	\$ 239,794,149	\$ 252,706,891	\$ 238,583,329	\$ 221,666,130	\$ 228,430,143	\$ 243,614,294	\$ 271,601,038	\$ 261,641,098
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 3,023,900	\$ 2,579,119	\$ 2,956,593	\$ 7,257,921	\$ 5,998,885	\$ 4,431,794	\$ 22,667,151	\$ 5,915,128	\$ 8,187,016	\$ 8,529,223
Public safety	12,162,567	11,967,278	11,865,570	11,923,948	11,024,350	12,480,569	13,026,981	13,199,535	13,669,409	15,053,195
Environmental protection	1,603,499	1,594,378	1,387,584	1,476,159	1,513,866	1,827,298	1,728,225	2,027,978	2,270,607	2,608,882
Economic and physical development	585,318	506,283	617,618	1,407,436	2,371,692	2,338,859	1,754,027	378,454	940,616	421,410
Human Services	10,790,926	10,576,660	11,175,903	11,317,753	10,351,599	7,741,842	9,313,829	8,505,340	8,444,809	10,716,470
Cultural and recreation	172,961	184,889	194,409	178,660	172,997	206,058	193,471	215,113	260,552	246,616
Operating grants and contributions:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	216,538	75,045	54,731	76,964	201,534	112,236	545,193	1,109,440	48,618	116,893
Environmental protection	-	-	-	-	-	-	-	-	-	-
Economic and physical development	-	-	-	-	-	-	-	-	-	-
Human Services	24,234,431	26,746,837	24,618,261	25,103,597	23,581,098	24,134,057	25,846,473	27,109,313	26,971,143	19,562,935
Cultural and recreation	427,826	430,277	451,208	380,384	-	-	-	-	-	-
Capital grants and contributions:										
General government	567,140	1,148,364	747,384	582,954	1,064,113	456,718	420,403	402,209	812,010	645,239
Economic and physical development	2,014,098	2,332,068	1,198,115	1,300,426	1,960,160	1,214,550	328,042	109,938	696,960	264,649
Human Services	3,499,009	4,654,415	3,611,289	4,174,722	4,395,374	4,382,779	4,484,882	4,430,744	4,698,298	5,023,236
Cultural and recreation	-	-	-	-	-	-	-	-	-	-
Education	3,500,000	3,500,000	4,000,000	2,186,383	3,317,510	2,093,005	2,056,824	2,369,350	1,880,336	2,120,880
Total governmental activities program revenues	62,798,213	66,293,613	62,879,665	67,367,307	65,953,178	61,419,765	82,365,501	65,772,542	68,840,394	65,309,628
Business-type activities:										
Charges for services:										
Solid Waste	5,551,468	5,943,884	6,500,745	8,714,297	7,781,389	7,578,781	8,673,300	10,243,430	11,101,886	11,106,915
Capital grants and contributions:										
Solid Waste	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	5,551,468	5,943,884	6,500,745	8,714,297	7,781,389	7,578,781	8,673,300	10,243,430	11,101,886	11,106,915
Total primary government program revenues	\$ 68,349,681	\$ 72,237,497	\$ 69,380,410	\$ 76,081,604	\$ 73,734,567	\$ 68,998,546	\$ 91,038,801	\$ 76,015,972	\$ 79,942,280	\$ 76,416,543

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net (Expense)/Revenue										
Governmental activities	\$ (185,473,508)	\$ (176,904,348)	\$ (171,580,807)	\$ (178,833,093)	\$ (166,067,657)	\$ (154,578,115)	\$ (138,665,257)	\$ (169,840,002)	\$ (194,038,284)	\$ (187,959,809)
Business-type activities	1,245,342	(3,273,568)	1,167,068	2,207,806	1,218,895	1,910,531	1,273,915	2,241,680	2,379,526	2,735,254
Total primary government net expense	<u>\$ (184,228,166)</u>	<u>\$ (180,177,916)</u>	<u>\$ (170,413,739)</u>	<u>\$ (176,625,287)</u>	<u>\$ (164,848,762)</u>	<u>\$ (152,667,584)</u>	<u>\$ (137,391,342)</u>	<u>\$ (167,598,322)</u>	<u>\$ (191,658,758)</u>	<u>\$ (185,224,555)</u>

General Revenues and Other Changes in Net Position

Governmental activities:										
Ad valorem taxes	\$ 125,661,639	\$ 127,179,676	\$ 126,922,084	\$ 128,178,596	\$ 129,899,151	\$ 142,730,729	\$ 139,163,619	\$ 139,255,320	\$ 143,710,080	\$ 148,141,098
Sales tax	30,107,689	22,648,126	22,343,384	24,671,868	25,956,494	26,993,295	30,781,557	32,979,693	35,671,950	37,084,145
Real estate transfer taxes	516,336	483,321	379,523	435,024	523,720	650,651	724,130	1,803,998	1,710,358	2,120,723
Investment earnings	2,645,967	633,846	298,661	234,974	157,900	180,311	166,921	357,894	906,903	1,734,305
Transfers	-	-	-	-	-	-	-	-	(366,730)	(462,698)
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>158,931,631</u>	<u>150,944,969</u>	<u>149,943,652</u>	<u>153,520,462</u>	<u>156,537,265</u>	<u>170,554,986</u>	<u>170,836,227</u>	<u>174,396,905</u>	<u>181,632,561</u>	<u>188,617,573</u>
Business-type activities:										
Investment earnings	48,124	10,546	7,895	4,241	4,426	6,415	6,436	12,847	44,490	131,598
Transfers	-	-	-	-	-	-	-	-	366,730	462,698
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>48,124</u>	<u>10,546</u>	<u>7,895</u>	<u>4,241</u>	<u>4,426</u>	<u>6,415</u>	<u>6,436</u>	<u>12,847</u>	<u>411,220</u>	<u>594,296</u>
Total primary government	<u>\$ 158,979,755</u>	<u>\$ 150,955,515</u>	<u>\$ 149,951,547</u>	<u>\$ 153,524,703</u>	<u>\$ 156,541,691</u>	<u>\$ 170,561,401</u>	<u>\$ 170,842,663</u>	<u>\$ 174,409,752</u>	<u>\$ 182,043,781</u>	<u>\$ 189,211,869</u>

Change in Net Position

Governmental activities	\$ (26,541,877)	\$ (25,959,379)	\$ (21,637,155)	\$ (25,312,631)	\$ (9,530,392)	\$ 15,976,871	\$ 32,170,970	\$ 4,556,903	\$ (12,405,723)	\$ 657,764
Business-type activities	1,293,466	(3,263,022)	1,174,963	2,212,047	1,223,321	1,916,946	1,280,351	2,254,527	2,790,746	3,329,550
Total primary government	<u>\$ (25,248,411)</u>	<u>\$ (29,222,401)</u>	<u>\$ (20,462,192)</u>	<u>\$ (23,100,584)</u>	<u>\$ (8,307,071)</u>	<u>\$ 17,893,817</u>	<u>\$ 33,451,321</u>	<u>\$ 6,811,430</u>	<u>\$ (9,614,977)</u>	<u>\$ 3,987,314</u>

Gaston County
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 21,487,929	\$ 17,931,213	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Designated	14,029,881	13,148,822	-	-	-	-	-	-	-	-
Undesignated	28,007,856	28,046,026	-	-	-	-	-	-	-	-
Nonspendable	-	-	355,889	135,955	107,875	213,014	234,324	258,057	359,525	830,609
Restricted	-	-	12,605,203	17,511,819	18,351,235	22,184,319	24,349,723	24,810,036	24,832,155	28,368,724
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	16,871,186	20,422,494	18,553,081	17,246,727	22,060,660	23,827,805	23,684,737	26,031,354
Unassigned	-	-	24,430,560	15,928,520	16,904,079	16,699,313	29,619,149	15,486,470	12,638,808	2,331,422
Total General Fund	\$ 63,525,666	\$ 59,126,061	\$ 54,262,838	\$ 53,998,788	\$ 53,916,270	\$ 56,343,373	\$ 76,263,856	\$ 64,382,368	\$ 61,515,225	\$ 57,562,109
All Other Governmental Funds										
Reserved	\$ 45,159,394	\$ 104,997,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Designated										
Public assistance fund	4,419,727	4,579,584	-	-	-	-	-	-	-	-
Other special revenue funds	147,403	275,053	-	-	-	-	-	-	-	-
Capital improvements fund	12,493,484	-	-	-	-	-	-	-	-	-
Debt service fund	500,000	2,731,863	-	-	-	-	-	-	-	-
Undesignated										
Public assistance fund	8,909,733	5,167,015	-	-	-	-	-	-	-	-
Other special revenue funds	2,095,810	(312,666)	-	-	-	-	-	-	-	-
Capital improvements fund	2,373,524	9,354,581	-	-	-	-	-	-	-	-
Debt service fund	2,151,491	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	1,007	-	2,945	2,073	369	18,067	54,571	88,687
Restricted	-	-	74,059,214	51,140,754	31,584,010	31,332,606	26,327,887	70,014,957	36,244,219	24,624,826
Committed	-	-	3,210,995	327,706	9,908,690	11,843,186	11,942,050	16,454,167	22,994,576	12,422,983
Assigned	-	-	23,015,736	18,240,670	7,250,235	8,509,355	15,864,939	25,967,185	24,717,961	36,056,393
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 78,250,566	\$ 126,793,025	\$ 100,286,952	\$ 69,709,130	\$ 48,745,880	\$ 51,687,220	\$ 54,135,245	\$ 112,454,376	\$ 84,011,327	\$ 73,192,889

Note: GASB Statement 54 was implemented in 2011.

Gaston County
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Ad valorem taxes	\$ 125,559,272	\$ 127,329,437	\$ 127,040,039	\$ 128,513,165	\$ 129,482,180	\$ 144,036,359	\$ 140,402,323	\$ 139,748,392	\$ 144,143,069	\$ 148,367,037
Other taxes and licenses	31,128,981	23,579,233	23,240,938	25,682,870	27,093,896	28,264,421	32,228,917	34,783,691	37,382,308	39,204,868
Unrestricted governmental revenues	-	-	-	-	-	-	-	-	-	-
Restricted intergovernmental revenues	36,282,346	40,590,839	36,474,261	35,365,206	35,947,180	34,350,428	35,948,393	37,354,507	36,921,808	29,330,886
Fees, licenses and permits	2,596,926	2,491,950	2,355,905	2,097,073	2,530,360	2,599,136	3,363,174	3,933,473	4,227,840	4,614,578
Sales and services	19,526,158	19,437,237	19,518,841	20,607,371	19,030,953	17,621,320	18,497,802	18,239,812	18,559,984	22,560,970
E911 surcharge	1,343,369	1,250,223	1,250,223	1,115,633	797,563	695,543	729,724	714,921	734,975	736,000
Investment earnings	2,645,967	633,846	280,309	220,676	133,760	155,547	150,420	332,737	838,903	1,568,297
Miscellaneous revenues	1,437,110	1,819,084	2,648,429	5,676,124	5,430,410	5,102,956	24,139,339	3,130,389	4,288,594	3,931,473
Total revenues	220,520,129	217,131,849	212,808,945	219,278,118	220,446,302	232,825,710	255,460,092	238,237,922	247,097,481	250,314,109
Expenditures										
General government	23,097,747	22,682,766	21,358,174	22,561,773	23,467,884	23,965,459	25,227,484	26,296,804	26,805,601	30,290,301
Public safety	50,185,155	51,838,815	53,456,842	53,465,283	55,756,864	56,497,044	58,366,090	60,586,898	63,057,252	65,452,881
Environmental protection	56,459	62,302	57,977	65,307	63,277	49,390	83,892	64,799	60,916	81,533
Economic and physical development	3,013,553	3,046,255	3,029,150	4,001,812	3,492,907	3,422,972	3,457,506	4,192,734	4,568,532	4,417,548
Human services	63,069,849	64,340,800	59,904,618	58,013,720	58,648,954	58,547,080	58,703,124	61,931,748	61,589,102	56,434,756
Cultural and recreational	5,671,592	5,734,687	5,635,311	5,177,382	4,988,208	5,141,154	5,235,321	5,384,033	5,548,764	5,819,668
Education	46,387,333	46,843,767	46,415,215	46,484,966	46,691,012	48,108,930	49,517,556	49,693,622	51,384,897	54,073,032
Capital outlay	42,484,498	38,368,362	28,962,640	39,983,931	24,619,020	9,219,457	10,176,139	16,317,490	38,538,487	28,481,094
Debt service:										
Principal retirement	14,153,016	13,090,954	15,031,576	15,247,451	16,126,511	16,605,222	16,981,256	17,133,085	19,714,275	78,023,256
Interest and fees	8,058,665	9,008,785	10,692,339	11,016,887	10,127,140	8,856,823	8,511,386	8,183,394	8,634,832	10,955,829
Total expenditures	256,177,867	255,017,493	244,543,842	256,018,512	243,981,777	230,413,531	236,259,754	249,784,607	279,902,658	334,029,898
Excess of revenues over (under) expenditures	(35,657,738)	(37,885,644)	(31,734,897)	(36,740,394)	(23,535,475)	2,412,179	19,200,338	(11,546,685)	(32,805,177)	(83,715,789)
Other Financing Sources (Uses)										
Installment purchase contracts issued	-	907,266	365,602	1,093,812	2,098,645	2,956,264	1,713,854	2,610,233	-	3,459,164
Refunding bonds issued	-	12,295,000	-	7,338,000	58,855,000	-	-	5,020,000	-	59,182,000
Bonds issued	-	80,000,000	-	-	-	-	-	50,025,000	1,861,715	6,000,000
Certificates of participation issued	-	-	-	-	-	-	-	-	-	-
Clean water state revolving loan issued	-	-	-	6,007,742	-	-	-	-	-	-
Payments to escrow agent	-	(12,422,833)	-	(6,700,000)	(68,937,600)	-	-	(5,308,094)	-	-
Bond premium	-	1,249,065	-	-	10,473,662	-	-	5,637,189	-	-
Transfers in	43,501,695	33,163,386	34,744,015	36,095,158	34,705,245	41,087,190	51,381,592	54,096,440	43,198,890	45,580,119
Transfers out	(43,501,695)	(33,163,386)	(34,744,015)	(37,936,190)	(34,705,245)	(41,087,190)	(49,927,276)	(54,096,440)	(43,565,620)	(45,277,048)
Total other financing sources (uses)	-	82,028,498	365,602	5,898,522	2,489,707	2,956,264	3,168,170	57,984,328	1,494,985	68,944,235
Net change in fund balances	\$ (35,657,738)	\$ 44,142,854	\$ (31,369,295)	\$ (30,841,872)	\$ (21,045,768)	\$ 5,368,443	\$ 22,368,508	\$ 46,437,643	\$ (31,310,192)	\$ (14,771,554)
Debt service as a percentage of noncapital expenditures	8.77%	8.90%	10.69%	10.35%	10.89%	11.24%	10.91%	10.35%	9.19%	7.69%

Gaston County
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate	Percentage of Actual Taxable Value (a)	Estimated Actual Taxable Value
2009	11,508,811,396	1,149,251,559	708,408,819	13,153,136,645	\$ 0.8350	93.27%	13,968,174,227
2010	11,599,501,504	1,182,226,647	716,108,280	13,407,146,323	\$ 0.8350	94.84%	14,033,311,093
2011	11,676,202,479	1,133,143,236	703,877,245	13,432,521,985	\$ 0.8350	98.35%	13,631,124,705
2012	11,758,531,818	1,098,972,159	684,047,832	13,459,222,470	\$ 0.8350	103.22%	13,094,977,440
2013	11,885,496,431	1,135,502,234	712,961,046	13,606,995,098	\$ 0.8350	110.02%	12,536,094,454
2014	12,022,852,325	1,155,826,213	740,469,518	13,781,792,162	\$ 0.8700	105.80%	13,130,224,305
2015	11,849,164,221	1,200,100,637	644,166,799	13,867,119,761	\$ 0.8700	108.41%	12,934,436,539
2016	11,846,593,779	1,268,743,871	692,715,311	13,808,052,961	\$ 0.8700	97.84%	14,112,891,416
2017	13,762,503,341	1,451,272,391	729,542,084	15,943,317,816	\$ 0.8700	108.00%	14,761,917,966
2018	14,063,126,530	1,584,208,673	789,707,392	16,437,042,595	\$ 0.8700	86.34%	14,191,742,577

Source: Gaston County Tax Department

Note: The county assesses property every four years. Property is assessed at market value.
(a): Sales assessment ratios from the NC Department of Revenue, Property Tax Division.

Gaston County
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

	Year Taxes Are Payable									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
County Direct Rate										
General *	\$ 0.8350	\$ 0.8350	\$ 0.8350	\$ 0.8350	\$ 0.8350	\$ 0.8700	\$ 0.8700	\$ 0.8700	\$ 0.8700	\$ 0.8700
City Rates										
Belmont	0.4750	0.4750	0.4750	0.4750	0.4750	0.4750	0.4750	0.4750	0.4750	0.5150
Bessemer City	0.4100	0.4100	0.4300	0.4300	0.4300	0.4300	0.4300	0.4500	0.4500	0.4700
Cherryville	0.4400	0.4400	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600
Gastonia	0.5300	0.5300	0.5300	0.5200	0.5300	0.5300	0.5300	0.5300	0.5300	0.5300
Kings Mountain	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4300	0.4300	0.4300
Mt. Holly	0.5300	0.5300	0.5300	0.5300	0.5300	0.5300	0.5300	0.5300	0.5300	0.5300
Town Rates										
Cramerton	0.4750	0.4750	0.4750	0.4750	0.4750	0.4750	0.4750	0.4750	0.4750	0.4750
Dallas	0.3800	0.3800	0.3800	0.3800	0.3800	0.3800	0.3800	0.4000	0.4000	0.4000
High Shoals	0.3030	0.3030	0.3030	0.3030	0.3130	0.3070	0.4100	0.4100	0.4100	0.4100
Lowell	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4300	0.4300	0.4300	0.4300
McAdenville	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3300
Ranlo	0.2910	0.2910	0.2910	0.2910	0.2860	0.2860	0.4000	0.4000	0.4000	0.4000
Spencer Mountain	0.1300	0.1300	0.1300	0.1300	N/A	N/A	N/A	N/A	N/A	N/A
Stanley	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400

Gaston County
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

	Year Taxes Are Payable									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Fire District Rates										
Agriculture Center	0.0590	0.0590	0.0600	0.0600	0.0630	0.0630	0.0630	0.0730	0.0730	0.0730
Alexis	0.0750	0.0850	0.0850	0.0850	0.0850	0.0850	0.0900	0.0900	0.0950	0.0950
Chapel Grove	0.0700	0.0750	0.0750	0.0750	0.0950	0.0950	0.1050	0.1050	0.1050	0.1050
Chestnut Ridge	0.0730	0.0730	0.0730	0.0730	0.0730	0.0800	0.0840	0.0840	0.0840	0.0950
Community	0.0880	0.0880	0.0930	0.0930	0.0930	0.1000	0.1000	0.1000	0.1000	0.1200
Crouse	0.0740	0.0740	0.0740	0.0740	0.0740	0.0740	0.0740	0.0740	0.0740	0.0860
East Gaston	0.0620	0.0680	0.0740	0.0740	0.0840	0.0840	0.0840	0.0840	0.0840	0.0840
High Shoals	0.0970	0.0970	0.0970	0.0970	0.0970	0.1030	0.1030	0.1030	0.1030	0.1030
Hughs Pond	0.1010	0.1010	0.1010	0.1010	0.1010	0.1010	0.1010	0.1010	0.1100	0.1100
Long Shoals	0.0970	0.0970	0.0970	0.0970	0.0970	0.1030	0.1030	0.1030	0.1030	0.1030
Lowell	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0740	0.0740	0.0740
Lucia-Riverbend	0.0910	0.1050	0.1050	0.1050	0.1050	0.1050	0.1050	0.1050	0.1100	0.1140
New Hope	0.0700	0.0700	0.0700	0.0700	0.0800	0.0800	0.0880	0.0880	0.0880	0.1000
Ranlo	0.0790	0.0790	0.0790	0.0790	0.0840	0.0840	0.0840	0.0740	0.0845	0.0840
South Gastonia	0.0700	0.0750	0.0750	0.0750	0.0950	0.0950	0.1050	0.1050	0.1050	0.1050
South Point	0.0540	0.0540	0.0540	0.0540	0.0640	0.0640	0.0640	0.0500	0.0400	0.0400
Spencer Mountain	0.0620	0.0620	0.0700	0.0620	0.0700	0.0700	0.0800	0.0800	0.0800	0.0800
Tryonota	0.0730	0.0730	0.0730	0.0730	0.0730	0.0800	0.0840	0.0840	0.0840	0.0950
Union Road	0.0570	0.0670	0.0670	0.0670	0.0670	0.0670	0.0770	0.0770	0.0770	0.0770
Waco	0.0730	0.0730	0.0730	0.0730	0.0730	0.0730	0.0730	0.0730	0.0950	0.0950
Special Taxing Rates										
Gastonia York-Chester District	0.5300	0.5300	0.5300	0.5200	0.5300	0.5300	0.5300	0.5300	0.5300	0.5300
Gastonia Service District	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000

Source: Gaston County Tax Department.

*Note: The County direct rate does not have components.

**Gaston County
Principal Property Tax Payers,
Current Year and Nine Years Ago**

	Fiscal Year 2018			Fiscal Year 2009		
	Assessed Value	Rank	Percentage of Total Assessed Valuation	Assessed Value	Rank	Percentage of Total Assessed Valuation
<u>Taxpayer</u>						
Duke Energy Carolinas LLC	\$ 482,863,599	1	3.29%	\$ 465,321,861	1	3.20%
Daimler Trucks North America	163,183,107	2	1.11%	41,232,285	5	0.30%
Public Service Co of NC Inc	92,372,331	3	0.63%	58,774,204	4	0.40%
Owens Corning Non-Woven	92,000,551	4	0.63%	-	-	-
Southwood Realty Corporation	67,144,494	5	0.46%	-	-	-
FMC Corporation	54,593,800	6	0.37%	39,562,146	7	0.30%
Georgia Pacific Mt Holly LLC	44,215,294	7	0.30%	-	-	-
Mann + Hummel Filtration Tech US	44,177,458	8	0.30%	-	-	-
Bud Antle Inc (Dole)	43,290,371	9	0.30%	-	-	-
Pharr Yarns LLC	42,123,968	10	0.29%	-	-	-
AT&T (Formerly BellSouth Telephone)	-	-	-	80,571,262	2	0.60%
Triangle Real Estate	-	-	-	60,841,989	3	0.40%
Buckeye Technologies	-	-	-	39,584,657	6	0.30%
Wix Corporation	-	-	-	39,468,181	8	0.30%
Stabilus, Inc	-	-	-	35,571,895	9	0.20%
American & Efird Mills	-	-	-	35,416,119	10	0.20%
Total	\$ 1,125,964,973		7.68%	\$ 896,344,599		6.20%

**Gaston County
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	121,415,646	116,260,329	95.8%	4,928,250	121,188,579	99.813%
2010	122,832,194	118,101,930	96.1%	4,465,630	122,567,560	99.785%
2011	122,722,967	118,228,718	96.3%	4,210,803	122,439,521	99.769%
2012	123,490,459	119,665,752	96.9%	3,520,818	123,186,570	99.754%
2013	125,234,084	121,338,719	96.9%	3,541,921	124,880,640	99.718%
2014	127,281,287	124,586,719	97.9%	2,221,825	126,808,544	99.629%
2015	121,177,992	119,432,901	98.6%	1,095,933	120,528,834	99.464%
2016	120,282,146	118,722,082	98.7%	806,757	119,528,839	99.374%
2017	123,779,768	122,235,040	98.8%	811,944	123,046,984	99.408%
2018	127,701,957	126,229,056	98.8%	-	-	-

Source: Gaston County Tax Department

Gaston County
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Percentage of Personal Income (a)	Percentage of Actual Value of Taxable Property (b)	Per Capita (a)
	Total Debt	Less: Amounts Restricted to Repaying Principal	Total			
2009	177,388,114	-	177,388,114	2.70%	1.22%	864
2010	246,020,113	-	246,020,113	3.73%	1.67%	1,194
2011	231,300,411	-	231,300,411	3.33%	1.57%	1,116
2012	223,792,514	-	223,792,514	3.06%	1.51%	1,072
2013	207,119,648	-	207,119,648	2.83%	1.38%	988
2014	193,470,690	-	193,470,690	2.52%	1.32%	918
2015	178,203,288	-	178,203,288	*	1.16%	841
2016	213,575,436	-	213,575,436	*	1.38%	1,001
2017	195,722,876	-	195,722,876	*	1.23%	911
2018	186,340,784	-	186,340,784	*	1.13%	846

* Information not yet available.

Note:

- (a) See "Demographic and Economic Statistics" schedule for personal income and population figures.
- (b) See "Assessed Value and Actual Value of Taxable Property" schedule for property values.

Gaston County
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income (a)	Per Capita (c)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Installment Purchases	Unamortized Premium	State Revolving Loan	Capital Leases	Installment Purchases			
2009	152,195,000	10,995,000	988,501	13,209,613	-	-	86,956	-	177,475,070	2.70%	864
2010	223,725,000	9,805,000	1,068,831	11,421,282	-	-	2,387	5,800,000	251,822,500	3.82%	1,222
2011	211,900,000	8,560,000	862,929	9,977,482	-	-	-	5,556,238	236,856,649	3.41%	1,143
2012	200,543,000	7,270,000	1,438,090	8,533,682	-	6,007,742	1,034,802	5,059,444	229,886,760	3.15%	1,101
2013	185,848,000	5,935,000	2,664,023	7,089,883	10,473,662	5,582,742	688,237	4,543,758	222,825,305	3.04%	1,063
2014	173,782,000	4,545,000	2,907,656	5,646,083	9,775,418	6,589,951	304,126	4,008,462	207,558,696	2.70%	985
2015	161,684,000	3,095,000	2,998,162	4,202,283	9,079,174	6,223,843	7,528	3,452,811	190,742,801	2.42%	900
2016	199,590,000	1,580,000	3,789,219	2,758,483	14,020,119	5,857,734	-	2,876,030	230,471,585	*	1,080
2017	185,044,000	-	3,679,317	1,507,933	12,946,062	5,491,626	435,014	2,277,315	211,381,267	*	984
2018	176,574,000	-	4,641,266	-	11,872,005	5,125,518	611,101	1,655,833	200,479,723	*	911

* Information not yet available.

Notes: Details regarding the county's outstanding debt can be found in the notes to the financial statements.
See "Demographic and Economic Statistics" schedule for personal income and population figures.

Gaston County
Legal Debt Margin Information
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed Value of Property	\$ 14,525,025,644	\$ 14,771,882,419	\$ 14,686,577,617	\$ 14,777,446,797	\$ 14,998,093,963	\$ 14,630,563,376	\$ 15,425,878,851	\$ 15,457,585,402	\$ 15,943,317,816	\$ 16,437,042,595
Debt Limit, 8% of Assessed Value (Statutory Limitation)	1,162,002,052	1,181,750,594	1,174,926,209	1,182,195,744	1,199,847,517	1,170,445,070	1,234,070,308	1,236,606,832	1,275,465,425	1,314,963,408
Amount of Debt Applicable to Limit										
General Obligation Bonds	152,195,000	223,725,000	211,900,000	200,543,000	185,848,000	173,782,000	161,684,000	199,590,000	185,044,000	176,574,000
Certificates of Participation	10,995,000	9,805,000	8,560,000	7,270,000	5,935,000	4,545,000	3,095,000	1,580,000	-	-
Other Debt	14,198,114	12,490,113	10,840,411	15,979,514	15,336,648	15,143,690	13,414,288	12,405,436	10,678,876	9,766,784
	177,388,114	246,020,113	231,300,411	223,792,514	207,119,648	193,470,690	178,193,288	213,575,436	195,722,876	186,340,784
Less: Resources Restricted to Paying Principal	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	177,388,114	246,020,113	231,300,411	223,792,514	207,119,648	193,470,690	178,193,288	213,575,436	195,722,876	186,340,784
Legal Debt Margin	\$ 984,613,938	\$ 935,730,481	\$ 943,625,798	\$ 988,403,230	\$ 992,727,869	\$ 976,974,380	\$ 1,055,877,020	\$ 1,023,031,396	\$ 1,079,742,549	\$ 1,128,622,624

Total net debt applicable to the limit
as a percentage of debt limit

15.27% 20.82% 19.69% 18.93% 17.26% 16.53% 14.44% 17.27% 15.35% 14.17%

Gaston County
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (a)	Personal Income (b) (thousands of dollars)	Per Capita Personal Income (b)	Public School Enrollment (c)	Private School Enrollment (d)	Unemployment Rate (e)
2009	205,376	6,706,867	31,917	32,276	2,514	14.3%
2010	206,086	6,983,047	32,024	31,654	2,359	13.6%
2011	207,274	6,843,901	33,591	31,415	2,109	12.4%
2012	208,704	7,123,429	35,103	31,033	2,188	10.8%
2013	209,571	7,236,274	34,986	31,197	2,212	9.6%
2014	210,735	7,498,493	35,531	31,152	2,215	7.1%
2015	211,936	7,886,647	36,950	32,105	2,129	6.5%
2016	213,325	*	*	31,555	2,081	5.4%
2017	214,793	*	*	31,499	2,195	4.2%
2018	220,182	*	*	31,851	2,290	4.3%

* Information not yet available.

Sources:

- (a): Log Into NC Website / Office of the Governor
- (b): Bureau of Economic Analysis
- (c): Superintendent's office of the Gaston County School Administrative Unit.
- (d): North Carolina Division of Non-Public Education
- (e): Civilian Labor Force Estimates from the Employment Security Commission of North Carolina.

**Gaston County
Principal Employers,
Current Year and Nine Years Ago**

	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Gaston County Schools	1000+	1	-	1000+	1	-
Caromont Health	1000+	2	-	1000+	2	-
Freightliner Corporation	1000+	3	-	-	11	-
Gaston County Government	1000+	4	-	1000+	3	-
Wal-mart Associates	1000+	5	-	1000+	6	-
American & Efird, Inc.	1000+	6	-	500-999	8	-
FKA Wix Filtration Corporation	1000+	7	-	1000+	4	-
City of Gastonia	500-999	8	-	500-999	7	-
Pharr Yarns Inc.	500-999	9	-	1000+	5	-
Gaston College	500-999	10	-	500-999	10	-

Source: Gaston County Economic Development Commission

Gaston County
Full-time Equivalent Budgeted County Government Employees by Function,
Last Ten Fiscal Years

<u>Function / Program</u>	<u>Full-time Equivalent Budgeted Employees as of June 30</u>									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government	198	200	200	200	201	202	205	205	205	207
Public Safety	579	580	580	580	585	585	604	606	615	636
Economic and Physical Development	38	33	31	31	32	32	32	29	29	21
Human Services	568	561	573	576	579	579	594	594	594	600
Cultural and Recreational	69	58	58	55	52	52	51	53	53	54
Solid Waste / Landfill	23	26	26	26	26	26	26	25	27	28
Total	1,475	1,458	1,468	1,468	1,475	1,476	1,512	1,512	1,523	1,546

Sources: County budget department and individual county departments.

**Gaston County
Operating Indicators by Function,
Last Ten Fiscal Years**

Function / Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Access										
Passenger trips	115,635	127,809	141,377	124,560	116,889	138,261	133,970	122,114	116,462	107,393
Service Miles	1,464,884	974,689	1,068,551	1,027,741	688,063	629,095	586,000	608,850	494,053	489,725
Commissioners / Clerk to the Board										
Number of Contracts	454	507	568	548	540	488	475	586	552	563
Number of Minutes	296	335	240	280	279	386	334	273	255	301
Human Resources										
Number of applications processed	6,651	7,032	5,705	9,550	7,409	11,039	10,668	10,219	8,362	10,238
Information Technology										
Number of service request / trouble tickets	7,916	9,429	9,590	9,289	8,481	10,978	10,086	10,616	7,217	7,082
Public Works										
Number of vehicle work orders processed / completed	3,090	3,243	3,186	2,955	2,938	2,898	3,107	2,886	3,217	2,974
Number of non-vehicle work orders requested / completed	*	7,778	8,371	8,126	8,536	7,182	9,644	8,991	6,768	8,590
Register of Deeds										
Vital records issued (birth, death, marriage)	22,049	22,038	22,808	23,498	22,360	26,121	23,715	23,445	25,516	25,709
Instruments recorded	28,521	29,157	27,064	29,608	24,367	25,797	21,665	22,628	32,745	23,549
(deeds, deeds of trust, corporations, etc.)										
Notary oaths administered	666	601	636	611	619	746	582	704	667	734
Tax										
Business audits	151	140	105	93	107	102	97	140	195	195
Registered vehicles processed	*	174,052	172,395	176,315	174,279	258,360	184,200	182,000	193,886	193,974
Public Safety										
Animal Control										
Number of calls	26,923	26,025	21,917	21,345	19,722	18,863	13,327	15,879	16,100	15,864
Adoptions (rescue group placement & owner reclaims)	3,149	3,636	3,419	4,368	3,880	4,112	3,347	2,788	2,783	2,757
Building Inspections										
Inspections conducted	31,489	30,493	24,805	29,057	30,153	31,950	38,228	24,917	27,170	35,217
Residential permits issued	3,055	3,291	2,962	2,969	2,832	1,959	1,959	1,042	1,430	1,551
Commercial and other non-residential permits issued	1,286	1,125	964	1,220	1,295	1,172	1,393	281	437	221
Electrical permits issued	1,729	1,868	1,675	1,526	1,562	1,736	1,798	2,686	2,131	2,612
Mechanical permits issued	1,533	1,934	1,849	1,348	1,422	1,655	1,581	2,351	1,557	1,681
Plumbing permits issued	585	784	591	620	665	706	700	1,209	472	848
County Police										
UCR Part I Crimes	1,951	1,747	1,799	1,576	1,582	1,402	1,326	1,423	1,412	1,381
Emergency Management										
Emergency management calls (hazardous material spills, missing persons, complaints, etc)	19	30	18	21	18	19	12	14	14	5
Presentations / programs conducted	9	10	11	18	10	11	11	7	12	-
Exercises conducted or attended	10	16	8	20	9	12	12	13	5	3
Formal plans developed, reviewed, updated or adopted	27	29	26	23	24	21	18	15	19	-
Emergency Medical Services										
Emergency calls for service	29,166	31,148	31,173	33,986	40,460	42,895	44,429	46,233	46,401	39,812
Non-emergency calls for service	2,930	1,896	2,319	1,915	1,248	1,541	1,879	2,005	2,313	3,253
Number of dispatches	28,141	30,642	31,173	32,068	38,019	38,709	46,308	51,093	51,978	48,128
Number of transports	17,957	17,605	17,785	17,531	19,435	18,749	17,752	16,638	17,544	17,424
Fire Marshal										
Inspections	*	975	916	954	1,024	1,196	941	1,164	1,057	1,595
Investigations / Incidents	*	218	176	141	194	160	211	166	196	175
Fire investigation K9 Callouts	*	23	8	2	4	0	-	-	-	-
Fire Education Classes Taught	*	10	3	15	11	9	11	784	14	9
Rescue Squads										
Number of dispatches	*	33,740	33,747	38,509	39,930	38,709	38,222	40,235	37,463	34,999
Number of transports	9,070	10,415	11,026	11,322	10,400	18,749	11,693	11,985	10,914	10,438

Function / Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety (continued)										
Sheriff										
Average monthly jail population	521	513	504	525	498	509	497	502	574	632
Number of civil papers served	23,372	24,704	22,674	18,991	19,602	23,597	23,554	23,664	16,338	17,930
Number of criminal papers served	5,218	4,853	5,592	5,611	5,550	5,874	4,575	5,236	3,383	4,405
Number of weapon permits issued	6,612	4,444	4,418	5,349	10,854	5,462	6,096	11,424	7,988	8,306
Number of court cases scheduled	174,144	161,099	158,497	156,567	154,487	139,645	130,248	136,580	158,322	144,421
Telecommunications										
Number of 911 calls	*	130,465	134,116	138,123	131,937	127,903	137,645	150,571	143,247	123,510
Economic and Physical Development										
Cooperative Extension Service	656	555	527	441	454	416	445	393	410	422
Structured teaching activities	16,013	15,793	16,095	15,153	14,817	14,858	14,950	14,215	13,875	14,320
Volunteer Hours										
Natural Resources										
Number of people served (clients)	5,520	191,228	13,507	14,614	15,403	11,688	15,177	13,378	12,855	12,298
Number of technical services provided	6,846	230,016	16,512	18,326	19,120	13,969	16,875	16,144	21,724	20,534
Number of acres affected	5,283	7,484	6,735	8,199	6,284	4,951	7,936	7,005	8,162	6,751
Planning / Land Use										
Zoning permits issued (2002 - 2004 calendar year)	399	328	384	436	378	392	410	575	541	525
Site plans for commercial/industrial reviewed	18	7	10	15	8	13	17	20	17	14
(2002 - 2004 calendar year)										
Subdivisions submitted (2002 - 2004 calendar year)	11	4	2	0	1	1	-	1	0	2
Minimum Housing Inspections (2002 - 2004 calendar year)	13	17	13	28	18	23	21	16	24	49
Travel and Tourism										
** Overnight Stays	288,762	258,529	321,465	332,091	339,040	336,452	357,753	392,766	383,211	18,033
** Visits to Visitors Center (center opened 12/22/04)	6,346	6,465	6,406	5,996	5,289	4,845	4,486	4,619	4,200	160,049
** Visitor's Guide Printed and Distributed	11,818	39,800	37,250	40,000	40,000	35,265	27,500	27,264	30,000	386,432
Human Services										
Health										
*** Number of patient visits	89,118	105,149	82,136	70,641	82,698	73,331	64,312	76,571	61,544	56,321
Onsite Wastewater Permits issued	594	601	511	713	712	872	872	731	983	1,039
Well permits issued	178	118	96	125	145	103	138	121	167	167
Food and Lodging Inspections performed	3,280	3,195	3,084	2,615	2,601	2,693	2,290	2,140	2,572	2,672
Social Services										
**** Medicaid cases	337,322	359,210	375,895	392,696	399,296	384,017	383,628	383,628	40,106	39,481
**** Medicaid recipients	439,868	472,280	494,239	518,206	527,741	524,760	524,496	524,496	63,469	65,945
**** Food and nutrition services cases	150,601	192,015	230,485	246,287	254,292	254,952	256,868	245,756	16,591	15,487
**** Food and nutrition services recipients	332,846	415,358	484,487	504,857	528,780	522,468	520,569	498,432	36,697	34,510
**** Children in DSS custody	2,889	2,761	2,910	2,438	2,346	2,532	3,278	3,360	345	346
Cultural and Recreation										
Art and History Museum										
Museum Visits	2,901	3,733	3,422	3,255	4,238	3,930	4,039	4,399	3,620	2,821
Program Attendance	10,963	11,944	13,446	13,027	15,537	16,143	23,164	19,622	19,105	21,025
Exhibits	4	11	16	14	16	19	18	16	17	15
Library										
Library Visits (Door Count)	666,384	651,196	635,722	535,418	501,992	476,873	486,111	530,498	575,420	567,500
Circulation - Books	786,072	778,690	751,365	699,645	671,221	636,764	666,939	750,487	717,366	679,201
Circulation - Audiovisuals	286,220	237,406	200,958	179,843	168,433	163,775	193,037	237,577	230,605	210,201
Circulation - e-resources	4,375	6,161	29,045	77,777	88,683	108,210	185,833	124,084	202,202	206,631
Library Programs	1,304	1,391	1,433	1,366	1,442	1,783	2,991	6,339	5,683	5,590
Program Attendance	44,043	44,745	49,258	43,042	46,911	53,146	77,031	111,078	131,471	146,040
Public computer users	116,795	115,787	109,622	118,733	125,575	133,651	168,562	111,582	107,273	94,573

Function / Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Cultural and Recreation (continued)										
Parks and recreation										
Park reservations	10,698	4,634	5,232	4,674	4,733	9,258	9,175	8,908	6,338	3,963
Scheduled park attendance	429,630	388,615	414,700	405,802	395,028	684,067	793,048	885,164	603,206	591,684
Senior Center										
Program Attendance	25,337	31,287	29,577	35,450	36,603	38,010	40,108	41,895	45,383	46,101
Senior Center visits	17,853	26,339	25,158	31,558	33,907	35,987	39,167	42,534	46,408	47,893
Solid Waste / Landfill										
Waste tonnage disposed	184,168	174,235	195,832	227,839	177,742	189,845	222,587	250,065	281,841	260,384.98
Recycling tonage	8,213	2,680	6,880	5,861	3,113	2,298	1,688	2,484	2,929	2467.07

Sources: County budget department and individual county departments.

Note: Indicators are not available for the Environmental Protection.

* Information is not available.

** 2006 is measured for Calendar Year.

*** The number of WIC patient visits is not included in FY 2005. Those totals were maintained at the state until FY 2006 when the Health department began keeping those records.

**** 2017 is reported in monthly averages.

**Gaston County
Capital Asset Statistics by Function,
Last Ten Fiscal Years**

<u>Function / Program</u>	<u>Fiscal Year</u>									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Public Safety										
Sheriff										
Jail capacity *	584	584	584	584	584	584	584	584	584	584
Economic and Physical Development										
Economic Development Commission										
Business park acreage available for purchase:										
Gastonia Technology Park	325	325	325	204.7	199.85	132.82	117.81	117.81	117.81	117.81
Summit Crossing	35	35	35	35	21.08	21.08	16.86	16.86	16.86	16.86
South Ridge Business Park **	50	50	50	50	50	50	25.26	25.26	25.26	25.26
Cultural and Recreation										
Parks and recreation										
Number of county parks	8	9	9	9	9	9	9	9	9	9
Park acreage:										
Developed	363	363	512	512	512	512	512	512	512	512
Undeveloped	294	299	150	150	150	150	150	150	150	150
Total Park Acreage***										

Sources: County departments.

*Note: Number of beds in jail total 584; capacity per classification level is 526.

**Note: South Ridge Business Park was purchased in May 2008.

***Park acreage is no longer tracked by developed and undeveloped

COMPLIANCE SECTION

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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 Board of Commissioners
Gaston County, 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, each major fund, and the aggregate remaining fund information of Gaston County, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 15, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gaston County'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 Gaston County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2018-002 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gaston County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Finding

Gaston County's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. Gaston County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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, North Carolina
February 15, 2019

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

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Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance With The Uniform Guidance And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Gaston County, North Carolina

Report On Compliance for Each Major Federal Program

We have audited Gaston County, North Carolina's, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018. Gaston County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion On Each Major Federal Program

In our opinion, Gaston County 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, 2018.

Report On Internal Control Over Compliance

Management of Gaston County 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 Gaston County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Gaston County'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2018-001 that we consider to be a material weakness.

Gaston County's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. Gaston County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
February 15, 2019

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Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance With the Uniform Guidance; And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Gaston County, North Carolina

Report On Compliance for Each Major State Program

We have audited the compliance of Gaston County, 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 Gaston County's major state programs for the year ended June 30, 2018. Gaston County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major State Program

In our opinion, Gaston County 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, 2018.

Report On Internal Control Over Compliance

Management of Gaston County 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 Gaston County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Gaston County'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2018-001 that we consider to be a material weakness.

Gaston County's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. Gaston County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
February 15, 2019

GASTON COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? Yes X None reported

Non-compliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? Yes X None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 X Yes No

Identification of major federal programs:

<u>Program Title</u>	<u>CFDA#</u>
Medicaid Cluster	93.778
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557
SNAP Cluster	10.561
Low Income Energy Assistance Program	93.568
Workforce Investment Act Cluster	17.258, 17.259, 17.278
Crime Victim Assistance	16.575
Social Services Block Grant	93.667

GASTON COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

1. Summary of Auditor's Results (continued)

Dollar threshold used to distinguish between
Type A and Type B programs

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

State Awards

Internal control over major state programs:

• Material weakness(es) identified?

 X Yes _____ No

• Significant deficiency(ies) identified?

_____ Yes X None reported

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

Unmodified

Any findings disclosed that are required to
be reported in accordance with the State
Single Audit Implementation Act?

 X Yes _____ No

Identification of major state programs:

Medicaid Cluster

Public School Building Capital Fund

Juvenile Crime Prevention Programs

GASTON COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

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

MATERIAL WEAKNESS

Finding: 2018-002

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

Condition: Account reconciliations were not prepared and balanced to the general ledger in a timely manner during the year.

Effect: Lack of timely reconciliations greatly increases the risk of errors in financial reporting.

Cause: The County's policies over cash and accounts payable reconciliations are not being followed.

Recommendations: Require reconciliations be prepared and balanced to the general ledger control accounts on a monthly basis.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with this finding. Please refer to the Corrective Action Plan.

GASTON COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

3. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

Passed through the N.C. Department of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA #: 93.778

Grant Number: XIX-MAP18

Finding: 2018-001

MATERIAL WEAKNESS

Criteria: In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific income standards, and documentation must be maintained to support eligibility determinations. Management should have an adequate system of internal controls procedures in place to ensure an applicant is properly determined or re-determined for benefits.

Condition: One applicant had been terminated from SSI, but the certification period was extended without the completion of a timely ex-parte review. The applicant continued to receive benefits during the extended period. An ex-parte review was later performed and the applicant was still eligible to receive Medicaid benefits.

Context: Of the 1,186,113 benefit payments valued at \$224,554,246, we examined 96 payment records (\$13,951 value) and determined that one applicants' file (1%) lacked an ex parte review. Upon further review, the client was still eligible for benefits and no questioned costs were reported.

Effect: Applicants could receive benefits for which they are not eligible.

Cause: Caseworker did not perform a timely ex parte review for the applicants and, therefore; did not obtain sufficient documentation to determine eligibility.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2017-001.

Questioned Costs: The finding represents an internal control issue; therefore, no questioned costs are applicable.

Recommendation: Caseworkers should review the status of SSI cases and ensure documentation of SSI terminations are contained in the casefile. Termination reports and NC FAST task notifications should be reviewed promptly when received to determine if the case should be re-determined or terminated.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with this finding. Please refer to the Corrective Action Plan.

GASTON COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

4. State Award Findings and Questioned Costs

N.C. Department of Health and Human Services

Program Name: Medical Assistance program (Medicaid; Title XIX)

Finding 2018-001 – In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific income standards, and documentation must be maintained to support eligibility determinations. Management should have an adequate system of internal controls procedures in place to ensure an applicant is properly determined or redetermined for benefits. See more details at Finding 2018-001 in Section 3 – Federal Award Findings and Questioned Costs.

**GASTON COUNTY**

128 West Main Avenue
P.O. Box 1578
Gastonia, North Carolina 28053-1578

County Manager

Phone (704) 866-3101
Fax (704) 866-3147
e-mail: emathers@gastongov.com

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2018**

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

Finding: 2018-002

Name of Contact Person: Linda Grimsley, Interim Finance Director

Corrective Action/Management's Response: Management concurs and took decisive action to correct this issue when we became aware. We are now requiring finance staff to send a reconciliation report at the end of each month to make sure that everything is being reconciled on a monthly basis. Additionally, there has been a new finance director hired and an additional layering of reporting responsibility for the Finance department in order to ensure compliance.

Proposed Completion Date: Management and the Board will implement the above procedures immediately.



GASTON COUNTY DEPARTMENT OF HEALTH & HUMAN SERVICES

330 Dr. Martin Luther King Jr. Way • Gastonia, North Carolina 28052
Phone 704-862-7500 • www.gastonhhs.org

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2018

3. Federal Awards Findings and Questioned Costs

Finding: 2018-001

Name of Contact Person: Angela Karchmer, Social Services Division Director

Corrective Action/Management's Response: Management concurs with the condition, context, and recommendations. The County has implemented the following process:

Ex Parte Reviews:

- Lead worker or designated back-up assigns ex parte review cases to individual workers for eligibility determination by utilizing an excel spreadsheet. The individual supervisors are copied on each report (spreadsheet).
- Agency has identified 4 workers who will process all ex parte reviews, to provide greater accountability and case follow-up.
- Supervisors review cases to ensure action is taken by the deadline (by the fourth month or within 120 days).
- Lead worker or designated back-up reviews the master report to check behind the supervisor and worker.

Proposed Completion Date: Management and the Board will implement the above procedures immediately.

4. State Awards Findings and Questioned Costs

Finding: 2018-001

See Finding 2018-001 in Section 3 – Federal Award Findings and Questioned Costs of the Corrective Action Plan.

GASTON COUNTY, NORTH CAROLINA

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

Finding: 2017-001

Status: Finding was modified and reported as a repeat finding in current year as Finding 2018-001.

Finding: 2017-002

Status: Corrected.

Finding: 2017-003

Status: Corrected.

Finding: 2017-004

Status: Corrected.

Finding: 2017-005

Status: Corrected.

Finding: 2017-006

Status: Corrected.

COUNTY OF GASTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2018

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
FEDERAL AWARDS:						
<u>U. S. Department of Agriculture</u>						
<u>Food and Nutrition Service</u>						
Passed-through the N. C. Department of Health and Human Services:						
Division of Social Services:						
Administration:						
<u>SNAP Cluster:</u>						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	175NC406S2514 / 185NC406S2514	\$ 2,022,694	\$ -	\$ -	\$ 2,022,694
Total SNAP Cluster			2,022,694	-	-	2,022,694
Passed-through the N. C. Department of Health and Human Services:						
Division of Public Health:						
WIC Special Supplemental Nutrition Program for Women, Infants and Children:						
Administration						
Child and Adult Care Food Program	10.557 10.558	5NC700705 6804	884,278 13,717	-	-	-
Total U.S. Department of Agriculture			2,920,689	-	-	2,022,694
<u>U. S. Department of Education</u>						
<u>Office of Elementary and Secondary Education</u>						
Passed-through the N. C. Department of Public Instruction:						
Division of Federal Program Monitoring and Support:						
Twenty-First Century Community Learning Centers						
	84.287	S287C-170033	310,393	-	310,393	-
Total U.S. Department of Education			310,393	-	310,393	-
<u>U. S. Department of Health and Human Services</u>						
<u>Administration for Community Living</u>						
Passed-through Centralina Council of Governments:						
Aging Cluster:						
Special Programs for the Aging - TITLE III, Part B, Grants for Supportive Services and Senior Centers						
Special Programs for the Aging - TITLE III, Part C, Nutrition Services	93.044 93.045 93.053	AANCT3SS AANCT3CM/AAC3HD 18AANCNSIT	625,724 273,648 54,779	110,422 48,291 -	- - -	- - -
Nutrition Services Incentive Program			954,151	158,713	-	-
Total Aging Cluster						
Special Programs for the Aging - TITLE III, Part D, Disease Prevention and Health Promotion Services						
National Family Caregiver Support - Title III, Part E	93.043 93.052	ANCT3PH AANCT3FC	2,925 49,609	- 3,307	- -	260 -
Passed-through N. C. Department of Insurance:						
State Health Insurance Assistance Program	93.324	90SAPG0027-01-01	5,185	-	-	-
<u>Administration for Children and Families</u>						
Passed-through the N. C. Department of Health and Human Services:						
Subsidized Child Care Cluster (Note 3)						
<u>Child Care Development Fund Cluster</u>						
Division of Social Services:						
Child Care Mandatory and Matching Funds of the						
Child Care and Development Fund - Administration						
	93.596	G1701NCCCDF / G1801NCCCDF	251,716	-	-	41,071
Division of Child Development:						
Child Care and Development Block Grant - Discretionary						
Total Child Care Development Fund Cluster	93.575	G1701NCCCDF / G1801NCCCDF	373 252,089	- -	- -	- 41,071

COUNTY OF GASTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2018

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
Division of Social Services:						
Special Children Adoption Fund Cluster (Note 3):						
Promoting Safe and Stable Families	93.556	G1711NCFPCV	20,539	-	-	13,421
Promoting Safe and Stable Families	93.556	1701NCFPSS / 1801NCFPSS	120,474	-	-	358,301
Total Special Children Adoption Fund Cluster			141,013	-	-	371,722
Temporary Assistance to Needy Families Cluster:						
Temporary Assistance for Needy Families - State Programs	93.558	1701NCTANF / 1801NCTANF	2,682,896	-	-	3,417,684
Temporary Assistance for Needy Families - State Programs	93.558	1702NCTAN3	34,500	-	-	-
Total Temporary Assistance to Needy Families Cluster			2,717,396	-	-	3,417,684
Refugee and Entrant Assistance Cluster (Note 3):						
Refugee and Entrant Assistance State/Replacement	93.566	1701NCRDMA / 1801NCRDMA	1,004	-	-	-
Designee Administered Programs - Administration						
Refugee and Entrant Assistance State/Replacement	93.566	1701NCRDMA / 1801NCRDMA	332	-	-	-
Designee Administered Programs - Direct Benefit Payments						
Total Refugee and Entrant Assistance Cluster			1,336	-	-	-
Child Support Enforcement - Administration						
Low Income Home Energy Assistance - Administration	93.563	1704NC4005 / 1804NC4005	1,947,004	-	-	1,346,680
Stephanie Tubbs Jones Child Welfare Services Program	93.568	G17B1NCLIEA / G18B1NCLIEA	1,637,425	-	-	48,940
Foster Care and Adoption Cluster (Note 3):	93.645	G1701NCCWSS / G1801NCCWSS	54,631	-	-	415,381
Foster Care Title IV-E - Administration	93.658	1701NCFOST / 1801NCFOST	1,360,828	123,818	-	1,234,188
Foster Care Title IV-E - Direct Benefit Payments	93.658	1701NCFOST / 1801NCFOST	1,367,082	475,083	-	437,911
Adoption Assistance - Administration	93.659	1701NCADPT / 1801NCADPT	141,046	-	-	141,046
Total Foster Care and Adoption Cluster			2,868,956	598,901	-	1,813,115
Social Services Block Grant						
Chafee Foster Care Independence Program - Independent Living Grant	93.667	G1701NCSOSR / G1801NCSOSR	904,435	-	-	1,530,318
Chafee Foster Care Independence Program - Independent Living Grant	93.674	1701NC1420 / 1801NC1420	51,561	12,890	-	-
Chafee Foster Care Independence Program - Independent Living Grant	93.674	1701NC1420 / 1801NC1420	24,052	-	-	-
Passed-through the N. C. Department of Administration:						
Family Violence Prevention and Services / Domestic Violence		FVPSA				
Shelter and Supportive Services	93.671		15,303	-	-	5,207
Centers for Disease Control and Prevention						
Direct Program:						
Environmental Public Health & Emergency Response						
Passed-through the N. C. Department of Health and Human Services:						
Division of Public Health:						
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness						
(PHEP) Aligned Cooperative Agreements						
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.074	CDC-RFA-TP17-1701 / NU90TP000538 / NU90TP921915	50,208	-	-	-
Injury Prevention and Control Research and State and Community Based Programs	93.116	1U52PS004698	50	-	-	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	NU17CE002728	262	-	-	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization	93.136	5NU17CE002728-03-00	3,750	-	-	-
Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	NH23JP000759-05	55,912	-	-	-
Preventive Health and Health Services Block Grant funded solely with						
Prevention and Public Health Funds (PPHF)	93.758	1NB010T009084-01-01	33,946	-	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	1NU58DP006281-01	25,500	-	-	-
NC Community and Clinical Connections for Prevention and Health, Community Liaisons for Health and Obesity, Diabetes, Heart Disease and Stroke Prevention Cluster (Note 3):						
Assistance Programs for Chronic Disease Prevention and Control	93.945	5NU58DP004824-05-00	19,085	-	-	-
Assistance Programs for Chronic Disease Prevention and Control	93.945	6NU58DP004824-05-00	76,338	-	-	-
Total NC Community and Clinical Connections for Prevention and Health, Community Liaisons for Health and Obesity, Diabetes, Heart Disease and Stroke Prevention Cluster			95,423	-	-	-

COUNTY OF GASTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2018

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<u>HIV Cluster (Note 3):</u>						
HIV Prevention Activities - Health Department Based	93.940	5U62PS003658	28,000	-	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	5H25PS004349	692	-	-	-
Total HIV Cluster			28,692	-	-	-
<u>Centers for Medicare and Medicaid Services:</u>						
Passed-through the N. C. Department of Health and Human Services:						
Division of Medical Assistance:						
Medicaid Cluster:						
Medical Assistance Program - Administration	93.778	XIX-MAP17 / XIX-MAP18	4,322,865	11,902	-	1,676,718
Total Medicaid Cluster			4,322,865	11,902	-	1,676,718
Division of Social Services:						
Children's Health Insurance Program - Administration	93.767	CHIP17 / CHIP18	91,996	36	-	-
<u>Health Resources and Service Administration:</u>						
Passed-through the N. C. Department of Health and Human Services:						
Division of Public Health:						
Administration for Children and Families						
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	1601NCPREP/1701NCPREP	105,418	-	-	-
Maternal and Child Health Services Block Grant to the States	93.994	B04MC30631	94,365	71,187	-	-
Maternal and Child Health Services Block Grant to the States	93.994	B04MC28117	32,298	24,365	-	-
Maternal and Child Health Services Block Grant to the States	93.994	B04MC29320	9,636	7,269	-	-
<u>Maternal, Infant, and Early Childhood Home Visiting Cluster:</u>						
Affordable Care Act (ACA) Maternal, Infant and Early Childhood Home Visiting Program	93.505	X02MC26336/X02MC27411/X01MC26336	507,808	-	-	-
Total Maternal, Infant, and Early Childhood Home Visiting Cluster			507,808	-	-	-
<u>Office of Population Affairs:</u>						
Passed-through the N. C. Department of Health and Human Services:						
Office of Population Affairs:						
Family Planning Services	93.217	FHPA046228-03	92,395	-	-	-
<u>Substance Abuse and Mental Health Services Administration:</u>						
Passed-through the N. C. Department of Health and Human Services:						
Division of Public Health:						
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2B08T1010032	29,924	-	-	-
Total U. S. Department of Health and Human Services			17,374,342	888,570	-	10,667,096
<u>U. S. Department of Homeland Security:</u>						
Passed-through the N. C. Department of Public Safety:						
Federal Emergency Management Agency						
Emergency Management Performance Grants:						
FY 2017 Emergency Management Performance Grant Program	97.042	EMA-2017-EP-00002-S01	75,737	-	-	75,737
Total U. S. Department of Homeland Security			75,737	-	-	75,737
<u>U. S. Department of Housing and Urban Development:</u>						
Community Planning and Development						
Passed-through the N. C. Housing Finance Agency:						
Home Investment Partnerships Program	14.239	M15-SG370100	109,570	-	-	-
Total U. S. Department of Housing and Urban Development			109,570	-	-	-

COUNTY OF GASTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2018

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
U. S. Department of Justice						
Office of Justice Programs						
Direct Program:						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-1024	4,158	-	-	-
Passed-through the N. C. Department of Public Safety:						
Division of Governor's Crime Commission:						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-1076	629	-	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0422	1,279	-	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0422	788	-	-	-
Crime Victim Assistance	16.575	2015-VA-GX-0019	61,642	-	-	22,816
Crime Victim Assistance	16.575	2015-VA-GX-0019	90,949	-	-	23,561
Crime Victim Assistance	16.575	2016-VA-GX-0075	121,859	-	121,859	-
Crime Victim Assistance	16.575	2016-VA-GX-0075	55,222	-	-	16,955
Crime Victim Assistance	16.575	2017-VA-GX-0050	77,694	-	77,694	-
Criminal Division						
Direct Program:						
Equitable Sharing Program	16.922		700	-	-	-
Office on Violence Against Women						
Direct Program:						
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	2017-WH-AX-0057	32,875	-	32,875	-
Passed-through the N. C. Department of Public Safety:						
Division of Governor's Crime Commission:						
Violence Against Women Formula Grants	16.588	2015-WF-AX-0025	83,512	-	-	28,383
Violence Against Women Formula Grants	16.588	2015-WF-AX-0025	2,187	-	-	1,103
Total U. S. Department of Justice			533,494	-	232,428	92,818
U. S. Department of Labor						
Employment and Training Administration						
Passed-through the N. C. Department of Commerce:						
Workforce Innovation and Opportunity Act Cluster:						
WIOA Adult Program:	17.258					
Administration		AA-28327-16-55-A-37	51,363	-	-	-
Program Costs		AA-28327-16-55-A-37	325,557	-	-	-
Administration		AA-30962-17-55-A-37	14,284	-	-	-
Program Costs		AA-30962-17-55-A-37	136,843	-	-	-
WIOA Youth Activities:	17.259					
Administration		AA-28327-16-55-A-37	29,737	-	-	-
Program Costs		AA-28327-16-55-A-37	244,647	-	-	-
Administration		AA-30962-17-55-A-37	8,269	-	-	-
Program Costs		AA-30962-17-55-A-37	24,625	-	-	-
WIOA Dislocated Worker Formula Grants:	17.278					
Administration		AA-28327-16-55-A-37	54,067	-	-	-
Program Costs		AA-28327-16-55-A-37	81,385	-	-	-
Administration		AA-30962-17-55-A-37	15,035	-	-	-
Program Costs		AA-30962-17-55-A-37	400,543	-	-	-
Total Workforce Innovation and Opportunity Act Cluster			1,386,355	-	-	-
Total U. S. Department of Labor			1,386,355	-	-	-

COUNTY OF GASTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2018

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<u>U. S. Department of Transportation</u>						
<u>Federal Highway Administration</u>						
Passed-through the N. C. Department of Transportation						
Transportation Program Management Unit:						
Highway Planning and Construction Cluster:						
Highway Planning and Construction	20.205	CMAQ-000S(849)	79	-	-	21
Total Highway Planning and Construction Cluster			79	-	-	21
<u>Federal Transit Administration</u>						
Passed-through the N. C. Department of Transportation						
Public Transportation Division:						
Formula Grants for Rural Areas	20.509	18-CT-008	96,137	6,007	-	18,030
<u>Federal Transit Cluster:</u>						
Bus and Bus Facilities Formula Program	20.526	17-39-008UA	185,741	23,217	-	23,220
Total Federal Transit Cluster			185,741	23,217	-	23,220
Total U. S. Department of Transportation			281,957	29,224	-	41,271
<u>U. S. Department of the Treasury</u>						
<u>Department of the Treasury</u>						
Direct Program:						
Equitable Sharing Program	21.016		73,814	-	-	-
Total U. S. Department of the Treasury			73,814	-	-	-
<u>U. S. Institute of Museum and Library Services</u>						
Passed-through the N. C. Department of Cultural Resources:						
Grants to States	45.310	LS-00-17-0034-17	3,361	-	-	-
Total U. S. Institute of Museum and Library Services			3,361	-	-	-
Total Federal Awards			23,069,712	917,794	542,821	12,899,616
STATE AWARDS:						
<u>N. C. Department of Administration</u>						
NC Council for Women and Domestic Violence Commission:						
Displaced Homemaker Grant		56-600300		20,387	-	-
Domestic Violence Program		56-600300		46,736	-	-
Marriage License Grant		56-600300		20,319	-	-
<u>Office of Fiscal Management:</u>						
Veterans Services State Matching Funds				2,175	-	333,308
Total N. C. Department of Administration				89,617	-	333,308
<u>N. C. Department of Agriculture and Consumer Services</u>						
Division of Soil and Water Conservation:						
N. C. Agriculture Cost Share - Technical Assistance		18-024-4025		26,550	-	26,550
Gaston County Natural Resources Conservation District - Matching Funds		18-024-4025		3,600	-	412,152
Total N. C. Department of Agriculture and Consumer Services				30,150	-	438,702

COUNTY OF GASTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2018

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
N. C. Department of Cultural and Natural Resources						
NC Arts Council:						
Grassroots Arts Program				750	-	-
State Library of North Carolina:						
State Aid to Public Libraries				235,036	-	-
				235,786	-	-
Total N. C. Department of Natural and Cultural Resources						
<u>N. C. Department of Environmental Quality</u>						
Division of Waste Management:						
Electronics Management Program				17,115	-	-
Total N. C. Department of Environment Quality				17,115	-	-
N. C. Department of Health and Human Services						
Children's Advocacy Centers of North Carolina:						
Children's Advocacy Centers Grant				50,000	-	-
Total Children's Advocacy Centers of North Carolina				50,000	-	-
Division of Aging and Adult Services:						
Senior Center General Purpose				10,837	-	3,612
Total Division of Aging and Adult Services				10,837	-	3,612
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:						
North Carolina Problem Gambling Program				3,789	-	-
Total Division of Mental Health, Developmental Disabilities and Substance Abuse Services				3,789	-	-
Division of Public Health:						
Other Receipts / State Supported Expenditures:						
Breast and Cervical Cancer Program		1320-5599-00		18,615	-	-
Child Health		1271-5745-00		16,005	-	-
Evidence-Based Intervention Services		1311-4541-BN		45,368	-	-
Evidence-Based Intervention Services		1311-4541-RQ		13,981	-	-
Family Planning - State		13A1-5735-00		5,488	-	-
Food and Lodging Fees		1153-4752-SZ		62,195	-	-
General Aid to Counties		1161-4110-00		169,410	-	-
General Communicable Disease Control		1175-4510-00		28,152	-	-
Gonorrhea Partner Services		1311-4601-BN		1,522	-	-
Healthy Beginnings		13A1-5116-00		16,437	-	-
High Risk Maternity Clinics		13A1-5746-00		110,605	-	-
Maternal Health		13A1-5740-00		42,558	-	-
Mosquito & Tick Suppression		1153-4801-00		1,651	-	-
School Nurse Funding Initiative		1332-5358-00		100,000	-	-
STD Drugs		1311-4601-RQ		456	-	-
TPPI - Adolescent Parenting Program		1332-5150-KZ		75,597	-	-
TPPI - Adolescent Pregnancy Prevention		1332-5166-KZ		64,655	-	-
Tuberculosis Control		1460-4551-00		31,362	-	-
Women's Health Service Fund		13A1-6018-FR		22,511	-	-
Total Division of Public Health				826,568	-	-
Division of Social Services:						
Adoption / Foster Care		WC 302		45,381	-	25,872
AFDC Incentive Payments		FRD428-1		69	-	-
Child Protective Services - State		WC 302		100,012	-	118,270
Child Welfare Services Non-Health		WC 302		137,985	-	15,557
Non IV-E Foster Care Extended		WC 302		120,198	-	-
Smart Start - Administration		WC 302		130,533	-	8,715
Special Adult Day Care		WC 302		37,716	-	5,388

COUNTY OF GASTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2018

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
State Foster Care - Direct Benefits Program:						
State Foster Care		WC 302		197,753	-	197,750
State Foster Care Maximization		WC 302		246,650	-	246,648
Foster Care At Risk Maximization		WC 302		9,745	-	1,883
TANF Incentive Payments		FRD428-1		698	-	-
Total Division of Social Services				1,026,740	-	620,083
Total N. C. Department of Health and Human Services				1,917,934	-	623,695
<u>N. C. Department of Public Instruction</u>						
Public School Building Capital Fund - Lottery Proceeds				2,120,880	2,120,880	-
Total N. C. Department of Public Instruction				2,120,880	2,120,880	-
<u>N. C. Department of Public Safety</u>						
Division of Adult Correction and Juvenile Justice:						
Juvenile Crime Prevention Programs				514,257	498,757	100,093
Governor's Crime Commission:						
2015 State Body Cams		PROJ012762		99,998	-	161,922
Total N. C. Department of Public Safety				614,255	498,757	262,015
<u>N. C. Department of Transportation</u>						
DOT Cluster:						
ROAP Elderly and Disabled Transportation Assistance Program (E&DTAP)		DOT-16CL		134,015	-	-
ROAP Employment Transportation Program (EMPL)		DOT-16CL		49,093	-	-
ROAP Rural General Public Program (RGP)		DOT-16CL		79,443	-	-
Total DOT Cluster				262,551	-	-
Total N. C. Department of Transportation				262,551	-	-
<u>N. C. Housing Trust Fund</u>						
NC Housing Finance Agency:						
Urgent Repair Program		1708		100,000	-	-
Total N. C. Housing Trust Fund				100,000	-	-
<u>N. C. Partnership for Children</u>						
Smart Start:						
Child Care Health Consultant		3-78-5-16-002		117,063	-	-
Triple P Parenting Program		3-78-5-16-005		62,298	-	-
Total N. C. Partnership for Children				179,361	-	-
Total State Awards				5,567,649	2,619,637	1,657,720
Total Federal and State Awards				\$ 6,485,443	\$ 3,162,458	\$ 14,557,336

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

- 1 Basis of Presentation.
The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Gaston County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of Gaston County, it is not intended to and does not present the financial position, changes in net position or cash flows of Gaston County.

COUNTY OF GASTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2018

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<p>2 <u>Summary of Significant Accounting Policies</u> Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.</p>						
<p>Gaston County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.</p>						
<p>3 The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes.</p>						
<p>Subsidized Child Care, Foster Care and Adoption, Special Children Adoption Fund, Refugee and Entrant Assistance, the HIV Cluster, and the NC Community and Clinical Connections for Prevention and Health Community Liaisons for Health and Obesity, Diabetes, Heart Disease and Stroke Prevention.</p>						