

**GASTON COUNTY
NORTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

PREPARED BY: FINANCE DEPARTMENT

GASTON COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

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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

November 22, 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, 2019, with comparative numbers for the fiscal year ended June 30, 2018.

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, 2019, 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, 2019, 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 2019 population was estimated at 223,671.

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 2018 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

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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 2018, approximately 21% of the workforce in the County was employed in the manufacturing, 16% in health care and social assistance, 13% in retail trade, 10% in accommodation and food services, 8% in education, and the remaining 31% in transportation, communication, entertainment, information, real estate, management, construction, professional services, public administration, utilities, wholesale trade, and other services.

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.

The County continues to emphasize the attraction of new and diverse industry, while providing support

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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 an 180,000 square foot building in the Gastonia Technology Park with a \$135 million investment in 2013 and became operational in 2016.
- US Leisure, an Israeli company that manufactures outdoor resin furniture and storage products, expanded its facilities by 155,650 square feet in 2013 and invested \$10 million.
- Aichele, a German company that makes cutting equipment for the nonwovens and paper industries, invested over \$2 million in an 11,000 square foot building in the Gastonia Technology Park in 2014.
- Dalton Dynamics, a Brazilian industrial adhesive manufacturer, located to the County in 2014, making a \$2 million investment and creating 25 projected jobs.
- Faist Chemtec, a company that manufactures sound insulation and weight reduction products for automotive, appliance and construction industries expanded by 24,000 square feet.
- Tosaf, an Israeli company that produces polymers and compounds, announced a \$13.1 million investment in December of 2014 in the SouthRidge Business Park.
- Dixon Valve & Coupling announced a 70,000 square foot expansion and an investment of \$3 million in 2014. This is an expansion of its original investment of \$14 million in 2013.
- Lanxess, a German chemical company, announced a \$15 million expansion in 2014. The first phase was a \$22 million investment and employs about 40 people.
- Hanesbrands began a \$4.6 million expansion in February of 2015.
- Daimler announced the creation of 605 jobs at its Mt. Holly truck assembly facility in 2015.
- Modern Polymers announced 11 new jobs and an investment of \$4.6 million in 2015.
- Maistro Investments constructed a 50,000 square-foot speculative industrial building
- Firestone Fibers & Textiles is expanding their North American headquarters and advanced manufacturing plant in Kings Mountain, a total investment of \$19.7 million.
- Era Polymers Pty Ltd. will locate its newest polyurethane operation in the 139,678 square foot facility of the former DSM plant in Stanley. The company intends to invest \$9.2 million which includes the purchase of the building and machinery & equipment and creation of approximately 20 jobs.
- Sonic Automotive Inc. will locate its newest operations in Lowell. The facility will house marketing and advanced customer care operations and create approximately 500 jobs and invest \$11.2 million.
- Mt. Holly Hotel LLC and Marriott International will construct the Fairfield Inn and Suites. The \$13 million investment is the first phase in the development of the 21 acre site and will create 61 jobs.
- Advanced Drainage System intends to invest \$928,031 in facility improvements and \$2.5 million in machinery & equipment for a total investment of approximately \$3.4 million.

The County's estimated unemployment rate of 4.4% for 2019 was higher than the 2018 figure of 4.1%. The economic outlook is cautiously optimistic as consumer/investor confidence consistently improves.

Mission Statement

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LONG-TERM FINANCIAL PLANNING

Available fund balance in the general fund (14.93% 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 2018/2019 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 2019/2020 budget.

MAJOR INITIATIVES

Fiscal year 2018/2019 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 2019/2020 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.

ANIMAL CARE AND ENFORCEMENT

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 care facility. The project had been placed on hold due to the economy and funds were budgeted to

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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.

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, maintaining 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

Mission Statement

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including pending capital projects and economic conditions. The County's General Fund available fund balance at June 30, 2019 is \$38,147,858, 21.61% 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, 2019 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 2018/2019, the County had an Aa2 bond rating with Moody's Investor Service and an 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, 2019, have been prepared in conformity with GAAP.

OTHER RELEVANT INFORMATION

The financial statements have been prepared in compliance with applicable General Statutes of North Carolina and in conformance with standards set forth by:

- *The Government Accounting Standards Board (GASB)
- *The State Auditor, State of North Carolina
- *The Government Finance Officers Association of the United States 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

Mission Statement

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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, 2019. 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



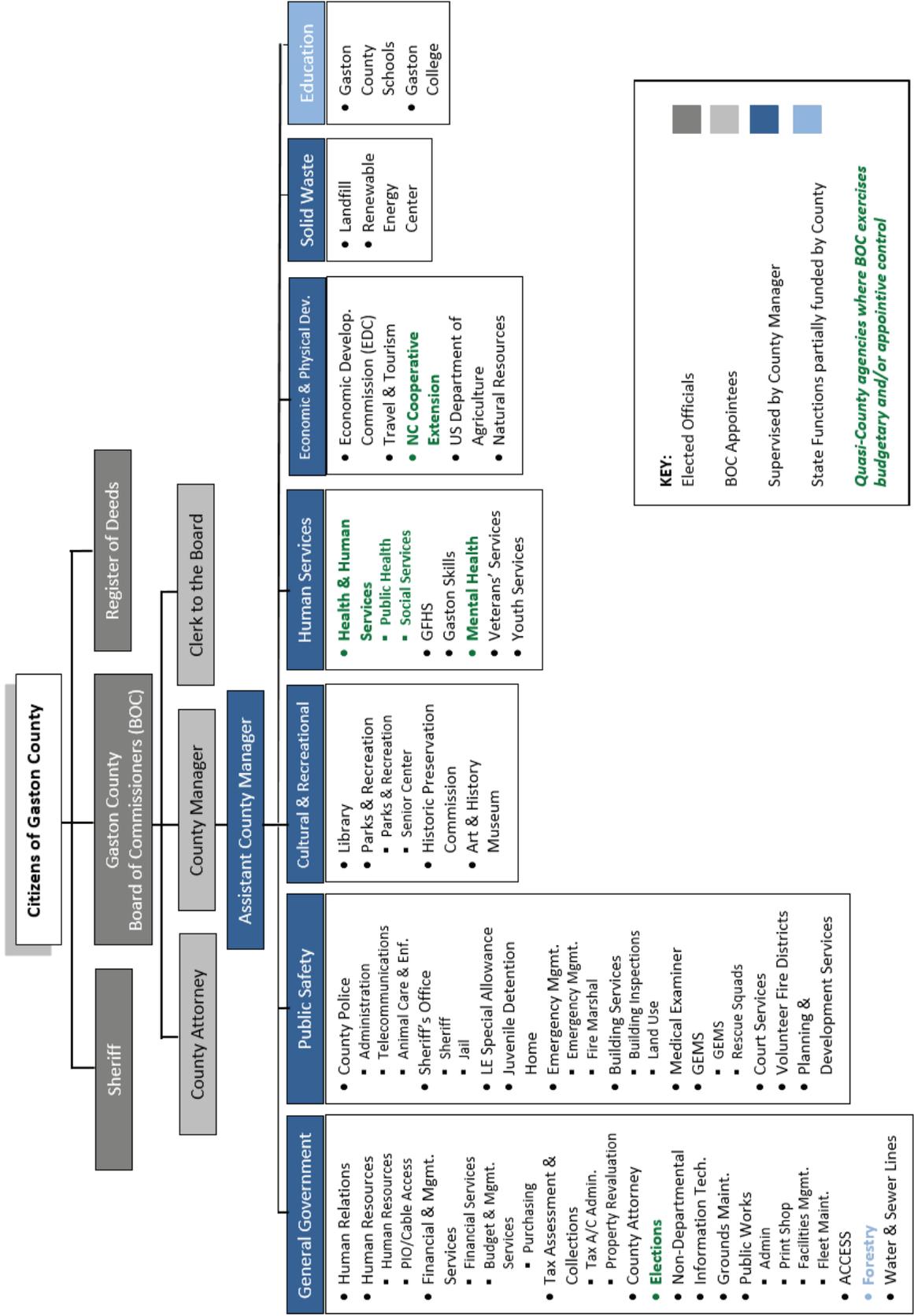
Tiffany Murray
Finance Director

Mission Statement

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Gaston County Organizational Chart



KEY:

- Elected Officials
- BOC Appointees
- Supervised by County Manager
- State Functions partially funded by County

Quasi-County agencies where BOC exercises budgetary and/or appointive control

GASTON COUNTY, NORTH CAROLINA

List of Principal Officials

June 30, 2019

Board of Commissioners

Tracy Philbeck, Chairman
Chad Brown, Vice-Chairman
Jack Brown, Commissioner
Allen Fraley, Commissioner
Bob Hovis, Commissioner
Tom Keigher, Commissioner
Ronnie Worley, 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
Tiffany Murray, 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, 2018

Christopher P. Morrill

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, 2019, 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 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, 2019, 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.

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 the accompanying 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 November 22, 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
November 22, 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, 2019. 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 (\$12,433,457) (net position).
- The County's net position of governmental activities increased by \$10,956,779, and business-type activities increased by \$3,044,913.
- As of June 30, 2019, Gaston County's governmental funds reported combined ending fund balances of \$213,774,012, after a net increase in fund balance of \$83,019,014. Approximately 67% of this total amount, or \$142,240,223, is restricted or non-spendable.
- At the end of the current fiscal year, available fund balance for the General Fund was \$38,153,258, or 14.9%, 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, increased by \$82,288,614 during the current fiscal year.
- The County maintained the following bond ratings:

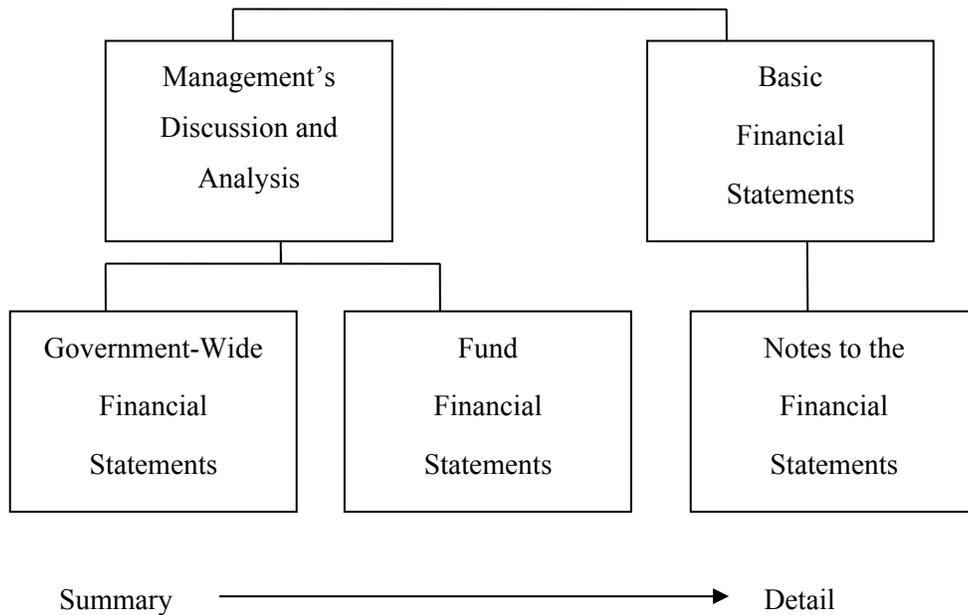
Moody's	Aa3
Standard & Poor's	AA+

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 77 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 (\$12,433,457) as of June 30, 2019. The County's net position increased by \$14,001,692 for the fiscal year ended June 30, 2019.

The largest portion of net position in the amount of \$90,645,159 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, \$77,311,495 represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$180,390,111) 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, 2019 was \$218,818,310.

Gaston County's Net Position

Figure 2

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets:						
Current and other assets	\$ 253,419,995	\$ 164,319,422	\$ 14,101,917	\$ 12,623,599	\$ 267,521,912	\$ 176,943,021
Capital assets	107,670,924	96,077,823	24,639,770	24,228,379	132,310,694	120,306,202
Total assets	<u>361,090,919</u>	<u>260,397,245</u>	<u>38,741,687</u>	<u>36,851,978</u>	<u>399,832,606</u>	<u>297,249,223</u>
Deferred Outflows of Resources						
	<u>36,425,074</u>	<u>25,930,255</u>	<u>524,818</u>	<u>312,889</u>	<u>36,949,892</u>	<u>26,243,144</u>
Liabilities:						
Long-term liabilities outstanding	379,414,583	286,721,861	12,533,426	13,062,369	391,948,009	299,784,230
Other liabilities	48,667,881	36,607,416	2,337,119	2,754,399	51,005,000	39,361,815
Total liabilities	<u>428,082,464</u>	<u>323,329,277</u>	<u>14,870,545</u>	<u>15,816,768</u>	<u>442,953,009</u>	<u>339,146,045</u>
Deferred Inflows of Resources						
	<u>6,171,282</u>	<u>5,915,221</u>	<u>91,664</u>	<u>88,716</u>	<u>6,262,946</u>	<u>6,003,937</u>
Net Position:						
Net investment in capital assets	67,300,111	72,946,461	23,345,048	21,961,445	90,645,159	94,907,906
Restricted	77,311,495	44,691,049	-	-	77,311,495	44,691,049
Unrestricted	<u>(181,349,359)</u>	<u>(160,554,508)</u>	<u>959,248</u>	<u>(702,062)</u>	<u>(180,390,111)</u>	<u>(161,256,570)</u>
Total net position	<u>\$ (36,737,753)</u>	<u>\$ (42,916,998)</u>	<u>\$ 24,304,296</u>	<u>\$ 21,259,383</u>	<u>\$ (12,433,457)</u>	<u>\$ (21,657,615)</u>

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

- Increases to education operating funds for school resources officers, teacher supplements, and community college.
- Investment in public safety, facilities, and economic development.
- Continued investment in staff compensation in order to get closer to market.

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

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 42,663,074	\$ 37,575,796	\$ 12,001,498	\$ 11,106,915	\$ 54,664,572	\$ 48,682,711
Operating grants and contributions	21,485,233	19,679,828	-	-	21,485,233	19,679,828
Capital grants and contributions	9,243,139	8,054,004	-	-	9,243,139	8,054,004
General revenues:						
Property taxes	151,938,625	148,141,098	-	-	151,938,625	148,141,098
Other taxes	39,003,754	37,084,145	-	-	39,003,754	37,084,145
Other	10,883,484	3,855,028	141,003	131,598	11,024,487	3,986,626
Total revenues	<u>275,217,309</u>	<u>254,389,899</u>	<u>12,142,501</u>	<u>11,238,513</u>	<u>287,359,810</u>	<u>265,628,412</u>
Expenses:						
General government	24,163,717	32,021,171	-	-	24,163,717	32,021,171
Public safety	79,215,465	64,758,386	-	-	79,215,465	64,758,386
Environmental protection	54,555	80,459	-	-	54,555	80,459
Economic and physical development	21,773,076	6,953,443	-	-	21,773,076	6,953,443
Human services	57,901,271	56,430,359	-	-	57,901,271	56,430,359
Cultural and recreational	5,214,468	6,217,083	-	-	5,214,468	6,217,083
Education	69,334,401	80,128,234	-	-	69,334,401	80,128,234
Interest on long-term debt	6,603,577	6,680,302	-	-	6,603,577	6,680,302
Solid waste management	-	-	9,097,588	8,371,661	9,097,588	8,371,661
Total expenses	<u>264,260,530</u>	<u>253,269,437</u>	<u>9,097,588</u>	<u>8,371,661</u>	<u>273,358,118</u>	<u>261,641,098</u>
Change in net position before transfers	10,956,779	1,120,462	3,044,913	2,866,852	14,001,692	3,987,314
Transfers	<u>-</u>	<u>(462,698)</u>	<u>-</u>	<u>462,698</u>	<u>-</u>	<u>-</u>
Change in net position	<u>10,956,779</u>	<u>657,764</u>	<u>3,044,913</u>	<u>3,329,550</u>	<u>14,001,692</u>	<u>3,987,314</u>
Net Position:						
Beginning of year - July 1	(42,916,998)	9,050,864	21,259,383	18,924,490	(21,657,615)	27,975,354
Restatement	<u>(4,777,534)</u>	<u>(52,625,626)</u>	<u>-</u>	<u>(994,657)</u>	<u>(4,777,534)</u>	<u>(53,620,283)</u>
Beginning of year - restated	<u>(47,694,532)</u>	<u>(43,574,762)</u>	<u>21,259,383</u>	<u>17,929,833</u>	<u>(26,435,149)</u>	<u>(25,644,929)</u>
End of year - June 30	<u>\$ (36,737,753)</u>	<u>\$ (42,916,998)</u>	<u>\$ 24,304,296</u>	<u>\$ 21,259,383</u>	<u>\$ (12,433,457)</u>	<u>\$ (21,657,615)</u>

Governmental Activities. Governmental activities increased the County's net position by \$10,956,779, thereby accounting for 78.25% of the total change in the net position of Gaston County. Key element in this change is as follows:

- The County overall expenses for education were lower due to decrease in the number of construction projects for schools in FY19.
- Property tax revenues and other general revenues collections continue to be wrong and were higher over FY18.
- Increase in Sales Tax Revenue due to approval of the additional half cent for education.

Business-Type Activities. Business-type activities increased the County's net position by \$3,044,913, which was 21.75% of the total change of the County's net position. Key elements in this change are as follows:

- Investments in capital assets.
- Increases in revenue for landfill operations.

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 \$38,153,258, while total fund balance decreased to \$55,202,897. The governing body of Gaston County has determined that the County should maintain an available fund balance of 10% to 20% of General Fund expenses 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 14.94% of General Fund expenses and transfers to other funds, while total fund balance represents 21.61% of the same amount. The County took a position to spend down excess fund balance in the years approaching revaluation knowing it would gain in the valuation and replenish fund balance. Additional appropriations were made from fund balance for public safety to address jail overcrowding and capital needs, for economic development for the purchase of apple creek corporate center property for future development and increase to community college operating.

The Public Assistance Fund, a major fund, had an increase in fund balance during the current year of \$2,012,343 to bring the year end fund balance to \$17,386,586. The increase in fund balance was mainly due to transfers from the General Fund.

The Capital Improvements Fund, a major fund, had an increase in fund balance during the current year of \$77,110,003 to bring the year end fund balance to \$124,607,370. The increase in fund balance was mainly due to issuance of new debt for schools, public safety, and economic development.

The Debt Service Fund, a major fund, had an increase in fund balance during the current year of \$5,723,970 to bring the year end fund balance to \$9,400,766. The increase in fund balance was mainly due to the debt service payments made during the year, and increase to sales tax revenue.

At June 30, 2019, the governmental funds of Gaston County reported a combined fund balance of \$213,774,012, a 63.49% increase over last year. The primary reason for the increase is the capital outlay, primarily for Gaston County schools, public safety, and economic development.

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 \$2,485,515 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 \$9,511,393 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 \$5,259,464 under budgeted expenditures. The Gaston County Health Department expenditures were \$3,962,597 under budget. 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 \$959,248. The total increase in net position for that fund was \$3,044,913. 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, 2019 totals \$132,310,694 (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.
- Land acquisitions for the development of Apple Creek Industrial Park.
- Continued 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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 25,449,929	\$ 19,713,831	\$ 3,009,535	\$ 1,655,959	\$ 28,459,464	\$ 21,369,790
Buildings and improvements	62,732,933	62,695,216	18,348,681	15,749,810	81,081,614	78,445,026
Equipment	2,788,573	2,904,050	1,877,698	1,666,980	4,666,271	4,571,030
Vehicles and motorized equipment	7,065,092	5,648,786	685,694	608,500	7,750,786	6,257,286
Construction in progress	9,634,397	5,115,940	718,162	4,547,130	10,352,559	9,663,070
Total	<u>\$ 107,670,924</u>	<u>\$ 96,077,823</u>	<u>\$ 24,639,770</u>	<u>\$ 24,228,379</u>	<u>\$ 132,310,694</u>	<u>\$ 120,306,202</u>

Additional information on the County's capital assets can be found in Note 3.E of the basic financial statements.

Long-Term Debt. As of June 30, 2019, Gaston County had total bonded debt outstanding of \$246,915,000, all of which is debt backed by the full faith and credit of the County.

Gaston County's Outstanding Debt

Figure 5

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds	\$ 220,130,000	\$ 176,574,000	\$ -	\$ -	\$ 220,130,000	\$ 176,574,000
Limited Obligation Bonds	26,785,000	-	-	-	26,785,000	-
Capitalized leases	17,927,200	4,641,266	284,004	611,101	18,211,204	5,252,367
Installment purchases	4,759,410	5,125,518	1,010,718	1,655,833	5,770,128	6,781,351
Total	<u>\$ 269,601,610</u>	<u>\$ 186,340,784</u>	<u>\$ 1,294,722</u>	<u>\$ 2,266,934</u>	<u>\$ 270,896,332</u>	<u>\$ 188,607,718</u>

Gaston County's total debt increased by \$82,288,614 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, 2019, the County's legal debt limit was approximately \$1,348,000,000. The outstanding debt subject to this limit was \$269,601,610, leaving a net legal debt margin of approximately \$1,106,000,000.

Gaston County was upgraded to an "AA+" rating from Standard & Poor's and an "Aa3" 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 47 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:

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.

The County has an estimated population of 223,671, an increase of approximately 2,064 from last fiscal year. The County's unemployment rate was 4.4% in June 2019, compared to 4.1% in June 2018. Comparable rates for the State of North Carolina were 4.4% and 4.2%, respectively.

Construction within the County increased as indicated by the number of permits issued. In 2018/2019, the following permits were issued: 1,514 residential permits, 240 commercial permits, and 565 zoning permits. In addition to the overall increase in permits from 2017/2018, the number of inspections conducted also increased.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: The Board of County Commissioners adopted the 2019/2020 budget with a decrease of 3 cent in the tax rate (84 cents per \$100) and appropriated \$7,735,619 of fund balance in the General Fund. Despite the decrease in tax rate, budgeted ad valorem taxes increased by \$19,811,022 due to the 2019 revaluation and resulting increase in total property valuation. Budgeted sales tax revenue also increased, indicating positive growth within the economy.

Budgeted expenditures and transfers-out in the General Fund are \$228,410,425. The largest component of those expenditures is the funding of the compensation and benefits of the County's employees. The County budgeted a 2% salary increase, with an additional 1% increase at mid-year, for its employees in 2019/2020. 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 continued to prolong the lag time between personnel vacancies and the hiring of replacement personnel to help lessen the impact on the budget. The 2019/2020 budget included twelve additional full-time positions for the following departments: County Police (2), Animal Care and Enforcement (4), DHHS (4), Natural Resources (1), and the Economic Development Commission (1).

In the 2019/2020 budget, education funding for Gaston County Schools and Gaston College totaled \$87,152,454, an increase of \$7,853,893 from the previous fiscal year. The funding breakdown is as follows: \$57,934,522 for operating, \$26,293,713 for debt service, and \$2,924,219 for capital. The increase was driven by debt service resulting from the 2019 GO bond issuance for capital needs. In addition to the increased debt service, operating funding increased by over \$2 million and capital funding increased by \$1 million.

The County maintained approximately the same level of operating appropriations in most departments. The County purchased 36 new or replacement vehicles. Twenty-four of those vehicles were for the following Public Safety departments: County Police (17), Sheriff's Office (6), and Animal Care and Enforcement (1). The other 12 vehicles were for the following departments: Public Works (3), Building Services (3), Natural Resources (2), and DHHS (4).

The Building Services fund totaled \$2,484,270 in the 2019/2020 budget, a \$639,333 increase from 2018/2019. This is due to increased personnel, operating costs, and vehicle debt as a result of an increased demand. The Land Use division, formerly under Planning & Development Services, moved under Building Services and contributed to the increase.

The Building Services fee structure featured several changes in 2019/2020, including six new fees. Three fees are for the first review of commercial plans: \$300 (7,501-20,000 sq. ft.), \$450 (20,001-60,000 sq. ft.), and \$600 (60,001+ sq. ft.). Second commercial plan reviews are twice the original fee, and third commercial plan reviews are thrice the original fee. Finally, residential re-reviews are \$25. In addition to these new fees, there were increases in all zoning permit fees (with the exception manufactured home and remodeling), all commercial site plan reviews, board of adjustment fees, all residential conditional use permits, nuisance abatement charge, day care license inspection, certificate of occupancy, ABC permit, and all re-inspection fees. Five fees related to manufactured home inspections were removed, in addition to a remodeling zoning permit fee.

Business-Type Activities: The County's landfill fee structure included two increases for 2019/2020: a \$2 increase in the cost per ton for construction and demolition debris (\$30 total) and a \$2 increase in the cost per ton for shingles (\$30 total).

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, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 159,476,211	\$ 12,918,228	\$ 172,394,439
Ad valorem taxes receivable, net	1,181,766	-	1,181,766
Accounts receivable, net	27,162,513	1,157,195	28,319,708
Inventories	299,867	26,494	326,361
Prepaid items	263,825	-	263,825
Restricted cash and cash equivalents	64,905,765	-	64,905,765
Total current assets	<u>253,289,947</u>	<u>14,101,917</u>	<u>267,391,864</u>
Non-current assets:			
Net pension asset - ROD	130,048	-	130,048
Capital assets:			
Land, improvements, and construction in progress	35,084,326	3,727,697	38,812,023
Other capital assets, net of accumulated depreciation	72,586,598	20,912,073	93,498,671
Total capital assets	<u>107,670,924</u>	<u>24,639,770</u>	<u>132,310,694</u>
Total non-current assets	<u>107,800,972</u>	<u>24,639,770</u>	<u>132,440,742</u>
Total assets	<u>361,090,919</u>	<u>38,741,687</u>	<u>399,832,606</u>
Deferred Outflows of Resources:			
OPEB deferrals	5,457,573	100,603	5,558,176
Pension deferrals	23,035,869	424,215	23,460,084
Deferred charge on refunding	7,931,632	-	7,931,632
Total deferred outflows of resources	<u>36,425,074</u>	<u>524,818</u>	<u>36,949,892</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	18,154,455	548,034	18,702,489
Liabilities payable from restricted assets	26,751	-	26,751
Prepaid fees	1,332,639	-	1,332,639
Due in less than one year	29,154,036	1,789,085	30,943,121
Total current liabilities	<u>48,667,881</u>	<u>2,337,119</u>	<u>51,005,000</u>
Long-term liabilities:			
Net pension liability - LGERS	25,906,358	543,832	26,450,190
Total pension liability - LEOSSA	12,312,206	-	12,312,206
Total OPEB liability	75,035,154	1,385,774	76,420,928
Due in more than one year	266,160,865	10,603,820	276,764,685
Total long-term liabilities	<u>379,414,583</u>	<u>12,533,426</u>	<u>391,948,009</u>
Total liabilities	<u>428,082,464</u>	<u>14,870,545</u>	<u>442,953,009</u>
Deferred Inflows of Resources:			
OPEB deferrals	4,636,659	85,470	4,722,129
Pension deferrals	781,399	6,194	787,593
Prepaid taxes	753,224	-	753,224
Total deferred inflows of resources	<u>6,171,282</u>	<u>91,664</u>	<u>6,262,946</u>
Net Position:			
Net investment in capital assets	67,300,111	23,345,048	90,645,159
Restricted for:			
Stabilization for state statute	57,501,659	-	57,501,659
Medicaid maximization	14,128,501	-	14,128,501
Fire protection	1,073,861	-	1,073,861
Public safety protection	1,116,964	-	1,116,964
Emergency telephone	1,986,459	-	1,986,459
Register of Deeds	1,202,466	-	1,202,466
Register of Deeds - pension plan	301,585	-	301,585
Unrestricted net position	<u>(181,349,359)</u>	<u>959,248</u>	<u>(180,390,111)</u>
Total net position	<u>\$ (36,737,753)</u>	<u>\$ 24,304,296</u>	<u>\$ (12,433,457)</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, 2019

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 24,163,717	\$ 11,475,456	\$ -	\$ 516,253
Public safety	79,215,465	18,847,526	81,807	-
Environmental protection	54,555	3,189,152	-	-
Economic and physical development	21,773,076	1,824	-	624,881
Human services	57,901,271	8,917,862	21,403,426	5,859,347
Cultural and recreational	5,214,468	231,254	-	-
Education	69,334,401	-	-	2,242,658
Interest expense and fees	6,603,577	-	-	-
Total governmental activities	<u>264,260,530</u>	<u>42,663,074</u>	<u>21,485,233</u>	<u>9,243,139</u>
Business-Type Activities:				
Solid waste	<u>9,097,588</u>	<u>12,001,498</u>	-	-
Total primary government	<u>\$ 273,358,118</u>	<u>\$ 54,664,572</u>	<u>\$ 21,485,233</u>	<u>\$ 9,243,139</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, 2019

	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Functions/Programs:			
Primary Government:			
Governmental Activities:			
General government	\$ (12,172,008)	\$ -	\$ (12,172,008)
Public safety	(60,286,132)	-	(60,286,132)
Environmental protection	3,134,597	-	3,134,597
Economic and physical development	(21,146,371)	-	(21,146,371)
Human services	(21,720,636)	-	(21,720,636)
Cultural and recreational	(4,983,214)	-	(4,983,214)
Education	(67,091,743)	-	(67,091,743)
Interest expense and fees	(6,603,577)	-	(6,603,577)
Total governmental activities	<u>(190,869,084)</u>	<u>-</u>	<u>(190,869,084)</u>
Business-Type Activities:			
Solid waste	<u>-</u>	<u>2,903,910</u>	<u>2,903,910</u>
Total primary government	<u>(190,869,084)</u>	<u>2,903,910</u>	<u>(187,965,174)</u>
General Revenues:			
Taxes:			
Ad valorem taxes	151,938,625	-	151,938,625
Sales tax	39,003,754	-	39,003,754
Real estate transfer taxes	7,544,708	-	7,544,708
Investment earnings	3,338,776	141,003	3,479,779
Total general revenues	<u>201,825,863</u>	<u>141,003</u>	<u>201,966,866</u>
Change in net position	<u>10,956,779</u>	<u>3,044,913</u>	<u>14,001,692</u>
Net Position:			
Beginning of year - July 1	(42,916,998)	21,259,383	(21,657,615)
Restatement	<u>(4,777,534)</u>	<u>-</u>	<u>(4,777,534)</u>
Beginning of year - restated	<u>(47,694,532)</u>	<u>21,259,383</u>	<u>(26,435,149)</u>
End of year - June 30	<u>\$ (36,737,753)</u>	<u>\$ 24,304,296</u>	<u>\$ (12,433,457)</u>

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

GASTON COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	Major			Nonmajor		Total
	General Fund	Public Assistance Fund	Capital Improvements Fund	Debt Service Fund	Other Governmental Funds	
Assets:						
Cash and cash equivalents	\$ 50,867,813	\$ 15,926,084	\$ 57,726,557	\$ 7,366,552	\$ 6,885,671	\$ 138,772,677
Ad valorem taxes receivable, net	1,100,032	-	-	-	81,734	1,181,766
Accounts receivable	14,694,867	2,926,548	7,191,493	2,034,214	305,622	27,152,744
Inventories	287,843	12,024	-	-	-	299,867
Prepaid items	259,486	4,339	-	-	-	263,825
Restricted cash and cash equivalents	-	-	64,666,621	-	239,144	64,905,765
Total assets	<u>\$ 67,210,041</u>	<u>\$ 18,868,995</u>	<u>\$ 129,584,671</u>	<u>\$ 9,400,766</u>	<u>\$ 7,512,171</u>	<u>\$ 232,576,644</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 7,915,975	\$ 1,482,409	\$ 4,977,301	\$ -	\$ 227,293	\$ 14,602,978
Liabilities payable from restricted assets	-	-	-	-	26,751	26,751
Prepaid fees	1,332,639	-	-	-	-	1,332,639
Total liabilities	<u>9,248,614</u>	<u>1,482,409</u>	<u>4,977,301</u>	<u>-</u>	<u>254,044</u>	<u>15,962,368</u>
Deferred Inflows of Resources:						
Prepaid taxes	753,224	-	-	-	-	753,224
Unavailable taxes	1,100,032	-	-	-	81,734	1,181,766
Unavailable revenue	905,274	-	-	-	-	905,274
Total deferred inflows of resources	<u>2,758,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,734</u>	<u>2,840,264</u>
Fund Balances:						
Non-Spendable:						
Inventories	287,843	12,024	-	-	-	299,867
Prepays	259,486	4,339	-	-	-	263,825
Restricted:						
Stabilization by state statute	16,502,310	3,010,075	35,649,361	2,034,214	305,699	57,501,659
Restricted for Medicaid maximization	14,128,501	-	-	-	-	14,128,501
Education	-	-	64,666,621	-	-	64,666,621
Fire protection	-	-	-	-	1,073,861	1,073,861
Sheriff protection	1,116,964	-	-	-	-	1,116,964
Emergency telephone	-	-	-	-	1,986,459	1,986,459
Register of Deeds	1,202,466	-	-	-	-	1,202,466
Committed:						
Future capital projects	-	-	3,087,144	-	-	3,087,144
Tax revaluation	-	-	-	-	212,393	212,393
Assigned:						
Insurance reserves	4,258,523	-	-	-	-	4,258,523
Subsequent year's expenditures	12,372,092	-	21,204,244	-	-	33,576,336
Gaston County tap fees	184,977	-	-	-	-	184,977
Public assistance	-	14,360,148	-	-	-	14,360,148
Parking	-	-	-	-	1,190,209	1,190,209
Travel and tourism	-	-	-	-	1,121,680	1,121,680
Public safety	-	-	-	-	1,286,092	1,286,092
Debt service	-	-	-	7,366,552	-	7,366,552
Unassigned	4,889,735	-	-	-	-	4,889,735
Total fund balances	<u>55,202,897</u>	<u>17,386,586</u>	<u>124,607,370</u>	<u>9,400,766</u>	<u>7,176,393</u>	<u>213,774,012</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 67,210,041</u>	<u>\$ 18,868,995</u>	<u>\$ 129,584,671</u>	<u>\$ 9,400,766</u>	<u>\$ 7,512,171</u>	<u>\$ 232,576,644</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, 2019

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

Total fund balances, per Exhibit C	\$ 213,774,012
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	107,670,924
Net pension asset - ROD	130,048
Net pension liability - LGERS	(25,906,358)
Total pension liability - LEOSSA	(12,312,206)
Total OPEB liability	(75,035,154)
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.	17,161,826
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.	2,087,040
Charges related to refundings issued	7,931,632
Pension related deferrals	22,254,470
OPEB related deferrals	820,914
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(295,314,901)</u>
Net position of governmental activities, per Exhibit A	<u>\$ (36,737,753)</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, 2019

	Major				Nonmajor	Total Governmental Funds
	General Fund	Public Assistance Fund	Capital Improvements Fund	Debt Service Fund	Other Governmental Funds	
Revenues:						
Ad valorem taxes	\$ 147,550,574	\$ -	\$ -	\$ -	\$ 4,951,921	\$ 152,502,495
Other taxes and licenses	32,242,406	-	8,055,127	5,342,031	908,898	46,548,462
Restricted intergovernmental revenues	7,793,812	21,403,426	624,881	2,242,658	81,807	32,146,584
Fees, licenses, and permits	6,526,808	-	-	-	-	6,526,808
Sales and services	23,283,237	-	-	-	-	23,283,237
E911 surcharge	-	-	-	-	760,575	760,575
Investment earnings	598,834	173,866	2,144,664	80,416	114,590	3,112,370
Miscellaneous revenues	1,720,043	354,448	1,824	-	251,728	2,328,043
Total revenues	<u>219,715,714</u>	<u>21,931,740</u>	<u>10,826,496</u>	<u>7,665,105</u>	<u>7,069,519</u>	<u>267,208,574</u>
Expenditures:						
Current:						
General government	31,438,903	-	-	-	287,936	31,726,839
Public safety	78,694,204	-	-	-	5,582,002	84,276,206
Environmental protection	65,385	-	-	-	-	65,385
Economic and physical development	3,529,163	-	-	-	967,820	4,496,983
Human services	19,806,191	37,966,463	-	-	-	57,772,654
Cultural and recreational	5,902,072	-	-	-	-	5,902,072
Education	55,485,329	-	-	-	-	55,485,329
Capital outlay	-	-	31,036,309	-	-	31,036,309
Debt service:						
Principal retirement	2,554,226	46,393	-	16,810,108	-	19,410,727
Interest and fees	84,707	1,654	204,494	6,512,512	-	6,803,367
Total expenditures	<u>197,560,180</u>	<u>38,014,510</u>	<u>31,240,803</u>	<u>23,322,620</u>	<u>6,837,758</u>	<u>296,975,871</u>
Revenues over (under) expenditures	<u>22,155,534</u>	<u>(16,082,770)</u>	<u>(20,414,307)</u>	<u>(15,657,515)</u>	<u>231,761</u>	<u>(29,767,297)</u>
Other Financing Sources (Uses):						
Debt issued	15,886,553	-	86,785,000	-	-	102,671,553
Premium from issuance of bond	-	-	8,506,758	-	-	8,506,758
Transfers in	1,608,000	18,095,113	2,232,552	21,381,485	300,149	43,617,299
Transfers out	(42,009,299)	-	-	-	-	(42,009,299)
Total other financing sources (uses)	<u>(24,514,746)</u>	<u>18,095,113</u>	<u>97,524,310</u>	<u>21,381,485</u>	<u>300,149</u>	<u>112,786,311</u>
Net change in fund balances	(2,359,212)	2,012,343	77,110,003	5,723,970	531,910	83,019,014
Fund Balances:						
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 55,202,897</u>	<u>\$ 17,386,586</u>	<u>\$ 124,607,370</u>	<u>\$ 9,400,766</u>	<u>\$ 7,176,393</u>	<u>\$ 213,774,012</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, 2019**

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

Net change in fund balances - total governmental funds (Exhibit E)	\$ 83,019,014
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.	18,417,945
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(6,777,835)
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.	(47,009)
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	(563,870)
Sales and services	386,822
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.	(247,123)
Pension expense - LEOSSA	(110,511)
Pension expense - LGERS	(1,358,255)
Pension expense - ROD	44,967
OPEB plan expense	3,182,645
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.	(102,671,553)
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).	19,410,727
Changes in premium related to bonds and changes in deferred charge on refunding	(8,306,968)
Net revenue of the Self-Insurance Internal Service Fund determined to be governmental-type	<u>6,577,783</u>
Change in net position of governmental activities - Exhibit B	<u>\$ 10,956,779</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, 2019

	General Fund			
	Original Budget	Final Budget	Actual	Variance Over/Under
Revenues:				
Ad valorem taxes	\$ 146,079,500	\$ 146,079,500	\$ 147,550,574	\$ 1,471,074
Other taxes and licenses	32,007,664	32,007,664	32,242,406	234,742
Restricted intergovernmental revenues	6,708,076	8,937,506	7,793,812	(1,143,694)
Permits and fees	4,147,724	4,164,620	6,526,808	2,362,188
Sales and services	19,066,004	19,068,994	23,283,237	4,214,243
Investment earnings	750,000	750,541	598,834	(151,707)
Miscellaneous	966,275	1,201,933	1,720,043	518,110
Total revenues	<u>209,725,243</u>	<u>212,210,758</u>	<u>219,715,714</u>	<u>7,504,956</u>
Expenditures:				
General government	35,386,875	38,067,155	31,438,903	6,628,252
Public safety	63,822,704	71,574,504	78,694,204	(7,119,700)
Environmental protection	86,149	88,649	65,385	23,264
Economic and physical development	3,798,359	4,034,723	3,529,163	505,560
Human services	21,029,935	23,798,897	19,806,191	3,992,706
Cultural and recreational	6,019,751	6,576,235	5,902,072	674,163
Education	55,658,948	55,658,948	55,485,329	173,619
Principal retirement	2,895,288	2,899,399	2,554,226	345,173
Interest and fees	125,245	121,134	84,707	36,427
Total expenditures	<u>188,823,254</u>	<u>202,819,644</u>	<u>197,560,180</u>	<u>5,259,464</u>
Revenues over (under) expenditures	<u>20,901,989</u>	<u>9,391,114</u>	<u>22,155,534</u>	<u>12,764,420</u>
Other Financing Sources (Uses):				
Appropriated fund balance	19,224,072	28,736,960	-	(28,736,960)
Installment purchase contracts issued	-	2,273,225	15,886,553	13,613,328
Transfers in	1,608,000	1,608,000	1,608,000	-
Transfers (out)	<u>(41,734,061)</u>	<u>(42,009,299)</u>	<u>(42,009,299)</u>	<u>-</u>
Total other financing sources (uses)	<u>(20,901,989)</u>	<u>(9,391,114)</u>	<u>(24,514,746)</u>	<u>(15,123,632)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(2,359,212)</u>	<u>\$ (2,359,212)</u>
Fund Balances:				
Beginning of year - July 1			<u>57,562,109</u>	
End of year - June 30			<u>\$ 55,202,897</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, 2019

	<u>Public Assistance Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	-	-	-	-
Restricted intergovernmental revenues	24,212,694	25,191,582	21,403,426	(3,788,156)
Permits and fees	-	-	-	-
Sales and services	-	-	-	-
Investment earnings	-	-	173,866	173,866
Miscellaneous	187,730	288,901	354,448	65,547
Total revenues	<u>24,400,424</u>	<u>25,480,483</u>	<u>21,931,740</u>	<u>(3,548,743)</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Environmental protection	-	-	-	-
Economic and physical development	-	-	-	-
Human services	42,407,295	44,465,661	37,966,463	6,499,198
Cultural and recreational	-	-	-	-
Education	-	-	-	-
Principal retirement	59,406	59,406	46,393	13,013
Interest and fees	2,080	2,080	1,654	426
Total expenditures	<u>42,468,781</u>	<u>44,527,147</u>	<u>38,014,510</u>	<u>6,512,637</u>
Revenues over (under) expenditures	<u>(18,068,357)</u>	<u>(19,046,664)</u>	<u>(16,082,770)</u>	<u>2,963,894</u>
Other Financing Sources (Uses):				
Appropriated fund balance	-	951,551	-	(951,551)
Installment purchase contracts issued	-	-	-	-
Transfers in	18,068,357	18,095,113	18,095,113	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>18,068,357</u>	<u>19,046,664</u>	<u>18,095,113</u>	<u>(951,551)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	2,012,343	<u>\$ 2,012,343</u>
Fund Balances:				
Beginning of year - July 1			<u>15,374,243</u>	
End of year - June 30			<u>\$ 17,386,586</u>	

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

GASTON COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities	Governmental Activities
	Enterprise Solid Waste Fund	Internal Service Fund
Assets:		
Current assets:		
Cash and cash equivalents	\$ 12,918,228	\$ 20,703,534
Accounts receivable, net	1,157,195	9,769
Inventories	26,494	-
Total current assets	<u>14,101,917</u>	<u>20,713,303</u>
Non-current assets:		
Land, improvements, and construction in progress	3,727,697	-
Capital assets, net	41,512,739	-
Accumulated depreciation	(20,600,666)	-
Total non-current assets	<u>24,639,770</u>	<u>-</u>
Total assets	<u>38,741,687</u>	<u>20,713,303</u>
Deferred Outflows of Resources:		
OPEB deferrals	100,603	-
Pension deferrals	424,215	-
Total deferred outflows of resources	<u>524,818</u>	<u>-</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	548,034	3,551,477
Compensated absences	38,879	-
Current portion of notes payable and capital leases	874,793	-
Current portion of closure and post-closure care	875,413	-
Total current liabilities	<u>2,337,119</u>	<u>3,551,477</u>
Non-current liabilities:		
Net pension liability	543,832	-
Compensated absences	116,637	-
Capital leases and notes payable	419,929	-
Total OPEB liability	1,385,774	-
Landfill closure and post-closure care	10,067,254	-
Total non-current liabilities	<u>12,533,426</u>	<u>-</u>
Total liabilities	<u>14,870,545</u>	<u>3,551,477</u>
Deferred Inflows of Resources:		
OPEB deferrals	85,470	-
Pension deferrals	6,194	-
Total deferred inflows of resources	<u>91,664</u>	<u>-</u>
Net Position:		
Net investment in capital assets	23,345,048	-
Unrestricted net position	959,248	17,161,826
Total net position	<u>\$ 24,304,296</u>	<u>\$ 17,161,826</u>

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, 2019

	Business-Type Activities	Governmental Activities
	Enterprise Solid Waste Fund	Internal Service Fund
Operating Revenues:		
Charges for services	\$ 8,725,865	\$ 23,320,409
Energy charges	2,548,181	-
Other operating revenues	727,452	-
Total operating revenues	<u>12,001,498</u>	<u>23,320,409</u>
Operating Expenses:		
Operating expenses	5,892,778	15,361,032
Renewable energy department	1,198,751	-
Depreciation	1,940,095	-
Total operating expenses	<u>9,031,624</u>	<u>15,361,032</u>
Operating income (loss)	<u>2,969,874</u>	<u>7,959,377</u>
Non-Operating Revenues (Expenses):		
Interest expense	(65,964)	-
Investment earnings	141,003	226,406
Total non-operating revenues (expenses)	<u>75,039</u>	<u>226,406</u>
Other Financing Sources (Uses):		
Transfers out	-	(1,608,000)
Change in net position	<u>3,044,913</u>	<u>6,577,783</u>
Net Position:		
Beginning of year - July 1	21,259,383	15,361,577
Restatement	-	(4,777,534)
Beginning of year, restated	<u>21,259,383</u>	<u>10,584,043</u>
End of year - June 30	<u>\$ 24,304,296</u>	<u>\$ 17,161,826</u>

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, 2019

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Solid Waste Fund</u>	<u>Internal Service Fund</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 11,153,359	\$ 2,552,597
Receipts from interfund charges for insurance programs	-	20,760,173
Other operating receipts	727,452	-
Cash paid to employees for services	(2,105,919)	-
Cash paid for goods and services	(5,168,435)	(19,288,092)
Net cash provided (used) by operating activities	<u>4,606,457</u>	<u>4,024,678</u>
Cash Flows From Non-Capital Financing Activities:		
Transfer in (out)	<u>-</u>	<u>(1,608,000)</u>
Cash Flows from Capital and Related Financing Activities:		
Principal payments	(972,212)	-
Acquisition of capital assets	(2,351,486)	-
Interest expense	(65,964)	-
Net cash provided (used) by capital and related financing activities	<u>(3,389,662)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest income (loss)	<u>141,003</u>	<u>226,406</u>
Net increase (decrease) in cash and cash equivalents	1,357,798	2,643,084
Cash and Cash Equivalents:		
Beginning of year - July 1	<u>11,560,430</u>	<u>18,060,450</u>
End of year - June 30	<u>\$ 12,918,228</u>	<u>\$ 20,703,534</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 2,969,874	\$ 7,959,377
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and amortization	1,940,095	-
Landfill closure and post-closure care cost	176,992	-
Changes in Assets and Liabilities:		
Increase (decrease) in net pension liability	201,417	-
(Increase) decrease in deferred outflows of resources for pensions	(164,960)	-
(Increase) decrease in deferred outflows of resources for OPEB	(46,969)	-
Increase (decrease) in deferred inflows of resources for pensions	(8,738)	-
Increase (decrease) in deferred inflows of resources for OPEB	11,686	-
Increase (decrease) in OPEB liability	(23,569)	-
(Increase) decrease in accounts receivable	(120,687)	(7,639)
(Increase) decrease in inventories and prepaid expenses	167	-
Increase (decrease) in accounts payable	(335,743)	(3,927,060)
Increase (decrease) in accrued payroll and other liabilities	<u>6,892</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 4,606,457</u>	<u>\$ 4,024,678</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, 2019

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 625,130
Total assets	<u>\$ 625,130</u>
Liabilities:	
Fiduciary depository accounts	\$ 625,130
Total liabilities	<u>\$ 625,130</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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019. 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 are carried at fair value. Non-participating interest earning contracts are accounted for at cost. The NC Capital Management Trust Government Portfolio, a SEC-registered 2a-7 government money market fund, and the NCCMT Term Portfolio's securities are valued at fair value.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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	\$ 64,666,621
Nonmajor other governmental funds:	
Tax revaluation	<u>239,144</u>
Total restricted cash	<u><u>\$ 64,905,765</u></u>

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, 2018.

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 Fund	Nonmajor Special Revenue Fund	Solid Waste Fund
Taxes receivable	\$ 4,000,000	\$ 125,000	\$ -
Emergency Medical Services (GEMS)	2,426,909	-	-
Health department	39,032	-	-
Accounts receivable	-	-	<u>10,000</u>
Total	<u><u>\$ 6,465,941</u></u>	<u><u>\$ 125,000</u></u>	<u><u>\$ 10,000</u></u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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, 2019

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, 2019

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.

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

Restricted for Education – portion of fund balance that can only be used for school capital per G.S. 159-18-22. The Capital Improvements Fund had \$64,666,621 in unspent bond proceeds at June 30, 2019.

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.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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.

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent bond proceeds of \$64,666,621 and Register of Deeds pension plan of \$301,585 at June 30, 2019.

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.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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.

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	\$ 55,202,897
Less:	
Inventories	287,843
Prepays	259,486
Stabilization by state statute	<u>16,502,310</u>
Fund balance available for appropriation	<u>\$ 38,153,258</u>

GASTON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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	Nonmajor Funds
Encumbrances	\$ 2,712,717	\$ 83,527	\$ 28,457,868	\$ 77

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.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

2. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2019, the expenditures made in the General Fund exceeded the authorized appropriations made by the governing board for the Public Safety Department. The excess of expenditures occurred because of the addition of a capital lease. Management and the Board will more closely review the budget reports to ensure compliance in future years.

3. 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 measure the exact amount of collateral provided for the County under the Pooling Method, the potential exists for under collateralization. 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, 2019, the carrying amount of the County's deposits was \$69,035,880, and the related bank balance was \$71,485,258. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$70,985,258 in deposits were covered by collateral held under the Pooling Method. The County had \$11,075 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

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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, 2019, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value</u>	<u>Within</u>	<u>1-3</u>	<u>Over</u>
			<u>12 Months</u>	<u>Years</u>	<u>3 Years</u>
US government agencies	Fair Value Level 2	\$ 3,033,321	\$ -	\$ 3,033,321	\$ -
NC Capital Management Trust - Term Portfolio*	Fair Value Level 1	104,927,989	104,927,989	-	-
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	60,917,069	N/A	N/A	-
Total		<u>\$ 168,878,379</u>	<u>\$ 104,927,989</u>	<u>\$ 3,033,321</u>	<u>\$ -</u>

*Because the NC Capital Management Trust Term Portfolio had a duration of 0.11 years, 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.

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, 2019. 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 Aaa by Moody's Investors Service.

Concentration of Credit Risk. The County does not have a policy that places a limit on the

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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>
2016	\$ 1,169,768	\$ 383,145	\$ 1,552,913
2017	1,178,738	279,984	1,458,722
2018	1,185,304	174,853	1,360,157
2019	<u>1,199,376</u>	<u>68,973</u>	<u>1,268,349</u>
Total	<u>\$ 4,733,186</u>	<u>\$ 906,955</u>	<u>\$ 5,640,141</u>

D. Accounts Receivable

Accounts receivable at the government-wide level at June 30, 2019 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Emergency Medical Services (GEMS), net	\$ 3,677,404	\$ -
Landfill fees, net	-	1,157,195
Health department fees, net	183,391	-
Accrued sales tax distribution	3,343,925	-
Due from other governments, public assistance	2,926,548	-
Due from other governments, capital improvement	7,191,493	-
Due from other governments, Special Revenue Fund	305,593	-
Internal Service Fund	9,769	-
Sales tax paid	1,046,115	-
Other	<u>8,478,275</u>	<u>-</u>
Accounts receivable	<u>\$ 27,162,513</u>	<u>\$ 1,157,195</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

E. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2019</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 19,713,831	\$ 8,844,205	\$ -	\$ (3,108,107)	\$ 25,449,929
Construction in progress	<u>5,115,940</u>	<u>5,543,166</u>	<u>-</u>	<u>(1,024,709)</u>	<u>9,634,397</u>
Total non-depreciable capital assets	<u>24,829,771</u>	<u>14,387,371</u>	<u>-</u>	<u>(4,132,816)</u>	<u>35,084,326</u>
Depreciable Capital Assets:					
Buildings and improvements	129,078,847	116,398	-	3,450,503	132,645,748
Equipment	20,503,269	244,142	-	682,313	21,429,724
Vehicles and motorized equipment	<u>20,114,401</u>	<u>3,670,034</u>	<u>(1,336,727)</u>	<u>-</u>	<u>22,447,708</u>
Total depreciable capital assets	<u>169,696,517</u>	<u>4,030,574</u>	<u>(1,336,727)</u>	<u>4,132,816</u>	<u>176,523,180</u>
Less Accumulated Depreciation:					
Buildings and improvements	66,383,631	3,529,184	-	-	69,912,815
Equipment	17,599,219	1,041,932	-	-	18,641,151
Vehicles and motorized equipment	<u>14,465,615</u>	<u>2,206,719</u>	<u>(1,289,718)</u>	<u>-</u>	<u>15,382,616</u>
Total accumulated depreciation	<u>98,448,465</u>	<u>\$ 6,777,835</u>	<u>\$ (1,289,718)</u>	<u>\$ -</u>	<u>103,936,582</u>
Total depreciable capital assets, net	<u>71,248,052</u>				<u>72,586,598</u>
Governmental activities capital assets, net	<u>\$ 96,077,823</u>				<u>\$ 107,670,924</u>

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

General government	\$ 2,337,734
Public safety	2,928,110
Economic and physical development	116,535
Human services	850,671
Cultural and recreational	<u>544,785</u>
Total depreciation expense	<u>\$ 6,777,835</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Increases	Decreases	Transfers	Balance June 30, 2019
Business-Type Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 1,655,959	\$ 1,353,576	\$ -	\$ -	\$ 3,009,535
Construction in progress	4,547,130	81,311	-	(3,910,279)	718,162
Total non-depreciable capital assets	6,203,089	1,434,887	-	(3,910,279)	3,727,697
Depreciable Capital Assets:					
Buildings and improvements	27,173,408	-	-	3,910,279	31,083,687
Equipment	2,654,326	453,465	-	-	3,107,791
Vehicles and motorized equipment	6,858,127	463,134	-	-	7,321,261
Total depreciable capital assets	36,685,861	916,599	-	3,910,279	41,512,739
Less Accumulated Depreciation:					
Buildings and improvements	11,423,598	1,311,408	-	-	12,735,006
Equipment	987,346	242,747	-	-	1,230,093
Vehicles and motorized equipment	6,249,627	385,940	-	-	6,635,567
Total accumulated depreciation	18,660,571	\$ 1,940,095	\$ -	\$ -	20,600,666
Total depreciable capital assets, net	18,025,290				20,912,073
Business-type activities capital assets, net	\$ 24,228,379				\$ 24,639,770

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2019 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 107,670,924	\$ 24,639,770
Less:		
Long-term debt	(288,906,316)	(1,294,722)
Add:		
Debt related to assets not owned by the County	218,818,310	-
Unspent debt proceeds related to debt for assets owned by the County	29,717,193	-
Total	(40,370,813)	(1,294,722)
Net investment in capital assets	\$ 67,300,111	\$ 23,345,048

*Deferred charges related to debt refunding for education are not included in the calculation of governmental Net Investment in Capital Assets.

GASTON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Construction Commitments

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

<u>Project</u>	<u>Remaining Commitment</u>
ADA Compliance	\$ 557,978
New Animal Control Facility	3,203,082
CMAQ: Neal Hawkins Sidewalk	1,860,578
Dallas Park CMAQ Trail	648,654
Dallas Park Expansion	711,804
DSS/Courthouse/Jail HVAC	2,500
ERP System	94,559
Facility Master Plan	168,124
Jail Infill/Expansion	10,008,215
Lowell-Poston Park Sidewalk	417,974
Parking Lot Improvements	1,480,847
Poston Park Trails/Parks	107,238
Apple Creek Business Park	8,495,074
Public Infrastructure Gt:Tosaf	418,750
Rankin Lake to GTP Trail	946,847
Total	<u>\$ 29,122,224</u>

F. Payables

Payables at the government-wide level at June 30, 2019 were as follows:

	<u>Vendors</u>	<u>Accrued Expenses</u>	<u>Total</u>
Governmental Activities:			
General	\$ -	\$ 7,915,975	\$ 7,915,975
Public assistance	-	1,482,409	1,482,409
Capital improvement	4,977,301	-	4,977,301
Nonmajor special revenue	-	227,293	227,293
Internal Service Fund	<u>3,551,477</u>	-	<u>3,551,477</u>
Total governmental activities	<u>\$ 8,528,778</u>	<u>\$ 9,625,677</u>	<u>\$ 18,154,455</u>
Business-Type Activities:			
Solid waste	<u>\$ -</u>	<u>\$ 548,034</u>	<u>\$ 548,034</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 leach ate 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.

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, 2019 amount to \$10,942,667. This estimated amount is based on what it would cost to perform all closure and post-closure care costs in 2019. 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, 2019.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

H. Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 7,931,632	\$ -
Pensions - difference between expected and actual experience	4,983,457	142,862
Pensions - difference between projected and actual investment earnings	3,651,552	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	467,793	172,766
Pensions - change of assumptions	7,423,634	471,965
Contributions to pension plan	6,162,113	-
Benefit payments and administration costs paid subsequent to the measurement date (LEOSSA)	771,535	-
OPEB - difference between expected and actual experience	814,111	329,289
OPEB - change of assumptions	-	4,392,840
Benefit payments and plan administrative expense made subsequent to the measurement date	4,744,065	-
Prepaid taxes not yet earned (General Fund)	-	753,224
Taxes receivable, net (General Fund)	-	1,100,032
Taxes receivable, net (Special Revenue Fund)	-	81,734
Health department receivable, net (General Fund)	-	183,391
Other (General Fund)	-	721,883
Total	<u>\$ 36,949,892</u>	<u>\$ 8,349,986</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, 2019**

At June 30, 2019, 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>
Equipment	\$ 13,613,328	\$ -	\$ 13,613,328
Vehicles	5,289,929	1,176,362	4,113,567
Total	<u>\$ 18,903,257</u>	<u>\$ 1,176,362</u>	<u>\$ 17,726,895</u>

Business-Type Activities:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 724,396	\$ 361,292	\$ 363,104
Vehicles	366,871	41,989	324,882
Total	<u>\$ 1,091,267</u>	<u>\$ 403,281</u>	<u>\$ 687,986</u>

For the County, the future minimum lease payments as of June 30, 2019 were as follows:

Governmental Activities:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 4,897,725	\$ 594,147
2021	3,970,333	449,024
2022	3,300,966	325,466
2023	2,817,680	215,932
2024	2,940,496	93,116
Total	<u>\$ 17,927,200</u>	<u>\$ 1,677,685</u>

Business-Type Activities:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 205,146	\$ 4,525
2021	78,858	695
Total	<u>\$ 284,004</u>	<u>\$ 5,220</u>

GASTON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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 \$ 1,010,718

The County's outstanding note from direct placements related to business-type activities of \$1,010,718 secured by the execution and delivery of a deed of trust granting, among other things, a lien of record on the mortgaged property subject to permitted encumbrances. It is also secured by a Debt Service Reserve Fund. The proceeds were used for the construction of an electric facility at the Renewable Energy Center. The County has the option of prepaying the outstanding principal of the loan in whole on any installment payment date after June 2, 2015 at a prepayment price equal to 100% of the principal balance plus a prepayment fee equal to 1% of the amount prepaid multiplied by the number of years or fraction thereof remaining under the term of the contract. Written notice must be given to the lender no less than ten days prior to prepayment being made. In the event the County fails to make any installment payment, the County will be given a reasonable period of time to correct the default as long as the County diligently works to correct the default.

If the County fails to pay any installment of principal or interest on its outstanding debts on or before their due date and remains in default for 90 days, the Local Government Commission may take action as it deems advisable to investigate the County's fiscal affairs, consult with the board of commissioners and negotiate with its creditors in order to assist the County in working out a plan for refinancing, adjusting or compromising the debt. The Local Government Commission has the statutory authority to impound the books and records of the County and assume full control of all its financial affairs when and for as long as it is deemed necessary.

For the County, the future minimum payments for all installment purchase obligations as of June 30, 2019 are as follows:

Business-Type Activities:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 669,647	\$ 31,884	\$ 701,531
2021	<u>341,071</u>	<u>6,424</u>	<u>347,495</u>
Total	<u>\$ 1,010,718</u>	<u>\$ 38,308</u>	<u>\$ 1,049,026</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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.

\$ 42,515,000

\$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.

44,815,000

\$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.

1,525,000

\$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.

6,808,000

\$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.

5,400,000

\$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.

59,067,000

\$60,000,000 General Obligation School Bonds, Series 2018:

Principal due in annual installments through August 1, 2028.

Installments are \$3,000,000. Interest payable semi-annually (February and August) ranges from 3.00% to 5.00% issued November 2018.

60,000,000

Total

\$ 220,130,000

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

Year Ending				
June 30	Principal	Interest	Total	
2020	\$ 16,739,000	\$ 8,339,416	\$ 25,078,416	
2021	15,922,000	7,104,503	23,026,503	
2022	16,012,000	6,424,725	22,436,725	
2023	17,057,000	5,742,172	22,799,172	
2024	16,972,000	5,090,022	22,062,022	
2025-2029	77,720,000	16,260,659	93,980,659	
2030-2034	27,500,000	6,491,250	33,991,250	
2035-2036	20,000,000	1,725,000	21,725,000	
Total	<u>\$ 207,922,000</u>	<u>\$ 57,177,747</u>	<u>\$ 265,099,747</u>	

The County's outstanding note from direct placements related to governmental activities of \$6,808,000 is secured by a pledge of faith and credit and taxing power of the County. The County is authorized and required by law to levy on all property taxable by the County such as ad valorem taxes, without limitation as to rate or amount, as may be necessary to pay the obligation and the interest thereon. It is also secured by a Debt Service Reserve Fund. The County may redeem prior to maturity, in whole or in part at its option at any time, the installments of principal of the bonds. Written notice of the early redemption must be given to the Bond Registrar and to the registered owner no less than thirty days prior to the prepayment. The prepayment would include the amount of principal to be redeemed, accrued interest and a minimum redemption premium of one-half percent (0.5%) of the amount redeemed. (See the note regarding the authority of the Local Government Commission in the event of payment defaults.)

The County's outstanding note from direct placements related to governmental activities of \$5,400,000 is secured by a pledge of faith and credit and taxing power of the County. The County is authorized and required by law to levy on all property taxable by the County such as ad valorem taxes, without limitation as to rate or amount, as may be necessary to pay the obligation and the interest thereon. It is also secured by a Debt Service Reserve Fund. The County may redeem prior to maturity, in whole but not in part on any date, at a redemption price of 100.50% of the total principal installments of the bonds plus accrued interest if redeemed prior to September 22, 2020 and a redemption price of 100% of the total principal installments of the bonds plus accrued interest if redeemed after September 22, 2020. The County must give written notice of the early redemption to the Bond Registrar no less than thirty days prior to the prepayment. In the event the County fails to pay any principal or interest payment when due, the interest rate on the bonds will increase by 3% until the payment default is corrected. (See the note below regarding the authority of the Local Government Commission in the event of payment defaults.)

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

Year Ending			
June 30	Principal	Interest	Total
2020	\$ 2,980,000	\$ 244,775	\$ 3,224,775
2021	2,936,000	184,081	3,120,081
2022	2,692,000	124,275	2,816,275
2023	600,000	69,399	669,399
2024	600,000	56,781	656,781
2025-2029	2,400,000	100,944	2,500,944
Total	<u>\$ 12,208,000</u>	<u>\$ 780,255</u>	<u>\$ 12,988,255</u>

Limited Obligation Bonds

The County issued Series 2019A and 2019B Limited Obligation Bonds in April 2019. As security for the 2019 bonds, the County will execute and deliver a deed of trust granting, among other things, a lien of record on the mortgaged property subject to permitted encumbrances. Each series of the 2019 bonds will also be secured by a Debt Service Reserve Fund.

Approximately 57% of the Series 2019A Limited Obligation Bonds were issued to provide funds for the replacement and upgrade of the public safety system throughout the County including the radio communication equipment and infrastructure. The remaining 43% of the Series 2019A limited obligation bonds were issued for the renovation, expansion, equipping and improving of the existing Sheriff's Office and jail facility.

The Series 2019B Limited Obligation Bonds were issued for the acquisition and improving of a planned business park to be known as the Apple Creek Corporate Center.

The City's limited obligation bonds payable at June 30, 2019 are comprised of the following individual issues:

- Series 2019A Limited Obligation Bonds, \$18,230,000
- Series 2019B Limited Obligation Bonds, \$8,555,000

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Governmental Activities – Limited Obligation Bonds:

\$18,230,000 Limited Obligation Bond, Series 2019A:

Principal due in annual installments through April 1, 2029.

Installments range from \$360,000 to \$1,210,000. Interest payable semi-annually (October and April) ranges from 2.25% to 5.00% issued April 2019.

\$ 18,230,000

\$8,555,000 Limited Obligation Bond, Series 2019B:

Principal due in annual installments through April 1, 2039.

Installments range from \$960,000 to \$3,620,000. Interest payable semi-annually (October and April) ranges from 3.00% to 5.00% issued April 2019.

8,555,000

Total

\$ 26,785,000

Annual debt service requirements to maturity for the County’s limited obligation bonds for governmental activities are as follows:

Year Ending	Principal	Interest	Total
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,495,000	\$ 1,003,360	\$ 2,498,360
2021	1,595,000	1,024,102	2,619,102
2022	1,595,000	972,666	2,567,666
2023	1,595,000	920,867	2,515,867
2024	1,595,000	868,463	2,463,463
2025-2029	6,820,000	3,510,210	10,330,210
2030-2034	6,050,000	2,055,500	8,105,500
2035-2036	6,040,000	615,750	6,655,750
Total	<u>\$ 26,785,000</u>	<u>\$ 10,970,918</u>	<u>\$ 37,755,918</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.

GASTON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019 was \$4,759,410. Principal and interest requirements will be provided by appropriation in the year that they become due. The long-term debt is recorded in the General Fund. The County's outstanding note from direct borrowings related to governmental-type activities of \$4,759,410 is not secured by a pledge of the faith and credit of the State of North Carolina or of the County, but is payable solely from the revenues of the Project or benefited systems, or other available funds. The note contains provisions that an event of default would result in (1) any other monies due to the County from the State may be withheld by the State and applied to the payment of the outstanding debt.

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2020	\$ 366,108	\$ 116,844	\$ 482,952
2021	366,108	107,856	473,964
2022	366,108	98,868	464,976
2023	366,108	89,980	456,088
2024	366,108	80,892	447,000
2025-2029	1,830,546	269,540	2,100,086
2030-2032	1,098,324	53,928	1,152,252
Total	\$ 4,759,410	\$ 817,908	\$ 5,577,318

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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, 2019:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Current</u> <u>Portion</u>
Governmental Activities:					
General obligation bonds	\$ 163,687,000	\$ 60,000,000	\$ (15,765,000)	\$ 207,922,000	\$ 19,719,000
General obligation bonds - direct placement	12,887,000	-	(679,000)	12,208,000	
Premium	11,872,005	8,506,758	(1,074,057)	19,304,706	1,074,057
Limited Obligation Bonds	-	26,785,000	-	26,785,000	1,495,000
Capitalized leases of equipment	4,641,266	15,886,553	(2,600,619)	17,927,200	4,897,725
State revolving loan - direct borrowing	5,125,518	-	(366,108)	4,759,410	366,108
Compensated absences	6,161,462	6,408,585	(6,161,462)	6,408,585	1,602,146
Total OPEB liability	76,305,879	-	(1,270,725)	75,035,154	-
Net pension liability (LGERS)	16,036,914	9,869,444	-	25,906,358	-
Total pension liability (LEOSSA)	11,847,267	464,939	-	12,312,206	-
Total governmental activities	<u>\$ 308,564,311</u>	<u>\$ 127,921,279</u>	<u>\$ (27,916,971)</u>	<u>\$ 408,568,619</u>	<u>\$ 29,154,036</u>
Business-Type Activities:					
Installment purchases - direct placement	\$ 1,655,833	\$ -	\$ (645,115)	\$ 1,010,718	\$ 669,647
Compensated absences	148,624	155,516	(148,624)	155,516	38,879
Net pension liability (LGERS)	342,415	201,417	-	543,832	-
Total OPEB liability	1,409,343	-	(23,569)	1,385,774	-
Landfill closure and post-closure costs	10,765,675	176,992	-	10,942,667	875,413
Capitalized leases of equipment	611,101	-	(327,097)	284,004	205,146
Total business-type activities	<u>\$ 14,932,991</u>	<u>\$ 533,925</u>	<u>\$ (1,144,405)</u>	<u>\$ 14,322,511</u>	<u>\$ 1,789,085</u>

Compensated absences, OPEB liability, and pension liabilities of the governmental activities are generally liquidated by the General Fund. At June 30, 2019, Gaston County had a legal debt margin of approximately \$1,106,000,000.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Debt Related to Capital Activities

Of the total governmental activities debt listed, only \$70,088,006 relates to assets the County holds title. There is \$29,717,193 in unspent restricted cash related to this debt.

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 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.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

J. Interfund Balances and Activity

The composition of interfund transfers during the year ended June 30, 2019 is as follows:

From	To	Purpose	Amount
General Fund	Public Assistance Fund	County amount transferred to balance budget for FY19 for various expenditures.	\$ 18,068,357
General Fund	Public Assistance Fund	Vehicles (FY 2018 Vehicle Lease Purchase Financing)	26,756
General Fund	Revaluation Fund	County amount transferred to balance budget for FY19 for various expenditures.	210,000
General Fund	Debt Service Fund	To fund all non-school debt service payments	4,947,406
General Fund	Debt Service: Schools	To fund all school debt service payments	16,434,079
General Fund	Capital Improvements Fund	County amount transferred to balance budget for FY19 for various expenditures.	2,074,219
Self Insurance Fund	General Fund	Transfer to cover a portion of estimated group health insurance expenses for FY19.	1,608,000
General Fund	Capital Improvements Fund	County's share of an interlocal agreement with the City of Gastonia and City of Bessemer City. Grant application to fund a water interconnection between the City of Gastonia and the City of Bessemer City.	158,333
General Fund	Emergency Telephone Fund	Expenditures disallowed by the state 911 board for FY17.	32,718
General Fund	Emergency Telephone Fund	Expenditures disallowed by the state 911 board for FY18.	<u>57,431</u>
Total			<u>\$ 43,617,299</u>

4. 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 is self-insured for all liability coverages up to the self-insured retention of \$250,000. 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 of \$1,000,000 for any location in Flood Zone A and \$25,000,000 for any location in any other flood zone (other than Coastal flood zones).

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 is individually bonded for \$50,000 and the Tax Collector is individually bonded for \$100,000. The remaining employees that have access to funds are bonded under a blanket bond for \$500,000.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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	
	2019	2018
Unpaid claims, beginning of fiscal year	\$ 2,701,003	\$ 2,580,485
Incurred claims (including IBNRs)	16,054,155	15,273,671
Claim payments	(15,203,681)	(15,153,153)
Unpaid claims, end of fiscal year	\$ 3,551,477	\$ 2,701,003

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, 2019, 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

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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, 2019 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, 2019. 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 \$25,000 for each of the three counties for the fiscal year ended June 30, 2019. The County has no equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2019. 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 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.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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.

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

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. 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, 2019, was 8.50% of compensation for law enforcement officers and 7.75% 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 \$6,049,796 for the year ended June 30, 2019.

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, 2019, the County reported a liability of \$26,450,190 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018, 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, 2019, the County's proportion was 1.115%, measured as of June 30, 2018, which was a decrease of 0.043% from its proportion measured as of June 30, 2017.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

For the year ended June 30, 2019, the County recognized pension expense of \$7,435,771. At June 30, 2019, 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	\$ 4,080,636	\$ 136,926
Changes of assumptions	7,018,859	-
Net difference between projected and actual earnings on pension plan investments	3,630,824	-
Changes in proportion and differences between County contributions and proportionate share of contributions	430,627	172,766
County's contributions subsequent to the measurement date	6,049,796	-
Total	\$ 21,210,742	\$ 309,692

\$6,049,796 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, 2020. 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
2020	\$ 7,090,255
2021	4,667,198
2022	888,759
2023	2,205,042
2024	-
Total	\$ 14,851,254

Actuarial Assumptions. The total pension liability in the December 31, 2017 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 8.10 percent, including inflation and productivity factor productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The plan actuary currently uses mortality rates based on the RP2014 Total Data Set for Healthy Annuitants mortality table 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, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 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 2018 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.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	<u>\$ 63,535,648</u>	<u>\$ 26,450,190</u>	<u>\$ (4,538,999)</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.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The Separation Allowance covers all full-time law enforcement officers of the County. At December 31, 2017, the Separation Allowance's membership consisted of:

Law Enforcement Officers' Special Separation Allowance	
Retirees receiving benefits	48
Active plan members	<u>233</u>
Total	<u><u>281</u></u>

A separate report was not issued for the plan.

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 criteria, which are outlined in GASB Statement 73.

Actuarial Assumptions. The entry age normal actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 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	3.64 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.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 \$799,138 as benefits came due for the reporting period.

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

At June 30, 2019, the County reported a total pension liability of \$12,312,206. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$1,001,992. At June 30, 2019, 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>Deferred Inflows of Resources</u>
Benefit payments and administrative costs subsequent to measurement date	\$ 771,535	\$ -
Difference between expected and actual experience	901,675	-
Changes of assumptions and other inputs	<u>398,659</u>	<u>471,965</u>
Total	<u>\$ 2,071,869</u>	<u>\$ 471,965</u>

GASTON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

\$771,535 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2020	\$ 217,422
2021	217,422
2022	226,729
2023	145,642
2024	21,154
Total	\$ 828,369

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 3.64%, 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 (2.64%) or 1-percentage-point higher (4.64%) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	<u>\$ 13,244,173</u>	<u>\$ 12,312,206</u>	<u>\$ 11,452,390</u>

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

Beginning balance	<u>\$ 11,847,267</u>
Service cost	421,381
Interest on the total pension liability	361,747
Difference between expected and actual experience	919,101
Changes of assumptions and other inputs	(438,152)
Benefit payments made	<u>(799,138)</u>
Net change in total pension liability	464,939
Ending balance of the total pension liability	<u>\$ 12,312,206</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Changes of Assumptions. Changes of assumption and other inputs reflect a change in the Municipal Bond Index Rate from 3.16% at December 31, 2017 to 3.64% at December 31, 2018.

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, 2017 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2014.

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, 2019 were \$1,573,401, which consisted of \$747,404 from the County and \$825,997 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, cost sharing, multiple employer 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

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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.

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 \$112,317 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported an asset of \$130,048 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuations as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the County's proportion as 0.785%, which was a decrease of .067% from its proportion measured as of June 30, 2017.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

For the year ended June 30, 2019, the County recognized pension expense of \$67,350. At June 30, 2019, 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	\$ 1,146	\$ 5,936
Changes of assumptions	6,116	-
Net difference between projected and actual earnings on pension plan investments	20,728	-
Changes in proportion and differences between County contributions and proportionate share of contributions	37,166	-
County's contributions subsequent to the measurement date	112,317	-
Total	\$ 177,473	\$ 5,936

\$112,317 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, 2020. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	Total
June 30	Total
2020	\$ 43,488
2021	6,404
2022	6,109
2023	3,219
2024	-
Total	\$ 59,220

Actuarial Assumptions. The total pension liability in the December 31, 2017 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 productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. 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, 2018 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 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 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.

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 <u>(2.75%)</u>	Discount Rate <u>(3.75%)</u>	1% Increase <u>(4.75%)</u>
County's proportionate share of the net pension liability (asset)	<u>\$ (102,535)</u>	<u>\$ (130,048)</u>	<u>\$ (153,249)</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.

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, 2017, 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, 2018, with an actuarial valuation date of December 31, 2017. 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)	\$ 26,450,190	\$ -	\$ (130,048)	\$ 26,320,142
Proportion of the net pension liability (asset)	1.115%	NA	0.785%	-
Total pension liability	-	12,312,206	-	12,312,206
Pension expense	7,435,771	1,001,992	67,350	8,505,113

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

At June 30, 2019, 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	\$ 4,080,636	\$ 901,675	\$ 1,146	\$ 4,983,457
Changes of assumptions	7,018,859	398,659	6,116	7,423,634
Net difference between projected and actual earnings on pension plan investments	3,630,824	-	20,728	3,651,552
Changes in proportion and differences between County contributions and proportionate share of contributions	430,627	-	37,166	467,793
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>6,049,796</u>	<u>771,535</u>	<u>112,317</u>	<u>6,933,648</u>
Total deferred outflows of resources	<u>\$ 21,210,742</u>	<u>\$ 2,071,869</u>	<u>\$ 177,473</u>	<u>\$ 23,460,084</u>
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ 136,926	\$ -	\$ 5,936	\$ 142,862
Changes of assumptions	-	471,965	-	471,965
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>172,766</u>	<u>-</u>	<u>-</u>	<u>172,766</u>
Total deferred inflows of resources	<u>\$ 309,692</u>	<u>\$ 471,965</u>	<u>\$ 5,936</u>	<u>\$ 787,593</u>

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

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2019, the County made payments for post-retirement health benefit premiums of \$4,088,332. 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.

- Retiree must have been hired prior to 8/11/2005 with no break in service
- Retirees with 25+ years of service will receive:
- Health insurance at a subsidized rate from the county through a private health care insurer through age 65:
 - For Retiree and dependents
 - \$326 Medicare supplement for life beginning at age 65
- Retirees with 20 – 24 years of service will receive:
 - Health insurance at a subsidized rate (\$100 discount) from the county through a private health care insurer through age 65:
 - For Retiree and dependents
 - \$100 Medicare supplement for life beginning at age 65
- A small group of Retirees continue to receive a smaller supplement from a prior plan that was replaced by the August 2005 resolution.
 - \$50 – 1 participant
 - \$150 – 9 participants

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	521
Total	976

Total OPEB Liability

The County’s total OPEB liability of \$76,420,928 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017.

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	3.89 percent
Healthcare cost trend rates	Pre-Medicare - 7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2018	\$ 77,715,222
Changes for the Year:	
Service cost	1,650,496
Interest	2,694,526
Differences between expected and actual experience	1,080,160
Changes of assumptions or other inputs	(2,631,144)
Benefit payments	(4,088,332)
Net changes	(1,294,294)
Balance at June 30, 2019	\$ 76,420,928

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.56% to 3.89%. The County selected a Municipal Bond Index Rate equal to the June average of the Bond Buyer 20-Year General Obligation Bond Index published weekly by The Bond Buyer, and the discount rate used to measure the TOL is the Municipal Bond Index Rate as of the measurement date.

Mortality rates were based on the RP-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 the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 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, 2019**

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 (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB liability	<u>\$ 84,820,041</u>	<u>\$ 76,420,928</u>	<u>\$ 69,189,295</u>

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	<u>\$ 71,472,654</u>	<u>\$ 76,420,928</u>	<u>\$ 82,059,045</u>

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

For the year ended June 30, 2019, the County recognized OPEB expense of \$2,644,453. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 814,111	\$ 329,289
Changes of assumptions	-	4,392,840
Benefit payments and plan administrative expense made subsequent to the measurement date	<u>4,744,065</u>	<u>-</u>
Total	<u>\$ 5,558,176</u>	<u>\$ 4,722,129</u>

GASTON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

\$4,744,065 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, 2020. 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
2020	\$ (1,711,652)
2021	(1,711,652)
2022	(461,794)
2023	(22,920)
2024	-
Total	<u>\$ (3,908,018)</u>

F. Claims and Judgments

At June 30, 2019, 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.

5. Prior Period Adjustment

During the fiscal year ended June 30, 2018, it was determined that expenditures related to the Internal Service Fund Health Insurance Benefits had been omitted and expenditures were understated. A prior period adjustment was required to correct material errors.

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 THREE FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance			
	2019	2018	2017
Beginning balance	\$ 11,847,267	\$ 10,886,409	\$ 10,936,528
Service cost	421,381	341,920	387,553
Interest on the total pension liability	361,747	407,079	380,199
Difference between expected and actual experience	919,101	253,678	-
Changes in assumptions or other inputs	(438,152)	638,815	(244,487)
Benefit payments	(799,138)	(680,634)	(573,384)
Ending balance of the total pension liability	<u>\$ 12,312,206</u>	<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 THREE FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance			
	2019	2018	2017
Total pension liability	\$ 12,312,206	\$ 11,847,267	\$ 10,886,409
Covered payroll	14,185,827	13,342,210	14,212,061
Total pension liability as a percentage of covered payroll	86.79%	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
LAST TWO YEARS

Other Post-Employment Benefits

	<u>2019</u>	<u>2018</u>
Service cost	\$ 1,650,496	\$ 1,804,661
Interest	2,694,526	2,408,143
Differences between expected and actual experience	1,080,160	(648,987)
Changes of assumptions or other inputs	(2,631,144)	(4,749,335)
Benefit payments	<u>(4,088,332)</u>	<u>(2,191,789)</u>
Net change in total OPEB liability	(1,294,294)	(3,377,307)
Total OPEB liability - beginning	<u>77,715,222</u>	<u>81,092,529</u>
Total OPEB liability - ending	<u>\$ 76,420,928</u>	<u>\$ 77,715,222</u>
Covered payroll	\$ 30,225,889	\$ 30,225,889
Total OPEB liability as a percentage of covered payroll	252.83%	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:

<u>Fiscal Year</u>	<u>Rate</u>
2019	3.89%
2018	3.56%

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 SIX FISCAL YEARS*

	Local Government Employees' Retirement System					
	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	1.11494%	1.07214%	1.11399%	1.09906%	1.14287%	1.16630%
County's proportion of the net pension liability (asset) (\$)	\$ 26,450,190	\$ 16,379,329	\$ 23,642,600	\$ 4,932,515	\$ (6,740,036)	\$ 14,058,394
County's covered payroll*	\$ 73,803,006	\$ 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	35.84%	23.68%	35.02%	7.46%	-10.21%	21.17%
Plan fiduciary net position as a percentage of the total pension liability **	91.63%	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 SIX FISCAL YEARS

	Local Government Employees' Retirement System					
	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 6,049,796	\$ 5,637,293	\$ 5,126,405	\$ 4,687,940	\$ 4,693,058	\$ 4,711,193
Contributions in relation to the contractually required contribution	6,049,796	5,637,293	5,126,405	4,687,940	4,693,058	4,711,193
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 76,866,665	\$ 73,803,006	\$ 69,171,453	\$ 67,510,404	\$ 66,133,607	\$ 65,995,520
Contributions as a percentage of covered payroll	7.87%	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 SIX FISCAL YEARS*

	Register of Deeds' Supplemental Pension Fund					
	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.78517%	0.85230%	1.13299%	1.34155%	1.42133%	1.39896%
County's proportion of the net pension liability (asset) (\$)	\$ (130,048)	\$ (145,479)	\$ (211,824)	\$ (310,898)	\$ (322,166)	\$ (298,818)
County's covered payroll*	\$ 106,313	\$ 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	-122.33%	-140.93%	-218.77%	-332.66%	-354.23%	-331.40%
Plan fiduciary net position as a percentage of the total pension liability **	153.31%	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 SIX FISCAL YEARS

	Register of Deeds' Supplemental Pension Fund					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 112,317	\$ 6,719	\$ 7,405	\$ 10,735	\$ 10,765	\$ 11,605
Contributions in relation to the contractually required contribution	<u>112,317</u>	<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>	<u>\$ -</u>
County's covered payroll	\$ 109,385	\$ 106,313	\$ 103,227	\$ 96,827	\$ 93,457	\$ 90,947
Contributions as a percentge of covered payroll	102.68%	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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 145,304,500	\$ 146,801,461	\$ 1,496,961	\$ 142,968,172
Penalties and interest	775,000	749,113	(25,887)	739,475
Total	146,079,500	147,550,574	1,471,074	143,707,647
Other Taxes and Licenses:				
One-cent tax	13,300,000	13,300,000	-	13,300,000
Half-cent sales tax	17,520,000	17,648,627	128,627	17,620,432
Real estate transfer taxes	1,187,664	1,293,779	106,115	1,207,870
Total	32,007,664	32,242,406	234,742	32,128,302
Restricted Intergovernmental Revenues:				
Federal grants	1,310,094	516,253	(793,841)	665,709
State grants	6,057,412	5,859,347	(198,065)	5,023,236
Federal prisoner detention reimbursements	1,320,000	1,167,301	(152,699)	1,325,646
Court facilities fees	250,000	250,911	911	271,408
Total	8,937,506	7,793,812	(1,143,694)	7,285,999
Fees, Licenses, and Permits:				
Inspection fees	1,839,936	2,708,172	868,236	2,119,009
Register of Deeds' fees	1,099,980	1,157,486	57,506	1,109,482
Other	1,224,704	2,661,150	1,436,446	1,386,087
Total	4,164,620	6,526,808	2,362,188	4,614,578
Sales and Services:				
Medical transport fees	11,249,519	13,840,379	2,590,860	11,180,707
Library fees	70,522	89,400	18,878	87,741
Jail fees	160,000	167,210	7,210	153,347
Animal shelter fees	559,199	480,980	(78,219)	489,873
Municipal election fees	-	-	-	122,128
Central transportation fees	334,000	288,141	(45,859)	169,294
Recreation fees	144,990	141,854	(3,136)	158,875
Personal health fees	426,325	3,748,000	3,321,675	5,743,069
Highland Medical Center	357,900	141,371	(216,529)	161,727
Environmental health fees	250,000	273,513	23,513	251,816
Family planning fees	930,000	346,363	(583,637)	497,688
Maternal and child health fees	2,935,000	1,430,302	(1,504,698)	2,067,553
Gynecological clinic fees	15,800	8,415	(7,385)	7,942
Miscellaneous	1,635,739	2,327,309	691,570	1,469,210
Total	19,068,994	23,283,237	4,214,243	22,560,970
Investment Earnings	750,541	598,834	(151,707)	638,572

GASTON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Miscellaneous Revenue:				
Sales of surplus property	70,963	140,654	69,691	132,742
Insurance settlements	-	164,043	164,043	110,074
Other	1,130,970	1,415,346	284,376	1,632,391
Total	1,201,933	1,720,043	518,110	1,875,207
Total revenues	212,210,758	219,715,714	7,504,956	212,811,275
Expenditures:				
General Government:				
County Commissioners:				
Salaries and employee benefits	478,392	458,520	19,872	412,361
Operating expenditures	679,757	447,744	232,013	454,588
Total	1,158,149	906,264	251,885	866,949
County Manager:				
Salaries and employee benefits	504,577	405,458	99,119	483,706
Operating expenditures	56,588	32,921	23,667	30,785
Total	561,165	438,379	122,786	514,491
County Attorney:				
Salaries and employee benefits	412,649	408,627	4,022	396,058
Operating expenditures	32,543	19,882	12,661	23,718
Total	445,192	428,509	16,683	419,776
Elections:				
Salaries and employee benefits	350,358	341,938	8,420	328,467
Operating expenditures	524,039	451,158	72,881	513,999
Capital outlay	5,701	-	5,701	130,732
Total	880,098	793,096	87,002	973,198
Register of Deeds:				
Salaries and employee benefits	1,071,151	1,035,882	35,269	910,410
Operating expenditures	314,648	174,060	140,588	164,457
Total	1,385,799	1,209,942	175,857	1,074,867
Finance:				
Salaries and employee benefits	1,023,394	1,017,296	6,098	833,614
Operating expenditures	328,243	263,660	64,583	226,473
Total	1,351,637	1,280,956	70,681	1,060,087
Budget:				
Salaries and employee benefits	451,418	488,953	(37,535)	383,021
Operating expenditures	2,153,886	1,289,047	864,839	619,410
Total	2,605,304	1,778,000	827,304	1,002,431

GASTON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Purchasing:				
Salaries and employee benefits	178,436	182,777	(4,341)	149,484
Operating expenditures	11,057	4,805	6,252	8,487
Total	189,493	187,582	1,911	157,971
Information Technology:				
Salaries and employee benefits	3,345,565	3,170,058	175,507	3,087,075
Operating expenditures	2,046,365	1,626,124	420,241	1,523,361
Capital outlay	150,000	146,119	3,881	147,163
Total	5,541,930	4,942,301	599,629	4,757,599
ACCESS/Central Transportation Administration:				
Salaries and employee benefits	264,550	249,576	14,974	220,187
Operating expenditures	106,573	60,845	45,728	49,638
Total	371,123	310,421	60,702	269,825
ACCESS/Central Transportation Operations:				
Salaries and employee benefits	1,166,480	883,406	283,074	913,621
Operating expenditures	885,746	659,783	225,963	899,876
Service fees to other departments	-	(24,838)	24,838	(210,426)
Capital outlay	679,500	313,432	366,068	243,874
Total	2,731,726	1,831,783	899,943	1,846,945
Tax:				
Salaries and employee benefits	3,314,102	3,149,281	164,821	3,044,883
Operating expenditures	1,231,513	1,092,542	138,971	1,250,391
Capital outlay	6,000	228	5,772	-
Total	4,551,615	4,242,051	309,564	4,295,274
Human Resources:				
Salaries and employee benefits	916,867	976,814	(59,947)	904,670
Operating expenditures	577,561	513,410	64,151	500,765
Total	1,494,428	1,490,224	4,204	1,405,435
Human Relations:				
Operating expenditures	50,000	39,780	10,220	39,793
Public Works Administration:				
Salaries and employee benefits	513,542	467,275	46,267	355,204
Operating expenditures	235,098	140,507	94,591	95,265
Total	748,640	607,782	140,858	450,469

GASTON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Fleet Maintenance:				
Salaries and employee benefits	564,987	555,312	9,675	523,527
Operating expenditures	(85,579)	(93,322)	7,743	(85,326)
Capital outlay	-	-	-	7,997
Total	479,408	461,990	17,418	446,198
Facilities Management:				
Salaries and employee benefits	798,332	767,779	30,553	747,873
Operating expenditures	3,181,337	2,659,399	521,938	2,564,254
Service fees to other departments	242,292	167,241	75,051	456,362
Total	4,221,961	3,594,419	627,542	3,768,489
Grounds Maintenance:				
Salaries and employee benefits	556,062	471,314	84,748	453,723
Operating expenditures	208,953	189,873	19,080	168,051
Capital outlay	53,419	52,591	828	21,009
Total	818,434	713,778	104,656	642,783
Courts:				
Operating expenditures	1,070,825	1,024,783	46,042	1,046,637
Print Shop:				
Salaries and employee benefits	173,507	165,064	8,443	158,303
Operating expenditures	9,988	74,655	(64,667)	79,443
Total	183,495	239,719	(56,224)	237,746
Cable Access:				
Salaries and employee benefits	173,275	171,299	1,976	165,223
Operating expenditures	58,762	25,469	33,293	29,933
Capital outlay	8,000	-	8,000	-
Total	240,037	196,768	43,269	195,156
Public Information:				
Salaries and employee benefits	90,792	90,628	164	87,609
Operating expenditures	5,519	3,963	1,556	4,113
Total	96,311	94,591	1,720	91,722

GASTON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Non-Departmental Expenditures:				
Medicare supplement	1,620,000	994,469	625,531	951,242
Retirees	3,500,000	3,500,000	-	3,500,000
Risk management fees	52,000	2,354	49,646	5,547
Lake Wylie Marine Commission	25,000	25,000	-	25,000
Insurance reserves	626,000	498,477	127,523	388,880
Pretrial services	884,885	884,855	30	772,855
Drug Task Force	-	-	-	(100)
Investment Grant Program	1,605,500	1,515,956	89,544	1,494,784
Stormwater fees	32,000	21,072	10,928	19,649
Phoenix Counseling	45,000	15,000	30,000	15,000
Indirect cost reimbursement from DSS	(1,500,000)	(2,831,398)	1,331,398	(2,829,179)
Total	<u>6,890,385</u>	<u>4,625,785</u>	<u>2,264,600</u>	<u>4,343,678</u>
Total general government	<u>38,067,155</u>	<u>31,438,903</u>	<u>6,628,252</u>	<u>29,907,519</u>
Public Safety:				
County Police:				
Salaries and employee benefits	13,796,024	13,239,202	556,822	12,537,714
Operating expenditures	3,086,930	2,141,220	945,710	1,939,127
Capital outlay	1,290,875	14,318,024	(13,027,149)	78,167
Services to other departments	(1,250,007)	(1,076,388)	(173,619)	(1,113,088)
Total	<u>16,923,822</u>	<u>28,622,058</u>	<u>(11,698,236)</u>	<u>13,441,920</u>
Sheriff:				
Salaries and employee benefits	7,326,307	6,604,641	721,666	6,200,935
Operating expenditures	2,284,962	1,651,050	633,912	1,944,057
Capital outlay	287,455	107,327	180,128	10,244
Total	<u>9,898,724</u>	<u>8,363,018</u>	<u>1,535,706</u>	<u>8,155,236</u>
Jail:				
Salaries and employee benefits	9,657,481	9,939,069	(281,588)	9,341,309
Operating expenditures	4,155,788	4,110,245	45,543	4,171,874
Total	<u>13,813,269</u>	<u>14,049,314</u>	<u>(236,045)</u>	<u>13,513,183</u>
Law Enforcement Special Allowance:				
Salaries and employee benefits	824,321	852,306	(27,985)	805,885
Juvenile Detention Home:				
Operating expenditures	275,000	226,066	48,934	228,506

GASTON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Emergency Management:				
Salaries and employee benefits	195,944	194,247	1,697	158,998
Operating expenditures	270,208	154,754	115,454	147,616
Total	466,152	349,001	117,151	306,614
Fire Marshal:				
Salaries and employee benefits	384,018	363,999	20,019	327,355
Operating expenditures	609,951	454,656	155,295	502,581
Capital outlay	85,778	84,180	1,598	2,159
Total	1,079,747	902,835	176,912	832,095
Building Inspections:				
Salaries and employee benefits	1,537,785	1,552,737	(14,952)	1,371,842
Operating expenditures	240,713	239,889	824	220,976
Capital outlay	56,346	55,133	1,213	78,000
Total	1,834,844	1,847,759	(12,915)	1,670,818
Medical Examiner:				
Operating expenditures	215,370	148,719	66,651	164,568
Emergency Medical Services:				
Salaries and employee benefits	9,808,152	9,031,785	776,367	8,734,017
Operating expenditures	3,717,268	3,323,320	393,948	3,132,413
Capital outlay	4,036,181	2,779,084	1,257,097	1,194,473
Rescue squad supplements	1,244,112	1,581,550	(337,438)	1,389,767
Total	18,805,713	16,715,739	2,089,974	14,450,670
Animal Control:				
Salaries and employee benefits	1,624,552	1,573,547	51,005	1,428,823
Operating expenditures	558,149	462,192	95,957	428,871
Capital outlay	152,533	93,429	59,104	7,709
Total	2,335,234	2,129,168	206,066	1,865,403
Telecommunications:				
Salaries and employee benefits	3,990,930	3,780,715	210,215	3,789,900
Operating expenditures	1,111,378	707,506	403,872	825,285
Total	5,102,308	4,488,221	614,087	4,615,185
Total public safety	71,574,504	78,694,204	(7,119,700)	60,050,083
Environmental Protection: Forestry Control Services:				
Operating expenditures	88,649	65,385	23,264	81,533

GASTON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Economic and Physical Development:				
Planning:				
Salaries and employee benefits	976,286	984,100	(7,814)	919,530
Operating expenditures	155,534	117,659	37,875	85,451
Total	1,131,820	1,101,759	30,061	1,004,981
Economic Development Commission:				
Salaries and employee benefits	740,593	744,564	(3,971)	658,834
Operating expenditures	346,860	230,098	116,762	242,375
Total	1,087,453	974,662	112,791	901,209
Court Drive Development	65,400	1,500	63,900	45,000
Technology Park Development	87,800	-	87,800	65,000
Cooperative Extension Service:				
Salaries and employee benefits	120,549	111,070	9,479	55,901
Operating expenditures	533,916	493,638	40,278	527,406
Total	654,465	604,708	49,757	583,307
Urgent Repair Program:				
Operating expenditures	100,481	481	100,000	95,579
Agricultural Stabilization:				
Operating expenditures	10,156	10,029	127	9,935
4-H Programs:				
Operating expenditures	24,346	9,708	14,638	6,190
Quality of Natural Resources Commission:				
Operating expenditures	3,000	381	2,619	1,966
Gaston County Soil and Water Conservation:				
Salaries and employee benefits	776,558	753,008	23,550	711,465
Operating expenditures	93,244	72,927	20,317	66,779
Total	869,802	825,935	43,867	778,244
Total economic and physical development	4,034,723	3,529,163	505,560	3,491,411

GASTON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Human Services:				
Health Department:				
Administration:				
Salaries and employee benefits	2,004,959	1,997,917	7,042	1,783,678
Operating expenditures	3,469,314	1,585,074	1,884,240	2,019,651
Total	5,474,273	3,582,991	1,891,282	3,803,329
Allied Health:				
Salaries and employee benefits	1,670,346	1,596,003	74,343	1,534,832
Operating expenditures	416,618	343,402	73,216	371,375
Total	2,086,964	1,939,405	147,559	1,906,207
Personal Health:				
Salaries and employee benefits	2,800,668	2,799,650	1,018	2,491,329
Operating expenditures	1,211,749	740,334	471,415	850,358
Total	4,012,417	3,539,984	472,433	3,341,687
Environmental Health:				
Salaries and employee benefits	1,432,473	1,355,036	77,437	1,301,450
Operating expenditures	357,192	203,539	153,653	273,537
Capital outlay	27,597	27,567	30	-
Total	1,817,262	1,586,142	231,120	1,574,987
Gynecological Health:				
Salaries and employee benefits	18,355	15,784	2,571	16,324
Operating expenditures	23,800	11,402	12,398	10,382
Total	42,155	27,186	14,969	26,706
Bioterrorism Health:				
Salaries and employee benefits	-	-	-	3,157
Operating expenditures	-	-	-	43,773
Total	-	-	-	46,930
Family Planning:				
Salaries and employee benefits	1,734,621	1,593,679	140,942	1,358,381
Operating expenditures	429,808	269,476	160,332	341,267
Total	2,164,429	1,863,155	301,274	1,699,648
Women, Infants, and Children:				
Salaries and employee benefits	850,263	822,806	27,457	872,553
Operating expenditures	60,147	40,195	19,952	56,026
Total	910,410	863,001	47,409	928,579
Maternal and Child Health:				
Salaries and employee benefits	3,020,488	2,636,774	383,714	2,976,865
Operating expenditures	800,573	503,555	297,018	438,849
Total	3,821,061	3,140,329	680,732	3,415,714

GASTON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Highland Health Center:				
Salaries and employee benefits	629,911	587,665	42,246	592,543
Operating expenditures	326,943	193,370	133,573	173,297
Total	956,854	781,035	175,819	765,840
Gaston Family Health Services:				
Medical services - operating expenditures	344,872	344,872	-	344,872
Total health department	21,630,697	17,668,100	3,962,597	17,854,499
Contribution to Pathways	884,300	884,300	-	884,300
Veterans Services:				
Salaries and employee benefits	290,657	289,595	1,062	280,577
Operating expenditures	117,182	80,187	36,995	54,907
Total	407,839	369,782	38,057	335,484
Youth Services	708,061	716,009	(7,948)	676,575
Gaston Skills:				
Operating expenditures	168,000	168,000	-	168,000
Total human services	23,798,897	19,806,191	3,992,706	19,918,858
Cultural and Recreational:				
Recreation:				
Salaries and employee benefits	323,255	319,758	3,497	310,071
Operating expenditures	660,897	547,219	113,678	602,991
Capital outlay	-	-	-	43,665
Total	984,152	866,977	117,175	956,727
Museum:				
Salaries and employee benefits	507,922	446,416	61,506	373,380
Operating expenditures	152,000	104,976	47,024	100,820
Total	659,922	551,392	108,530	474,200
Library Administrative and Technical Services:				
Salaries and employee benefits	-	209,779	(209,779)	907,679
Operating expenditures	396,187	139,900	256,287	364,834
Total	396,187	349,679	46,508	1,272,513

GASTON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Main Library Services:				
Salaries and employee benefits	2,058,315	1,828,766	229,549	1,060,229
Operating expenditures	770,295	720,351	49,944	511,654
Total	2,828,610	2,549,117	279,493	1,571,883
Branch Library Services:				
Salaries and employee benefits	1,101,530	1,069,040	32,490	1,047,173
Operating expenditures	304,937	283,827	21,110	278,011
Total	1,406,467	1,352,867	53,600	1,325,184
Senior Center:				
Salaries and employee benefits	119,506	109,271	10,235	107,978
Operating expenditures	148,125	108,441	39,684	104,390
Total	267,631	217,712	49,919	212,368
Historic Preservation Commission:				
Operating expenditures	33,266	14,328	18,938	6,793
Total	33,266	14,328	18,938	6,793
Total cultural and recreational	6,576,235	5,902,072	674,163	5,819,668
Education:				
Gaston College:				
Operating expenditures	5,352,237	5,352,237	-	5,107,079
County Schools:				
Resource officers	1,250,007	1,076,388	173,619	1,113,088
School of excellence	65,000	65,000	-	65,000
Operating expenditures	48,991,704	48,991,704	-	47,787,865
Total	50,306,711	50,133,092	173,619	48,965,953
Total education	55,658,948	55,485,329	173,619	54,073,032
Debt Service:				
Principal retirement	2,899,399	2,554,226	345,173	2,460,977
Interest and fees	121,134	84,707	36,427	59,195
Total debt service	3,020,533	2,638,933	381,600	2,520,172
Total expenditures	202,819,644	197,560,180	5,259,464	175,862,276
Revenues over (under) expenditures	9,391,114	22,155,534	12,764,420	36,948,999

GASTON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Installment purchase contracts issued	2,273,225	15,886,553	13,613,328	3,459,164
Fund balance appropriated	28,736,960	-	(28,736,960)	-
Transfers From (to) Other Funds:				
From Self-Insurance Internal Service Fund	1,608,000	1,608,000	-	765,769
To Debt Service Fund	(21,381,485)	(21,381,485)	-	(23,634,819)
To Public Assistance Fund	(18,095,113)	(18,095,113)	-	(17,812,995)
To Property Revaluation Fund	(210,000)	(210,000)	-	(210,000)
To Capital Improvements Fund	(2,232,552)	(2,232,552)	-	(3,006,536)
To Solid Waste Fund	-	-	-	(462,698)
To Emergency Telephone System Fund	(90,149)	(90,149)	-	-
Total other financing sources (uses)	<u>(9,391,114)</u>	<u>(24,514,746)</u>	<u>(15,123,632)</u>	<u>(40,902,115)</u>
Net change in fund balance	\$ -	(2,359,212)	\$ (2,359,212)	(3,953,116)
Fund Balance:				
Beginning of year - July 1		<u>57,562,109</u>		<u>61,515,225</u>
End of year - June 30		<u>\$ 55,202,897</u>		<u>\$ 57,562,109</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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018**

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental revenues	\$ 25,191,582	\$ 21,403,426	\$ (3,788,156)	\$ 19,562,935
Investment earnings	-	173,866	173,866	158,619
Miscellaneous revenues	288,901	354,448	65,547	348,171
Total revenues	<u>25,480,483</u>	<u>21,931,740</u>	<u>(3,548,743)</u>	<u>20,069,725</u>
Expenditures:				
Social Services:				
Salaries and employee benefits	22,576,378	21,721,995	854,383	20,624,592
Operating expenditures	2,716,506	2,113,611	602,895	1,953,498
Capital outlay	86,013	30,148	55,865	146,929
Total	<u>25,378,897</u>	<u>23,865,754</u>	<u>1,513,143</u>	<u>22,725,019</u>
WIA Administration:				
Salaries and employee benefits	139,335	98,263	41,072	122,639
Operating expenditures	101,687	57,947	43,740	47,801
Capital outlay	40,000	309	39,691	-
Total	<u>281,022</u>	<u>156,519</u>	<u>124,503</u>	<u>170,440</u>
Classroom Training:				
Salaries and employee benefits	266,000	233,979	32,021	239,161
Operating expenditures	1,170,138	645,161	524,977	695,667
Capital outlay	10,000	382	9,618	191
Total	<u>1,446,138</u>	<u>879,522</u>	<u>566,616</u>	<u>935,019</u>
Technical Assistance:				
Operating expenditures	290,491	19,413	271,078	99,973
Total	<u>290,491</u>	<u>19,413</u>	<u>271,078</u>	<u>99,973</u>
Year-Round Youth Program:				
Operating expenditures	879,611	379,075	500,536	280,387
Total	<u>879,611</u>	<u>379,075</u>	<u>500,536</u>	<u>280,387</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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
WorkFirst - County:				
Salaries and employee benefits	998,170	888,879	109,291	1,043,846
Operating expenditures	588,940	178,529	410,411	222,896
Capital outlay	2,800	-	2,800	-
Total	1,589,910	1,067,408	522,502	1,266,742
WorkFirst - Other:				
Operating expenditures	1,000	-	1,000	-
Total	1,000	-	1,000	-
Battered Spouse Shelter:				
Salaries and employee benefits	561,565	365,294	196,271	375,805
Operating expenditures	521,370	194,870	326,500	300,097
Capital outlay	6,517	741	5,776	111,293
Total	1,089,452	560,905	528,547	787,195
Senior Center:				
Operating expenditures	3,000	2,574	426	2,968
Total	3,000	2,574	426	2,968
Nutrition Program:				
Salaries and employee benefits	339,087	292,546	46,541	298,897
Operating expenditures	489,900	352,320	137,580	367,785
Total	828,987	644,866	184,121	666,682
In Home Aide-Services:				
Salaries and employee benefits	235,385	225,285	10,100	216,499
Operating expenditures	894,734	836,155	58,579	651,676
Total	1,130,119	1,061,440	68,679	868,175
Child Advocacy:				
Salaries and employee benefits	193,720	192,277	1,443	156,613
Operating expenditures	99,725	49,576	50,149	97,474
Total	293,445	241,853	51,592	254,087

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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018**

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Gastonia Adult Daycare Center:				
Salaries and employee benefits	241,935	241,013	922	226,210
Operating expenditures	80,756	68,707	12,049	58,013
Capital outlay	850	741	109	181
Total	<u>323,541</u>	<u>310,461</u>	<u>13,080</u>	<u>284,404</u>
Belmont Adult Daycare Center:				
Salaries and employee benefits	145,530	138,147	7,383	139,141
Operating expenditures	85,571	74,966	10,605	66,697
Capital outlay	50	-	50	304
Total	<u>231,151</u>	<u>213,113</u>	<u>18,038</u>	<u>206,142</u>
Community Alternative Program:				
Salaries and employee benefits	438,960	406,930	32,030	424,255
Operating expenditures	77,000	27,756	49,244	31,566
Total	<u>515,960</u>	<u>434,686</u>	<u>81,274</u>	<u>455,821</u>
Food Stamp Issuance:				
Operating expenditures	95,000	39,436	55,564	59,056
Total	<u>95,000</u>	<u>39,436</u>	<u>55,564</u>	<u>59,056</u>
Public Assistance Expenditures:				
TANF	3,777,842	3,407,771	370,071	2,946,244
Other financing assistance	364,226	286,358	77,868	235,001
Aid to the blind	10,000	9,375	625	8,848
Medicaid	201,000	6,486	194,514	12,525
Special assistance to adults	1,774,000	1,401,967	372,033	1,405,900
Child daycare	-	-	-	373
Crisis intervention	1,003,487	973,968	29,519	850,278
Transportation - Home and Community Care Block Grant	381,816	145,080	236,736	127,665
Total	<u>7,512,371</u>	<u>6,231,005</u>	<u>1,281,366</u>	<u>5,586,834</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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018**

	<u>2019</u>			<u>2018</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Residential Service Expenditures:				
Adoption	866,519	680,644	185,875	557,194
Receiving homes	186,110	70,855	115,255	64,379
State foster home	1,420,280	1,037,924	382,356	1,194,908
Special treatment	102,657	69,010	33,647	50,473
Total	<u>2,575,566</u>	<u>1,858,433</u>	<u>717,133</u>	<u>1,866,954</u>
Debt Service:				
Principal retirement	59,406	46,393	13,013	36,238
Interest and fees	2,080	1,654	426	984
Total	<u>61,486</u>	<u>48,047</u>	<u>13,439</u>	<u>37,222</u>
Total expenditures	<u>44,527,147</u>	<u>38,014,510</u>	<u>6,512,637</u>	<u>36,553,120</u>
Revenues over (under) expenditures	<u>(19,046,664)</u>	<u>(16,082,770)</u>	<u>2,963,894</u>	<u>(16,483,395)</u>
Other Financing Sources (Uses):				
Fund balance appropriated	951,551	-	(951,551)	-
Transfers from/to other funds:				
From General Fund	<u>18,095,113</u>	<u>18,095,113</u>	<u>-</u>	<u>17,812,995</u>
Total other financing sources (uses)	<u>19,046,664</u>	<u>18,095,113</u>	<u>(951,551)</u>	<u>17,812,995</u>
Net change in fund balance	<u>\$ -</u>	<u>2,012,343</u>	<u>\$ 2,012,343</u>	<u>1,329,600</u>
Fund Balance:				
Beginning of year - July 1		<u>15,374,243</u>		<u>14,044,643</u>
End of year - June 30		<u>\$ 17,386,586</u>		<u>\$ 15,374,243</u>

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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ 80,416	\$ 80,416	\$ 50,963
Lottery proceeds - restricted				
intergovernmental	2,050,000	2,242,658	192,658	2,120,880
Sales Tax	2,455,000	5,342,031	2,887,031	-
Miscellaneous revenue	1,031,315	-	(1,031,315)	1,053,343
Total revenues	<u>5,536,315</u>	<u>7,665,105</u>	<u>2,128,790</u>	<u>3,225,186</u>
Expenditures:				
Principal Retirement:				
Administration/York - Chester	816,742	366,108	450,634	1,874,041
School bonds	16,444,001	16,444,000	1	73,652,000
Certificates of Participation	265,065	-	265,065	-
Total principal retirement	<u>17,525,808</u>	<u>16,810,108</u>	<u>715,700</u>	<u>75,526,041</u>
Interest and Fees:				
Administration/York - Chester	139,655	125,831	13,824	190,516
School bonds	8,457,337	6,257,335	2,200,002	9,069,527
Build America	-	-	-	1,613,701
Jail bonds	240,000	-	240,000	-
Professional fees	300,000	129,346	170,654	21,906
Certificates of Participation	255,000	-	255,000	-
Total interest and fees	<u>9,391,992</u>	<u>6,512,512</u>	<u>2,879,480</u>	<u>10,895,650</u>
Total expenditures	<u>26,917,800</u>	<u>23,322,620</u>	<u>3,595,180</u>	<u>86,421,691</u>
Revenues over (under) expenditures	<u>(21,381,485)</u>	<u>(15,657,515)</u>	<u>5,723,970</u>	<u>(83,196,505)</u>
Other Financing Sources (Uses):				
Refunding bonds issued	-	-	-	59,182,000
Transfers from General Fund	21,381,485	21,381,485	-	23,634,819
Total other financing sources (uses)	<u>21,381,485</u>	<u>21,381,485</u>	<u>-</u>	<u>82,816,819</u>
Net change in fund balance	<u>\$ -</u>	<u>5,723,970</u>	<u>\$ 5,723,970</u>	<u>(379,686)</u>
Fund Balance:				
Beginning of year - July 1		<u>3,676,796</u>		<u>4,056,482</u>
End of year - June 30		<u>\$ 9,400,766</u>		<u>\$ 3,676,796</u>

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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenues:			
Highway Planning and Construction Grants:			
Congestion Mitigation and Air Quality / CMAQ-000S(849)	\$ -	\$ 42,791	\$ 42,791
Congestion Mitigation and Air Quality / CMAQ (C-5606M)	1,488,462	-	(1,488,462)
Duke Grant:Project Alpha 3	25,000	-	(25,000)
Duke Energy Grt: Dhollandia	25,000	25,840	840
One NC Grants	-	56,250	56,250
NC Dept of Commerce Grant	-	500,000	500,000
Investment Earnings:			
School bond proceeds - General Obligation	746,555	1,019,098	272,543
Gaston Community College - General Obligation	3,948	4,817	869
School bond proceeds - Build America	31,789	37,508	5,719
Interest Earn:LOBs (Tx Exempt)	436,755	91,739	(345,016)
Other	-	991,502	991,502
Miscellaneous revenues:			
Sales Tax	3,795,000	8,055,126	4,260,126
Rent:York Chester Square	-	1,825	1,825
Total revenues	<u>6,552,509</u>	<u>10,826,496</u>	<u>4,273,987</u>
Capital Expenditures by Department:			
Animal Control:			
New Animal Control Facility	5,731,896	2,604,387	3,127,509
Public Safety:			
Jail Infill/Expansion	10,770,000	1,007,523	9,762,477
PS Radio Sys: Equipment	5,131,791	-	5,131,791
PS Radio Sys: Infrastructure	8,884,108	-	8,884,108
EDC:			
Land Purchase and Development	17,979,212	8,844,205	9,135,007
One NC Grant : Tosaf	225,000	56,250	168,750
Public Infrastructure Grant: Tosaf / 2015-044-3212-2587	375,000	125,000	250,000
Prof Svc: Apple Creek			
Duke Grant: Project Alpha 3	25,000	-	25,000
Duke Energy Grant: Dhollandia	25,000	25,000	-
Public Works:			
New Animal Control Facility Design	104,296	68,723	35,573
Renovations and Improvements	4,349,416	1,826,130	2,523,286
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
Congestion Mitigation and Air Quality / CMAQ (C-5606M)	1,860,578	-	1,860,578
Congestion Mitigation and Air Quality / CMAQ	731,695	83,041	648,654
Recreation:			
Dallas Park Expansion	1,963,363	1,251,559	711,804
Park Renovations and Improvements	225,000	225,000	-
Post Parks Trails/Parks	135,373	28,135	107,238

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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
CDBG:			
Program Income	37,299	8,903	28,396
Telecommunications:			
Special Grants and Programs:			
Township	1,110,291	409,641	700,650
Gigabit Incubator Project	325,000	325,000	-
Nondepartmental Expenditures:			
ERP System	133,375	38,815	94,560
Gaston County Schools	74,963,131	12,939,508	62,023,623
Gaston College	2,035,668	814,304	1,221,364
Debt Issuance Costs	487,751	359,679	128,072
Water and sewer lines	358,333	200,000	158,333
Total expenditures	<u>139,332,396</u>	<u>31,240,803</u>	<u>108,091,593</u>
Revenues over (under) expenditures	<u>(132,779,887)</u>	<u>(20,414,307)</u>	<u>112,365,580</u>
Other Financing Sources (Uses):			
Bonds Issued	90,168,328	86,785,000	(3,383,328)
Premium from issuance of bond	8,506,758	8,506,758	-
Fund balance appropriated	31,872,249	-	(31,872,249)
Transfers in (out):			
Transfers from the General Fund	2,232,552	2,232,552	-
Total other financing sources (uses)	<u>132,779,887</u>	<u>97,524,310</u>	<u>(35,255,577)</u>
Net change in fund balance	<u>\$ -</u>	77,110,003	<u>\$ 77,110,003</u>
Fund Balance:			
Beginning of year - July 1		<u>47,497,367</u>	
End of year - June 30		<u>\$ 124,607,370</u>	

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, 2019

	Travel and Tourism Fund	Property Revaluation Fund	Emergency Telephone System Fund	Drug Forfeitures Fund
Assets:				
Cash and cash equivalents	\$ 1,395,176	\$ -	\$ 2,008,005	\$ 1,069,954
Ad valorem taxes receivable, net	-	-	-	-
Accounts receivable	160,806	-	63,381	-
Restricted cash	-	239,144	-	-
Total assets	<u>\$ 1,555,982</u>	<u>\$ 239,144</u>	<u>\$ 2,071,386</u>	<u>\$ 1,069,954</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 204,967	\$ -	\$ 21,469	\$ -
Liabilities payable from restricted assets	-	26,751	-	-
Total liabilities	<u>204,967</u>	<u>26,751</u>	<u>21,469</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable taxes	-	-	-	-
Fund Balances:				
Non-Spendable:				
Restricted:				
Stabilization by State statute	160,806	-	63,458	-
Fire protection	-	-	-	-
Emergency telephone	-	-	1,986,459	-
Committed:				
Tax revaluation	-	212,393	-	-
Assigned:				
Parking	1,190,209	-	-	-
Travel and tourism	-	-	-	-
Public safety	-	-	-	1,069,954
Total fund balances	<u>1,351,015</u>	<u>212,393</u>	<u>2,049,917</u>	<u>1,069,954</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,555,982</u>	<u>\$ 239,144</u>	<u>\$ 2,071,386</u>	<u>\$ 1,069,954</u>

GASTON COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	<u>Controlled Substance Abuse Tax Fund</u>	<u>Parking Fee Fund</u>	<u>Fire Districts Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 216,138	\$ 1,122,269	\$ 1,074,129	\$ 6,885,671
Ad valorem taxes receivable, net	-	-	81,734	81,734
Accounts receivable	-	23,739	57,696	305,622
Restricted cash	-	-	-	239,144
Total assets	<u>\$ 216,138</u>	<u>\$ 1,146,008</u>	<u>\$ 1,213,559</u>	<u>\$ 7,512,171</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 589	\$ 268	\$ 227,293
Liabilities payable from restricted assets	-	-	-	26,751
Total liabilities	<u>-</u>	<u>589</u>	<u>268</u>	<u>254,044</u>
Deferred Inflows of Resources:				
Unavailable taxes	-	-	81,734	81,734
Fund Balances:				
Non-Spendable:				
Restricted:				
Stabilization by State statute	-	23,739	57,696	305,699
Fire protection	-	-	1,073,861	1,073,861
Emergency telephone	-	-	-	1,986,459
Committed:				
Tax revaluation	-	-	-	212,393
Assigned:				
Parking	-	-	-	1,190,209
Travel and tourism	-	1,121,680	-	1,121,680
Public safety	216,138	-	-	1,286,092
Total fund balances	<u>216,138</u>	<u>1,145,419</u>	<u>1,131,557</u>	<u>7,176,393</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 216,138</u>	<u>\$ 1,146,008</u>	<u>\$ 1,213,559</u>	<u>\$ 7,512,171</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, 2019

	<u>Travel and Tourism Fund</u>	<u>Property Revaluation Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Drug Forfeitures Fund</u>
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Occupancy taxes	908,898	-	-	-
Restricted intergovernmental revenues	-	-	-	8,120
E911 surcharge	-	-	760,575	-
Investment earnings	36,448	2,611	22,762	24,026
Miscellaneous revenues	36,300	-	-	-
Total revenues	<u>981,646</u>	<u>2,611</u>	<u>783,337</u>	<u>32,146</u>
Expenditures:				
Current:				
General government	-	238,804	-	-
Public safety	-	-	626,328	88,925
Economic and physical development	965,975	-	-	-
Total expenditures	<u>965,975</u>	<u>238,804</u>	<u>626,328</u>	<u>88,925</u>
Revenues over (under) expenditures	15,671	(236,193)	157,009	(56,779)
Other Financing Sources (Uses):				
Transfers in/out	-	210,000	90,149	-
Net change in fund balances	15,671	(26,193)	247,158	(56,779)
Fund Balances:				
Beginning of year - July 1	<u>1,335,344</u>	<u>238,586</u>	<u>1,802,759</u>	<u>1,126,733</u>
End of year - June 30	<u>\$ 1,351,015</u>	<u>\$ 212,393</u>	<u>\$ 2,049,917</u>	<u>\$ 1,069,954</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, 2019

	Controlled Substance Abuse Tax Fund	Parking Fee Fund	Fire Districts Fund	Total
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ 4,951,921	\$ 4,951,921
Occupancy taxes	-	-	-	908,898
Restricted intergovernmental revenues	73,687	-	-	81,807
E911 surcharge	-	-	-	760,575
Investment earnings	3,947	12,251	12,545	114,590
Miscellaneous revenues	-	215,428	-	251,728
Total revenues	<u>77,634</u>	<u>227,679</u>	<u>4,964,466</u>	<u>7,069,519</u>
Expenditures:				
Current:				
General government	-	49,132	-	287,936
Public safety	10,011	-	4,856,738	5,582,002
Economic and physical development	-	1,845	-	967,820
Total expenditures	<u>10,011</u>	<u>50,977</u>	<u>4,856,738</u>	<u>6,837,758</u>
Revenues over (under) expenditures	67,623	176,702	107,728	231,761
Other Financing Sources (Uses):				
Transfers in/out	-	-	-	300,149
Net change in fund balances	67,623	176,702	107,728	531,910
Fund Balances:				
Beginning of year - July 1	<u>148,515</u>	<u>968,717</u>	<u>1,023,829</u>	<u>6,644,483</u>
End of year - June 30	<u>\$ 216,138</u>	<u>\$ 1,145,419</u>	<u>\$ 1,131,557</u>	<u>\$ 7,176,393</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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Occupancy tax	\$ 942,070	\$ 908,898	\$ (33,172)	\$ 912,853
Investment earnings	-	36,448	36,448	27,132
Miscellaneous revenue	30,000	36,300	6,300	32,340
Total revenues	<u>972,070</u>	<u>981,646</u>	<u>9,576</u>	<u>972,325</u>
Expenditures:				
Economic and physical development:				
Salaries and employee benefits	262,375	262,419	(44)	253,690
Operating expenditures	747,180	701,624	45,556	648,589
Capital outlay	2,115	1,932	183	1,196
Total expenditures	<u>1,011,670</u>	<u>965,975</u>	<u>45,695</u>	<u>903,475</u>
Revenues over (under) expenditures	<u>(39,600)</u>	<u>15,671</u>	<u>55,271</u>	<u>68,850</u>
Other Financing Sources (Uses):				
Transfers to Capital Improvements Fund	-	-	-	(150,000)
Fund balance appropriated	39,600	-	(39,600)	-
Total other financing sources (uses)	<u>39,600</u>	<u>-</u>	<u>(39,600)</u>	<u>(150,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>15,671</u>	<u>\$ 15,671</u>	<u>(81,150)</u>
Fund Balance:				
Beginning of year - July 1		<u>1,335,344</u>		<u>1,416,494</u>
End of year - June 30		<u>\$ 1,351,015</u>		<u>\$ 1,335,344</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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018

	<u>2019</u>			<u>2018</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Investment earnings	\$ -	\$ 2,611	\$ 2,611	\$ 2,834
Expenditures:				
General government:				
Operating expenditures	425,003	238,804	186,199	335,926
Revenues over (under) expenditures	(425,003)	(236,193)	188,810	(333,092)
Other Financing Sources (Uses):				
Fund balance appropriated	215,003	-	(215,003)	-
Transfers from General Fund	210,000	210,000	-	52,500
Transfers from Capital Improvements Fund	-	-	-	157,500
Total other financing sources (uses)	425,003	210,000	(215,003)	210,000
Net change in fund balance	\$ -	(26,193)	\$ (26,193)	(123,092)
Fund Balance:				
Beginning of year - July 1		238,586		361,678
End of year - June 30		\$ 212,393		\$ 238,586

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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018**

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
E911 surcharge	\$ 760,574	\$ 760,575	\$ 1	\$ 736,000
Investment earnings	-	22,762	22,762	20,604
Total revenues	<u>760,574</u>	<u>783,337</u>	<u>22,763</u>	<u>756,604</u>
Expenditures:				
Public safety:				
Operating expenditures	745,390	617,460	127,930	700,058
Capital outlay	<u>113,507</u>	<u>8,868</u>	<u>104,639</u>	<u>3,930</u>
Total expenditures	<u>858,897</u>	<u>626,328</u>	<u>232,569</u>	<u>703,988</u>
Revenues over (under) expenditures	<u>(98,323)</u>	<u>157,009</u>	<u>255,332</u>	<u>52,616</u>
Other Financing Sources (Uses):				
Transfers from General Fund	90,149	90,149	-	-
Appropriated fund balance	<u>8,174</u>	<u>-</u>	<u>(8,174)</u>	<u>-</u>
Total other financing sources (uses)	<u>98,323</u>	<u>90,149</u>	<u>(8,174)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>247,158</u>	<u>\$ 247,158</u>	<u>52,616</u>
Fund Balance:				
Beginning of year - July 1		<u>1,802,759</u>		<u>1,750,143</u>
End of year - June 30		<u>\$ 2,049,917</u>		<u>\$ 1,802,759</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, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental revenue - police	\$ -	\$ 8,120	\$ 8,120	\$ 2,218
Investment earnings	19,711	24,026	4,315	13,931
Total revenues	<u>19,711</u>	<u>32,146</u>	<u>12,435</u>	<u>16,149</u>
Expenditures:				
Public safety:				
Operating expenditures - police	150,852	88,925	61,927	74,514
Operating expenditures - sheriff	<u>1,054</u>	<u>-</u>	<u>1,054</u>	<u>-</u>
Total expenditures	<u>151,906</u>	<u>88,925</u>	<u>62,981</u>	<u>74,514</u>
Revenues over (under) expenditures	(132,195)	(56,779)	75,416	(58,365)
Other Financing Sources (Uses):				
Fund balance appropriated	<u>132,195</u>	<u>-</u>	<u>(132,195)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(56,779)</u>	<u>\$ (56,779)</u>	<u>(58,365)</u>
Fund Balance:				
Beginning of year - July 1		<u>1,126,733</u>		<u>1,185,098</u>
End of year - June 30		<u>\$ 1,069,954</u>		<u>\$ 1,126,733</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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018**

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Controlled substance tax - police	\$ -	\$ 73,033	\$ 73,033	\$ 111,707
Controlled substance tax - sheriff	-	654	654	2,968
Investment earnings	3,156	3,947	791	1,571
Total revenues	<u>3,156</u>	<u>77,634</u>	<u>74,478</u>	<u>116,246</u>
Expenditures:				
Public safety:				
Operating expenditures - police	13,466	10,011	3,455	5,792
Operating expenditures - sheriff	444	-	444	-
Total expenditures	<u>13,910</u>	<u>10,011</u>	<u>3,899</u>	<u>5,792</u>
Revenues over (under) expenditures	(10,754)	67,623	78,377	110,454
Other Financing Sources (Uses):				
Fund balance appropriated	<u>10,754</u>	<u>-</u>	<u>(10,754)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>67,623</u>	<u>\$ 67,623</u>	<u>110,454</u>
Fund Balance:				
Beginning of year - July 1		<u>148,515</u>		<u>38,061</u>
End of year - June 30		<u>\$ 216,138</u>		<u>\$ 148,515</u>

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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018

	<u>2019</u>			<u>2018</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Parking fees collected	\$ 58,537	\$ 215,428	\$ 156,891	\$ 180,532
Investment earnings	-	12,251	12,251	10,971
Total revenues	<u>58,537</u>	<u>227,679</u>	<u>169,142</u>	<u>191,503</u>
Expenditures:				
Public safety:				
Salaries and employee benefits	39,137	34,040	5,097	36,479
Operating expenditures	16,400	15,092	1,308	10,377
Capital outlay	<u>3,000</u>	<u>1,845</u>	<u>1,155</u>	<u>22,662</u>
Total expenditures	<u>58,537</u>	<u>50,977</u>	<u>7,560</u>	<u>69,518</u>
Net change in fund balance	<u>\$ -</u>	176,702	<u>\$ 176,702</u>	121,985
Fund Balance:				
Beginning of year - July 1		<u>968,717</u>		<u>846,732</u>
End of year - June 30		<u>\$ 1,145,419</u>		<u>\$ 968,717</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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018

	<u>2019</u>			<u>2018</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Ad valorem taxes:				
Taxes	\$ 4,820,252	\$ 4,922,086	\$ 101,834	\$ 4,631,927
Penalties and interest	-	29,835	29,835	27,463
Investment earnings	-	12,545	12,545	11,879
Total revenues	<u>4,820,252</u>	<u>4,964,466</u>	<u>144,214</u>	<u>4,671,269</u>
Expenditures:				
Public safety:				
Operating expenditures	<u>4,895,287</u>	<u>4,856,738</u>	<u>38,549</u>	<u>4,618,504</u>
Revenues over (under) expenditures	(75,035)	107,728	182,763	52,765
Other Financing Sources (Uses):				
Fund balance appropriated	<u>75,035</u>	-	<u>(75,035)</u>	-
Net change in fund balance	<u>\$ -</u>	107,728	<u>\$ 107,728</u>	52,765
Fund Balance:				
Beginning of year - July 1		<u>1,023,829</u>		<u>971,064</u>
End of year - June 30		<u>\$ 1,131,557</u>		<u>\$ 1,023,829</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.

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GASTON COUNTY, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Landfill charges	\$ 7,084,916	\$ 8,725,865	\$ 1,640,949	\$ 8,216,930
Other operating revenues	366,250	727,452	361,202	458,653
Energy charges	2,080,088	2,548,181	468,093	2,431,332
Total operating revenues	9,531,254	12,001,498	2,470,244	11,106,915
Investment Earnings	-	141,003	141,003	131,598
Total revenues	9,531,254	12,142,501	2,611,247	11,238,513
Expenditures:				
Landfill Department:				
Salaries and employee benefits	1,964,397	1,867,456	96,941	1,755,302
Professional services	320,000	305,898	14,102	337,037
Operating expenditures	3,196,830	2,812,964	383,866	2,740,600
Repairs and maintenance	-	-	-	-
Capital outlay	6,162,692	3,105,195	3,057,497	1,108,641
Renewable Energy Department:				
Salaries and employee benefits	219,825	214,222	5,603	207,609
Professional services	20,000	15,350	4,650	13,647
Operating expenditures	1,074,398	957,044	117,354	991,794
Capital outlay	595,880	12,135	583,745	458,687
Total operating expenditures	13,554,022	9,290,264	4,263,758	7,613,317
Debt Service Payments	1,281,480	1,038,176	243,304	1,458,379
Revenues over (under) expenditures	(5,304,248)	1,814,061	7,118,309	2,166,817
Other Financing Sources (Uses):				
Installment purchase debt	-	-	-	462,698
Fund balance appropriated	5,304,248	-	(5,304,248)	-
Transfers in - General Fund	-	-	-	462,698
Total other financing sources (uses)	5,304,248	-	(5,304,248)	925,396
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 1,814,061	\$ 1,814,061	\$ 3,092,213

GASTON COUNTY, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FROM JUNE 30, 2018

	2019		2018
	Final Budget	Actual	Actual
Reconciliation of Modified Accrual Basis to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 1,814,061	
Reconciling Items:			
(Increase) decrease in accrued vacation payable		(6,892)	
(Increase) decrease in accrual landfill closure and post-closure care		(176,992)	
(Increase) decrease in net pension liability		(201,417)	
Change in deferred outflows - pension		164,960	
Change in deferred inflows - pension		8,738	
Change in deferred outflows - OPEB		46,969	
Change in deferred inflows - OPEB		(11,686)	
Principal payments		972,212	
(Increase) decrease in OPEB liability		23,569	
Capital outlay capitalized		2,351,486	
Depreciation		<u>(1,940,095)</u>	
Change in net position		<u>\$ 3,044,913</u>	

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, 2019**

	2019		
	Financial Plan	Actual	Variance Over/Under
Revenues:			
Charges for services:			
Health insurance	\$ 21,136,348	\$ 22,708,350	\$ 1,572,002
Dental insurance	312,257	324,972	12,715
Life insurance	<u>233,486</u>	<u>287,087</u>	<u>53,601</u>
Total charges for services	<u>21,682,091</u>	<u>23,320,409</u>	<u>1,638,318</u>
Investment earnings	-	<u>226,406</u>	<u>226,406</u>
Total revenues	<u>21,682,091</u>	<u>23,546,815</u>	<u>1,864,724</u>
Expenditures:			
Other operating expenditures:			
Benefits paid:			
Health insurance	17,910,919	12,889,971	5,020,948
Dental insurance	523,650	645,162	(121,512)
Life insurance	472,080	459,228	12,852
Administrative costs:			
Health insurance	2,737,100	1,323,823	1,413,277
Dental insurance	<u>43,202</u>	<u>42,848</u>	<u>354</u>
Total other operating expenditures	<u>21,686,951</u>	<u>15,361,032</u>	<u>6,325,919</u>
Revenues over (under) expenditures	<u>(4,860)</u>	<u>8,185,783</u>	<u>8,190,643</u>
Other Financing Sources (Uses):			
Fund balance appropriated	1,612,860	-	(1,612,860)
Transfers out - General Fund	<u>(1,608,000)</u>	<u>(1,608,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>4,860</u>	<u>(1,608,000)</u>	<u>(1,612,860)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>6,577,783</u>	<u>\$ 6,577,783</u>
Net Position:			
Beginning of year - July 1		15,361,577	
Restatement		<u>(4,777,534)</u>	
Beginning of year - restated		<u>10,584,043</u>	
End of year - June 30		<u>\$ 17,161,826</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, 2019

	<u>Social Services</u>	<u>Tax Collector</u>	<u>Sheriff Inmates</u>	<u>Fines and Forfeitures</u>	<u>Late List and Insufficient Funds Penalties</u>	<u>Total</u>
Assets:						
Cash and cash equivalents	\$ 234,866	\$ 9,066	\$ 294,034	\$ 58,549	\$ 28,615	\$ 625,130
Liabilities:						
Fiduciary depository accounts	\$ 234,866	\$ 9,066	\$ 294,034	\$ 58,549	\$ 28,615	\$ 625,130

GASTON COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2019</u>
Social Services:				
Assets:				
Cash and cash equivalents	\$ 159,515	\$ 452,643	\$ (377,292)	\$ 234,866
Liabilities:				
Fiduciary depository accounts	\$ 159,515	\$ 452,643	\$ (377,292)	\$ 234,866
Tax Collector:				
Assets:				
Cash and cash equivalents	\$ 25,717	\$ 60,936,510	\$ (60,953,161)	\$ 9,066
Liabilities:				
Fiduciary depository accounts	\$ 25,717	\$ 60,936,510	\$ (60,953,161)	\$ 9,066
Sheriff Inmates:				
Assets:				
Cash and cash equivalents	\$ 281,912	\$ 1,607,716	\$ (1,595,594)	\$ 294,034
Liabilities:				
Fiduciary depository accounts	\$ 283,176	\$ 1,607,716	\$ (1,595,594)	\$ 294,034
Fines and Forfeitures:				
Assets:				
Cash and cash equivalents	\$ -	\$ 561,237	\$ (502,688)	\$ 58,549
Liabilities:				
Fiduciary depository accounts	\$ -	\$ 561,237	\$ (502,688)	\$ 58,549
Late List and Non-Sufficient Penalties:				
Assets:				
Cash and cash equivalents	\$ 8,593	\$ 192,801	\$ (172,779)	\$ 28,615
Liabilities:				
Fiduciary depository accounts	\$ 8,593	\$ 192,801	\$ (172,779)	\$ 28,615
Defeased Bond Trustee Payments:				
Assets:				
Cash and cash equivalents	\$ -	\$ 61,247,402	\$ (61,247,402)	\$ -
Liabilities:				
Fiduciary depository accounts	\$ -	\$ 61,247,402	\$ (61,247,402)	\$ -
Total All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 475,737	\$ 124,998,309	\$ (124,848,916)	\$ 625,130
Liabilities:				
Fiduciary depository accounts	\$ 477,001	\$ 124,998,309	\$ (124,848,916)	\$ 625,130

OTHER SUPPLEMENTAL SCHEDULES

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GASTON COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2019

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 147,062,463	\$ 145,746,820	\$ 1,315,643
2017-2018	1,519,817	160,217	980,351	699,683
2016-2017	736,038	12,996	274,778	474,256
2015-2016	509,109	6,513	137,003	378,619
2014-2015	483,446	5,759	105,198	384,006
2013-2014	487,632	80	74,895	412,817
2012-2013	436,815	66	52,934	383,947
2011-2012	405,767	147	50,996	354,918
2010-2011	380,912	32	34,825	346,118
2009-2010	357,582	11,882	19,439	350,025
2008-2009	327,266	49	327,315	-
Total	<u>\$ 5,644,384</u>	<u>\$ 147,260,203</u>	<u>\$ 147,804,555</u>	<u>5,100,032</u>
Less: Allowance for uncollectible ad valorem taxes receivable:				
General Fund				<u>(4,000,000)</u>
Ad valorem taxes receivable, net				<u>\$ 1,100,032</u>
Reconciliation with Revenues:				
General Fund				\$ 147,550,574
Penalties and interest collected current year				(420,753)
Releases				771,098
Interest on prior years' delinquent taxes				(317,675)
Miscellaneous adjustment				(74,194)
Amount written off per Statute of Limitations				<u>295,505</u>
Total collections and credits				<u>\$ 147,804,555</u>

GASTON COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT PROPERTY TAX LEVY - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	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	\$ 16,862,157,589	\$ 0.0087	\$ 146,715,490	\$ 130,603,700	\$ 16,111,790
Penalties	-		401,140	243,066	158,074
Total	<u>16,862,157,589</u>		<u>147,116,630</u>	<u>130,846,766</u>	<u>16,269,864</u>
Discoveries:					
Current year taxes	56,955,831		495,565	492,854	2,711
Prior year taxes	13,451				117
Penalties	4,996,495		43,474	43,474	-
Total	<u>61,965,777</u>		<u>539,156</u>	<u>536,328</u>	<u>2,828</u>
Abatements					
Current year taxes	(64,286,046)		(559,344)	(558,953)	(391)
Penalties	(3,905,223)		(33,979)	(33,979)	-
Total	<u>(68,191,269)</u>		<u>(593,323)</u>	<u>(592,932)</u>	<u>(391)</u>
Total property valuation	<u>\$ 16,855,932,097</u>				
Net Levy			147,062,463	130,790,162	16,272,301
Uncollected taxes at June 30, 2019 (General Fund)			<u>1,315,643</u>	<u>1,315,626</u>	<u>17</u>
Current Year Taxes Collected			<u>\$ 145,746,820</u>	<u>\$ 129,474,536</u>	<u>\$ 16,272,284</u>
Current Levy Collection Percentage			<u>99.11%</u>	<u>98.99%</u>	<u>100.00%</u>
Prior Year Levy Collection Percentage			<u>98.94%</u>	<u>98.81%</u>	<u>100.00%</u>

GASTON COUNTY, NORTH CAROLINA**ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2019****Secondary Market Disclosures:****Assessed Valuation:**

Assessment ratio		<u>100.00%</u>
Real property	\$	14,172,111,402
Personal Property		1,851,929,878
Tag and Tax Vehicles		11,768,155
Public service companies		<u>820,122,662</u>
Total assessed valuation	\$	<u>16,855,932,097</u>
Tax rate per \$100		0.0087
Levy (includes discoveries, releases, and abatements, excludes penalties)	\$	<u>147,062,463</u>

GASTON COUNTY, NORTH CAROLINA

SCHEDULE OF THE TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2019 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Duke Energy Corporation	Electric Utility	\$ 503,775,335	3.40%
Daimler Trucks North America	Trucks and Truck Parts	162,272,723	1.10%
Public Service Company	Natural Gas Company	99,725,580	0.70%
FMC Corporation, Lithium Division	Mining	79,742,599	0.50%
Owens Corning Non-Woven	Manufacturing	65,405,762	0.40%
Southwood Realty Company	Real Estate	51,257,916	0.30%
Mann+Hummel Filtration Tech US	Manufacturing	45,967,372	0.30%
Bud Antle, Inc.	Food Distribution	44,212,664	0.30%
Pharr Yarns, LLC.	Textiles	42,992,410	0.30%
Industrial Fabricators Inc.	Textiles	<u>39,786,622</u>	<u>0.30%</u>
Total		<u>\$ 1,135,138,983</u>	<u>7.60%</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>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>	<u>2019</u>
Government activities										
Net investment in capital assets	\$ 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	\$ 67,300,111
Restricted	2,279,543	19,657,108	68,652,573	49,935,245	53,516,925	50,677,610	52,033,806	35,125,642	44,572,115	77,311,495
Unrestricted	<u>(35,406,701)</u>	<u>(48,031,285)</u>	<u>(139,950,135)</u>	<u>(79,277,715)</u>	<u>(103,919,075)</u>	<u>(82,292,573)</u>	<u>(95,007,944)</u>	<u>(99,008,303)</u>	<u>(160,435,574)</u>	<u>(181,349,359)</u>
Total governmental activities net position	<u>\$ 41,172,001</u>	<u>\$ 19,534,845</u>	<u>\$ (5,777,786)</u>	<u>\$ (15,308,178)</u>	<u>\$ 668,693</u>	<u>\$ 23,930,850</u>	<u>\$ 28,487,753</u>	<u>\$ 9,050,864</u>	<u>\$ (42,916,998)</u>	<u>\$ (36,737,753)</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 23,345,048
Unrestricted	<u>(7,070,291)</u>	<u>(7,149,474)</u>	<u>(5,966,825)</u>	<u>(5,774,553)</u>	<u>(4,595,614)</u>	<u>(4,361,654)</u>	<u>(2,085,745)</u>	<u>(2,645,334)</u>	<u>(702,062)</u>	<u>959,248</u>
Total business-type activities net position	<u>\$ 6,238,665</u>	<u>\$ 7,413,628</u>	<u>\$ 9,625,675</u>	<u>\$ 10,848,996</u>	<u>\$ 12,765,942</u>	<u>\$ 13,879,217</u>	<u>\$ 16,133,744</u>	<u>\$ 18,924,490</u>	<u>\$ 21,259,383</u>	<u>\$ 24,304,296</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 90,645,159
Restricted	2,279,543	19,657,108	68,652,573	49,935,245	53,516,925	50,677,610	52,033,806	35,125,642	44,572,115	77,311,495
Unrestricted	<u>(42,476,992)</u>	<u>(55,180,759)</u>	<u>(145,916,960)</u>	<u>(85,052,268)</u>	<u>(108,514,689)</u>	<u>(86,654,227)</u>	<u>(97,093,689)</u>	<u>(101,653,637)</u>	<u>(161,137,636)</u>	<u>(180,390,111)</u>
Total primary government net position	<u>\$ 47,410,666</u>	<u>\$ 26,948,473</u>	<u>\$ 3,847,889</u>	<u>\$ (4,459,182)</u>	<u>\$ 13,434,635</u>	<u>\$ 37,810,067</u>	<u>\$ 44,621,497</u>	<u>\$ 27,975,354</u>	<u>\$ (21,657,615)</u>	<u>\$ (12,433,457)</u>

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

	<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>	<u>2019</u>
Expenses										
Governmental activities:										
General government	\$ 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	\$24,654,945
Public safety	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	79,033,392
Environmental protection	62,302	57,977	65,307	63,277	49,390	83,892	64,799	82,563	80,459	54,555
Economic and physical development	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	21,773,076
Human services	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	57,901,271
Cultural and recreation	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	4,905,313
Education	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	69,334,401
Debt service - interest and fees	8,703,240	10,638,611	11,016,887	10,127,140	8,654,419	8,310,982	7,982,990	8,064,520	6,680,302	6,603,577
Total governmental activities expenses	<u>243,197,961</u>	<u>234,460,472</u>	<u>246,200,400</u>	<u>232,020,835</u>	<u>215,997,880</u>	<u>221,030,758</u>	<u>235,612,544</u>	<u>262,878,678</u>	<u>253,269,437</u>	<u>264,260,530</u>
Business-type activities:										
Solid Waste	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	9,097,588
Total primary government expenses	<u>\$ 252,415,413</u>	<u>\$ 239,794,149</u>	<u>\$ 252,706,891</u>	<u>\$ 238,583,329</u>	<u>\$ 221,666,130</u>	<u>\$ 228,430,143</u>	<u>\$ 243,614,294</u>	<u>\$ 271,601,038</u>	<u>\$ 261,641,098</u>	<u>\$ 273,358,118</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$11,475,456
Public safety	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	18,847,526
Environmental protection	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	3,189,152
Economic and physical development	506,283	617,618	1,407,436	2,371,692	2,338,859	1,754,027	378,454	940,616	421,410	1,824
Human services	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	8,917,862
Cultural and recreation	184,889	194,409	178,660	172,997	206,058	193,471	215,113	260,552	246,616	231,254
Operating grants and contributions:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	75,045	54,731	76,964	201,534	112,236	545,193	1,109,440	48,618	116,893	81,807
Environmental protection	-	-	-	-	-	-	-	-	-	-
Economic and physical development	-	-	-	-	-	-	-	-	-	-
Human services	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	21,403,426
Cultural and recreation	430,277	451,208	380,384	-	-	-	-	-	-	-
Capital grants and contributions:										
General government	1,146,364	747,384	582,954	1,064,113	456,718	420,403	402,209	812,010	645,239	516,253
Economic and physical development	2,332,068	1,199,115	1,300,426	1,960,160	1,214,550	328,042	109,938	656,980	264,649	624,881
Human services	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	5,859,347
Cultural and recreation	-	-	-	-	-	-	-	-	-	-
Education	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	2,242,658
Total governmental activities program revenues	<u>66,293,613</u>	<u>62,879,665</u>	<u>67,367,307</u>	<u>65,953,178</u>	<u>61,419,765</u>	<u>82,365,501</u>	<u>65,772,542</u>	<u>68,840,394</u>	<u>65,309,628</u>	<u>73,391,446</u>
Business-type activities:										
Charges for services:										
Solid Waste	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	12,001,498
Capital grants and contributions:										
Solid Waste	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>5,943,884</u>	<u>6,500,745</u>	<u>8,714,297</u>	<u>7,781,389</u>	<u>7,578,781</u>	<u>8,673,300</u>	<u>10,243,430</u>	<u>11,101,886</u>	<u>11,106,915</u>	<u>12,001,498</u>
Total primary government program revenues	<u>\$ 72,237,497</u>	<u>\$ 69,380,410</u>	<u>\$ 76,081,604</u>	<u>\$ 73,734,567</u>	<u>\$ 68,998,546</u>	<u>\$ 91,038,801</u>	<u>\$ 76,015,972</u>	<u>\$ 79,942,280</u>	<u>\$ 76,416,543</u>	<u>\$ 85,392,944</u>

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

	<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>	<u>2019</u>
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (190,869,084)
Business-type activities	(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	2,903,910
Total primary government net expense	<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>	<u>\$ (187,965,174)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Ad valorem taxes	\$ 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	\$ 151,938,625
Sales tax	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	39,003,754
Real estate transfer taxes	483,321	379,523	435,024	523,720	650,651	724,130	1,803,998	1,710,358	2,120,723	7,544,708
Hotel occupancy tax	-	-	-	-	-	-	-	-	-	-
Other taxes and licenses	-	-	-	-	-	-	-	-	-	-
Unrestricted governmental revenue	-	-	-	-	-	-	-	-	-	-
Investment earnings	633,846	298,661	234,974	157,900	180,311	166,921	357,894	906,903	1,734,305	3,338,776
Transfers	-	-	-	-	-	-	-	(366,730)	(462,698)	-
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<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>	<u>201,825,863</u>
Business-type activities:										
Investment earnings	10,546	7,895	4,241	4,426	6,415	6,436	12,847	44,490	131,598	141,003
Transfers	-	-	-	-	-	-	-	366,730	462,698	-
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<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>	<u>141,003</u>
Total primary government	<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>	<u>\$ 201,966,866</u>
Change in Net Position										
Governmental activities	\$ (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	\$ 10,956,779
Business-type activities	(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	3,044,913
Total primary government	<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>	<u>\$ 14,001,692</u>

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

	<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>	<u>2019</u>
General Fund										
Reserved	\$ 17,931,213	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Designated	13,148,822	-	-	-	-	-	-	-	-	-
Undesignated	28,046,026	-	-	-	-	-	-	-	-	-
Nonspendable	-	355,889	135,955	107,875	213,014	234,324	258,057	359,525	830,609	547,329
Restricted	-	12,605,203	17,511,819	18,351,235	22,184,319	24,349,723	24,810,036	24,832,155	28,249,790	32,950,241
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	16,815,592
Unassigned	-	24,430,560	15,928,520	16,904,079	16,699,313	29,619,149	15,486,470	12,638,808	2,450,356	4,889,735
Total General Fund	<u>\$ 59,126,061</u>	<u>\$ 54,262,838</u>	<u>\$ 53,998,788</u>	<u>\$ 53,916,270</u>	<u>\$ 56,343,373</u>	<u>\$ 76,263,856</u>	<u>\$ 64,382,368</u>	<u>\$ 61,515,225</u>	<u>\$ 57,562,109</u>	<u>\$ 55,202,897</u>
All Other Governmental Funds										
Reserved	\$ 104,997,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Designated										
Public assistance fund	4,579,584	-	-	-	-	-	-	-	-	-
Other special revenue funds	275,053	-	-	-	-	-	-	-	-	-
Capital improvements fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	2,731,863	-	-	-	-	-	-	-	-	-
Undesignated										
Public assistance fund	5,167,015	-	-	-	-	-	-	-	-	-
Other special revenue funds	(312,666)	-	-	-	-	-	-	-	-	-
Capital improvements fund	9,354,581	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	1,007	-	2,945	2,073	369	18,067	54,571	88,687	16,363
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	108,726,290
Committed	-	3,210,995	327,706	9,908,690	11,843,186	11,942,050	16,454,167	22,994,576	12,422,983	3,299,537
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	46,528,925
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 126,793,025</u>	<u>\$ 100,286,952</u>	<u>\$ 69,709,130</u>	<u>\$ 48,745,880</u>	<u>\$ 51,687,220</u>	<u>\$ 54,135,245</u>	<u>\$ 112,454,376</u>	<u>\$ 84,011,327</u>	<u>\$ 73,192,889</u>	<u>\$ 158,571,115</u>

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)

	<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>	<u>2019</u>
Revenues										
Ad valorem taxes	\$ 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	\$152,502,495
Other taxes and licenses	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	46,548,462
Unrestricted governmental revenues	-	-	-	-	-	-	-	-	-	-
Restricted intergovernmental revenues	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	32,146,584
Fees, licenses and permits	2,491,950	2,355,905	2,097,073	2,530,360	2,599,136	3,363,174	3,933,473	4,227,840	4,614,576	6,526,808
Sales and services	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	23,283,237
E911 surcharge	1,250,223	1,250,223	1,115,633	797,563	695,543	729,724	714,921	734,975	736,000	760,575
Investment earnings	633,846	280,309	220,676	133,760	155,547	150,420	332,737	838,903	1,568,297	3,112,370
Miscellaneous revenues	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	2,328,043
Total revenues	<u>217,131,849</u>	<u>212,808,945</u>	<u>219,278,118</u>	<u>220,446,302</u>	<u>232,825,710</u>	<u>255,460,092</u>	<u>238,237,922</u>	<u>247,097,481</u>	<u>250,314,109</u>	<u>\$267,208,574</u>
Expenditures										
General government	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	31,726,839
Public safety	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	84,276,206
Environmental protection	62,302	57,977	65,307	63,277	49,390	83,892	64,799	60,916	81,533	65,385
Economic and physical development	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	4,496,983
Human services	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	57,772,654
Cultural and recreational	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	5,902,072
Education	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	55,485,329
Capital outlay	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	31,036,309
Debt service:										
Principal retirement	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 *	19,410,727
Interest and fees	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	6,803,367
Total expenditures	<u>255,017,493</u>	<u>244,543,842</u>	<u>256,018,512</u>	<u>243,981,777</u>	<u>230,413,531</u>	<u>236,259,754</u>	<u>249,784,607</u>	<u>279,902,658</u>	<u>334,029,898</u>	<u>296,975,871</u>
Excess of revenues over (under) expenditures	<u>(37,885,644)</u>	<u>(31,734,897)</u>	<u>(36,740,394)</u>	<u>(23,535,475)</u>	<u>2,412,179</u>	<u>19,200,338</u>	<u>(11,546,685)</u>	<u>(32,805,177)</u>	<u>(83,715,789)</u>	<u>(29,767,297)</u>
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	15,886,553
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	60,000,000
Limited obligation bonds	-	-	-	-	-	-	-	-	-	26,785,000
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	-	-	8,506,758
Transfers in	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	43,617,299
Transfers out	(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)	(42,009,299)
Total other financing sources (uses)	<u>82,028,498</u>	<u>365,602</u>	<u>5,898,522</u>	<u>2,489,707</u>	<u>2,956,264</u>	<u>3,168,170</u>	<u>57,984,328</u>	<u>1,494,985</u>	<u>68,944,235</u>	<u>112,786,311</u>
Net change in fund balances	\$ 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)	\$ 83,019,014
Debt service as a percentage of noncapital expenditures	<u>8.90%</u>	<u>10.69%</u>	<u>10.35%</u>	<u>10.89%</u>	<u>11.24%</u>	<u>10.91%</u>	<u>10.35%</u>	<u>9.19%</u>	<u>26.22%</u>	<u>8.40%</u>

* Increase in debt service expenditures in FY18 was due to debt refunding

**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
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%	14,761,917,966
2019	14,172,111,402	1,851,929,878	831,890,817	16,855,932,097	\$ 0.8700	96.99%	17,379,041,238

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>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>	<u>2019</u>
County Direct Rate										
General *	0.8350	0.8350	0.8350	0.8350	0.8700	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	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4500	0.4500	0.4700
Cherryville	0.4400	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600
Gastonia	0.5300	0.5300	0.5200	0.5300	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	0.3130	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070
Lowell	0.4000	0.4000	0.4000	0.4000	0.4000	0.4300	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	0.3300	0.3300
Ranlo	0.2910	0.2910	0.2910	0.2860	0.2860	0.2860	0.3160	0.3260	0.3160	0.3160
Spencer Mountain	0.1300	0.1300	0.1300	N/A						
Stanley	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400

Source: Gaston County Tax Department.

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

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		Year Taxes Are Payable									
		<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>	<u>2019</u>
Fire District Rates											
	Agriculture Center	0.0590	0.0600	0.0600	0.0630	0.0630	0.0630	0.0630	0.0730	0.0730	0.0730
	Alexis	0.0850	0.0850	0.0850	0.0850	0.0850	0.0850	0.0900	0.0900	0.0950	0.0950
	Chapel Grove	0.0750	0.0750	0.0750	0.0950	0.0950	0.0950	0.1050	0.1050	0.1050	0.1050
	Chestnut Ridge	0.0730	0.0730	0.0730	0.0730	0.0800	0.0800	0.0840	0.0840	0.0840	0.0950
	Community	0.0880	0.0930	0.0930	0.0930	0.1000	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	0.0680	0.0740	0.0740	0.0840	0.0840	0.0840	0.0840	0.0840	0.0840	0.0840
	High Shoals	0.0970	0.0970	0.0970	0.0970	0.1030	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	0.1030	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	0.1050	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	0.0800	0.0800	0.0800	0.0880	0.0880	0.0880	0.1000
	Ranlo	0.0790	0.0790	0.0790	0.0840	0.0840	0.0840	0.0840	0.0740	0.0840	0.0840
	South Gastonia	0.0750	0.0750	0.0750	0.0950	0.0950	0.0950	0.1050	0.1050	0.1050	0.1050
	South Point	0.0540	0.0540	0.0540	0.0640	0.0640	0.0640	0.0640	0.0500	0.0400	0.0400
	Spencer Mountain	0.0620	0.0700	0.0620	0.0700	0.0700	0.0700	0.0800	0.0800	0.0800	0.0800
	Tryonota	0.0730	0.0730	0.0730	0.0730	0.0800	0.0800	0.0840	0.0840	0.0840	0.0950
	Union Road	0.0670	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	0.5200	0.5300	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**

<u>Taxpayer</u>	<u>Fiscal Year 2019</u>			<u>Fiscal Year 2010</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Duke Energy Carolinas LLC	\$ 503,775,335	1	3.40%	\$ 470,472,688	1	3.2%
Daimler Trucks North America	162,272,723	2	1.10%	-	-	-
Public Service Co of NC Inc	99,725,580	3	0.70%	60,637,543	3	0.4%
Owens Corning Non-Woven	79,742,599	4	0.50%	-	-	-
FMC Corporation	65,405,762	5	0.40%	-	-	-
Southwood Realty Corporation	51,257,916	6	0.30%	51,495,836	5	0.3%
Mann + Hummel Filtration Tech US	45,967,372	7	0.30%	-	-	-
Bud Antle Inc (Dole)	44,212,664	8	0.30%	-	-	-
Pharr Yarns LLC	42,992,410	9	0.30%	45,427,169	6	0.3%
Industrial Fabricators Inc.	39,786,622	10	0.30%	-	-	-
AT&T (Formerly BellSouth Telephone)	-	-	-	78,202,407	2	0.5%
Triangle Real Estate	-	-	-	60,578,240	4	0.4%
Freightliner Corporation	-	-	-	40,586,614	7	0.3%
Dole Food Company	-	-	-	38,988,524	8	0.3%
Wix Corporation	-	-	-	36,201,250	9	0.2%
Stabilus, Inc	-	-	-	35,767,603	10	0.2%
Total	\$ 1,135,138,983		7.60%	\$ 918,357,874		6.10%

Source: Gaston County Tax Department

**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
2010	122,832,194	118,101,930	96.1%	4,512,894	122,614,824	99.82%
2011	122,722,967	118,228,718	96.3%	4,263,981	122,492,699	99.81%
2012	123,490,459	119,665,752	96.9%	3,597,911	123,263,663	99.82%
2013	125,234,084	121,338,719	96.9%	3,643,292	124,982,011	99.80%
2014	127,281,287	124,586,719	97.9%	2,377,453	126,964,172	99.75%
2015	121,177,992	119,432,901	98.6%	1,361,628	120,794,529	99.68%
2016	120,282,146	118,722,082	98.7%	1,182,053	119,904,135	99.69%
2017	123,779,768	122,235,040	98.8%	1,073,967	123,309,007	99.62%
2018	127,701,957	126,229,056	98.8%	813,592.00	127,042,648	99.48%
2019	130,421,455	127,972,305	98.1%	-	127,972,305	98.12%

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			
2010	246,020,113	-	246,020,113	3.52%	1.75%	1,194
2011	231,300,411	-	231,300,411	3.38%	1.70%	1,116
2012	223,792,514	-	223,792,514	3.14%	1.71%	1,072
2013	207,119,648	-	207,119,648	2.86%	1.65%	988
2014	193,470,690	-	193,470,690	2.58%	1.47%	918
2015	178,203,288	-	178,203,288	2.26%	1.38%	841
2016	213,575,436	-	213,575,436	2.57%	1.51%	1,001
2017	195,722,876	-	195,722,876	2.25%	1.33%	911
2018	186,340,784	-	186,340,784	*	1.26%	846
2019	269,601,610	-	269,601,610	*	1.55%	1,205

* 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			
2010	223,725,000	9,805,000	1,068,831	11,421,282	-	-	2,387	5,800,000	251,822,500	3.61%	1,222
2011	211,900,000	8,560,000	862,929	9,977,482	-	-	-	5,556,238	236,856,649	3.46%	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	3.23%	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	3.08%	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	2.77%	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	2.78%	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	2.43%	984
2018	176,574,000	-	4,641,266	-	11,872,005	5,125,518	611,101	1,655,833	200,479,723	*	911
2019	220,130,000	-	17,927,200	26,785,000	19,304,706	4,759,410	284,004	1,010,718	290,201,038	*	1,297

* 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**

	<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>	<u>2019</u>
Assessed Value of Property	\$ 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	\$ 16,855,932,097
Debt Limit, 8% of Assessed Value (Statutory Limitation)	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	1,348,474,568
Amount of Debt Applicable to Limit										
General Obligation Bonds	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	220,130,000
Certificates of Participation	9,805,000	8,560,000	7,270,000	5,935,000	4,545,000	3,095,000	1,580,000	-	-	-
Other Debt	12,490,113	10,840,411	15,979,514	15,336,648	15,143,690	13,424,288	12,405,436	10,678,876	9,766,784	23,697,328
	<u>246,020,113</u>	<u>231,300,411</u>	<u>223,792,514</u>	<u>207,119,648</u>	<u>193,470,690</u>	<u>178,203,288</u>	<u>213,575,436</u>	<u>195,722,876</u>	<u>186,340,784</u>	<u>243,827,328</u>
Less: Resources Restricted to Paying Principal	-	-	-	-	-	-	-	-	-	(1,311,690)
Total net debt applicable to limit	<u>246,020,113</u>	<u>231,300,411</u>	<u>223,792,514</u>	<u>207,119,648</u>	<u>193,470,690</u>	<u>178,203,288</u>	<u>213,575,436</u>	<u>195,722,876</u>	<u>186,340,784</u>	<u>242,515,638</u>
Legal Debt Margin	<u>\$ 935,730,481</u>	<u>\$ 943,625,798</u>	<u>\$ 958,403,230</u>	<u>\$ 992,727,869</u>	<u>\$ 976,974,380</u>	<u>\$ 1,055,867,020</u>	<u>\$ 1,023,031,396</u>	<u>\$ 1,079,742,549</u>	<u>\$ 1,128,622,624</u>	<u>\$ 1,105,958,930</u>
Total net debt applicable to the limit as a percentage of debt limit	20.82%	19.69%	18.93%	17.26%	16.53%	14.44%	17.27%	15.35%	14.17%	17.98%

**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)
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	8,298,882	38,261	31,555	2,081	5.4%
2017	214,793	8,714,408	39,578	31,499	2,195	4.2%
2018	220,182	*	*	31,851	2,290	4.3%
2019	223,671	*	*	31,176	2,220	3.9%

* Information not yet available.

Sources:

- (a): North Carolina Office of State Budget and Management (OSBM).
- (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**

<u>Employer</u>	<u>2019</u>			<u>2010</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Gaston County Schools	1000+	1	-	1000+	1	-
Caromont Health	1000+	2	-	1000+	2	-
Freightliner Corporation	1000+	3	-	500-999	10	-
Gaston County Government	1000+	4	-	1000+	3	-
Wal-mart Associates	1000+	5	-	1000+	6	-
American & Efird, Inc.	1000+	6	-	1000+	7	-
Mann+hummel	1000+	7	-	-	-	-
Trion Solutions li Inc	500-999	8	-	-	-	-
City of Gastonia	500-999	9	-	500-999	8	-
Pharr Yarns Inc.	500-999	10	-	1000+	5	-

Source: Gaston County Economic Development Commision

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

Full-time Equivalent Budgeted Employees as of June 30										
<u>Function / Program</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>	<u>2019</u>
General Government	200	200	200	201	202	205	205	205	207	207
Public Safety	580	580	580	585	585	604	606	615	636	636
Economic and Physical Development	33	31	31	32	32	32	29	29	21	21
Human Services	561	573	576	579	579	594	594	594	600	600
Cultural and Recreational	58	58	55	52	52	51	53	53	54	54
Solid Waste / Landfill	26	26	26	26	26	26	25	27	28	28
Total	1,458	1,468	1,468	1,475	1,476	1,512	1,512	1,523	1,546	1,546

Sources: County budget department and individual county departments.

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

Function / Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Access										
Passenger trips	127,809	141,377	124,560	116,889	138,261	133,970	122,114	116,462	107,393	67,899
Service Miles	974,689	1,068,561	1,027,741	688,063	629,095	586,000	608,850	494,053	489,725	538,619
Commissioners / Clerk to the Board										
Number of Contracts	507	568	548	540	488	475	586	552	563	632
Number of Minutes	335	240	280	279	386	334	273	255	301	362
Human Resources										
Number of applications processed	7,032	5,705	9,550	7,409	11,039	10,668	10,219	8,362	10,238	7,532
Information Technology										
Number of service request / trouble tickets	9,429	9,590	9,289	8,481	10,978	10,086	10,616	7,217	7,082	6,583
Public Works										
Number of vehicle work orders processed / completed	3,243	3,186	2,955	2,938	2,898	3,107	2,886	3,217	2,974	3,139
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	9,162
Register of Deeds										
Vital records issued (birth, death, marriage)	22,038	22,808	23,498	22,360	26,121	23,715	23,445	25,516	25,709	27,493
Instruments recorded (deeds, deeds of trust, corporations, etc.)	29,157	27,064	29,608	24,367	25,797	21,665	22,628	32,745	23,549	23,287
Notary oaths administered	601	636	611	619	746	582	704	667	734	741
Tax										
Business audits	140	105	93	107	102	97	140	195	195	131
Registered vehicles processed	174,052	172,395	176,315	174,279	258,360	184,200	182,000	193,886	193,974	193,224
Public Safety										
Animal Control										
Number of calls	26,025	21,917	21,345	19,722	18,863	13,327	15,879	16,100	15,864	17,558
Adoptions (rescue group placement & owner reclaims)	3,636	3,419	4,368	3,880	4,112	3,347	2,788	2,783	2,757	2,529
Building Inspections										
Inspections conducted	30,493	24,805	29,057	30,153	31,950	38,228	24,917	27,170	35,217	37,914
Residential permits issued	3,291	2,962	2,969	2,832	3,145	1,959	1,042	1,430	1,551	1,514
Commerical and other non-residential permits issued	1,125	964	1,220	1,295	1,172	1,393	281	437	221	240
Electrical permits issued	1,868	1,675	1,526	1,562	1,736	1,798	2,686	2,131	2,612	3,086
Mechanical permits issued	1,934	1,849	1,348	1,422	1,655	1,581	2,351	1,557	1,681	1,483
Plumbing permits issued	784	591	620	665	706	700	1,209	472	848	612
County Police										
UCR Part I Crimes	1,747	1,799	1,576	1,582	1,402	1,326	1,423	1,412	1,381	948
Emergency Management										
Emergency management calls (hazardous material spills, missing persons, complaints, etc)	30	18	21	18	19	12	14	14	5	15
Presentations / programs conducted	10	11	18	10	11	11	7	12	*	4
Exercises conducted or attended	16	8	20	9	12	12	13	5	3	7
Formal plans developed, reviewed, updated or adopted	29	26	23	24	21	18	15	19	*	12
Emergency Medical Services										
Emergency calls for service	31,148	31,173	33,986	40,460	42,895	44,429	46,233	46,401	39,812	30,895
Non-emergency calls for service	1,896	2,319	1,915	1,248	1,541	1,879	2,005	2,313	3,253	2,757
Number of dispatches	30,642	31,173	32,068	38,019	38,709	46,308	51,093	51,978	48,128	35,499
Number of transports	17,605	17,785	17,531	19,435	18,749	17,752	16,638	17,544	17,424	12,790
Fire Marshal										
Inspections	975	916	954	1,024	1,196	941	1,164	1,057	1,595	1,771
Investigations / Incidents	218	176	141	194	160	211	166	196	175	161
Fire investigation K9 Callouts	23	8	2	4	0	-	0	0	0	0
Fire Education Classes Taught	10	3	15	11	9	11	784	14	9	13
Rescue Squads										
Number of dispatches	33,740	33,747	38,509	39,930	38,709	38,222	40,235	37,463	34,999	27,492
Number of transports	10,415	11,026	11,322	10,400	18,749	11,693	11,985	10,914	10,438	7,719

Function / Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety (continued)										
Sheriff										
Average monthly jail population	513	504	525	498	509	497	502	574	632	658
Number of civil papers served	24,704	22,674	18,991	19,602	23,597	23,554	23,664	16,338	17,930	17,726
Number of criminal papers served	4,853	5,592	5,611	5,550	5,874	4,575	5,236	3,383	4,405	5,059
Number of weapon permits issued	4,444	4,418	5,349	10,854	5,462	6,096	11,424	7,988	8,306	10,727
Number of court cases scheduled	161,099	158,497	156,567	154,487	139,645	130,248	136,580	158,322	144,421	180,762
Telecommunications										
Number of 911 calls	130,465	134,116	138,123	131,937	127,903	137,645	150,571	143,247	123,510	132,864
Economic and Physical Development										
Cooperative Extension Service										
Structured teaching activities	555	527	441	454	416	445	393	410	422	397
Volunteer Hours	15,793	16,095	15,153	14,817	14,858	14,950	14,215	13,875	14,320	14,350
Natural Resources										
Number of people served (clients)	191,228	13,507	14,614	15,403	11,688	15,177	13,378	12,855	12,298	12,835
Number of technical services provided	230,016	16,512	18,326	19,120	13,969	16,875	16,144	21,724	20,534	21,712
Number of acres affected	7,484	6,735	8,199	6,284	4,951	7,936	7,005	8,162	6,751	7,008
Planning / Land Use										
Zoning permits issued (2002 - 2004 calendar year)	328	384	436	378	392	410	575	541	525	565
Site plans for commercial/industrial reviewed (2002 - 2004 calendar year)	7	10	15	8	13	17	20	17	14	11
Subdivisions submitted (2002 - 2004 calendar year)	4	2	0	1	1	-	1	0	2	4
Minimum Housing Inspections (2002 - 2004 calendar year)	17	13	28	18	23	21	16	24	49	*
Travel and Tourism										
Overnight Stays	258,529	321,465	332,091	339,040	336,452	357,753	392,766	383,211	*	*
Visits to Visitors Center	6,465	6,406	5,996	5,289	4,845	4,486	4,619	4,200	*	*
Visitor's Guide Printed and Distributed	39,800	37,250	40,000	40,000	35,265	27,500	27,264	30,000	*	*
Total Social Media Followers	*	*	*	*	*	*	10,064	13,573	18,033	21,236
Total Website Visitation	*	*	*	*	*	*	121,458	124,339	191,894	191,894
Total Weekend Hotel Demand	*	*	*	*	*	*	113,226	111,450	109,703	109,703
Human Services										
Health										
*** Number of patient visits	105,149	82,136	70,641	82,698	73,331	64,312	76,571	61,544	56,321	50,856
Onsite Wastewater Permits issued	601	511	713	712	872	872	731	983	1,039	1,358
Well permits issued	118	96	125	145	103	138	121	167	167	196
Food and Lodging Inspections performed	3,195	3,084	2,615	2,601	2,693	2,290	2,140	2,572	2,672	1,884
Social Services										
** Medicaid cases	359,210	375,895	392,696	399,296	384,017	383,628	383,628	40,106	39,481	38,858
** Medicaid recipients	472,280	494,239	518,206	527,741	524,760	524,496	524,496	63,469	65,945	68,156
** Food and nutrition services cases	192,015	230,485	246,287	254,292	254,952	256,868	245,756	16,591	15,487	15,219
** Food and nutrition services recipients	415,358	484,487	504,857	528,780	522,468	520,569	498,432	36,697	34,510	33,933
** Children in DSS custody	2,761	2,910	2,438	2,346	2,532	3,278	3,360	345	346	349
Cultural and Recreation										
Art and History Museum										
Museum Visits	3,733	3,422	3,255	4,238	3,930	4,039	4,399	3,620	2,821	2,792
Program Attendance	11,944	13,446	13,027	15,537	16,143	23,164	19,622	19,105	21,025	19,350
Exhibits	11	16	14	16	19	18	16	17	15	15
Library										
Library Visits (Door Count)	651,196	635,722	535,418	501,992	476,873	486,111	530,498	575,420	567,500	536,541
Circulation - Books	778,690	751,365	699,645	671,221	636,764	666,939	750,487	717,366	679,201	628,314
Circulation - Audiovisuals	237,406	200,958	179,843	168,433	163,775	193,037	237,577	230,605	210,201	200,023
Circulation - e-resources	6,161	29,045	77,777	88,683	108,210	185,833	124,084	202,202	206,631	214,494
Library Programs	1,391	1,433	1,366	1,442	1,783	2,991	6,339	5,683	5,590	6,331
Program Attendance	44,745	49,258	43,042	46,911	53,146	77,031	111,078	131,471	146,040	174,720
Public computer users	115,787	109,622	118,733	125,575	133,651	168,562	111,582	107,273	94,573	331,002

<u>Function / Program</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>	<u>2019</u>
Cultural and Recreation (continued)										
Parks and recreation										
Park reservations	4,634	5,232	4,674	4,733	9,258	9,175	8,908	6,338	3,963	4,290
Scheduled park attendance	388,615	414,700	405,802	395,028	684,067	793,048	885,164	603,206	591,684	422,195
Senior Center										
Program Attendance	31,287	29,577	35,450	36,603	38,010	40,108	41,895	45,383	46,101	44,766
Senior Center visits	26,339	25,158	31,558	33,907	35,987	39,167	42,534	46,408	47,893	47,052
Solid Waste / Landfill										
Waste tonage disposed	174,235	195,832	227,839	177,742	189,845	222,587	250,065	281,841	260,385	274,770
Recycling tonage	2,680	6,880	5,861	3,113	2,298	1,688	2,484	2,929	2,467	2,122

Sources: County budget department and individual county departments.

Note: Indicators are not available for Environmental Protection.
 * Information is not available.
 ** 2017-2019 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>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>	<u>2019</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	204.7	199.85	132.82	117.81	117.81	117.81	117.81	117.81
Summit Crossing	35	35	35	21.08	21.08	16.86	16.86	16.86	16.86	16.86
South Ridge Business Park	50	50	50	50	50	25.26	25.26	25.26	25.26	11.86
Apple Creek Business Park**	0	0	0	0	0	0	0	0	0	310
Cultural and Recreation										
Parks and recreation										
Number of county parks	9	9	9	9	9	9	9	9	9	9
Park acreage:										
Developed	363	512	512	512	512	512	512	512	512	512
Undeveloped	299	150	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.

**Apple Creek Business Park was purchased in 2018.

***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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 22, 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 over financial reporting 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 certain deficiencies in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as 2019-001 and 2019-002, that we consider to be material weaknesses.

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 an instance of non-compliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs and Responses as 2019-002.

Gaston County's Responses to Findings

Gaston County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Gaston County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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
November 22, 2019

MARTIN STARNES

& ASSOCIATES, CPAs, P.A.

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

Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance With 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, 2019. 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; 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, 2019.

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 in order 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 22, 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, 2019. 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 with those requirements.

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, 2019.

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 in order 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 22, 2019

GASTON COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

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? Yes No
- Significant deficiency(ies) identified? Yes None reported

Non-compliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes 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)?

Yes No

Identification of major federal programs:

<u>Program Title</u>	<u>CFDA#</u>
Medicaid Cluster	93.778
Aging Cluster	93.044, 93.045, 93.053
TANF Cluster	93.558
Formula Grants for Rural Areas	20.509
Affordable Care Act (ACA) Maternal, Infant, & Early Childhood Home Visiting Program	93.505
Foster Care Title IV-E	93.658
Adoption Assistance	93.659

GASTON COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

1. Summary of Auditor's Results (continued)

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

\$751,160

Auditee qualified as low-risk auditee?

_____ Yes X No

State Awards

Internal control over major state programs:

• Material weakness(es) identified?

_____ Yes X 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?

_____ Yes X No

Identification of major state programs:

Medicaid Cluster
Aging Cluster
Foster Care and Adoption Cluster
Formula Grants for Rural Areas
Public School Building Capital Fund

GASTON COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

1. Financial Statements Findings

Finding 2019-001:

Material Weakness

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting. This includes identifying all necessary adjustments to the County's general ledger to conform to accounting principles generally accepted in the United States of America.

Condition: Expenditures related to the Internal Service Fund Health Insurance Benefits had been excluded from the prior year financial statements. A prior period adjustment was required to correct material errors. A significant audit adjustment is a proposed correction of the basic financial statements. The existence of such material adjustments indicates that the County's system of controls did not detect and prevent such errors timely. We have provided management with a report of these adjustments.

Effect: Errors in financial reporting occurred in governmental activities.

Cause: The County excluded expenditures related to the Internal Service Fund in the prior year's financial statements.

Recommendation: Care should be taken to ensure that expenditure records are reconciled to the financial statements in a timely manner. Management should reconcile County records and record necessary adjustments prior to the audit.

Views of Responsible Officials and Planned Corrective Action: The County agrees with this finding and will adhere to the Correction Action Plan in this audit report.

GASTON COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

1. Financial Statements Findings

Finding 2019-002:

Material Weakness/Material Non-Compliance

Criteria: General Statute 159-28(a) requires that all money received and expended by a local government should be included in the budget ordinance. The Statutes require that funds be appropriated before incurring the obligation for funds and that amounts be pre-audited prior to disbursements being made.

Condition: In the current year, the County expended more funds than appropriated.

Effect: The County was in violation of North Carolina General Statutes.

Cause: Expenditures were made without being included in the budget due to the addition of capital leases in the Public Safety Department.

Recommendation: The County should implement additional monitoring controls, such as reviewing monthly budget to actual reports and careful preaudit of expenditures. Budget amendments should be adopted prior to expending funds that exceed budgeted amounts.

Views of Responsible Officials and Planned Corrective Actions: The County agrees with this finding and will adhere to the corrective action plan in this audit report.

GASTON COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

2. Federal Award Findings and Questioned Costs

None reported.

3. State Award Findings and Questioned Costs

None reported.



GASTON COUNTY

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

Finance Department

Phone (704) 866-3111
Fax (704) 866-3518
e-mail: tiffany.murray@gastongov.com

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019**

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

Finding: 2019-001

Name of Contact Person: Tiffany Murray, Finance Division Director

Corrective Action/Management's Response: At the conclusion of our audit, error has been corrected going forward. The County has now included expenditures related to the Internal Service Fund on the current year's financial statements and will continue going forward. Expenditures will be stated properly in the current year and subsequent years going forward.

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

Finding: 2019-002

Name of Contact Person: Tiffany Murray, Finance Division Director

Corrective Action/Management's Response: The Finance Department and Budget Office staff will review periodically to ensure budget remains consistent.

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

GASTON COUNTY, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

Finding: 2018-001

Status: Corrected.

Finding: 2018-002

Status: Corrected.

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

For the Year Ended June 30, 2019

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	185NC406S2514 / 195NC406S2514	\$ 2,081,817	\$ -	\$ -	\$ 2,081,817
Total SNAP Cluster			<u>2,081,817</u>	<u>-</u>	<u>-</u>	<u>2,081,817</u>
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:						
	10.557	5NC700705	896,148	-	-	-
	10.558	6804	4,510	-	-	-
Total U.S. Department of Agriculture			<u>2,982,475</u>	<u>-</u>	<u>-</u>	<u>2,081,817</u>
<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:						
	84.287	S287C170033 / S287C180033	322,653	-	322,653	-
	84.287	S287C180033	291,296	-	291,296	-
Total U.S. Department of Education			<u>613,949</u>	<u>-</u>	<u>613,949</u>	<u>-</u>
<u>U. S. Department of Health and Human Services</u>						
Passed-through Centralina Council of Governments:						
Division of Aging and Adult Services:						
<u>Aging Cluster:</u>						
	93.044	AANCT3SS	621,275	109,637	-	-
	93.045	AANCT3CM/AACT3HD	287,809	50,790	-	-
	93.053	19AANCNSIT	49,056	-	-	-
Total Aging Cluster			<u>958,140</u>	<u>160,427</u>	<u>-</u>	<u>-</u>

COUNTY OF GASTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2019

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
Special Programs for the Aging - TITLE III D Disease Prevention and Health Promotion Services	93.043	ANCT3PH	1,989	351	-	1,021
National Family Caregiver Support - Title III Part E	93.052	AANCT3FC	59,855	3,990	-	-
Passed-through N. C. Department of Insurance: State Health Insurance Assistance Program	93.324	90SAPG0027-02-01	7,504	-	-	-
<u>Administration for Children and Families</u>						
Passed-through the N. C. Department of Health and Human Services:						
<u>Temporary Assistance to Needy Families Cluster:</u>						
Division of Social Services:						
Temporary Assistance for Needy Families - Work First	93.558	G1802NCTANF / G1902NCTANF	2,630,105	-	-	3,934,419
Division of Public Health:						
Temporary Assistance for Needy Families - Work First	93.558	1801NCTANF	34,405	-	-	-
Total TANF Cluster			<u>2,664,510</u>	<u>-</u>	<u>-</u>	<u>3,934,419</u>
Division of Social Services:						
<u>Special Children Adoption Fund Cluster (Note 3):</u>						
Promoting Safe and Stable Families	93.556	G1811NCFPCV	19,662	-	-	5,950
Promoting Safe and Stable Families	93.556	1701NCFPSS / 1801NCFPSS	101,695	-	-	383,544
Total Special Children Adoption Fund Cluster			<u>121,357</u>	<u>-</u>	<u>-</u>	<u>389,494</u>
Child Support Enforcement - Administration	93.563	1804NC4005 / 1904NC4005	2,178,781	-	-	1,263,823
<u>Refugee and Entrant Assistance Cluster (Note 3):</u>						
Refugee and Entrant Assistance State/Replacement Designee Administered Programs - Administration	93.566	1801NCRMA / 1901NCRMA	966	-	-	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs - Direct Benefit Payments	93.566	1801NCRMA / 1901NCRMA	532	-	-	-
Total Refugee and Entrant Assistance Cluster			<u>1,498</u>	<u>-</u>	<u>-</u>	<u>-</u>
Low-Income Home Energy Assistance:						
Administration	93.568	G17B1NCLIEA / G18B1NCLIEA	166,527	-	-	38,366
Energy Assistance Payments	93.568	G17B1NCLIEA / G18B1NCLIEA	637,600	-	-	-
Crisis Intervention Program	93.568	G17B1NCLIEA / G18B1NCLIEA	974,245	-	-	3,501
Total Low-Income Home Energy Assistance			<u>1,778,372</u>	<u>-</u>	<u>-</u>	<u>41,867</u>
<u>Child Care Development Fund Cluster:</u>						
Child Care Mandatory and Matching Funds of the Child Care and Development Fund Total Subsidized Child Care	93.596	G1801NCCCDF / G1901NCCCDF	276,856	-	-	72,290

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Stephanie Tubbs Jones Child Welfare Services Program:						
Permanency Planning	93.645	G1701NCCWSS / G1801NCCWSS	54,400	-	-	264,764
Total Stephanie Tubbs Jones Child Welfare Services Program			<u>54,400</u>	<u>-</u>	<u>-</u>	<u>264,764</u>
<u>Foster Care and Adoption Cluster (Note 3 & 4):</u>						
Foster Care Title IV-E - Administration	93.658	1801NCFOST / 1901NCFOST	1,572,261	147,976	-	1,421,660
Foster Care Title IV-E - Direct Benefit Payments	93.658	1801NCFOST / 1901NCFOST	1,644,940	580,455	-	507,267
Adoption Assistance - Administration	93.659	1801NCADPT / 1901NCADPT	117,501	-	-	117,501
Adoption Assistance - Direct Benefit Payments	93.659	1801NCADPT / 1901NCADPT				
Total Foster Care and Adoption Cluster			<u>3,334,702</u>	<u>728,431</u>	<u>-</u>	<u>2,046,428</u>
Social Services Block Grant (SSBG) - Other Service and Training	93.667	G1701NCSOSR / G1801NCSOSR	818,411	-	-	1,667,447
Division of Aging and Adult Services:						
Division of Social Services:						
Social Services Block Grant (SSBG) - State In Home Service Fund	93.667	G1701NCSOSR / G1801NCSOSR	113,519	-	-	16,217
Social Services Block Grant (SSBG) - State Adult Day Care	93.667	G1701NCSOSR / G1801NCSOSR	58,644	-	-	16,750
Passed-through Centralina Council of Government:						
Social Services Block Grant (SSBG) - In Home Services	93.667	G1701NCSOSR / G1801NCSOSR	66,739	9,535	-	-
Total Social Services Block Grant			<u>1,057,313</u>	<u>9,535</u>	<u>-</u>	<u>1,700,414</u>
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	1701NC1420 / 1801NC1420	48,891	12,223	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	1701NC1420 / 1801NC1420	35,054	-	-	-
Passed-through the N. C. Department of Administration:						
Division of NC Council for Women:						
Family Violence Prevention and Services / Domestic Violence Shelter and Supportive Services	93.671	FVPSA	41,226	-	-	10,307
<u>Centers for Disease Control and Prevention</u>						
Direct Program:						
Environmental Public Health & Emergency Response	93.070	1UE2EH001343-01	98,506	-	-	-
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	93.074	NU90TP000538 / NU90TP921915	54,439	-	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1U52PS004698	79	-	-	-
Immunization Cooperative Agreements	93.268	6NH23IP000759	66,079	-	-	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	NB01OT009187-01-00	41,411	-	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	1NU58DP006281-02	23,460	-	-	-

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<u>HIV Cluster:</u>						
HIV Prevention Activities - Health Department Based	93.940	NU62PS924527	31,346	-	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	5H25PS004349	100	-	-	-
Total HIV Cluster			<u>31,446</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Centers for Medicare and Medicaid Services</u>						
Passed-through the N. C. Department of Health and Human Services:						
Division of Medical Assistance:						
<u>Medicaid Cluster:</u>						
Medical Assistance Program - Administration	93.778	XIX-MAP17 / XIX-MAP18	4,643,624	10,486	-	1,762,395
Total Medicaid Cluster			<u>4,643,624</u>	<u>10,486</u>	<u>-</u>	<u>1,762,395</u>
Division of Social Services:						
Children's Health Insurance Program - Administration	93.767	CHIP18 / CHIP19	123,288	-	-	-
<u>Health Resources and Service Administration</u>						
Passed-through the N. C. Department of Health and Human Services:						
Division of Public Health:						
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	1701NCPREP	115,316	-	-	-
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	X02MC26336 / X01MC26336	467,524	-	-	-
Maternal and Child Health Services Block Grant to the States	93.994	B04MC31506	12,613	9,515	-	-
Maternal and Child Health Services Block Grant to the States	93.994	B04MC28117	44,143	33,300	-	-
Maternal and Child Health Services Block Grant to the States	93.994	B04MC29320	4,412	3,328	-	-
<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	FPHPA046226-03-03	15,055	-	-	-
Family Planning Services	93.217	PA-FPH-18-001 / PA-FPH-19-001	69,251	-	-	-
<u>Office of the Secretary</u>						
Passed-through the N. C. Department of Health and Human Services:						
Charlotte-Mecklenburg Hospital Authority						
National Bioterrorism Hospital Preparedness Program	93.889	536902	8,178	-	-	-
Total U. S. Department of Health and Human Services			<u>18,439,272</u>	<u>971,586</u>	<u>-</u>	<u>11,487,222</u>

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<u>U. S. Department of Homeland Security</u>						
Passed-through the N. C. Department of Public Safety:						
Emergency Management Performance Grants:						
Emergency Management Performance Grant	97.042	EMA-2018-EP-00007	77,536	-	-	116,384
Total U. S. Department of Homeland Security			77,536	-	-	116,384
<u>U. S. Department of Housing and Urban Development</u>						
Assistant Secretary for Community Planning and Development						
Passed-through the N. C. Housing Finance Agency:						
Home Investment Partnerships Program	14.239	M15-SG370100	53,950	-	-	-
Total U. S. Department of Housing and Urban Development			53,950	-	-	-
<u>U. S. Department of Justice</u>						
<u>Office of Justice Programs</u>						
Direct Program:						
State Criminal Alien Assistance Program	16.606	2019-AP-BX-0539	23,455	-	-	-
Crime Victim Assistance - Discretionary Grants	16.582	2018-V3-GX-0043	54,374	-	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0422	2,702	-	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0583	20,609	-	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0252	21,318	-	-	-
Passed-through the National Children's Alliance:						
Improving the Investigation and Prosecution of Child Abuse and the Regional and Local Children's Advocacy Centers	16.758	GAST-NY-TFCBT-PI18	18,388	-	-	-
Passed-through the Children's Advocacy Centers of North Carolina:						
Improving the Investigation and Prosecution of Child Abuse and the Regional and Local Children's Advocacy Centers	16.758	GAST-NC-SA18	7,000			
Passed-through the N. C. Department of Public Safety:						
Division of Governor's Crime Commission:						
Juvenile Justice and Delinquency Prevention	16.540	2017-JF-FX-0058	73,898	-	73,898	-
Crime Victim Assistance	16.575	2015-VA-GX-0019	13,028	-	-	2,434
Crime Victim Assistance	16.575	2016-VA-GX-0075	13,569	-	13,569	-
Crime Victim Assistance	16.575	2016-VA-GX-0075	91,393	-	-	21,854
Crime Victim Assistance	16.575	2017-VA-GX-0050	88,558	-	88,558	-
Crime Victim Assistance	16.575	2017-VA-GX-0050	66,155	-	66,155	-
Crime Victim Assistance	16.575	2017-VA-GX-0050	19,247	-	19,247	-

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Crime Victim Assistance	16.575	2018-V2-GX-0061	133,607	-	-	39,411
Crime Victim Assistance	16.575	2018-V2-GX-0061	82,995	-	82,995	-
Crime Victim Assistance	16.575	2018-V2-GX-0061	17,471	-	-	2,389
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0129	22,885	-	-	-
<u>Office on Violence Against Women</u>						
Direct Program:						
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	2017-WH-AX-0057	163,008	-	-	-
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	16,488	-	-	4,951
Violence Against Women Formula Grants	16.588	2017-WF-AX-0040	88,832	-	-	32,491
Violence Against Women Formula Grants	16.588	2017-WF-AX-0040	24,653	-	-	10,017
Total U. S. Department of Justice			1,063,633	-	344,422	113,547
<u>U. S. Department of Labor</u>						
<u>Employment and Training Administration</u>						
Passed-through the N. C. Department of Commerce:						
Division of Workforce Solutions:						
<u>Workforce Innovation and Opportunity Act Cluster:</u>						
WIOA Adult Program:						
Administration	17.258	AA-30962-17-55-A-37	55,819	-	-	-
Program Costs	17.258	AA-30962-17-55-A-37	268,669	-	-	-
Administration	17.258	AA-32191-18-55-A-37	28,059	-	-	-
Program Costs	17.258	AA-32191-18-55-A-37	261,928	-	-	-
WIOA Youth Activities:						
Administration	17.259	AA-30962-17-55-A-37	61,580	-	-	-
Program Costs	17.259	AA-30962-17-55-A-37	296,397	-	-	-
Administration	17.259	AA-32191-18-55-A-37	3,532	-	-	-
Program Costs	17.259	AA-32191-18-55-A-37	32,971	-	-	-
WIOA Dislocated Worker Formula Grants:						
Administration	17.278	AA-30962-17-55-A-37	2,957	-	-	-
Program Costs	17.278	AA-30962-17-55-A-37	14,235	-	-	-
Administration	17.278	AA-32191-18-55-A-37	38,890	-	-	-
Program Costs	17.278	AA-32191-18-55-A-37	363,033	-	-	-

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WIOA Adult Program:						
Administration	17.258	AA-32191-18-55-A-37	1,294	-	-	-
Program Costs	17.258	AA-32191-18-55-A-37	12,078	-	-	-
WIOA Adult Program:						
Administration	17.258	AA-32191-18-55-A-37	80	-	-	-
Program Costs	17.258	AA-32191-18-55-A-37	743	-	-	-
Total Workforce Innovation and Opportunity Act Cluster			1,442,265	-	-	-
Total U. S. Department of Labor			1,442,265	-	-	-
<u>U. S. Department of Transportation</u>						
<u>Federal Highway Administration</u>						
Passed-through the N. C. Department of Transportation						
Transportation Program Management Unit:						
<u>Highway Planning and Construction Cluster:</u>						
Highway Planning and Construction	20.205	CMAQ-000S(849)	42,791	-	-	40,250
Total Highway Planning and Construction Cluster			42,791	-	-	40,250
<u>Federal Transit Administration</u>						
Passed-through the N. C. Department of Transportation						
Public Transportation Division:						
Formula Grants for Rural Areas	20.509	NC-2017-052-01	157,908	9,867	-	29,611
Formula Grants for Rural Areas	20.509	NC-2017-052-01	72,993	200,732	-	30,416
Total U. S. Department of Transportation			273,692	210,599	-	100,277
<u>U. S. Department of the Treasury</u>						
<u>Department of the Treasury</u>						
Direct Program:						
Equitable Sharing Program	21.016		88,925	-	-	-
Total U. S. Department of the Treasury			88,925	-	-	-
<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-00-18-0034-18	3,000	-	-	-
Total U. S. Institute of Museum and Library Services			3,000	-	-	-
Total Federal Awards			25,038,697	1,182,185	958,371	13,899,247

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STATE AWARDS:						
<u>N. C. Department of Administration</u>						
NC Council for Women and Domestic Violence Commission:						
Displaced Homemaker Grant		56-600300		19,540	-	-
Domestic Violence Program		56-600300		46,292	-	-
Marriage License Grant		56-600300		19,412	-	-
Office of Fiscal Management:						
Veterans Services State Matching Funds		XXXX		2,216	-	365,412
Total N. C. Department of Administration				87,460	-	365,412
<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		26,820	-	26,820
Gaston County Natural Resources Conservation District - Matching Funds		18-024-4025		3,600	-	312,484
Total N. C. Department of Agriculture and Consumer Services				30,420	-	339,304
<u>N. C. Department of Commerce</u>						
Rural Economic Development Division						
Economic Infrastructure Program		2015-044-3212-2587		125,000	125,000	-
One North Carolina Fund		2014-10814		56,250	56,250	-
Total N. C. Department of Commerce				181,250	181,250	-
<u>N. C. Department of Cultural and Natural Resources</u>						
State Library of North Carolina:						
State Aid to Public Libraries		XXXX		226,950	-	-
Total N. C. Department of Cultural Resources				226,950	-	-
<u>N. C. Department of Environmental Quality</u>						
Division of Waste Management:						
Electronics Management Program		XXXX		13,593	-	-
Total N. C. Department of Environment and Natural Resources				13,593	-	-

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<u>N. C. Department of Health and Human Services</u>						
Children's Advocacy Centers of North Carolina:						
Children's Advocacy Centers Grant		XXXX		63,201	-	-
Total Children's Advocacy Centers of North Carolina				<u>63,201</u>	-	-
Division of Aging and Adult Services:						
Senior Center General Purpose		XXXX		10,693	-	34
Total Division of Aging and Adult Services				<u>10,693</u>	-	<u>34</u>
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:						
North Carolina Problem Gambling Program		XXXX		4,081	-	-
Total Division of Mental Health, Developmental Disabilities and Substance Abuse Services				<u>4,081</u>	-	-
Division of Public Health:						
Other Receipts / State Supported Expenditures:						
Breast and Cervical Cancer Control		1320-5599-00 / 1320-3355-04		28,560	-	-
Child Health		1271-5745-00		18,408	-	-
CLAS Standards Advancing Health Equity		1262-4181-00		18,000	-	-
Evidence-Based Intervention Services		1311-4541-RR		11,244	-	-
Evidence-Based Intervention Services		1311-981B-RR		5,021	-	-
Evidence-Based Intervention Services		1311-4541-RQ		49,354	-	-
Family Planning - State		13A1-5735-00		25,065	-	-
Food and Lodging Fees		1153-4752-SZ		55,400	-	-
General Aid to Counties		1161-4110-00		158,623	-	-
General Communicable Disease Control		1175-4510-00		38,066	-	-
Healthy Beginnings		13A1-5116-00		80,124	-	-
High Risk Maternity Clinics		13A1-5746-00		99,208	-	-
HIV / STD - State		1311-4540-X8 / 1311-4540-04		29,742	-	-
Maternal Health		13A1-5740-00 / 13A1-5740-AR		141,219	-	-
Mosquito & Tick Suppression		1153-4801-00		1,883	-	-
Public Health Nursing		1153-4801-00		600	-	-
School Nurse Funding Initiative		1332-5358-00		100,000	-	-
STD Drugs		1311-4601-RQ / 1311-4601-RR		1,245	-	-
TPPI - Adolescent Parenting Program		1332-5150-KZ		73,497	-	-
TPPI - Adolescent Pregnancy Prevention		1332-5166-KZ		73,680	-	-
Tuberculosis Control		1460-4551-00 / 1460-4554-00		38,636	-	-
Women's Health Service Fund		13A1-6018-FR		22,511	-	-
Total Division of Public Health				<u>1,070,086</u>	-	-

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Division of Social Services:						
Adoption / Foster Care		WC 302		42,639	-	-
AFDC Incentive Payments		FRD428-1		39	-	-
Child Protective Services - Sate		WC 302		89,424	-	31,931
Child Welfare In-Home Expansion		WC 302		116,575	-	130,465
Non IV-E Foster Care Extended		WC 302		77,311	-	-
Smart Start - Administration		WC 302		132,439	-	15,112
Special Adult Day Care		WC 302		58,606	-	8,372
State Foster Care - Direct Benefits Program:						
State Foster Care		WC 302		205,978	-	205,976
State Foster Care Maximization		WC 302		235,816	-	235,814
Foster Care At Risk Maximization		WC 302		8,732	-	3,463
TANF Incentive Payments		FRD428-1		486	-	-
Total Division of Social Services				968,045	-	631,133
Total N. C. Department of Health and Human Services				2,116,106	-	631,167
<u>N. C. Department of Public Instruction</u>						
Public School Building Capital Fund - Lottery Proceeds		XXXX		2,242,658	2,242,658	-
NC School Safety Grant Program		XXXX		20,000	20,000	-
Total N. C. Department of Public Instruction				2,262,658	2,262,658	-
<u>N. C. Department of Public Safety:</u>						
Division of Adult Correction and Juvenile Justice:						
Juvenile Crime Prevention Programs		XXXX		544,939	529,439	103,044
Total N. C. Department of Public Safety				544,939	529,439	103,044
<u>N. C. Department of Transportation</u>						
DOT Cluster:						
ROAP Elderly and Disabled Transportation Assistance Program (E&DTAP)		DOT-16CL		133,970	-	-
ROAP Employment Transportation Program (EMPL)		DOT-16CL		49,054	-	-
ROAP Rural General Public Program (RGP)		DOT-16CL		79,161	-	-
Total DOT Cluster				262,185	-	-
Total N. C. Department of Transportation				262,185	-	-

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<u>N. C. Partnership for Children</u>						
Smart Start:						
Child Care Health Consultant		3-89-5-16-002		127,848	-	-
Triple P Parenting Program		3-89-5-16-005		66,020	-	-
Total N. C. Partnership for Children				193,868	-	-
Total State Awards			-	5,919,429	2,973,347	1,438,961
Total Federal and State Awards			\$ 25,038,697	\$ 7,101,614	\$ 3,931,718	\$ 15,338,208

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, 2019. 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.

2 Summary of Significant Accounting Policies

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

3 Indirect Cost Rate

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

4 Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, Foster Care and Adoption, Special Children Adoption Fund and the HIV Cluster.

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